

Company Registration No: 08087723
Charity Registration No: 1148421

The LTA Trust

**Annual report and financial statements for the year ended
31 December 2017**

The LTA Trust

Annual report for the year ended 31 December 2017

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The LTA Trust Administrative Information

Board of Trustees

Val Gooding CBE (Chairman)
Richard Baldwin MBE
Serena Hedley-Dent
Gavin Murgatroyd
Simon Steele
David Rawlinson (appointed 6 Jan 2017)

Company Secretary

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

Registered (and Principle) 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

The LTA Trust

Report of the trustees for the year ended 31 December 2017

The Board of Trustees of The LTA Trust ("the Trust") presents the annual report and the audited financial statements, for the year ended 31 December 2017. 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 2005).

The 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.

The Trust's only member is the LTA Operations Limited ("the LTA"). The Trust is an independent charity with six trustees, four independent and two appointed by the LTA. 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 2015, £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, new management at the Leisure Trust who managed the site decided not to proceed and one of the projects was cancelled. The second project has also had complications during 2016. 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 on the project with a target of completing the project in 2018. Once completed, participation will be monitored with a view to investing in further canopies should the project be a success.

At 31 December 2017, £0.4 million remained committed for a project in Bitts Park that would be completed in 2018.

During the year, the LTA in conjunction with the Trust, launched 'Transforming British Tennis Together' which is a capital investment programme in tennis. The intended £250m fund (£125m LTA and the Trust funding and £125m match-funding) will transform facilities, community by community, working with more than two local partners on each project over the next decade. Our ambition is that through these projects, we will double the number of children playing tennis and those adults that play infrequently will play twice as often. The Trust will continue to only invest in projects that are for the public benefit and meet its charitable 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.

The LTA Trust

Report of the trustees for the year ended 31 December 2017

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 six trustees who met three times during the year. Further details of the trustees can be found on page 3.

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 Funding Advisory Group of the LTA 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 year is set out on page 11 of the financial statements.

The total net movement in funds for the year ended 31 December 2017 was a surplus of £1.1 million (2016: £1.3 million). Incoming resources were £0.6 million (2016: £0.6 million) largely due to dividends received from the investment portfolio of £0.6 million (2016: £0.6m). In the year there was £0.1 million (2016: £0.1 million) of expenditure on management fees associated with the investment portfolio. Net gains on the investment portfolio of £0.7 million (2016: £0.5 million) also contributed to the surplus in the year. The total net assets held by the Trust at 31 December 2017 is £30.6 million (2016: £29.5m) with no restricted funds held (2016: £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.

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 LTA Trust

Report of the trustees for the year ended 31 December 2017

Risk Management (continued)

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, 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 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

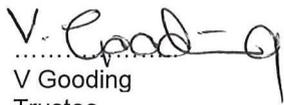
Directors' and Officer's Liability Insurance to indemnify the trustees against the consequence of neglect or default on their part was purchased by the LTA but not recharged to the Trust.

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 22nd May 2018 and signed on its behalf by:


.....
V Gooding
Trustee

The LTA Trust

Statement of the trustees' responsibilities

The trustees (who are also directors of the 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 regulation.

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;
- 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.

In accordance with Section 418, trustees' reports shall include a statement, in the case of each trustee in office at the date the trustees' report is approved, that:

- so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved and authorised for issue by the Board of Trustees on 22nd May 2018 and signed by its order by:



M Botros
Company Secretary

The LTA Trust

Independent auditors' report to the members of the LTA Trust

Report on the audit of the financial statements

Opinion

In our opinion, The LTA Trust's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the balance sheet as at 31 December 2017;
- the statement of financial activities
- the cash flow statement for the 12 month period then ended; and
- the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

The LTA Trust

Independent auditors' report to the members of the LTA Trust

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

The LTA Trust

Independent auditors' report to the members of the LTA Trust

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members 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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Philip Stokes (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

23 ~~21~~ May 2018

The LTA Trust
Statement of Financial Activities
Incorporating an income and expenditure account
for the year ended 31 December 2017

	Note	Unrestricted Funds 2017 £000	Total Funds 2017 £000	Total Funds 2016 £000
Income and endowments				
Income from investments	2	611	611	629
Total income and endowments		<u>611</u>	<u>611</u>	<u>629</u>
Expenditure				
Expenditure on raising funds	3	139	139	136
Expenditure on charitable activities	4	24	24	(385)
Total expenditure		<u>163</u>	<u>163</u>	<u>(249)</u>
Other recognised gains and losses				
Net gains on investments		682	682	456
Net income		<u>1,130</u>	<u>1,130</u>	<u>1,334</u>
Net movement in funds		1,130	1,130	1,334
Fund balances brought forward at 1 January	6	29,471	29,471	28,137
Fund balances carried forward at 31 December	6	<u><u>30,601</u></u>	<u><u>30,601</u></u>	<u><u>29,471</u></u>

The net movement in funds for the years derive 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 years stated above.

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

The notes on pages 14 to 18 form part of these financial statements.

