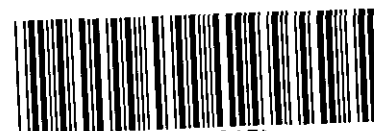


**Company Registration No. 57186**

**TOTTENHAM HOTSPUR FOOTBALL  
AND ATHLETIC CO. LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

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**TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2006**

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# **TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D.P. Levy  
M.J. Collecott  
P.Z. Kemsley  
P.J. Barber  
D. Comolli

#### **SECRETARY**

M.J. Collecott

#### **REGISTERED OFFICE**

Bill Nicholson Way  
748 High Road  
London  
N17 0AP

#### **BANKERS**

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

#### **SOLICITORS**

TNW Solicitors  
London

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 2006.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of Tottenham Hotspur Football & Athletic Co. ("the Company") is the operation of a professional football club. The Company derives its income principally from managing the provision of football entertainment for White Hart Lane Stadium Limited, sponsorship and television revenue.

Under the terms of a management agreement, the Company manages the provision of football entertainment at the White Hart Lane Stadium, for White Hart Lane Stadium Limited, for which it charges a management fee.

Under the terms of a management agreement, the parent company provides head office and training facilities, and other services to the Company for which it charges hire and management fees.

For the 2005/2006 season the club finished in fifth position in the Premier League. This performance ensured qualification for European competition for the first time in seven seasons.

The commercial activities of the club continued to produce substantial income. The Directors expect the Company to continue to trade profitably before taking into account the amortisation and disposal of player registrations.

### Turnover

Turnover increased in the year, with an increment of 3% on the prior year. The increment has arisen from all of the key areas within the business, with the only exception being the loss of revenue from an early exit in both the domestic cup competitions (which also impacts on the management fee receivable from White Hart Lane Stadium Limited).

A top five finish enhanced TV revenues through the merit payment and the more positive display on the pitch ensured that the turnover from live appearances increased by 59% on the prior year through the number of live appearance fees during the season. The strength of the FA Premier League as a brand overseas also continues to enhance overseas broadcasting rights which is a trend we anticipate will continue next year. In addition as we look forward to the 2007/08 season the new domestic TV deal has been further enhanced with the total deal increasing by over 60% for UK live appearances and highlights. Clearly performance on the pitch will drive the Club's share of that increase and we all strive to ensure that the Club gains the highest possible share. This is important to achieve our target of maximising the closely monitored operating profit before football trading and depreciation and the cash generating capacity of the Club.

Sponsorship and corporate hospitality income increased by 8% during the year and was a key area for the Club in 2005/06 as we reached the end of two important deals with Kappa and Thomson. The continued refining of our hospitality offerings and the renewal of our catering agreement with Crown Venue Catering ensure that the hospitality will remain some of the best in The Premiership but the target of finding two new key sponsors for the ensuing season presented a challenge. During the year we secured PUMA as our technical sponsors for the next five seasons who we see as a stylish brand that sits well with our re-branding initiative and MANSION who bring an international presence and a vast opportunity, not least in enhancing our brand in the global and ever increasing overseas market. Both these deals will ensure that revenues from sponsorship alone will increase by more than 50% next year.

Other revenues include the Club Membership Scheme, which continues to hit record numbers and also the prize money from the South Korean Peace Cup victory. To go to South Korea as part of the long pre-season program and win the Cup was a good platform for the season.

### Operating expenses (excluding football trading)

The underlying operating expenses of the club excluding player wages remain stable but there has been a significant increase in operating expenses during the year due to a number of factors.

One factor is that during the year the Club made a £4.5m donation to the Tottenham Hotspur Foundation. Before the year end the Club transferred all community operations to this separate non-profit making charitable foundation. The Tottenham Hotspur Foundation is committed to the promotion, for the benefit of the public, of urban or rural regeneration in areas of social and economic deprivation. The donation to the foundation will be utilised across a range of future projects which promote community participation in healthy recreation, in particular by the provision of facilities for the playing of football; the advancement of the education of the public in the subject of physical education, literacy, numeracy and personal social and health education.

# **TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**

## **DIRECTORS' REPORT**

Other significant operating expenses, which have grown over the year, include a significant increase in business rates, against which we are appealing, and the increased cost of utilities.

