

ITF Licensing (UK) Limited

Annual report and financial statements

Registered number 2584446

31 December 2022

ITF Licensing (UK) Limited

Registered number 2584446

Directors

David Haggerty
René Stambach
Katrina Adams
Martin Corrie
Bernard Giudicelli
Bulat Utemuratov

Secretary

Dominic Anghileri

Independent Auditors

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WC2N 6RH

Banker

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Bank Lane
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Strategic Report

The directors present their Strategic Report for the year ended 31 December 2022.

Review of the business

Principal activities

The company is a subsidiary undertaking of the ITF Trust. The principal activities of the company are the commercial exploitation of the media rights, data rights and sponsorship rights pertaining to the Davis Cup and Billie Jean King Cup tennis competitions and ITF professional tennis events.

Development and performance of the business of the company during the financial year

The company made a profit for the financial year of \$2.1m.

The company's turnover increased by \$31.3m or 59.5% in 2022 to \$83.8m, and cost of sales increased \$14.3m or 32.0% to \$58.8m leading to an increase in gross profit of \$17.0m or 213.1% to \$25.0m for the year.

The largest increase was in International Competitions as 2022 marked the first year that both the Davis Cup and Billie Jean King Cup competitions were completed in full in one calendar year since they were postponed and played over two years in 2020-21.

Accordingly, the Davis Cup licence fee recognised in 2022 is \$32.3m (2021: \$19.7m), a \$12.6m increase.

The second edition of the rebranded Billie Jean King Cup Finals took place in November 2022 in Glasgow, Great Britain. Unusual income of \$12.6m has been recognised in 2022 representing fees due under the previous contract to hold the Finals in Budapest in 2020-21. See note 2 for details.

Commercial revenues from sponsorship and media rights generated by the ITF amounted to \$10.6m in 2022 (2021: \$8.2m), generated from the Billie Jean King Cup competition through our new title partnership with Gainbridge, new apparel sponsor Tory Burch and continued support from Microsoft, Magellan and Rosland Capital. The Wheelchair Tennis Tour, Wheelchair Masters and World Team Cup are supported through key partnerships with Uniqlo, NEC and BNP Paribas. The ITF continue to be supported through corporate partnerships with Tennis-Point, ICP and OFX.

Data rights income rose to \$20.8m (2021: \$11.4m), an increase of \$9.4m or 82.5% for the first year of a new contract with Sportradar which has allowed the ITF to distribute record levels of payments to National Associations. The increased income is reflective of the hard work undertaken by the nations to return to pre-pandemic levels of tournaments on the ITF World Tennis Tour and increase playing opportunities across the world. Without their support in holding such a vast number of tournaments globally, this revenue, and the corresponding record level of distributions, would not be possible.

With the resumption of the Davis Cup and Billie Jean King Cup, cost of sales increased as a full year's worth of player prize money and participation payments were paid in 2022.

Administrative expenses also increased by 14.9% or \$3.0m, to \$22.9m (2021: \$19.9m).

Staffing costs rose to \$13.4m (2021: \$10.6m) as salaries were increased to keep in line with wage inflation and there was an increase in headcount.

The company made an operating profit of \$2.1m (2021: operating loss \$11.9m) and after taxation and interest made a total profit of \$2.1m (2021: total loss \$11.5m).

Position of the company at the end of the year

The company has net liabilities of \$9.9m (2021: \$11.9m), an improvement of \$2.1m being the profit for the year. The company had a net current liability position of \$18.0m (2021: \$20.5m).

A letter of support has been received from the ITF Trust stating that they will continue to provide financial support to the company to assist in meeting any ongoing liabilities in the normal course of business as and when they fall due for a period of at least 12 months from the date of signing these financial statements.

Strategic Report (continued)

Future development of the company

The company continues to take corrective action to counter the effects of the Covid-19 pandemic. The disruption to international competitions in 2020 and 2021 and the resulting postponement of the 2020 Davis Cup and Billie Jean King Cup events to 2021 significantly impacted both the 2020 and 2021 result. The swift actions of management and agile decision-making has limited the losses, but strict financial discipline will be required to prevent too great a drain on the reserves of the ITF Trust.

