

The LTA Trust

**Annual report and financial statements for the 12 months ended
31 December 2016**

Annual report for the 12 months ended 31 December 2016

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Report of the trustees for the 12 months ended 31 December 2016

The Board of Trustees of The LTA Trust ("the Trust") presents the annual report and the audited financial statements for the 12 months ended 31 December 2016. The trustees have prepared this report and financial statements in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, the Charities Act 2011 and Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS102).

The LTA Trust is a registered charity and a company limited by guarantee, having no share capital. It was incorporated on 29 May 2012 and is bound by its Memorandum and Articles of Association. The Trust was registered by the Charity Commission (Charity Number 1148421) on 2 August 2012.

In 2015 The LTA Trust changed its accounting reference date to 31 December from 30 September in order to align itself to other tennis bodies.

The Trust's only member is the Lawn Tennis Association Limited ("the LTA"). The Trust is an independent charity with four independent trustees and two LTA Board directors. The LTA does not have control over the day to day operations.

Charitable Objectives of the Trust

The Trust's objectives, as approved by the Charity Commission, are to advance for the public benefit such charitable purposes associated with the game of tennis in any part of Great Britain, the Channel Islands and the Isle of Man that are consistent with the purposes of the LTA. The aims of the charity are to promote community participation by providing facilities for playing tennis, mini tennis or other tennis related activity in line with the LTA's strategic plan and facilities strategy.

During the prior period, £0.8 million was committed towards two community facility development projects. The projects involved the covering of public tennis courts with canopies to provide all year round affordable access to the community. Unfortunately, although planning permission was achieved, it was decided not to proceed with one of the projects following a change in management of the park operator and a removal of funding for the project. The second project has also had complications during the year. A change in the scope of the work requested by the Local Authority and the impact of exchange rates resulted in the project being significantly over budget. The Trustees through the LTA's Facilities Manager continue to work with the Local Authority with a target of completing the project in 2017. Once completed, participation will be monitored with a view to investing in further canopies should the project be a success.

During the year, the LTA developed a concept in conjunction with the Trustees 'Transforming Tennis Together' whereby the LTA Trust works in partnership with the LTA and local communities to deliver tennis facilities that meet the requirements of the community and maximise the growth in participation in line with its objectives.

All funding applications to the Trust will be assessed against the objectives of the Trust and the outcomes of funding provided will be monitored and reviewed so that insight can be applied to future applications.

Public Benefit

The trustees confirm that they have complied with the duty under section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and seek to meet the Trust's charitable purposes in following its objectives.

Report of the trustees for the 12 months ended 31 December 2016 (continued)

Structure, Governance and Management

The Trustees

The appointment of the trustees is governed by the Trust's Articles of Association. Trustees are appointed and re-appointed by their fellow trustees, as members of the Company, for their specific expertise in areas relevant to the charity.

Upon appointment, all new trustees are made familiar with the terms of the charitable company's governing documents, its objectives and aims as part of the formal induction process. Trustees are assisted in the fulfilment of their duties, with on-going training provided as appropriate.

The Board comprises of 6 trustees who met 3 times during the year. Further details of the trustees can be found on page 6.

Board Performance

The Chairman of the Board is responsible for leading the Board and ensuring its effectiveness. During the prior period a Board effectiveness survey was conducted with the results considered first by the Chairman and then by the Board.

Management

A major aspect of the Trust's work is the provision of capital and revenue grants. Applications that are eligible for funding are assessed, in principle, on behalf of the Trust by the Advisory Funding Group of the LTA and in line with its Facilities Strategy. Final approval on how funds are invested is at the Board's discretion as the ultimate decision maker.

Financial Review

The statement of financial activities for the 12 months is set out on page 10 of the financial statements.

The total net movement in funds for the 12 months ended 31 December 2016 was a surplus of £1.3 million (2015: £0.5 million). Incoming resources were £0.6 million (2015: £0.7 million) largely due to dividends received from the investment portfolio of £0.6 million (2015: £0.7m). In the year £0.4m was released in relation to prior year commitments for expenditure on charitable activities due to the cancellation of a project (2015: £0.8m commitment) and there was £0.1 million of expenditure on management fees associated with the investment portfolio. Net gains on the investment portfolio of £0.5 million (2015: £0.7 million) also contributed to the surplus in the year. The total net assets held by the Trust at 31 December 2016 is £29.5 million (2015: £28.1m) with no restricted funds held (2015: £nil).