Player salaries have also increased during the year but we continue to ensure that the wage to turnover ratio remains sensibly balanced. The emphasis remains focused on ensuring that the salary of players meets the performance on the pitch both individually and as a Club. The policy throughout the Club is to reward performance based on the continued success of the Club. In terms of a key risk this remains one of the largest challenges, to maintain a balance between performance and pay in such a competitive environment.

### **Football trading**

As in the prior year the continued policy of buying young talent and extending the scouting network to put us in the best place to find young talent has ensured that where players and the Club agree to part company we have a pool of present and future talented and committed players that can perform without a detrimental impact. The sale of a number of players during the transfer windows ensured a 118% increase in profit on football trading.

Clearly there is no desire to sell key assets which represent a significant part in the Club's future success but the Board has to ensure that there is a depth of talented players coming through the Academy and Development squad to ensure that we can deal with the risks of the player market.

### **Risks and opportunities**

The Board maintains a prudent approach to managing the cost base of the business and recognises that key revenues are driven by a number of factors including success on the pitch and the ability of the Club to progress in European and English Cup competitions. Key risks include wage cost inflation plus infrastructure and non-football staff pressures on operating costs. All of these factors are proactively managed by the Board. Conversely, the major risk is declining fortunes on the pitch which would have adverse impacts on the financial performance and the stability of the squad.

## **DIVIDENDS AND RESULTS**

The directors do not recommend the payment of a dividend (2005 - £nil). The company made a profit after tax for the year of £1,179,000 (2005 – £6,482,000 profit).

## **DIRECTORS AND THEIR INTERESTS**

The directors who served throughout the year, except as noted, were as follows:

D.P. Levy

D.J. Buchler \* - resigned 3 January 2006

P.Z. Kemsley \* - formerly an Executive Director, became Non-Executive on 21 April 2006

M.J. Collecott

P.J. Barber

D. Comolli – appointed 19 September 2005

\* Non-Executive

The Directors had no interests in the shares of the company or any other group company, except as follows:

D.P. Levy and M.J. Collecott are Directors of Tottenham Hotspur plc, the parent undertaking. Their interests in the shares of that company are shown in its Directors' Report.

## **CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS**

Details are included in notes 19 and 20 to the accounts.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## DIRECTORS' REPORT

### DONATIONS

During the year ended 30 June 2006 the Company made charitable donations of £4,545,889 (2005 – £9,763). Of this total £4,500,000 was donated to the Tottenham Hotspur Foundation (see above and note 5). There were no political donations during the year (2005 – £nil). The Group, headed by Tottenham Hotspur plc, makes many contributions of Tottenham memorabilia to registered charities, especially in the Tottenham catchment area.

### EMPLOYEES

It remains the policy of the company to provide employees with information on matters of concern to them and to keep them informed about the progress and performance of the company and, where applicable, of the group. This is achieved through formal and informal staff meetings and regular bi-monthly meetings of an Employee Advisory Committee.

Applications for employment by disabled persons are always fully considered in the light of the respective skills and abilities of those concerned. Training and career development for such a person would, wherever possible, be similar to that of a person fortunate enough not to suffer from a disability. Furthermore, there is a permanent health insurance policy which covers the majority of UK staff whereby, if they suffer an illness or injury which renders them unable to continue employment, they continue to receive a substantial proportion of their remuneration.

### POLICY ON PAYMENT OF CREDITORS

The Company's policy on payment of creditors is to settle payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within thirty days of the invoice date; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly. Trade creditors at 30 June 2006 represented 22 days of annual purchases (2005 – 13 days). This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due.

### AUDITORS

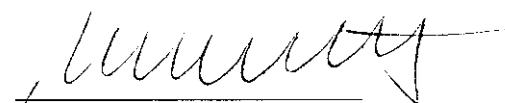
Each of the persons who is a Director at the date of approval of this report confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Company's auditors are not aware; and
2. The Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



**M.J. Collecott**

Secretary

29 March 2007

# **TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

United Kingdom company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 responsible for the maintenance and integrity of the corporate and financial information included on 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 TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**

We have audited the financial statements of Tottenham Hotspur Football & Athletic Co. Limited for the year ended 30 June 2006, which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

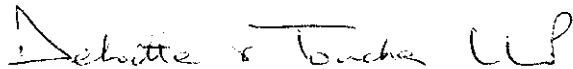
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.



## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

A handwritten signature in dark ink, appearing to read "Deloitte & Touche LLP", with a stylized flourish at the end.

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

29 March 2007

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

Year ended 30 June 2006				
	Note	Operations, excluding football trading *	Football trading *	Year ended 30 June 2005 Total
		£'000	£'000	£'000
				(note 2)
<b>TURNOVER</b>	<b>3</b>	68,855	-	66,957
Operating expenses	<b>4</b>	(66,875)	(11,781)	(65,713)
<b>OPERATING PROFIT / (LOSS)</b>	<b>5</b>	1,980	(11,781)	1,244
Profit on disposal of intangible fixed assets	<b>8</b>	-	12,299	5,632
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,980	518	6,876
Tax charge on profit on ordinary activities	<b>9</b>			(394)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				6,482
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	<b>16</b>			6,482

*\*Football trading represents the amortisation, impairment, and the profit or loss on disposal of intangible fixed assets and other football trading related income and expenditure.*

The above results for the current and prior year all derive from continuing operations.

There were no gains or losses in either year other than the profit for the year, and accordingly no statement of total recognised gains and losses is presented.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

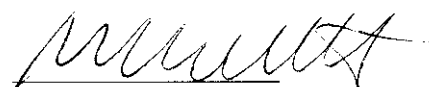
## BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 £'000	2005 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	30,264	31,348
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year		11,762	6,571
- due after one year		4,882	1,502
Total Debtors	11	16,644	8,073
Cash at bank and in hand		15,699	15,165
		32,343	23,238
<b>CREDITORS: amounts falling due within one year</b>	12	(62,691)	(59,981)
<b>NET CURRENT LIABILITIES</b>		(30,348)	(36,743)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(84)	(5,395)
<b>CREDITORS: amounts falling due after more than one year</b>	13	(5,812)	(1,943)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(2,284)	(2,021)
<b>NET LIABILITIES</b>		(8,180)	(9,359)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	54	54
Share Premium	16	1,083	1,083
Profit and loss account	16	(9,317)	(10,496)
<b>SHAREHOLDERS' DEFICIT</b>	17	(8,180)	(9,359)

These financial statements were approved by the Board of Directors on 29 March 2007

Signed on behalf of the Board of Directors



**M.J. Collecott**

Director

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding financial year, are described below.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Cash flow statement**

Under the provisions of Financial Reporting Standard 1 (Revised) the company has not presented a cash flow statement, as its ultimate parent company, Tottenham Hotspur Plc, a company registered in England and Wales, prepares consolidated financial statements which include the results of the company and contain a cash flow statement.

##### **Turnover**

Turnover represents television income, sponsorship income and management fees receivable exclusive of VAT.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

##### **Player costs**

The costs associated with the acquisition of players' and key football management staff registrations are capitalised as intangible fixed assets. These costs are fully amortised over their useful economic lives, in equal annual instalments over the period of the respective contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Provision is made for any impairment of the carrying value of the playing squad should the carrying value of the squad as a whole exceed the amount recoverable from the squad as a whole through use or sale, and where the reduction in value is considered permanent.

Where a player is not considered to be part of the playing squad a provision for impairment would be made if the individual player's carrying value exceeds the amount recoverable through use or sale and where the reduction in value is considered permanent.

Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfer fees are accounted for as provisions when it becomes probable that the number of appearances will be made or the specified future events will occur.

Profits or losses on the disposal of these registrations represent the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is legal or contractual obligation.

Signing on fees are charged evenly, as part of operating expenses, to the Profit and Loss Account over the period of the player's contract.

Loyalty fees are accrued, as part of operating expenses, to the Profit and Loss Account over the period to which they relate.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 1. ACCOUNTING POLICIES (continued)

##### Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the Balance Sheet dates. Translation differences are dealt with in the Profit and Loss Account.

##### Pension costs

Payments are made to the external defined contribution pension schemes of eligible employees of the Company. The pension cost charged in the year represents contributions payable by the Company to these schemes.

In addition the Company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the Group's share of the deficit which exists in this section of the Scheme.