Subsequent to the year-end on 3rd August 2023, the Company entered into a Joint Venture with TWG Global to form the Billie Jean King Cup Limited. This joint venture will create a new business model for the Billie Jean King Cup, the women's World Cup of Tennis. TWG Global will invest a substantial sum in the endeavour as well as provide expertise and infrastructure for the marketing and promotion of the Billie Jean King Cup.

Principal risks and uncertainties

The company is exposed to a multitude of risk factors, which are assessed on a regular basis. The Board places emphasis on its risk management policies and internal controls which include insurance cover, currency hedging, longer-term commercial contracts and the holding of financial reserves.

When risks are identified, mitigating actions are documented and actioned by the directors to reduce the inherent risk levels of the company and the company regularly reviews its insurance policies.

The ITF Trust prepares and reviews its risk register on a biannual basis. The major risks at the time identified in the risk register, reviewed by the Finance and Audit Committee and the Board, included:

- Billie Jean King Cup Finals host not found or the new Billie Jean King Cup format being unsuccessful
- Partnership with Kosmos Tennis or the new Davis Cup format being unsuccessful
- Non-recent allegations of abuse are discovered that were either not reported or not dealt with appropriately
- Discrimination against players or officials
- Child welfare is compromised / safeguarding issues at ITF events or regional centres
- Security or safety issues lead to an accident at a Davis Cup or Billie Jean King Cup event
- Tennis matches subject to significant or high profile corruption

The future outlook of the company, its development plans and strategy, are all dealt with in further detail in the ITF Trust's group financial statements.

Statement of Greenhouse Gas (GHG) Emissions for UK offices

GHG emissions in tonnes of CO2 equivalent:

Emissions from	2022
The combustion of fuel gas for heating (scope 1) <i>(Energy usage 377,000 kWh of natural gas)</i>	69.0 tCO ₂ e
The purchase of electricity heat, steam or cooling by the company for its own use (scope 2) <i>(Energy usage 6,000 kWh of purchased electricity from renewable energy sources)</i>	1.1 tCO ₂ e
Total emissions	70.1 tCO₂e
Intensity ratio (CO₂e tonnes per \$1m revenue)	0.8

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018.

Methodology

The footprint is calculated in accordance with the Greenhouse Gas (GHG) Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. Activity data has been converted into carbon emissions using published emissions factors.

Notes

Scope 1 – time periods for combustion of gas for heating and for vehicles are for the financial year

Scope 2 – time periods for consumption of electricity are for the financial year

Intensity ratio – Tonnes per \$1 million revenue

Strategic Report (continued)

S172 Companies Act 2006 Statement (s172 Statement)

The directors recognise the significance of considering the company's responsibilities and duties for the long term, with the aim of always upholding the highest standards of conduct. We understand that our organisation can only grow and prosper over the long term if we understand and respect the views and needs of our employees, clients and the communities in which we operate, including our suppliers, and the National Associations of the ITF Trust to whom we are ultimately accountable.

We set out below our s172 Statement, in accordance with the Companies (Miscellaneous Reporting) Regulations 2018. The directors confirm that they are compliant with Section 172 of the Companies Act 2006, that is, their duty to promote the success of the company for the benefit of all members. In doing so the directors have regard, amongst other matters, to the following:

Stakeholder group	How the directors have considered their interest	Why we engage	Issues relevant to this company
Employees	<p>Employee engagement survey conducted.</p> <p>Regular full staff meetings.</p> <p>Staff Engagement Group (SEG).</p> <p>Reviewing gender pay gap and diversity issues.</p> <p>Reviewing employment procedures, as necessary.</p>	<p>To deliver tennis for future generations, we need to hire, retain and develop the best people who reflect the diversity of our world.</p>	<p>Fair employment.</p> <p>Fair pay and benefits.</p> <p>Diversity and inclusion.</p> <p>Training, development and career opportunities.</p> <p>Health and safety.</p> <p>Responsible use of personal data.</p> <p>Environment and community.</p>
National Associations	<p>Annual General Meeting (AGM).</p> <p>Summary of all Board of Directors meetings distributed and posted on the ITF website for nations.</p> <p>Annual Report and Accounts.</p> <p>ITF website.</p> <p>Creation of the stakeholder engagement group.</p>	<p>The ITF exists for the benefit of its members, the National Associations. We look to ensure that our National Associations and their representatives have a good understanding of our strategy, business model and opportunity.</p>	<p>Long-term value creation.</p> <p>Growth opportunity.</p> <p>Financial stability.</p> <p>Transparency.</p> <p>Ethics and corporate responsibility.</p>
Clients, broadcasters and licensees	<p>Directors liaise with a number of high-level clients, broadcasters and licensees.</p>	<p>The needs of all our clients are complex and ever-changing. We are committed to providing a high level of service to our clients and broadcasters.</p> <p>We work very closely with our licensees to aid the delivery of the ITF's flagship events.</p>	<p>Client service.</p> <p>Environmental, social and governance issues.</p> <p>Ethics and corporate responsibility.</p> <p>Integrity and honesty.</p>
Suppliers	<p>Ensuring that there are effective responses to potential risks regarding modern slavery.</p>	<p>Efforts are made to only use suppliers that demonstrate that they operate in accordance with recognised standards that uphold human rights and safety, prohibit modern slavery and promote sustainable sourcing.</p>	<p>Anti-bribery.</p> <p>Ethics and slavery.</p> <p>Environment and sustainable sourcing.</p>

