ITF Licensing (UK) Limited

Annual report and financial statements

Registered number 2584446
31 December 2021

ITF Licensing (UK) Limited

Registered number 2584446

Directors
David Haggerty
Rene Stammbach
Katrina Adams
Martin Corrie
Bernard Giudicelli
Bulat Utemuratov

Secretary
Dominic Anghileri

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Registered Office
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Roehampton
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SW15 5XZ

Contents

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2021.

Review of the business

Principal activities

The company is a subsidiary undertaking of the ITF Trust, registered in the Bahamas. 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

As first reported in 2020, the finances of the ITF have been negatively affected by the incidence of Covid-19 and its impact on tennis at all levels and throughout the world. As a direct consequence, the company made a loss for the financial year of $11.5m.

The company's turnover increased by $20.9m or 66.3% in 2021 to $52.5m, and cost of sales increased $24.2m or 119.3% to $44.5m leading to a decrease in gross profit of $3.3m or 29.2% to $8.0m for the year.

2021 saw the conclusion of the Davis Cup and Billie Jean King Cup competitions which had started in 2020 but were postponed. Not only did this have the impact of spreading one year's revenue over two years, but the competitions also experienced associated challenges to commercial revenue streams.

Accordingly, the Davis Cup licence fee recognised in 2021 is $19.7m (2020: $10.3m) and the combined revenues over the two years totalled $30.0m, a decrease of $10.0m from the amount recognised in 2019 before the pandemic.

The inaugural edition of the Billie Jean King Cup Finals took place in November 2021 in Prague, Czech Republic. While undoubtedly the competition was a great success, the termination of the original contract to host the event in Budapest resulted in only $3m of revenue being recognised in 2021 (2020: $5m), which was the release of deferred income carried over from the previous year.

Commercial revenues from sponsorship and media rights retained by the ITF amounted to $8.1m in 2021 (2020: $3.4m) generated from the Davis Cup World Group and zonal group events and the Billie Jean King Cup competition through our partnerships with BNP Paribas and Rosland Capital and from the Wheelchair Tennis Tour, Wheelchair Masters events and World Team Cup through partnerships with Uniqlo, NEC and BNP Paribas as well as other commercial partnerships including Tennis-Point, ICP and OFX.

Data rights income increased to $11.4m (2020: $6.3m) in line with contractual revenues arising from an increase in the number of matches on the ITF World Tennis Tour.

Anti-doping income increased by $2.1m to $4.7m, representing income from the governing bodies of tennis for anti-doping services provided by the ITF, which have increased back to pre-pandemic levels as playing opportunities have returned. The International Tennis Integrity Agency (ITIA) is responsible for the Tennis Anti-Doping Programme from 1 January 2022.

With the resumption of the Davis Cup and Billie Jean King Cup, cost of sales increased as participation payments were paid in 2021 whereas in the previous year they were not. Administrative expenses also increased, but by a much smaller percentage, 9.3% or $1.7m, to $19.9m (2020: $18.2m).

Staffing costs increased to $10.6m (2020: $9.9m) as salaries were increased back to contractual levels and the ITF no longer received support from the UK Government's Coronavirus Job Retention Scheme.

The company made an operating loss of $11.9m (2020: operating loss $6.9m) and after taxation and interest made a total loss of $11.5m (2020: total loss $6.3m).

Position of the company at the end of the year

The company has net liabilities of $11.9m (2020: $0.5m), a movement of $11.5m being the retained loss for the year and a net current liability position of $20.5m (2020: $10.3m).

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 Davis Cup and Billie Jean King Cup 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.

