

**THE
TENNIS & RACKETS
ASSOCIATION
LIMITED**

**Company No. 07819045
Charity No. 1167866**

Trustees' Report and Consolidated Financial Statements

For the year ended 30 June 2018

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THE TENNIS & RACKETS ASSOCIATION LIMITED

LEGAL AND ADMINISTRATIVE DATA AT 30 JUNE 2018

TRUSTEES	David K Watson (Chairman) The Hon James H M Bruce James R Coyne Richard A Dalzell (Treasurer) Charles J Foreman Mrs Alexandra J Garside Alan C B Giddins William J Maltby Patrick R V Maxwell Roger G Pilgrim (until 15 November 2017) Fred C Satow Christopher Vigrass (from 15 November 2017)
COMPANY SECRETARY	Christopher S Davies
COMPANY NUMBER	07819045
CHARITY NUMBER	1167866
REGISTERED ADDRESS	c/o The Queen's Club Palliser Road West Kensington, London W14 9EQ
PORTFOLIO MANAGERS	Smith & Williamson Investment Management Limited 25 Moorgate, London EC2R 6AY
REGISTERED AUDITORS	haysmacintyre 10 Queen Street Place, London EC4R 1AG
BANKERS	Cater Allen Private Bank 9 Nelson Street, Bradford BD1 5AN

THE TENNIS & RACKETS ASSOCIATION LIMITED (T&RA) TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The Tennis & Rackets Association Limited was incorporated on 1 January 2013 and is registered as a company limited by guarantee. Following consultation with the members and approval from the Charity Commission, the Company was granted charitable status on 27 June 2016.

The charity is governed by its Board of Trustees. Members of the Board are the Directors of the Company and the Trustees of the Charity. The Trustees present their Report together with the Financial Statements for the year ended 30 June 2018.

Objectives and Activities

The T&RA's objects are specifically related to the advancement of amateur sport for the benefit of the public; these objects are achieved through such means as the Trustees think fit including but not limited to:

- Broadening the appeal of Tennis and Rackets across age groups and genders to encourage greater participation, particularly by the young and under-represented groups;
- Supporting the recruitment and training of coaches through, amongst other means, professional development programmes and schemes;
- Providing grants or loans to clubs, schools and universities to assist in the provision of facilities for Tennis and Rackets, both for new courts and for the improvement of existing facilities.

The activities of the T&RA are funded via membership subscriptions, donations and sponsorship. In addition to the key activities mentioned above, the T&RA is also engaged in:

- Acting as the governing body for Tennis and Rackets in the United Kingdom;
- Maintaining the rules and standards of the games and acting as custodian of their history and traditions;
- Maintaining the handicap system (Tennis) and ranking system (Rackets);
- Organising and coordinating national fixtures for men and women of all ages, amateur and professional, level and handicap events;
- Communicating with members and other interested parties via the Annual Report, interim newsletters, the website, social media networking and e-communications;
- Providing public liability insurance for members as well as group insurance for clubs and schools;
- Coordinating policy and advice for health & safety and child protection, including safeguarding;
- Organising and providing financial support for specialist programmes such as the Junior Academy, British Academy and Development Squads (Tennis) and Regional Development Squads (Rackets);
- Developing the capability to record and distribute major events using digital technology enabling enthusiasts to view matches remotely.

Values

The T&RA is committed to work for the benefit of all participants in the sports, at any level.

The T&RA adopts a collaborative, consultative, inclusive, transparent and open approach to the running of the organisation and strives to communicate effectively at all times. Acting with respect, integrity and professionalism, while delivering the highest standards of service for all members, is at the heart of everything that the T&RA strives to achieve.

The T&RA is accountable to its membership at all times. Major decisions affecting the membership will be consulted on and approved by members at the Annual General Meeting.

Achievements and Performance

Tennis saw the remarkable sight of Rob Fahey recapturing his world title from the otherwise dominant Camden Riviere, the latter winning everything else throughout the season in world Tennis. Camden Riviere won the Neptune British Open in November against a resurgent Bryn Sayers. With partner Tim Chisholm, Camden won the Open Doubles in style. The British Open was transformed with virtual complete streaming coverage and a host of social events widening its appeal.