Strategic Report (continued)

Stakeholder group	How the directors have considered their interest	Why we engage	Issues relevant to this company
Environment	<p>Reducing international travel by making use of telephone and video conferencing that reduce environmental impact.</p> <p>Board packs and AGM packs moved onto an electronic platform from previous printed versions.</p> <p>All employees provided with reusable metal water bottles.</p>	<p>We are committed to minimising the impact of our business operations on the environment.</p>	<p>Energy usage.</p> <p>Recycling.</p> <p>Waste management.</p> <p>Minimising waste, packaging materials and single-use plastics.</p>
Community	<p>The ITF is committed to developing and promoting the sport of tennis worldwide, to deliver tennis for future generations. This is demonstrated by the ITF's mission and values.</p> <p>We believe tennis has a myriad of positive impacts on the worldwide community including health and exercise benefits, creating communities of tennis clubs and teams and the bringing together of people to support team tennis events.</p>	<p>We aspire to increase tennis participation to over 120 million people playing worldwide, requiring significant engagement.</p>	<p>Community impact of sporting activities.</p> <p>Community impact of sporting events.</p> <p>Environmental impact.</p>

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By order of the Board



Dominic Anghileri
 Company Secretary

28 September 2023

Bank Lane, Roehampton
 London
 SW15 5XZ
 United Kingdom

Directors' Report

The directors present their report and audited financial statements of the company for the year ended 31 December 2022 in US Dollars.

Future development of the company

See the Strategic Report for details on the future developments of the company.

Results and dividends

The profit for the year amounted to US\$2.1m (2021: loss US\$11.5m). The directors do not recommend the payment of a dividend (2021: nil).

Political donations and political expenditure

During the year the company did not make any political donations or expenditure (2021: nil).

Financial risks

The financial risks faced by the company include:

Credit risk: For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The company trades only with national tennis associations and recognised, creditworthy third parties and its debtor balances are monitored on an ongoing basis with a result that the company's exposure to bad debts is not significant. For some trade receivables the company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Liquidity risk: Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company normally maintains sufficient cash balances and does not require any external funding of its operations. However, with sizeable losses and cash outflows for 2022, a letter of support has been provided by ITF Trust (see Strategic Report). The ITF Trust has a high level of liquid investments to support the group. Processes are in place to issue invoices on a timely basis, monitor cash collection closely and chase overdue balances promptly, in order to minimise liquidity risk. This is particularly the case in respect of sponsorship income collection, where the amounts involved can be significant.

Foreign currency risk: The company is exposed to foreign currency risk although manages this by controlling its exposure to foreign exchange fluctuations, particularly Sterling, although to a lesser extent the Euro. See the Strategic Report for a discussion of the company's exposure to other risks.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were David Haggerty, René Stammach, Katrina Adams, Martin Corrie, Bernard Giudicelli, and Bulat Utemuratov.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Directors' Report (continued)

Stakeholder engagement

An explanation of how the directors have been aware of the need to foster the company's business relationships with suppliers, customers and others, and the effect of that awareness, including on the principal discussions taken by the company during the financial year, is set out in the Strategic Report.