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 at least an annual basis. The major risks identified in the risk register for 2021, which relate to the company, include:

- The risk of the Billie Jean King Cup Finals partnership or the new Billie Jean King Cup format being unsuccessful
- Non-recent allegations of abuse are discovered that were either not reported or not dealt with appropriately
- The risk of the partnership with Kosmos Tennis or the new Davis Cup format being unsuccessful
- Corrupt players, officials or unauthorised persons manipulate match results for personal gain
- Security or safety issues lead to an accident at a Davis Cup or Billie Jean King Cup tie
- Safeguarding issues at ITF events or regional centres

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	**2021**
The combustion of fuel gas for heating (scope 1) *(Energy usage 409,000 kWh of natural gas)*	74.9 tCO2e
The purchase of electricity heat, steam or cooling by the company for its own use (scope 2) *(Energy usage 95,000 kWh of purchased electricity from renewable energy sources)*	20.2 tCO2e
Total emissions	**95.1 tCO2e**
Intensity ratio (CO2e tonnes per $1m)	**1.8**

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	Employee engagement survey conducted. Regular full staff meetings. Staff Engagement Group (SEG). Reviewing gender pay gap and diversity issues. Reviewing employment procedures, as necessary.	To deliver tennis for future generations, we need to hire, retain and develop the best people who reflect the diversity of our world.	Fair employment. Fair pay and benefits. Diversity and inclusion. Training, development and career opportunities. Health and safety. Responsible use of personal data. Environment and community.
National Associations	Annual General Meeting (AGM). Summary of all Board of Directors meetings distributed and posted on the ITF website for nations. Annual Report and Accounts. ITF website. Creation of the stakeholder engagement group.	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.	Long-term value creation. Growth opportunity. Financial stability. Transparency. Ethics and corporate responsibility.
Clients, broadcasters and licensees	Directors liaise with a number of high-level clients, broadcasters and licensees.	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. We work very closely with our licensees to aid the delivery of the ITF's flagship events.	Client service. Environmental, social and governance issues. Ethics and corporate responsibility. Integrity and honesty.
Suppliers	Ensuring that there are effective responses to potential risks regarding modern slavery.	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.	Anti-bribery. Ethics and slavery. Environment and sustainable sourcing.

Strategic Report (continued)

Stakeholder group	How the directors have considered their interest	Why we engage	Issues relevant to this company
Environment	Reducing international travel by making use of telephone and video conferencing that reduce environmental impact. Board packs and AGM packs moved onto an electronic platform from previous printed versions. All employees provided with reusable metal water bottles.	We are committed to minimising the impact of our business operations on the environment.	Energy usage. Recycling. Waste management. Minimising waste, packaging materials and single-use plastics.
Community	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. 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.	We aspire to increase tennis participation to over 120 million people playing worldwide, requiring significant engagement.	Community impact of sporting activities. Community impact of sporting events. Environmental impact.

By order of the Board

D. Anghileri

Dominic Anghileri
Company Secretary

22 March 2022

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 2021 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 loss for the year amounted to US$11.5m (2020: US$6.3m). The directors do not recommend the payment of a dividend (2020: nil).

Political donations and political expenditure

During the year the company did not make any political donations or expenditure (2020: 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 2021, 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 Stammbach, 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.

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

D. Anghileri

Dominic Anghileri
Company Secretary

22 March 2022

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.

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 2021 and of its loss 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 and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; 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 2021 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 the 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 and capitalisation of intangible assets, and posting inappropriate journal entries to manipulate reported results.. 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;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, unusual words and unusual users;
- Legal confirmations sent to external lawyers to confirm management conclusions.

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
22 March 2022

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2021

	Note	2021 US$000	2020 US$000
Turnover	2	52,527	31,586
Cost of sales		(44,544)	(20,315)
Gross profit		7,983	11,271
Administrative expenses		(19,906)	(18,206)
Operating loss		(11,923)	(6,935)
Other interest receivable and similar income		-	22
Loss before taxation	3	(11,923)	(6,913)
Tax on loss	6	440	626
Loss for the financial year		(11,483)	(6,287)