The Amateur Singles final saw Ed Kay win his first major title, against the evergreen Peter Wright. However, Jamie Douglas and Peter Wright retained their Amateur Doubles title the following day, bettering Ed Kay and Jamie Giddins. These results meant the previous year's UK Bathurst Cup team swept away the silverware. Team-mates Kay and Douglas contested the end-of season MCC Gold Racquet which saw Douglas maintain his grip on this prestigious award.

Ladies Tennis continues to be dominated by Claire Fahey, chased by sister, Sarah, and the emerging talents of Tara Lumley, Saskia Bollerman and Lea Van der Zwalmen.

Other notable performances include Louis Gordon winning the Seacourt Silver Racquet, Peter Wright (again) Over 40s Singles and Doubles, Simon Shenkman Over 50s, John Prens Over 60s and Dick Tanfield Over 70s. MCC won the Pol Roger Cup, Oxford the Field Trophy and Radley (again) the Brodie Cup.

The search for a corporate sponsor continues although, to ensure the integrity of the British Open for the next three years, a small group of generous patrons has stepped forward to fill the gap. James Simpson (Pol Roger) as ever, provides valuable support, wonderful champagne and friendship to both sports. The search for a headline sponsor continues.

Rackets had yet another good season which saw World Champion, James Stout, maintain his grip at the pinnacle of the game, beating Challenger, Tom Billings. Otherwise it was Tom Billings who collected most other British titles, including the British Open Singles, and Doubles with partner Richard Owen. This pair will challenge for the World Doubles title next season. Tom also won many other key events, including the Invitation Singles. Ben Cawston won the British Amateur, a remarkable achievement for the fast improving 18 year old. Rory Giddins won the Under 21 and 24 Singles, and the Under 24 Doubles with brother, Jamie. Ben Cawston and Ed Hyde won the Under 21 Doubles. St Paul's (Matteo Perper) broke Eton's four year dominance of the Foster Cup, but Eton then proceeded to dominate the National School Doubles.

Ladies Rackets continues to be dominated by World Champion, Lea Van der Zwalmen, who won the Amateur Doubles (with Jess Garside) and the British Open. Special mention to schoolgirls India Deakin, Rose Jones, Lauren Gooding and Issie Thorneycroft who are closing the gap to Lea and each contributed to a further upsurge of activity in the schools.

Brown Advisory completed its third and final year of Rackets sponsorship and promptly announced its intention to extend for a further two years, which was wonderful news. John Prens (and PlayBrave) continued his long-running support of the World Championship. The Rackets Patrons, led from the front by Alan Giddins, continues to fill the gap to ensure that Rackets remains in sound financial shape.

Ben Cawston will take up the role as assistant professional at Tonbridge next season, an exciting development, and helps towards the longer term objective of rejuvenating their ranks. More schoolboys and girls played at Queen's than ever before, both before and during the national championships.

Financial Statements

The consolidated results for the year ended 30 June 2018 reflect net income of £34.6k compared with £60.9k in the prior year. This reflects a significant increase in grants from £71.8k to the highest ever level of annual awards at £106.7k and a reduction in sponsorship income from £114k to £20.3k (following the termination of Neptune Investment Management's contract for Tennis); this is offset by a substantial increase in charitable and non-charitable donations (including appropriate gift aid) from £43.6k to £149.8k thanks to a number of generous individual members.

The current year shows movement in funds of £137.6k compared with £340.7k in the previous year, with £103k of net gains on investments in 2017/18 and £279.8k in the prior year. The year's surplus will be transferred to reserves.

Reserves Policy

The Trustees have agreed that, should the T&RA suffer significant reverses, the unrestricted reserves should be sufficient to at least cover:

- Six months' management expenses;

– Grants which the T&RA is expected to make in the next two to three years (subject to confirmation at the time). At 30 June 2018 these amounted to approximately £375k.

The actual unrestricted reserves at 30 June 2018 were £1,650k and these reserves are held to ensure adequate income generation and to provide a firm foundation for future grants.

Grants

Grants agreed and payable in the year under review totalled £106.7k. The major grants were £50k towards the restoration of the original Rackets court at Harrow School, £22k for Tennis Court Lite, the project underway to find ways to build Tennis courts more cost-effectively and £11k to Moreton Morrell towards new lights and research on floor reconstruction.