Responsibilities and Policies

The Board of the Trust has adopted the LTA Conflict of Interest policy.

Reserves Policy

The reserves policy of the Trust is to maintain free reserves equal to approximately one year's expenditure. The policy is reviewed annually.

Report of the trustees for the 12 months ended 31 December 2016 (continued)

Risk Management

The Board has assessed the major risks to which the charity is exposed as being: too few sources of income, negative publicity, failure to meet legal requirements, exposure to fraud and not having adequate insurance cover.

The Trustees have reviewed these areas of potential risk and concluded that, operationally, these risks are significantly mitigated; record keeping is performed by the LTA which has adequate internal controls that are monitored and assessed by the LTA Audit Committee, insurance cover is reviewed every year and a lawyer is on hand when needed. The exposure to a loss of income was taken into account when the investments and reserves policy was agreed. Long term commitments are not made without having the cash in hand.

Investment Policy

The investment policy of the Trust is to generate a positive financial return on funds over the medium term through a balanced portfolio with a low risk profile and low capital volatility. The Board's policy is that no investments are made in unethical companies. The portfolio is to be fully liquid so that funds can be invested in projects as the need arises.

The Board has delegated responsibility to the LTA Investment Advisory Group to implement the investment policy and monitor the performance of the Trust's investments. The Board is updated on the performance of the investments on a quarterly basis and seeks professional advice when appropriate.

Indemnity Insurance


Directors' and Officers' Liability Insurance to indemnify the trustees against the consequence of neglect or default on their part was purchased by the LTA but not recharged to the Trust.

Related Parties

The Trust works closely with the LTA, the national governing body of tennis in Great Britain, in pursuit of its charitable objectives.

For further information on related parties see Note 12 of the Financial Statements.

Approved and authorised for issue by the Board of Trustees on 22 February 2017 and signed on its behalf by:



Val Gooding CBE
Trustee

Administrative Information

Board of Trustees

Val Gooding CBE (Chairman)
Richard Baldwin MBE
Robert Battersby (resigned 31 December 2016)
Serena Hedley-Dent
Gavin Murgatroyd
Andrew Poxon (resigned 3 October 2016)
David Rawlinson (appointed 1 January 2017)
Simon Steele (appointed 28 November 2016)

Company Secretary

Stephen Farrow (resigned 22 February 2017)
Meena Botros (appointed 22 February 2017)

Registered (and Principal) Office

The National Tennis Centre
100 Priory Lane
Roehampton
London SW15 5JQ

Independent Auditors

PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
1 Embankment Place, London, WC2N 6RH

Bankers

Coutts Bank,
44 Strand, London, WC2R 0QS

Solicitors

Farrer and Co,
66 Lincoln's Inn Fields
London, WC2A 3LH

Investment Managers

Cannacord Genuity Wealth Management
41 Lothbury, London EC2R 7AE

Standard Life Wealth
30 St Mary Axe, London EC3A 8EP

Statement of the trustees' responsibilities

The trustees (who are also directors of LTA Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved and authorised for issue by the Board of Trustees on 22 February 2017 and signed by its order by:



M Botros
Company Secretary

Independent auditors' report to the members of the LTA Trust

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by the LTA Trust, comprise:

- the balance sheet as at 31 December 2016;
- the statement of financial activities incorporating the summary income and expenditure account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of the LTA Trust (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of the Trustees' Responsibilities set out on page 7, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Philip Stokes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 February 2017

Statement of Financial Activities

Incorporating an income and expenditure account
for the 12 months ended 31 December 2016

		Unrestricted Funds 12 months ended 31 December 2016 £000	Total Funds 12 months ended 31 December 2016 £000	Total Funds 15 months ended 31 December 2015 £000
Income and endowments	Note			
Income from investments	2	629	629	720
Total income and endowments		629	629	720
Expenditure				
Expenditure on raising funds	3	(136)	(136)	(152)
Income / (Expenditure) on Charitable activities	4	385	385	(785)
Total income / (expenditure)		249	249	(937)
Net gains on investments		456	456	677
Net income		1,334	1,334	460
Net movement in funds		1,334	1,334	460
Fund balances brought forward at 1 January	7	28,137	28,137	27,677
Fund balances carried forward at 31 December	7	29,471	29,471	28,137

The net movement in funds for the year/period derives from the continuing activities of the Trust.