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 2021

	Note	2021 US$000	2021 US$000	2020 US$000	2020 US$000
Fixed assets					
Intangible assets	7		8,778		9,719
Tangible assets	8		310		566
Investments	9		25		25
Security deposit - restricted cash	10		25,379		25,377
			34,492		35,687
Current assets					
Stocks	11	265		528	
Debtors	12	10,040		7,599	
Cash at bank and in hand		9,209		10,818	
		19,514		18,945	
Creditors: amounts falling due within one year	13	(40,055)		(29,200)	
Net current liabilities			(20,541)		(10,255)
Total assets less current liabilities			13,951		25,432
Provisions for liabilities	14		(519)		(519)
Security deposit	10		(25,379)		(25,377)
Net liabilities			(11,947)		(464)
Capital and reserves					
Called up share capital	15		3,002		3,002
Profit and loss account			(14,949)		(3,466)
Total shareholders' deficit			(11,947)		(464)

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 22 March 2022 and were signed on its behalf by:

David Haggerty
Director

René Stammbach
Director

Company registered number: 2584446

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Called up share capital US$000	Profit and loss account US$000	Total equity US$000
Balance at 1 January 2020	3,002	2,821	5,823
Total comprehensive expense for the year			
Loss for the financial year	-	(6,287)	(6,287)
Total comprehensive expense for the year	-	(6,287)	(6,287)
Balance at 31 December 2020	**3,002**	**(3,466)**	**(464)**
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)**

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.

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. 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 disclosures:

- 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 $20,541,000 (2020: net current liabilities US$10,255,000).

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. Trade and other creditors are recognised initially at transaction price plus 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 television income

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

Television 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

Anti-doping income is recognised in accordance with the terms of the agreement and the accounting year to which it relates, where anti-doping services are provided for specific events. Anti-doping income relating to penalties is recorded once it is probable that the economic benefit associated with the transaction will flow to the company.

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 testing tennis equipment 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

	2021 US$000	2020 US$000
Davis Cup licence fee	**19,724**	10,277
Billie Jean King Cup Finals hosting fee	**3,000**	5,000
Sale of television rights	**2,500**	613
Sale of sponsorship rights	**5,626**	2,752
Administrative services	**338**	235
Foundation and technical testing income	**1,129**	940
Data sales income	**11,363**	6,300
Event income	**3,665**	2,241
Anti-doping income	**4,732**	2,639
Development income	**450**	59
Government grant income	**-**	530
	52,527	31,586

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

2. Turnover (continued)

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

	2021 US$000	2020 US$000
Davis Cup licence fee		
Continental Europe	19,724	10,277
Billie Jean King Cup Finals hosting fee		
Continental Europe	3,000	5,000
Sale of television rights		
Continental Europe	1,233	(182)
United States of America	265	118
Rest of the world	1,002	677
	2,500	613
Sale of sponsorship rights		
Continental Europe	2,209	367
United States of America	1,776	857
Rest of the world	1,641	1,528
	5,626	2,752
Administrative services		
Continental Europe	338	235
Foundation and technical testing income		
Continental Europe	391	309
United States of America	90	67
Rest of the world	648	564
	1,129	940
Data sales income		
Continental Europe	11,363	6,300
Event income		
Continental Europe	1,788	937
United States of America	334	191
Rest of the world	1,543	1,113
	3,665	2,241
Anti-doping income		
Continental Europe	1,576	754
United States of America	2,319	1,135
Rest of the world (including intercompany)	837	750
	4,732	2,639
Development income		
Rest of the world	450	59
Government grant income		
Continental Europe	-	530

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

3. Loss before taxation	**2021**	2020
	US$000	US$000
Loss before taxation is stated after charging within administrative expenses:		
Depreciation of owned fixed assets	**334**	581
Amortisation of intangible assets	**2,251**	2,030
Operating lease rentals - land and buildings	**608**	644

Auditors' remuneration:

Disclosures below based on amounts receivable in respect of services to the company and its subsidiaries

	2021	2020
	US$000	US$000
Amounts receivable by current auditors and their associates in respect of:		
Audit of these financial statements	**40**	51
Tax compliance services	**30**	43

4. Remuneration of directors	**2021**	2020
	US$000	US$000
Directors' emoluments	**612**	559
Company contributions paid to money purchase pension schemes	**-**	-
	612	559

The aggregate of remuneration of the highest paid director was $612,000 (2020: $559,000). No company pension contributions were made to a money purchase scheme on their behalf (2020: nil).