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board



Dominic Anghileri
Company Secretary

28 September 2023

Bank Lane, Roehampton
London
SW15 5XZ
United Kingdom

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements 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).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of ITF Licensing (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, ITF Licensing (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 directors 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.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related

to management bias in accounting estimates and judgements particularly in relation to revenue recognition, posting inappropriate journal entries to manipulate reported results and subsequent events. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of meetings of those charged with governance;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, unusual words and unusual users;
- Discussions with external tax advisors including consideration of known or suspected instances of non-compliance with tax legislation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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 company'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 obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' 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.



Kate Wolstenholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2023

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2022

	Note	2022 US\$000	2021 US\$000
Turnover	2	83,794	52,527
Cost of sales		(58,801)	(44,544)
Gross profit		24,993	7,983
Administrative expenses		(22,874)	(19,906)
Operating profit / (loss)		2,119	(11,923)
Other interest receivable and similar income		-	
Profit / (loss) before taxation	3	2,119	(11,923)
Tax on profit / loss	6	(39)	440
Profit / (loss) for the financial year		2,080	(11,483)

All income and expenditure is derived from continuing operations.

A statement of comprehensive income is not included in these financial statements as there are no gains and losses in either financial year other than the results reported above.

The notes on pages 14 to 26 are an integral part of these financial statements.

BALANCE SHEET

at 31 December 2022

	Note	2022 US\$000	2022 US\$000	2021 US\$000	2021 US\$000
Fixed assets					
Intangible assets	7		8,025		8,778
Tangible assets	8		289		310
Investments	9		25		25
Security deposit - restricted cash	10		25,390		25,379
			<u>33,729</u>		<u>34,492</u>
Current assets					
Stocks	11	90		265	
Debtors	12	23,719		10,040	
Cash at bank and in hand		16,462		9,209	
		<u>40,271</u>		<u>19,514</u>	
Creditors: amounts falling due within one year	13	(58,277)		(40,055)	
Net current liabilities			(18,006)		(20,541)
Total assets less current liabilities			15,723		13,951
Provisions for liabilities	14		(200)		(519)
Security deposit	10		(25,390)		(25,379)
Net liabilities			(9,867)		(11,947)
Capital and reserves					
Called up share capital	15		3,002		3,002
Profit and loss account			(12,869)		(14,949)
Total shareholders' deficit			(9,867)		(11,947)

The notes on pages 14 to 26 are an integral part of these financial statements.

These financial statements on pages 11 to 26 were approved by the Board of Directors on 28 September 2023 and were signed on its behalf by:



David Haggerty
Director



René Stambach
Director

Company registered number: 2584446

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Called up share capital US\$000	Profit and loss account US\$000	Total equity US\$000
Balance at 1 January 2021	3,002	(3,466)	(464)
Total comprehensive expense for the year			
Loss for the financial year	-	(11,483)	(11,483)
Total comprehensive expense for the year	-	(11,483)	(11,483)
Balance at 31 December 2021	3,002	(14,949)	(11,947)
Balance at 1 January 2022	3,002	(14,949)	(11,947)
Total comprehensive income for the year			
Profit for the financial year	-	2,080	2,080
Total comprehensive income for the year	-	2,080	2,080
Balance at 31 December 2022	3,002	(12,869)	(9,867)

The notes on pages 14 to 26 are an integral part of these financial statements.

NOTES

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting policies

ITF Licensing (UK) Limited (the 'company') is a private company limited by shares and incorporated in England and Wales and domiciled in the UK at registered office Bank Lane, Roehampton, London, SW15 5XZ, United Kingdom.

These financial statements were prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006. The presentation currency and functional currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest US\$1,000.

The company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The company's ultimate parent undertaking, ITF Trust, includes the company in its consolidated financial statements. The consolidated financial statements of ITF Trust are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from ITF Trust, Bank Lane, Roehampton, London, SW15 5XZ, United Kingdom. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of ITF Trust include the equivalent disclosures, the company has also taken the exemption under FRS 102 available in respect of the disclosures required by FRS 102.11 *Basic Financial Instruments*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates, with a significant risk of material adjustment in the next year, are discussed in note 20.

Going concern

The financial statements have been prepared on the going concern basis. The company has net current liabilities of \$18,006,000 (2021: net current liabilities US\$20,541,000).

The company is reliant on funds provided to it by the ITF Trust which has provided the company with an undertaking that it will continue to do so for at least 12 months from the date of approval of these financial statements. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting policies (continued)

Basic financial instruments

The company has adopted sections 11 and 12 of FRS 102 in respect of financial instruments.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense.