Over the past five years, the T&RA has invested over £525k back into the games. £350k has been spent on Courts: towards Rackets courts at Harrow and Tonbridge schools and the new Tennis court at Wellington College; improvements to many Tennis courts around the country including Jesmond Dene, Oxford, Manchester, Moreton Morrell and Petworth as well the ongoing research to examine the possibility of building new Tennis courts in a more efficient, innovative and cost-effective manner. £125k has been spent on Professionals' training and development including the CPD programme and TRACS, the project to recruit more professionals into the games. A further £50k has been spent on Participation, including on schools, universities and the Dedanists' Juniors' programmes.

Grant Making Policy

In accordance with its charitable objects, the T&RA is dedicated to preserving and strengthening the games throughout the UK. All grants awarded must be consistent with the T&RA's charitable purposes and the Trustees satisfying themselves that such grants are consistent with their charity law obligations. Grants are by way of a contribution to the total cost of the grant recipient's project in line with this policy. The T&RA does not consider grants in retrospect.

The T&RA documents as appropriate the decision-making process in respect of the awarding of grants.

In making decisions about grants the T&RA satisfies itself that:

- The proposed grant is an appropriate and effective way of utilising the T&RA's assets to advance its charitable purposes in terms of expediency and risk;
- The grant is used by the recipient in a manner which will advance the T&RA's charitable objects;
- The grant generates identifiable public benefit;
- The grant does not confer an unacceptable private benefit;
- The grant does not give rise to adverse reputational issues for the T&RA; and
- Appropriate documentation is put in place in respect of the grant.

When considering grants to non-charitable organisations the T&RA considers any private benefit issues as private organisations are not subject to the same restrictions as charities and can undertake a much wider range of activities. Any private benefit which may arise in connection with the grant is identified and evaluated compared to the public benefit.

The T&RA conducts appropriate due diligence in respect of all potential grants to confirm that they are clearly in the best interests of the T&RA's charitable purposes.

Structure, Governance and Management

The Board of Trustees supports the principles and procedures of good corporate governance as set out in the Combined Code published by the Financial Reporting Council. The Trustees strive to implement relevant provisions as far as is practicable for a sporting national governing body limited by financial and other resources and membership numbers.

The T&RA is governed by the eleven Trustees named on page 2. The following constitutional matters were approved at the Annual General Meeting, with effect from 15 November 2017: C Vigrass was approved as a Director, and RG Pilgrim resigned having served two terms of three years as the Tennis Committee Chairman. The composition of the Board is intended to reflect activity within both sports.

No Trustees have been remunerated nor received any expenses in the current year or the previous period. A register of Directors' interests is maintained which details all personal or business interests which could give rise to a conflict of interest. The T&RA maintains Directors' and Officers' insurance as permitted by S.234 of the Companies Act 2006. Related party transactions are noted at Note 16.

The Board has established Games Committees, an Investment Committee and other Sub-Committees, relating to the good management of the sports. The Board and the Games Committees meet three to four times each year to consider reports from the Committees and to formulate policy. Members of Committees are primarily volunteers who give their time to support activities that can be dealt with more effectively on a collective basis.

The Chief Executive is responsible for implementing the strategy approved by the Board, leading and managing the staff and overseeing the T&RA's day-to-day operations. The pay of the Chief Executive and all staff are reviewed annually. In view of the nature of the charity, the Trustees benchmark pay levels against other charities. The remuneration benchmark is within the range paid for similar roles in similar sized charities.

Risk Management

The major financial and operational risks to which the T&RA is exposed are of an indirect nature through its coordination of sporting events nationally. The T&RA has a Health and Safety Policy which aims to implement all reasonable measures to reduce identified risks. Work is ongoing to address specific areas of concern, in particular, eye protection for players, which has formulated policy advice and a best practice list of suitable eyewear. The Board has approved a Safeguarding Policy which has been distributed and explained to all Clubs, and a volunteer has assumed the post of National Designated Officer, reporting to the Chief Executive. The Child Protection Officer continues to maintain the register of Disclosure and Barring Service checks, and facilitates the process. Directors' and officers' risks are further mitigated by a comprehensive insurance policy and by the T&RA's incorporation into a limited company. The liability of each member is limited to £1.00, being the amount that each member undertakes to contribute in the event of the winding-up of the Company. The Company endeavours to protect, as far as reasonably practicable and in conjunction with partner organisations where relevant, the health, safety and welfare of employees, volunteers, members and its guests whilst they are in the Association's offices or at one of its events, and in compliance with all relevant club or school rules and legal requirements.