The LTA Trust

Company Registration No: 08087723

Charity Registration No: 1148421

Balance Sheet as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	6	30,011	28,855
Current assets			
Cash at bank and in hand	10	1,027	1,050
		<u>1,027</u>	<u>1,050</u>
Creditors: amounts falling due within one year	11	(437)	(434)
Net current assets		<u>590</u>	<u>616</u>
Net assets		<u>30,601</u>	<u>29,471</u>
The funds of the charity:			
Unrestricted income funds	7	<u>30,601</u>	<u>29,471</u>
Total Charity funds		<u>30,601</u>	<u>29,471</u>

The financial statements on pages 11 to 18 were approved and authorised for issue by the Board of Trustees on 22nd May 2018 and signed on its behalf by:


V Gooding
Trustee

The LTA Trust

Cash Flow Statement for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Net income		1,130	1,334
Net cash inflow from operating activities		<u>1,130</u>	<u>1,334</u>
Release of cost accruals		-	(385)
Interest received	2	(31)	(6)
Dividends received	2	(579)	(621)
Realised gains		(701)	(283)
Unrealised Gain/Loss on Investment Revaluation		36	(177)
Realised Gain/Loss on Foreign Exchange		(17)	4
Fund Managers	3	136	136
Audit fee	3	3	-
Net cash inflow from investment activities		<u>(1,153)</u>	<u>(1,332)</u>
(Decrease)/increase in cash in the year		<u><u>(23)</u></u>	<u><u>2</u></u>

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

The notes on pages 14 to 18 form part of these financial statements

The LTA Trust

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 2005). 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 and the amount can be quantified with reasonable accuracy.

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.

d) All incoming resources are generated in the United Kingdom.

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.

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 deficits on sale or revaluation are dealt within 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.

The LTA Trust

Notes to the Financial Statements (continued)

2 Income from investments

	2017 £000	2016 £000
Income from listed investments and investment funds	610	627
Interest from cash deposits	1	2
	<u>611</u>	<u>629</u>

3 Expenditure on raising funds

	2017 £000	2016 £000
Investment management costs	136	136
Audit fee	3	-
	<u>139</u>	<u>136</u>

4 Expenditure on charitable activities

	2017 £000	2016 £000
Facility grants awarded/(decommitted)	24	(385)
	<u>24</u>	<u>(385)</u>

5 Employees

The average monthly number of full time employees (excluding Trustees) employed directly by the Trust during the year was nil (2016: nil).

Trustees remuneration

During the year no trustees received remuneration nor reimbursement for expenses from the Trust.

6 Investments

	2017		2016	
	£000	£000	£000	£000
Listed securities at market value:	Canaccord	Standard Life	Total	Total
Balance at beginning of year	14,489	14,366	28,855	27,874
Additions during the year	3,029	2,893	5,922	9,110
Disposals during the year	(2,386)	(2,675)	(5,061)	(9,508)
Fund cash movement	(288)	(99)	(387)	58
Fair value increase	423	259	682	1,321
Balance at end of year	<u>15,267</u>	<u>14,744</u>	<u>30,011</u>	<u>28,855</u>
Listed securities at historical cost			<u>28,890</u>	<u>27,700</u>

The Trust hold 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.

The LTA Trust

Notes to the Financial Statements (continued)

7 Statement of funds

	Fund at start of 2017 £000	Income £000	Expenditure £000	Net income £000	Fund at end of 2017 £000
General unrestricted funds	28,064	611	(163)	448	28,512
Other unrestricted recognised gains	1,407	682	-	682	2,089
Total unrestricted funds	<u>29,471</u>	<u>1,293</u>	<u>(163)</u>	<u>1,130</u>	<u>30,601</u>

8 Analysis of net assets between funds

	Unrestricted Funds 2017 £000	Total Funds 2017 £000	Total Funds 2016 £000
Cash	1,027	1,027	1,050
Investments	30,011	30,011	28,855
Creditors	(437)	(437)	(434)
Total	<u>30,601</u>	<u>30,601</u>	<u>29,471</u>

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

	Note	2017 £000	2016 £000
Net incoming resources before other recognised gains and losses	7	448	878
Interest receivable	2	(1)	(2)
Investment income receivable	2	(610)	(627)
Investment managers fees	3	136	136
Realised gain on investment revaluation		-	2
Increase / (decrease) in creditors/cost accruals	11	4	(385)
Net cash outflow/inflow from operating activities		<u>(23)</u>	<u>2</u>

10 Reconciliation of net cash flow to movement in net funds

	Note	2017 £000	2016 £000
Cash at 1 January		1,050	1,048
Movement from operating activities	9	(23)	2
Cash at 31 December		<u>1,027</u>	<u>1,050</u>

11 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Creditors due within one year	(437)	(434)
	<u>(437)</u>	<u>(434)</u>

The LTA Trust

Notes to the Financial Statements (continued)

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 year ended 31 December 2017 the LTA donated £nil (2016: £nil) to the Trust. Governance and administration costs (other than 2017's audit fees) and costs linked to the strategic management of the charity are borne by the LTA.

13 Ultimate Controlling Party

The 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 2017 there was one member, being the LTA.

The Trust is an independent charity with six trustees, four independent and two appointed by the LTA. The LTA does not have control over the day to day operations.