The Trust has no recognised gains or losses other than the net gain or loss in funds for the year/period.

There is no material difference between the net movement in funds stated and their historical cost equivalents.

The notes on pages 13 to 17 form part of these financial statements.

Company Registration No: 8087723
Charity Registration No: 1148421

Balance Sheet

as at 31 December 2016

	Note	2016 £000	2015 £000
Fixed assets			
Investments	6	28,855	27,874
Current assets			
Cash at bank and in hand	10	1,050	1,048
		<u>1,050</u>	<u>1,048</u>
Creditors: amounts falling due within one year	11	(434)	(785)
Net current assets		<u>616</u>	<u>263</u>
Net assets		<u>29,471</u>	<u>28,137</u>
The funds of the charity:			
Unrestricted income funds	7	29,471	28,137
Total Charity funds		<u>29,471</u>	<u>28,137</u>

The financial statements on pages 10 to 17 were approved and authorised for issue by the Board of Trustees on 22 February 2017 and signed on its behalf by:



Val Gooding CBE
Trustee

The notes on pages 13 to 17 form part of these financial statements.

Cash Flow Statement

for the 12 months ended 31 December 2016

	Note	12 months ended 31 December 2016 £000	15 months ended 31 December 2015 £000
Net cash inflow from operating activities	9	34	-
Returns on investments and servicing of finance			
Receipts from sale of fixed asset investments		9,507	8,805
Payments to acquire fixed asset investments		(9,541)	(10,805)
Interest received	2	2	6
Increase / (Decrease) in cash in the year		<u>2</u>	<u>(1,994)</u>

The movement in cash relates solely to movements in cash and deposits.

The notes on pages 13 to 17 form part of these financial statements.

Notes to the Financial Statements

1. Statement of accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market value, and in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, Charities Act 2011 and applicable United Kingdom Accounting Standards. The financial statements also comply with the requirements of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP under FRS102). The Trust has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Trust's activities. The financial statements have been prepared on a going concern basis and accounting policies have been applied consistently.

The report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and as such no strategic report has been prepared.

b) Fund accounting

The Trust's funds comprise of unrestricted funds which are available for use at the discretion of the Board of Trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

c) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Trust is entitled to the income, the amount can be quantified with reasonable accuracy and it is probable that the amount will be received.

i. Gift aid

Donations under gift aid together with income tax recoverable are recognised when the donation is receivable.

ii. Investment income

Investment income from investments is recognised on an accruals basis and reinvested. Interest income from cash at bank is recognised on an accruals basis. Credit is taken for interest in the period in which the Trust is entitled to receipt.

All incoming resources are generated in the United Kingdom.

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to that activity.

i. Investment management costs

Investment management costs comprise the costs directly associated with management of the Trust's investments. These are deducted from investments by fund managers and hence included in the net value of investments.

Notes to the Financial Statements (continued)

ii. Expenditure to fund grants

Expenditure to fund grants comprises of grants awarded for facilities projects to communities and clubs.

e) Taxation

No charge to corporation tax arises as the Company is a registered charity. The Trust is not registered for value added tax (VAT) and, accordingly its expenditure is recorded inclusive of any VAT incurred.

f) Investments

Listed investments are stated at market value based on the closing price at the balance sheet date. Surpluses or deficit on sale or revaluation are dealt with in the Statement of Financial Activities within the fund owning the investments.

Investments are classified as fixed assets to reflect the fact that they are part of a long term investment strategy.