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful life of the intangible assets which is as follows:

Software	3 years	
TV rights and licences	27.5 years	(based on contractual life of asset)

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with FRS 102 Section 27 *Impairment of assets* when there is an indication that an intangible asset may be impaired.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	over the shorter of the asset life or the term of the lease
Computer equipment	3 years
Fixtures and fittings	4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Where stocks are held for distribution for no consideration, the carrying amount is recognised in stock at cost and is recognised as an expense on distribution.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the years during which services are rendered by employees.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Turnover

Turnover is recognised to the extent that the turnover can be reliably measured, in the year to which it relates. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods.

Turnover from the provision of services is recognised by reference to the stage of completion as described in the specific criteria relating to each of the company's sales channels as described in i) to iv) below:

i) Sponsorship, competition and media rights income

Sponsorship income is recognised in accordance with the terms of the contract and the accounting year to which it relates.

Media rights income is recognised in accordance with the terms of the contract and the accounting year to which it relates.

Competition income is recognised in the year in which the competition took place.

Where a competition spans the year-end, revenue is assigned to the performance obligations under the contract associated with the rounds of a competition and recognised as those rounds take place.

ii) Anti-doping income

In 2022, anti-doping income was derived from penalties for legacy cases as the responsibility for administering the Tennis Anti-Doping Programme was transferred to the International Tennis Integrity Agency (ITIA) at the beginning of 2022. This income is recorded once it is probable that the economic benefit associated with the transaction will flow to the group. Anti-doping income in 2021 was recognised in accordance with the terms of the agreement and the accounting year to which it related, where anti-doping services were provided for specific events.

iii) Data sales income

Data sales income is recognised in accordance with the terms of the contract and the accounting year to which it relates.

iv) Technical and sundry income

Technical income is derived from the ITF's ball, equipment and court certification programme and is recognised in accordance with the terms of the agreement and the accounting year to which it relates. Sundry income is derived mainly from recharges to the Grand Slam Board and the International Tennis Integrity Agency for office and administration costs. Rent is charged and recognised as per the terms of the lease and the accounting year to which it relates. Also included within technical and sundry income is subscription monies for the ITF Foundation which allows members to consult and collaborate with the ITF in the process of manufacturing tennis equipment.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest income

Interest income is recognised as interest accrued using the effective interest method.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

1. Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Turnover

	2022 US\$000	2021 US\$000
Davis Cup licence fee	32,298	19,724
Billie Jean King Cup Finals hosting fee	-	3,000
Billie Jean King Cup unusual income	12,577	-
Sale of media rights	2,651	2,500
Sale of sponsorship rights	7,920	5,626
Administrative services	395	338
Foundation and technical testing income	1,044	1,129
Data sales income	20,756	11,363
Event income	5,288	3,665
Anti-doping income	21	4,732
Development income	844	450
	83,794	52,527

Billie Jean King Cup unusual income

In 2021, the ITF filed a Request for Arbitration with the Court of Arbitration for Sport (CAS) regarding the terminated Billie Jean King Cup Finals Budapest hosting agreement. As a result of the CAS hearing, the ITF was awarded \$20.0m, of which \$8.0m had already been received, plus interest for late payment.

The accounts recognise the net \$12.0m plus interest of \$0.6m, received in the 2022 financial year, as unusual income.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

2. Turnover (continued)

An analysis of turnover by activity by geographical market is given below

	2022 US\$000	2021 US\$000
<i>Davis Cup licence fee</i>		
Continental Europe	<u>32,298</u>	<u>19,724</u>
<i>Billie Jean King Cup Finals hosting fee / unusual income</i>		
Continental Europe	<u>12,577</u>	<u>3,000</u>
<i>Sale of media rights</i>		
Continental Europe	1,807	1,233
United States of America	240	265
Rest of the world	604	1,002
	<u>2,651</u>	<u>2,500</u>
<i>Sale of sponsorship rights</i>		
Continental Europe	626	2,209
United States of America	5,582	1,776
Rest of the world	1,712	1,641
	<u>7,920</u>	<u>5,626</u>
<i>Administrative services</i>		
Continental Europe	387	338
Rest of the world	8	-
Continental Europe	<u>395</u>	<u>338</u>
<i>Foundation and technical testing income</i>		
Continental Europe	361	391
United States of America	123	90
Rest of the world	560	648
	<u>1,044</u>	<u>1,129</u>
<i>Data sales income</i>		
Continental Europe	<u>20,756</u>	<u>11,363</u>
<i>Event income</i>		
Continental Europe	2,262	1,788
United States of America	409	334
Rest of the world	2,617	1,543
	<u>5,288</u>	<u>3,665</u>
<i>Anti-doping income</i>		
Continental Europe	15	1,576
United States of America	-	2,319
Rest of the world (including intercompany)	6	837
	<u>21</u>	<u>4,732</u>
<i>Development income</i>		
Rest of the world	<u>844</u>	<u>450</u>