The major strategic risks facing the T&RA in the near future are considered to be:

- A failure to maintain and enhance membership numbers: leading to a loss of subscription income threatening the T&RA's financial situation and its continuation as a National Governing Body;
- Any event that critically damages the T&RA's reputation as a responsible, well-managed body;
- A failure to manage the income-generating activities and its own costs in a properly commercial manner leading to budget deficits and the inability to maintain sufficient funds to support the T&RA's activities;
- A significant reduction in the availability of sponsorship funding and donations: requiring cutbacks in regular operations and the major programmes for the development of the Games.

All significant risks, together with current mitigation actions, are reviewed regularly throughout the year by the Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

Future Plans

The T&RA maintains a Strategic Plan which is reviewed regularly. The plan contains specific targets for membership, participation and court development, and these are monitored by the Board. The longer term objective is to encourage amateur sport for the general public by developing both games in the UK. This will be achieved by supporting the development of new courts, increasing participation (with an emphasis on the young) and to develop the training of new and existing coaches via a structured programme.

Funds held as Custodian Trustee on behalf of others

There are no funds held on behalf of other organisations or entities.

Trustees' Responsibilities

The Trustees, who are also directors of T&RA for the purpose of company law, are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charitable company will continue on that basis.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Company's website.

Statement of Disclosure of Information to Auditors

Each of the Trustees, who held office at the date of approval of this Trustees' Report, has confirmed that there is no information of which they are aware which is relevant to the audit but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are made aware of such information.

By Order of the Board

C S Davies, Chief Executive and Company Secretary

On behalf of the Board

21 August 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE TENNIS & RACKETS ASSOCIATION LTD

Opinion

We have audited the financial statements of The Tennis & Rackets Association Limited for the year ended 30 June 2018 which comprise the Group Statement of Financial Activities, the Group Balance Sheet, the Parent Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 June 2018 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement [set out on page 7], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Wilson (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date:

10 Queen Street Place
London
EC4R 1AG

THE TENNIS & RACKETS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2018

£000s	Notes	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 30 Jun 18 Total	Year ended 30 Jun 17 Total
INCOME						
Donations	3	82.3	38.5	0.0	120.8	46.6
Charitable activities	5	201.1	0.0	0.0	201.1	192.3
Trading activities	7	77.5	0.0	0.0	77.5	136.1
Investments		31.6	7.8	10.4	49.8	47.0
Total Income		392.5	46.3	10.4	449.2	422.0
EXPENDITURE						
Raising funds	4	10.5	2.2	1.4	14.1	11.7
Charitable activities	5	290.2	23.7	10.0	323.9	250.8
Trading activities	7	76.6	0.0	0.0	76.6	98.6
Total Expenditure		377.3	25.9	11.4	414.6	361.1
Net income		15.2	20.4	-1.0	34.6	60.9
Net gains/(losses) on investments	8	89.3	14.7	-1.0	103.0	279.8
Net movement in funds	19	104.5	35.1	-2.0	137.6	340.7
Total funds brought forward	19	1545.4	451.0	253.3	2249.7	1909.0
Total funds carried forward	19	1649.9	486.0	251.3	2387.2	2249.7

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities. The notes on pages 14-22 form part of these financial statements.

THE TENNIS & RACKETS ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 JUNE 2017

£000s	Unrestricted Funds	Restricted Funds	Endowment Fund	Year ended 30 Jun 17 Total
INCOME				
Donations	44.4	2.2	0.0	46.6
Charitable activities	192.3	0.0	0.0	192.3
Trading activities	136.1	0.0	0.0	136.1
Investments	28.3	8.4	10.3	47.0
Total Income	401.1	10.6	10.3	422.0
EXPENDITURE				
Raising funds	8.4	1.9	1.4	11.7
Charitable activities	230.9	10.4	9.5	250.8
Trading activities	98.6	0.0	0.0	98.6
Total Expenditure	337.9	12.3	10.9	361.1
Net income	63.2	-1.7	-0.6	60.9
Net gains/(losses) on investments	205.4	44.9	29.5	279.8
Net movement in funds	268.6	43.2	28.9	340.7
Total funds brought forward	1276.8	407.8	224.4	1909.0
Total funds carried forward	1545.4	451.0	253.3	2249.7