Under the provisions of FRS 17 "Retirement Benefits" the Scheme would be treated as a defined benefit multi-employee scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities, cannot be identified on a reasonable and consistent basis, and accordingly no disclosures are made under the provisions of FRS 17.

#### 2. ANALYSIS OF COMPARATIVE PROFIT AND LOSS ACCOUNT

	Operations excluding football trading £'000	Football trading £'000	Total £'000
Turnover	66,957	-	66,957
Operating expenses	(52,972)	(12,741)	(65,713)
Operating profit/(loss)	13,985	(12,741)	1,244
Profit on disposal of registrations	-	5,632	5,632
Profit/(loss) before interest and taxation	13,985	(7,109)	6,876

#### 3. TURNOVER

Turnover, which all derives from the Company's principal activity, is analysed as follows:

	2006 £'000	2005 £'000
<b>Turnover comprises:</b>		
Gate receipts – cup competitions	146	1,046
Sponsorship and corporate hospitality	7,233	6,675
Media and broadcasting	28,687	25,488
Management fee receivable	26,449	29,221
Other	6,340	4,527
	68,855	66,957

All turnover derives from activities in the United Kingdom and is exclusive of VAT.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 4. OPERATING EXPENSES

	2006 £'000	2005 £'000
Staff costs	39,505	32,310
Amortisation and other net football trading income and expenditure	11,781	12,741
Other operating costs	27,370	20,662
	<u>78,656</u>	<u>65,713</u>

#### 5. OPERATING PROFIT / (LOSS)

	2006 £'000	2005 £'000
<b>Operating profit / (loss) is stated after charging:</b>		
Amortisation of intangible fixed assets	12,499	12,741
Charitable donations *	4,546	10
Stadium hire and management fees	6,013	4,143
	<u>23,058</u>	<u>16,894</u>

The audit fee is borne by the parent company in both the current and preceding year.

\* Charitable donations include a £4,500,000 donation to the Tottenham Hotspur Foundation, a charity registered during the year. The Foundation is committed to the promotion, for the benefit of the public, of urban or rural regeneration in areas of social or economic deprivation. The funds will be utilised across a range of future projects.

#### 6. STAFF NUMBERS AND COSTS

	2006 No.	2005 No.
The average number of employees (including directors) during the year was as follows:		
Players and football administration staff	110	139
Tottenham Hotspur Community staff	11	11
Administration staff	70	62
	<u>191</u>	<u>212</u>
The aggregate payroll costs of these employees (including directors) was as follows:	£'000	£'000
Wages, salaries and bonuses	35,206	28,812
Social Security Costs	4,143	3,478
Other pension costs	156	20
	<u>39,505</u>	<u>32,310</u>

In addition the Company employs on average 588 temporary staff on matchdays (2005 – 580).

In addition to the above payroll costs, redundancy costs of £221,000 (2005 - £1,748,000) were also charged to the Profit and Loss Account during the year.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 7. DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company who are not remunerated by the Parent Company, for the year were £737,942 (2005 - £7,333). Details of Directors of the Company who are remunerated by the Parent Company are included in the Tottenham Hotspur plc annual report. It is not practicable to allocate this between their services as Directors of Tottenham Hotspur plc and Tottenham Hotspur Football and Athletic Co. Limited.

Details of the remuneration of the Directors who are not remunerated by the Parent Company are shown below:

	2006 £'000	2005 £'000
Salary	460,764	7,333
Bonus	250,000	-
Benefits in kind	27,178	-
Total emoluments	737,942	7,333
Pension	23,120	-
Total remuneration	761,062	7,333

#### 8. PROFIT ON DISPOSAL OF INTANGIBLE FIXED ASSETS

	2006 £'000	2005 £'000
Proceeds	23,719	11,201
Net book value of disposals	(11,420)	(5,569)
	12,299	5,632

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 9. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
UK corporation tax at 30% (2005: 30%)	806	-
Adjustment in respect of prior years	100	-
Group relief in respect of prior years	154	394
Overseas tax	259	-
	<hr/>	<hr/>
Total tax charge on profit on ordinary activities	1,319	394
	<hr/>	<hr/>