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

3. Profit / (loss) before taxation	2022	2021
	US\$000	US\$000
<i>Profit / (loss) before taxation is stated after charging within administrative expenses:</i>		
Depreciation of owned fixed assets	254	334
Amortisation of intangible assets	1,990	2,251
Operating lease rentals – land and buildings	716	608
	<hr/>	<hr/>
Auditors' remuneration:		
<i>Disclosures below based on amounts receivable in respect of services to the company and its subsidiaries</i>		
	2022	2021
	US\$000	US\$000
<i>Amounts receivable by current auditors and their associates in respect of:</i>		
Audit of these financial statements	48	40
Tax compliance services	30	30
Non-audit advisory services	91	-
	<hr/>	<hr/>
4. Remuneration of directors	2022	2021
	US\$000	US\$000
Directors' emoluments	629	612
Company contributions paid to money purchase pension schemes	-	-
	<hr/>	<hr/>
	629	612

The aggregate of remuneration of the highest paid director was \$629,000 (2021: \$612,000). No company pension contributions were made to a money purchase scheme on their behalf (2021: nil).

	Number of directors	
	2022	2021
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	-	-
	<hr/>	<hr/>

5. Staff numbers and costs

The monthly average number of persons employed during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Professional Tennis	44	43
Tennis Development	20	15
Commercial	10	9
Presidential and Communications	16	17
Integrity, Science and Technical	12	11
Finance and Administration	21	20
	<hr/>	<hr/>
	123	115

The aggregate payroll costs of these persons were as follows:

	2022	2021
	US\$000	US\$000
Wages and salaries	11,289	9,021
Social security costs	1,354	1,013
Other pension costs	767	584
	<hr/>	<hr/>
	13,410	10,618

In addition, staff costs of \$416,000 were capitalised in the year in relation to software development (2021: \$223,000 in relation to computers and databases).

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

6. Tax on profit / (loss) on ordinary activities

Analysis of current tax credit for the year

	2022 US\$000	2021 US\$000
UK corporation tax		
UK corporation tax on profits / (losses) for the year	-	(440)
Adjustment in respect of previous periods	39	-
	<u>39</u>	<u>(440)</u>
Foreign tax		
Withholding tax paid	-	-
Total current tax charge / (credit) recognised in profit and loss	<u>39</u>	<u>(440)</u>

Factors affecting the tax credit for the current year

The current tax charge for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below.

	2022 US\$000	2021 US\$000
<i>Reconciliation of effective tax rate</i>		
Profit / (loss) for the year	2,080	(11,483)
Total tax expense	39	(440)
Profit / (loss) before taxation	<u>2,119</u>	<u>(11,923)</u>
Tax using the standard corporation tax rate of 19.00% (2021: 19.00%)	403	(2,265)
Effects of:		
Expenses not deductible for tax purposes	113	62
R&D tax credit	(254)	(440)
Adjustment in relation to R&D tax claim	-	251
Adjustment from previous periods	39	-
Deferred tax (utilised) / not recognised	(262)	1,952
Total tax charge / (credit) included in profit and loss	<u>39</u>	<u>(440)</u>

There is a deferred tax asset of US\$4,891,000 (2021: US\$5,287,000) in respect of decelerated capital allowances and brought forward tax losses, which has not been recognised in the balance sheet on the basis that there is not sufficient certainty that unrelieved tax losses and other deferred tax assets can be recovered against the reversal of deferred tax liabilities or other taxable profits in the foreseeable future.