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	**-**	-

5. Staff numbers and costs

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

	Number of employees	
	2021	2020
Professional Tennis	**43**	47
Tennis Development	**15**	13
Commercial	**9**	11
Presidential and Communications	**17**	18
Integrity, Science and Technical	**11**	11
Finance and Administration	**20**	21
	115	121

The aggregate payroll costs of these persons were as follows:	**2021**	2020
	US$000	US$000
Wages and salaries	**9,021**	8,337
Social security costs	**1,013**	996
Other pension costs	**584**	557
	10,618	9,890

In addition, staff costs of $223,000 were capitalised in the year in relation to software development (2020: $221,000 in relation to computers and databases).

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

6. Tax on loss on ordinary activities

Analysis of current tax credit for the year

UK corporation tax	**2021 US$000**	2020 US$000
UK corporation tax on (losses) / profits for the period	**(440)**	(441)
Adjustment in respect of previous periods	**-**	(223)
	(440)	(664)
Foreign tax		
Withholding tax paid	**-**	38
Total current tax credit recognised in profit and loss	**(440)**	(626)

Factors affecting the tax credit for the current year

The current tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below.

	2021 US$000	2020 US$000
Reconciliation of effective tax rate		
Loss for the year	**(11,483)**	(6,287)
Total tax expense	**(440)**	(626)
Loss before taxation	**(11,923)**	(6,913)
Tax using the standard corporation tax rate of 19.00% (2020: 19.00%)	**(2,265)**	(1,313)
Effects of:		
Expenses not deductible for tax purposes	**62**	62
R&D tax credit	**(440)**	(441)
Adjustment in relation to R&D tax claim	**251**	242
Effect of overseas tax rates	**-**	38
Adjustment from previous periods	**-**	(223)
Deferred tax not recognised	**1,952**	1,009
Total tax (credit) / charge included in profit and loss	**(440)**	(626)

There is a deferred tax asset of US$5,287,000 (2020: US$2,068,000) 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 Bill 2021 and the Bill was substantively enacted on 24 May 2021. As this change was substantively 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 2020	4,128	9,000	13,128
Additions	1,778	-	1,778
At 31 December 2020	**5,906**	**9,000**	**14,906**
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**
Accumulated amortisation			
At 1 January 2020	1,194	1,963	3,157
Amortisation for the year	1,703	327	2,030
At 31 December 2020	**2,897**	**2,290**	**5,187**
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**
Net book value			
At 31 December 2021	**2,395**	**6,383**	**8,778**
At 31 December 2020	3,009	6,710	9,719

The internally generated software relates to the investment in the ITF's IPIN system and website development costs as well as other software development 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. This individual intangible asset's 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.

8. Tangible fixed assets

	Leasehold improvements US$000	Computer equipment US$000	Fixtures and fittings US$000	Total US$000
Cost				
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**
Accumulated depreciation				
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**
Net book value				
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 31 December 2020 and 31 December 2021	25

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 is in receipt of $25m in lieu of guarantees required by the licensing agreement with Kosmos. This cash is held as a security deposit against default or termination but in the absence of either is to be held separately and not for use within the business. It is therefore held as restricted cash.

11. Stocks

	2021	2020
	US$000	US$000
Merchandise	**265**	528

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 2021 amounted to US$359,000 (2020: US$154,000)

12. Debtors

	2021	2020
	US$000	US$000
Trade debtors	**6,860**	3,517
Other debtors	**937**	757
Corporation tax debtor	**928**	707
Prepayments and accrued income	**1,315**	2,618
	10,040	7,599

Amounts due from parent undertaking 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	**2021 US$000**	2020 US$000
Trade creditors	**5,931**	2,361
Amounts due to parent undertaking	**7,133**	8,891
Other taxation and social security	**586**	395
Other creditors	**74**	126
Accruals	**13,970**	3,178
Deferred income	**12,361**	14,249
	40,055	29,200

Amounts due to parent undertaking are payable on demand and interest-free.