2. Investment Income

	12 months ended 31 December 2016 £000	15 months ended 31 December 2015 £000
Income from listed investments and investment funds	627	714
Interest from cash deposits	2	6
	<u>629</u>	<u>720</u>

3. Expenditure on raising funds

	12 months ended 31 December 2016 £000	15 months ended 31 December 2015 £000
Investment management costs	136	152
	<u>136</u>	<u>152</u>

Governance costs, such as audit fees and costs linked to the strategic management of the charity are borne by the LTA.

Notes to the Financial Statements (continued)

4. Expenditure on charitable funds

	12 months ended 31 December 2016 £000	15 months ended 31 December 2015 £000
Facility grants (decommitted)/awarded	(385)	785
	<u>(385)</u>	<u>785</u>

During the year, a project that was committed in the prior year was cancelled.

5. Employees

The average monthly number of full time employees (excluding trustees) employed directly by the Trust during the year was nil (2015: nil).

Trustees remuneration

During the year no trustees received remuneration and one trustee (2015: one) received reimbursement for travel and accommodation expenses of £152 (2015: £52) from the Trust.

6. Investments

	2016 £000	2016 £000	2016 £000	2015 £000
	Canaccord	Standard Life	Total	Total
Listed securities at market value:				
Balance at beginning of year/period	13,290	14,584	27,874	24,635
Additions during the year/period	4,543	4,567	9,110	22,261
Disposals during the year/period	(4,327)	(5,181)	(9,508)	(8,805)
Fund Cash Movement	52	6	58	(11,119)
Fair Value increase	931	390	1,321	902
Balance at end of year/period	14,489	14,366	28,855	27,874
Listed securities at historical cost			27,700	26,922

The Trust holds investments in shares, fixed interest products and corporate bonds as part of its low risk investment strategy providing an investment return for the Trust. The trustees believe that the carrying value of the investments is supported by the underlying net assets.

Notes to the Financial Statements (continued)

7. Statement of funds

	Fund at start of year 2016 £000	Income £000	Expenditure £000	Net income £000	Fund at end of year £000
General unrestricted funds	27,186	629	249	878	28,064
Other unrestricted recognised gains	951	456	-	456	1,407
Total unrestricted funds	28,137	1,085	249	1,334	29,471

8. Analysis of net assets between funds

	Unrestricted Funds 2016 £000	Total Funds 2016 £000	Total Funds 2015 £000
Cash	1,050	1,050	1,048
Investments	28,855	28,855	27,874
Creditors	(434)	(434)	(785)
Total	29,471	29,471	28,137

9. Reconciliation of net incoming / (outgoing) resources to net cash flow from operating activities

	12 months ended 31 December 2016 £000	15 months ended 31 December 2015 £000
Net incoming/(outgoing) resources before other recognised gains and losses	878	(217)
Interest receivable	(2)	(6)
Investment income receivable	(627)	(714)
Investment managers fees	136	152
(Decrease)/increase in creditors	(351)	785
Net cash inflow from operating activities	34	-

Notes to the Financial Statements (continued)

10. Reconciliation of net cash flow to movement in net funds

	2016 £000	2015 £000
Increase/(decrease) in cash	2	(1,994)
Opening cash	1,048	3,042
Closing cash	1,050	1,048

11. Creditors amounts falling due within one year

	2016 £000	2015 £000
Accruals	(434)	(785)
	(434)	(785)

12. Related parties

The LTA is the national governing body of tennis in Great Britain, the Channel Islands and the Isle of Man. Its objectives are to promote and develop tennis and to advance and safeguard the interests of the sport. During the 12 months ended 31 December 2016 the LTA donated £nil (2015: £nil) to the Trust. Governance and administration costs, such as audit fees and costs linked to the strategic management of the charity are borne by the LTA and are treated as a gift in kind.

13. Ultimate controlling party

The LTA Trust is a company limited by guarantee and the members undertake to contribute £1 in the event of the company being wound up. As at 31 December 2016 there was one member, being the LTA.

The Trust is an independent charity where the Board of Trustees comprises of four independent trustees and two LTA Board Directors. The LTA does not have control over the day to day operations of the LTA Trust.