THE TENNIS & RACKETS ASSOCIATION LIMITED
GROUP BALANCE SHEET AT 30 JUNE 2018

£000s	Notes	30 Jun 18	30 Jun 17
FIXED ASSETS			
Listed Investments			
Unrestricted funds		1579.5	1504.5
Restricted funds		334.2	336.1
Endowment fund		253.5	263.5
Total listed Investments	10	<u>2167.2</u>	<u>2104.1</u>
CURRENT ASSETS			
Stocks	12	20.1	7.2
Debtors and payments in advance	13	31.0	41.7
Cash at bank and in hand		250.6	214.0
Total Current Assets		<u>301.7</u>	<u>262.9</u>
CURRENT LIABILITIES			
Creditors and accruals	14	-81.7	-117.2
TOTAL NET ASSETS		<u>2387.2</u>	<u>2249.7</u>
FUNDS			
Unrestricted funds		1649.9	1545.4
Restricted funds	18	486.0	451.0
Endowment fund	18	251.3	253.3
TOTAL FUNDS	19	<u>2387.2</u>	<u>2249.7</u>

Approved and authorised for issue by the Board on 21 August 2018 and signed on its behalf by:

D K Watson, Chairman

R A Dalzell, Treasurer

THE TENNIS & RACKETS ASSOCIATION LIMITED
CHARITY BALANCE SHEET AT 30 JUNE 2018

£000s	Notes	30 Jun 18	30 Jun 17
FIXED ASSETS			
Listed investments			
Unrestricted funds		651.0	619.1
Restricted funds		334.1	336.1
Total listed investments	11	985.1	955.2
Investment in subsidiary		0.1	0.1
Total Investments		<u>985.2</u>	<u>955.3</u>
CURRENT ASSETS			
Stocks	12	20.1	7.2
Debtors and payments in advance	13	59.4	92.2
Cash at bank and in hand		161.1	87.4
Total Current Assets		<u>240.6</u>	<u>186.9</u>
CURRENT LIABILITIES			
Creditors and accruals	14	-61.0	-94.5
TOTAL NET ASSETS		<u><u>1164.8</u></u>	<u><u>1047.7</u></u>
FUNDS			
Unrestricted funds		697.4	615.3
Restricted funds	18	467.4	432.4
TOTAL FUNDS	19	<u>1164.8</u>	<u>1047.7</u>

The Charity's income for the year ended 30.06.2018 is £344.1k, expenditure is £283.4k and net gains on investments are £56.4k; the surplus for the year is £117.1k.

Approved and authorised for issue by the Board on 21 August 2018 and signed on its behalf by:

D K Watson, Chairman

R A Dalzell, Treasurer

THE TENNIS & RACKETS ASSOCIATION LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

1. Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Companies Act 2006.

The T&RA meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going Concern

The Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of the financial position, reserve levels and future plans gives the Trustees confidence that the Charity remains a going concern for the foreseeable future.

Income Recognition

Investment income is recognised on a receivable basis once the amounts can be measured reliably. Individual Memberships Subscriptions, Donations, Entertainment and Development Income are recognised on a cash basis unless otherwise designated. Corporate Membership Fees, Sponsorship, Advertising, Sales of Ball Cloth, Rackets Balls, etc. are recognised when invoiced or otherwise fall due.

Grants

Grants payable are recognised once the application has been approved under the appropriate level of authority within the T&RA.

Governance Costs

Governance costs, comprising audit fees and accountancy costs, are included within support costs.

Support Costs

Support costs shown within Charitable Activities, including staff costs, communications and IT, governance costs and general administration, have been allocated to Trading Activities on the basis of a weighted average estimate of 7.5% (2017: 15%) of the time spent on sponsorship and professional tournaments.

Operating Leases

Rental charges are charged on a straight line basis over the life of the lease.

Investments

Investments are a form of basic financial instruments and are shown in the financial statements at market value.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity. Restricted funds are those funds which are to be used in accordance with specific instructions imposed by the donor or trust deed. Endowment funds are funds held where the charity is only permitted to spend the income but not the capital sum.

Employee Benefits

The T&RA operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the T&RA in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the year.

Cash Flow Statement

The Trustees have taken advantage of the provisions of FRS102 (SORP2015) for smaller charities and have chosen not to prepare a cash flow statement.

Legal Status

The T&RA is a company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

2. Judgement

The Trustees are required to consider financial and other issues which may affect these accounts and, where necessary, disclose material matters. In their view, there are no significant judgemental matters affecting these accounts.