14. Provisions for liabilities	**Dilapidations provision US$000**
Balance at 1 January 2021 and 31 December 2020	519
Provisions made during the year	-
Balance at 31 December 2021	**519**
Current	-
Non-current	519
	519

The dilapidations provision relates to the ITF's Roehampton property. The liability is expected to be incurred in 2023 at the end of the operating lease.

15. Called up share capital	**2021 US$000**	2020 US$000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each (2020: 1,000)	**2**	2
3,000,000 ordinary shares of US$1 each (2020: 3,000,000)	**3,000**	3,000
	3,002	3,002

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 2021 there were $93,000 of contributions outstanding (31 December 2020: $122,000). In 2021 pension costs were US$584,000 (2020: US$557,000).

17. Obligations under leases

Non-cancellable operating lease rentals are payable as follows:

	2021 US$000	2020 US$000
Less than one year	**702**	708
Between one and five years	**82**	791
	784	**1,499**

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$4,987,000 (2020: US$3,134,000). Intercompany balances outstanding at the balance sheet date owed to ITF Limited, another entity within the ITF Trust group, totalled US$7,133,000 (2020: US$8,891,000 owed from ITF Limited).

During the year, the Kazakhstan Tennis Federation, whose president Mr Bulat Utemuratov is a director of the ITF Trust group, provided funding to the company of $382,000 (2020: $59,000) 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, UK.

20. Accounting estimates and judgements

Key sources of estimation uncertainty

Trade receivables valuation

Provisions have been made for those trade receivables where the recoverability is considered uncertain.

Provision

The provision for dilapidations has been calculated using an estimate for the costs that would be payable under the terms of the existing lease.

Critical accounting judgements in applying the company's accounting policies

Certain critical accounting judgements (apart from those involving estimations included above) in applying the company's accounting policies are described below:

Davis Cup and Billie Jean King Cup postponement and income recognition

The company has recognised revenue associated with the delivery of the finals and remaining lower rounds of the Davis Cup and Billie Jean King Cup competitions in 2021 using the percentage of participation payments made to nations as a basis for allocation of revenue per round (after allocation of contractual finals costs for the Billie Jean King Cup). The result is the recognition of all revenue received for the Davis Cup ($19.7m), and partial recognition for Billie Jean King Cup (the $3m deferred from 2020).

Two significant judgements have been made, which are that the Qualifiers and lower rounds represent a performance obligation and the value of rounds is proportional to participation payments. The company is confident that the judgements made are supported by the contracts and result in a revenue position that is a true and fair view of the state of the company's affairs.

Intangible fixed asset valuation and useful life

The method of ascertaining the intangible assets' impairment and useful life are judgements with a potentially material effect on the financial statements. The process of determining both of these factors has been described in note 1 and note 8.

Billie Jean King Cup contingent asset and liability

The company has disclosed a contingent asset and contingent liability in note 21 in relation to the terminated Billie Jean King Cup Finals contract. The company has had to make judgements with regard to the likelihood of potential outcomes from the CAS tribunal with help from internal and external legal counsel.

While the values of both the contingent liability and asset are material, the company is confident that the likelihood assigned to the outcomes meet the criteria under IAS 37 for disclosure but not recognition.

NOTES (CONT.)

(FORMING PART OF THE FINANCIAL STATEMENTS)

21. Contingencies

During the year, the ITF filed a Request for Arbitration with the Court of Arbitration for Sport (CAS) in compliance with the CAS Code of Procedural Rules regarding the terminated Billie Jean King Cup Finals hosting agreement in Budapest.

The CAS hearing took place after the balance sheet date and at the time of signing the financial statements, no decision has been communicated.

There are a range of potential outcomes from the hearing, including a contingent liability up to a maximum of $8m and a contingent asset up to a maximum of $52m.

The directors have considered the potential outcomes and believe that the contingent liability is neither probable, nor is it remote, and therefore per IAS 37, no provision has been recognised.

The directors have considered that, at least part of the contingent asset is probable, but it is not virtually certain, and therefore per IAS 37, no asset has been recognised.

22. Subsequent events

The CAS tribunal as discussed in note 21 constitutes a subsequent event. Other than this there are no other material subsequent events after the balance sheet date.