Factors that may affect future current and total tax charges

The UK corporation tax rate in force at the balance sheet date is 19%. In the Spring Budget of 2021 the Government announced that the rate of corporation tax will increase from 1 April 2023 to 25% on profits over £250,000. The corporation tax rate increase was included in Finance Act 2021. As this change was enacted at the balance sheet date, its effects are included in these financial statements.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

7. Intangible assets

	Internally generated software US\$000	TV rights and licences US\$000	Total US\$000
Cost			
At 1 January 2021	5,906	9,000	14,906
Additions	1,310	-	1,310
At 31 December 2021	7,216	9,000	16,216
At 1 January 2022	7,216	9,000	16,216
Additions	1,237	-	1,237
At 31 December 2022	8,453	9,000	17,453
Accumulated amortisation			
At 1 January 2021	2,897	2,290	5,187
Amortisation for the year	1,924	327	2,251
At 31 December 2021	4,821	2,617	7,438
At 1 January 2022	4,821	2,617	7,438
Amortisation for the year	1,663	327	1,990
At 31 December 2022	6,484	2,944	9,428
Net book value			
At 31 December 2022	1,969	6,056	8,025
At 31 December 2021	2,395	6,383	8,778

The internally generated software relates to the investment in the ITF's IPIN and other system development costs including capitalised IT staff costs.

The TV rights and licences pertain to the Davis Cup, Billie Jean King Cup, Junior Davis Cup, Junior Billie Jean King Cup and ITF World Junior Tennis competitions. The intangible assets' remaining amortisation period is 19.5 years.

Intangible assets are tested for impairment in accordance with FRS 102 Section 27 *Impairment of assets* when there is an indication that an intangible asset may be impaired.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

8. Tangible assets

	Leasehold improvements US\$000	Computer equipment US\$000	Fixtures and fittings US\$000	Total US\$000
<i>Cost</i>				
At 1 January 2021	1,427	10,528	1,287	13,242
Additions	-	74	4	78
Disposals	(1,062)	(6,053)	(760)	(7,875)
At 31 December 2021	365	4,549	531	5,445
At 1 January 2022	365	4,549	531	5,445
Additions	-	179	54	233
At 31 December 2022	365	4,728	585	5,678
<i>Accumulated depreciation</i>				
At 1 January 2021	1,274	10,235	1,167	12,676
Charge for the year	83	178	73	334
Depreciation on disposals	(1,062)	(6,053)	(760)	(7,875)
At 31 December 2021	295	4,360	480	5,135
At 1 January 2022	295	4,360	480	5,135
Charge for the year	67	143	44	254
At 31 December 2022	362	4,503	524	5,389
<i>Net book value</i>				
At 31 December 2022	3	225	61	289
At 31 December 2021	70	189	51	310
At 31 December 2020	153	293	120	566

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

9. Investments

	Subsidiary undertakings
Cost:	US\$000
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>25</u>

Details of the investments in which the company holds 20% or more of the nominal value of any class of share are as follows:

Name of company	Year-end	Registered in	Holding	Proportion of voting rights and shares held	Nature of business
Hopman Cup Pty Ltd	31 March	Australia	Ordinary shares	100%	Event management

Registered office address: Level 8, 235 St Georges Terrace, Perth 6000.

10. Security deposit

The ITF held \$25.4m in lieu of guarantees from Kosmos Tennis, required by the Davis Cup licensing agreement, as security against default or termination. This cash was to be held separately and not for use within the business and was therefore held as restricted cash and excluded from the cash flow statement. After the year-end, the partnership with Kosmos Tennis for the Davis Cup ended and restricted cash has been transferred to cash at bank and in hand.

11. Stocks

	2022	2021
	US\$000	US\$000
Merchandise	<u>90</u>	<u>265</u>

The difference between purchase price or production cost of stocks and their replacement cost is not considered material.

Stocks recognised as an expense during the year ended 31 December 2022 amounted to US\$383,000 (2021: US\$359,000)

12. Debtors

	2022	2021
	US\$000	US\$000
Trade debtors	13,506	6,860
Amounts owed by group undertaking	15	-
Other debtors	1,052	937
Corporation tax debtor	402	928
Prepayments and accrued income	8,744	1,315
	<u>23,719</u>	<u>10,040</u>

Amounts owed by group undertakings are unsecured, non-interest bearable and repayable on demand.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

13. Creditors: amounts falling due within one year	2022	2021
	US\$000	US\$000
Trade creditors	8,822	5,931
Amounts owed to group undertaking	22,025	7,133
Other taxation and social security	676	586
Withheld taxes payable	1,440	-
Other creditors	134	74
Accruals	13,197	13,970
Deferred income	11,983	12,361
	<u>58,277</u>	<u>40,055</u>

Amounts owed to group undertakings are payable on demand and interest-free.