3. Donations

£000	2018	2017
Benefactors	17.1	14.4
Charitable Donations	85.1	20.7
Gift Aid	18.6	11.5
Total donations	120.8	46.6

4. Raising Funds

£000	2018	2017
Investment management fees	14.1	11.7

5. Charitable activities

£000	2018	2017
Income		
Membership subscriptions	149.5	145.0
Amateur tournaments	8.7	10.8
Sales of ball cloth, rackets balls, etc.	21.5	21.5
Advertising in annual report	5.4	3.9
Other	16.0	11.1
Total income	<u>201.1</u>	<u>192.3</u>
Expenditure		
Grants - in pursuit of the Company's objects:		
Courts - new courts and improvements to existing courts	86.4	33.5
Professional coaches - training and development	7.7	24.6
Participation - encouraging more people to play, particularly the young	8.3	12.8
Other	4.3	0.9
Total grants	<u>106.7</u>	<u>71.8</u>
Amateur tournaments	<u>25.0</u>	<u>22.9</u>
Support and Governance Costs		
Staff costs	123.8	104.9
Cost of sales of ball cloth, etc.	17.0	19.3
Communications and IT	30.5	18.3
Auditor's remuneration	4.1	4.0
Other administrative costs	29.3	33.1
Total support costs	<u>204.7</u>	<u>179.6</u>
Less: allocated to trading activities	<u>-12.5</u>	<u>-23.5</u>
Total net expenditure	<u><u>323.9</u></u>	<u><u>250.8</u></u>

6. Staff Costs and Numbers

£000	2018	2017
Salaries and wages	112.2	94.8
Social security costs	6.5	5.9
Pension Contributions	5.1	4.1
Total	<u>123.8</u>	<u>104.9</u>

No employees received remuneration of more than £60.0k during the current or prior year. The total remuneration including benefits of the charity's key management personnel amounts to £57.8k (2017: £55.8k).

The average number of employees during the year was 6 (2017: 4).

The Trustees were not entitled to any remuneration, nor did they receive any. No Trustees were reimbursed expenses (2017: £ Nil)

7. Trading activities

£000	2018	2017
Income		
Sponsorship	20.3	114.0
Non-charitable donations	38.9	6.0
Professional tournaments	18.3	16.1
Total income	77.5	136.1
Expenditure		
Professional tournaments	64.1	75.1
Allocated support costs	12.5	23.5
Total expenditure	76.6	98.6

8. Net gains/(losses) on investments

£000	Unrestricted	Restricted	Endowment	Total 2018	Total 2017
Realised gains/(losses) on investments					
Historical cost gains/(losses)	152.4	70.7	17.9	241.0	116.1
Less (gains)/losses recognised in prior years	147.3	69.3	17.7	234.3	-78.0
Gains/(losses) recognised in current year	5.1	1.4	0.2	6.7	38.1
Unrealised gains/(losses) on investments					
Investments					
Market value at 30 June	1579.5	334.2	253.5	2167.2	2104.1
Cost at 30 June	-1193.2	-292.2	-223.8	-1709.2	-1508.1
Unrealised gain in portfolio	386.3	42.0	29.7	458.0	596.0
Less recognised in prior years	-449.5	-98.0	-48.5	-596.0	-432.1
Transferred to realised gain	147.3	69.3	17.7	234.3	78.0
Unrealised gains/(losses) in current year	84.2	13.3	-1.2	96.3	241.7
Net gains/(losses) on investments	89.3	14.7	-1.0	103.0	279.8

9. Operating Lease

Rentals payable in respect of a property lease:

£000	2018	2017
Less than one year	2.0	2.0
Two to five years	8.0	8.0
More than five years	28.0	30.0

10. Investments

Group £000	Unrestricted	Restricted	Endowment	Total 2018	Total 2017
Listed Investment assets in the UK:					
Market value at beginning of period	1504.5	336.1	263.5	2104.1	1777.0
Additions to investments at cost	462.4	148.6	81.4	692.4	404.3
Additions to investments through accumulations	1.8	0.2	0.0	2.0	2.6
Sales proceeds from disposals	-478.5	-165.5	-90.4	-734.4	-359.7
Net realised gains/(losses) on disposals	5.1	1.4	0.2	6.7	38.1
Net unrealised gains/(losses) on revaluation	84.2	13.3	-1.2	96.2	241.7
Market value at 30 June 2018	1579.5	334.2	253.5	2167.2	2104.1

Charity £000	Unrestricted	Restricted	Total 2018	Total 2017
Listed Investment assets in the UK:				
Market value at beginning of period	619.2	336.1	955.3	771.3
Additions to investments at cost	251.6	148.6	400.2	232.4
Additions to investments through accumulations	1.1	0.2	1.3	1.5
Sales proceeds from disposals	-262.4	-165.5	-427.8	-186.0
Net realised gains/(losses) on disposals	6.1	1.4	7.5	23.1
Net unrealised gains on revaluation	35.3	13.3	48.6	112.8
Market value at 30 June 2018	650.9	334.2	985.1	955.2

11. Stocks

£000	Group and Charity	
	2018	2017
Ball cloth	9.9	4.3
Rackets balls	6.9	0.0
Merchandise	2.6	1.8
Wine and Other	0.7	1.1
Total	20.1	7.2

12. Debtors and Payments in Advance

£000	Group		Charity	
	2018	2017	2018	2017
Debtors	6.0	21.9	6.0	8.1
HM Revenue & Customs	4.1	0.0	4.1	0.0
Payments in Advance	2.7	8.8	2.7	8.8
Other Debtors	18.2	11.0	16.0	8.8
Intercompany Debtors	0.0	0.0	30.6	66.5
Total	31.0	41.7	59.4	92.2

13. Creditors and Accruals

£000	Group		Charity	
	2018	2017	2018	2017
Accounts Payable	14.4	24.3	14.2	16.0
HM Revenue & Customs	0.0	8.6	0.0	9.6
Accruals	52.2	45.1	31.7	29.7
Deferred Income	15.1	39.2	15.1	39.2
Total	81.7	117.2	61.0	94.5

14. Subsidiary Undertakings

The company has two subsidiary undertakings, The Dick Bridgeman TRA Foundation (DBTRAF) and T&RA Trading Limited (TRAT), as detailed below.

DBTRAF

Under the Trust Deed dated 27 January 1965, the trustees of DBTRAF, a separate registered charity, are appointed by T&RA, with the effect that the latter exerts control over DBTRAF which is therefore deemed a subsidiary within this consolidated report. A summary of DBTRAF's financial activity for the years ended, and as at, 30 June is shown below:

£000	2018	2017
Statement of Financial Activities		
Total income	43.0	44.2
Total expenditure	-69.4	-32.1
Net income/(deficit)	-26.4	12.1
Net gains on investments	46.7	144.0
Total funds brought forward	1202.1	1046.0
Total funds carried forward	1222.4	1202.1
Balance Sheet		
Fixed asset investments	1182.0	1148.9
Current assets	60.1	73.6
Current liabilities	-19.7	-20.5
Total net assets	1222.4	1202.1

TRAT

TRAT is a wholly owned subsidiary company of T&RA and commenced operations on 5 July 2016. It undertakes the non-charitable activities of T&RA: the execution of professional tournaments and securing sponsorship and donations to facilitate professional tournaments. A summary of TRAT's financial activity for the period ended 30 June 2017 is shown below:

£000	2018	2017
Income Statement		
Total turnover	77.5	136.1
Total expenditure	-76.6	-98.6
Operating profit	0.9	37.5
Donation to T&RA	-0.9	-37.5
Profit for the period	0.0	0.0
Balance Sheet		
Current assets	36.1	68.9
Current liabilities	-36.0	-68.8
Total net assets	0.1	0.1

TRAT was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Its registered address is: The Queen's Club, Palliser Road, West Kensington, London W14 9EQ.

15. Related Party Transactions

The aggregate amount of donations from Trustees during the year was £11.9k (2017: £23.8k).

16. Memorabilia

The collection of T&RA memorabilia, including trophies, books and art, is not included in the accounts but is insured for full replacement value. At the date of these accounts, the value of such assets is estimated to be in excess of £250k.

17. Description of Restricted and Endowment Funds

Restricted funds

Restricted funds are subject to restrictions imposed by the donor; these can be further described as follows:

- Young Professionals Fund (YPF) – for the training and development of professional coaches
- Smithie Fund (Smithie) – available for interest free loans for Tennis court improvements
- Cockroft Rackets Fund (Cockroft) – for the Rackets development squad
- Tennis Support Fund (TSF) – available for Tennis court improvements
- Real Tennis Professionals' Association (RTPA) - for training Tennis professional coaches
- Tennis Court Lite (TCL) – research project to develop a more cost-effective methodology to build Tennis courts
- Hammering Britain and Kingsley Funds (HB/K): for training and development of Rackets professional coaches.
- Lumsden Luck-Hille Initiative (LL-H): for identification, training and development of young Tennis professional coaches.