14. Provisions for liabilities	Dilapidations provision
	US\$000
Balance at 1 January 2021 and 31 December 2021	519
Provision released during the year	(319)
Balance at 31 December 2022	<u>200</u>
Current	-
Non-current	200
	<u>200</u>

The dilapidations provision relates to the ITF's offices in Roehampton, London. The liability is expected to be incurred at the end of a new as yet unsigned lease - see note 21.

15. Called up share capital	2022	2021
	US\$000	US\$000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each (2021: 1,000)	2	2
3,000,000 ordinary shares of US\$1 each (2021: 3,000,000)	3,000	3,000
	<u>3,002</u>	<u>3,002</u>

16. Pension commitments

ITF Licensing (UK) Limited has established a pension provision within the UK for its employees. Since 1997, contributions paid by the company towards the pension fund of an individual have been held in a fund specific to each individual, under a Group Personal Pension Scheme. Employees are not required to make any contributions to this fund, which provides benefits related to the value of the fund accumulated for each employee, at the time of retirement. At 31 December 2022 there were \$102,000 of contributions outstanding (31 December 2021: \$93,000). In 2022 pension costs were US\$767,000 (2021: US\$584,000).

17. Obligations under leases

Non-cancellable operating lease rentals are payable as follows:

	2022	2021
	US\$000	US\$000
Less than one year	73	702
Between one and five years	-	82
	<u>73</u>	<u>784</u>

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

18. Related party transactions

During the year, the company provided administrative services to other companies within the ITF Trust group. The total value of intercompany recharges recorded in the year for administrative services and cost reallocation was US\$4,813,000 (2021: US\$4,987,000). Intercompany balances outstanding at the balance sheet date owed to ITF Limited, another entity within the ITF Trust group, totalled US\$22,025,000 (2021: US\$7,133,000).

During the year, the Kazakhstan Tennis Federation, whose president Bulat Utemuratov is a director of the ITF Trust group, provided funding to the company of \$648,000 (2021: \$382,000) for the 12-and-under-team-competition development programme.

19. Ultimate parent undertaking and controlling party

The company's parent and ultimate parent undertaking and controlling party is ITF Trust, registered office PO Box N-272, Nassau, Bahamas. ITF Trust is the parent undertaking of the largest group of which the company is a member and for which group financial statements are prepared. No other group financial statements include the results of the company. Copies of the group financial statements are available to the public and may be obtained from ITF Trust, Bank Lane, Roehampton, London, SW15 5XZ, United Kingdom.

20. Accounting estimates and judgements

The preparation of the ITF Licencing (UK) Ltd's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, we do not consider there to be any critical estimates or judgements at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

21. Subsequent events

On 12 January 2023, the partnership with Kosmos Tennis for the Davis Cup ended. The ITF is the custodian of the competition and will operate the 2023 Qualifiers and Finals as scheduled.

This is a non-adjusting subsequent event and has no financial impact on the 2022 financial statements.

The ITF ensured financial contingencies were in place. However, due to a high level of uncertainty, an assessment of the financial effect for future periods cannot be made.

As at the year-end, the ITF had not renewed the lease agreement for the offices in Roehampton, London which ended on 12 February 2023. The ITF have security of tenure under the existing lease while a new lease is being negotiated.

The dilapidations provision has been adjusted based on expected terms of the new lease, but remains a non-current liability at the balance sheet date as it is deemed virtually certain that a new lease will be agreed.

Subsequent to the year-end on 3rd August 2023, the Company entered into a Joint Venture with TWG Global to form the Billie Jean King Cup Limited. This joint venture will create a new business model for the Billie Jean King Cup, the women's World Cup of Tennis. The company holds a 51% majority share holding of the new entity.

TWG Global will invest a substantial sum in the endeavour as well as provide expertise and infrastructure for the marketing and promotion of the Billie Jean King Cup.