Endowment fund

Peter Kershaw Bursary Fund (PKBF): £200k was given to the charity on 10 December 2001 to be used to support Real Tennis and Rackets coaches, repairs and improvements to Real Tennis and Rackets facilities or any other purpose within the objects of the charity as approved by the trustees of the Peter Kershaw Charitable Trust (PKCT).

Income arising from the investments held should be applied for the above purposes within two consecutive years or else the value of the fund is repayable to the original donor trust. An annual report is made to the trustees of PKCT regarding the projects supported by the fund. Support has continued and no negative feedback relating to expenditure within the charity's objects has been received.

18. Summary of fund movements

Group

	£000				
	2017	Income	Expenditure	Gains/ (Losses)	2018
Unrestricted					
T&RA	615.3	298.0	-257.5	41.6	697.4
DBTRAF	930.1	32.6	-57.9	47.7	952.5
TRAT	0.0	77.5	-77.5	0.0	0.0
Consolidation adjustments	0.0	-15.5	15.5	0.0	0.0
	1545.4	392.6	-377.4	89.3	1649.9
Restricted					
YPF	372.1	9.9	-7.5	14.7	389.2
Smithie	10.0	0.0	0.0	0.0	10.0
Cockroft	36.7	0.0	0.0	0.0	36.7
TSF	3.9	0.0	0.0	0.0	3.9
RTPA	9.6	0.0	0.0	0.0	9.6
HB/K	18.1	0.0	0.0	0.0	18.1
LL-H	0.6	0.0	0.0	0.0	0.6
TCLite	0.0	36.3	-18.4	0.0	18.0
	451.0	46.2	-25.9	14.7	486.0
Endowment					
PKBF	253.3	10.4	-11.4	-1.0	251.3
Total	2249.7	449.2	-414.7	103.0	2387.2

Charity

	£000				
	2017	Income	Expenditure	Gains/ (Losses)	2018
Unrestricted					
T&RA	615.4	298.0	-257.5	41.6	697.4
	615.4	298.0	-257.5	41.6	697.4
Restricted					
YPF	372.1	9.9	-7.5	14.7	389.2
Smithie	10.0	0.0	0.0	0.0	10.0
Cockroft	36.7	0.0	0.0	0.0	36.7
TSF	3.9	0.0	0.0	0.0	3.9
RTPA	9.6	0.0	0.0	0.0	9.6
TCLite	0.0	36.3	-18.4	0.0	17.9
	432.3	46.2	-25.9	14.7	467.3
Total	1047.7	344.2	-283.4	56.3	1164.8

19. Analysis of net assets by fund

Group 2018

£000	Unrestricted	Restricted	Endowment	Total 2018
Investments	1579.5	334.2	253.5	2167.2
Stock	20.1	0.0	0.0	20.1
Debtors	31.0	0.0	0.0	31.0
Cash and bank	175.9	64.5	10.2	250.6
Creditors	-156.6	87.3	-12.4	-81.7
Total	1649.9	486.0	251.3	2387.2

Charity 2018

£000	Unrestricted	Restricted	Endowment	Total 2018
Investments	651.1	334.1	0.0	985.2
Stock	20.1	0.0	0.0	20.1
Debtors	65.5	-6.1	0.0	59.4
Cash and bank	96.6	64.5	0.0	161.1
Creditors	-135.8	74.8	0.0	-61.0
Total	697.5	467.3	0.0	1164.8

Group 2017

£000	Unrestricted	Restricted	Endowment	Total 2016
Investments	1504.5	336.1	263.5	2104.1
Stock	7.2	0.0	0.0	7.2
Debtors	36.8	4.8	0.0	41.6
Cash and bank	173.2	36.9	3.9	214.0
Creditors	-176.3	73.2	-14.1	-117.2
Total	1545.4	451.0	253.3	2249.7

Charity 2017

£000	Unrestricted	Restricted	Endowment	Total 2016
Investments	619.2	336.1	0.0	955.3
Stock	7.2	0.0	0.0	7.2
Debtors	87.4	4.8	0.0	92.2
Cash and bank	50.5	36.9	0.0	87.4
Creditors	-148.9	54.5	0.0	-94.5
Total	615.4	432.3	0.0	1047.7