#### Reconciliation of the current tax charge

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	2,498	6,876
	<hr/>	<hr/>
Tax on profit on ordinary activities before taxation at the UK statutory rate of 30% (2005 – 30%)	749	2,063
Effect of:		
Capital allowances in excess of depreciation	(1)	(1)
Other permanent differences	58	67
Utilisation of tax losses	-	(2,129)
	<hr/>	<hr/>
Total current year corporation tax charge	806	-
	<hr/>	<hr/>



# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 10. INTANGIBLE FIXED ASSETS

	£'000
<b>Cost of registrations</b>	
At 1 July 2005	48,557
Additions	22,835
Disposals	(20,067)
	<hr/>
At 30 June 2006	51,325
<b>Amortisation and impairment of registrations</b>	
At 1 July 2005	17,209
Charged in year – amortisation	12,499
Disposals	(8,647)
	<hr/>
At 30 June 2006	21,061
<b>Net book value of registrations</b>	
At 30 June 2006	<hr/> 30,264 <hr/>
At 30 June 2005	<hr/> 31,348 <hr/>

#### 11. DEBTORS

	2006 £'000	2005 £'000
Trade debtors	14,132	6,356
Other debtors	90	403
Prepayments and accrued income	2,191	1,265
Amounts due from Group undertakings	231	49
	<hr/>	<hr/>
	16,644	8,073
	<hr/>	<hr/>

Trade debtors above include £12,747,000 (2005 - £4,305,000) in respect of the disposal of players' registrations. £4,882,000 of this figure is receivable after one year (2005 - £1,502,000).

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Trade creditors	5,965	6,606
Amounts owed to Group undertakings	24,097	44,303
Corporation tax	805	-
Other tax and social security	2,574	2,266
Other creditors	2,626	1,079
Accruals and deferred income	26,624	5,727
	<u>62,691</u>	<u>59,981</u>

Trade creditors above include £5,226,000 in respect of the acquisition of players' registrations (2005 - £6,362,000).

The parent company, Tottenham Hotspur plc, has stated that it will not seek settlement of the intergroup balance until the rights of all other creditors have been settled.

#### 13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £'000	2005 £'000
Trade creditors	3,845	1,053
Other creditors	1,967	890
	<u>5,812</u>	<u>1,943</u>

Trade creditors above are in respect of the acquisition of players' registrations.

#### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Contingent transfer fees payable	
At 1 July 2005	2,021
Provided during the year	1,654
Crystallised during the year	(1,391)
	<u>2,284</u>
At 30 June 2006	

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 15. CALLED UP SHARE CAPITAL

	Number	£'000
<b>Ordinary shares of £1 each</b>		
<b>Authorised:</b>		
At 30 June 2005 and 2006	53,812	54
<b>Called up, allotted and fully paid:</b>		
At 30 June 2005 and 2006	53,812	54

#### 16. RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 July 2005	1,083	(10,496)
Profit for the year	-	1,179
At 30 June 2006	1,083	(9,317)

#### 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2006 £'000	2005 £'000
Profit for the year	1,179	6,482
Opening shareholders' deficit	(9,359)	(15,841)
Closing shareholders' deficit	(8,180)	(9,359)

#### 18. PENSIONS

##### Defined contribution schemes

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance Scheme. Others are members of a self-administered Company money purchase scheme. The assets of these schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the year amounted to £156,000 (2005 - £20,000). There were no outstanding or prepaid contributions at either year end.

##### Defined benefit scheme

The Company is advised only of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). The most recent actuarial valuation of the Scheme was as at 31 August 2005 and indicated that the contribution required from the Company towards making good this deficit was £190,000 at 1 April 2006. The pension cost charged during the year relating to this deficit was £111,000 (2005 - £nil). At the Balance Sheet date the Company's share of this deficit was £183,000 (2005 - £135,000).

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2006

#### 19. CONTINGENT LIABILITIES AND ASSETS

The Company, together with its parent and fellow subsidiaries, has given a multilateral undertaking to its bankers to guarantee the overdrafts of the Group companies.

At the balance sheet date the Group had overdrafts of £nil.

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent liability which has not been provided for was £10,162,000 (2005 - £7,354,000).

Under the terms of certain contracts for the sale of players' registrations future receipts may be receivable from third parties, dependent on the success of the team and/or individual players. At the Balance Sheet date the maximum contingent asset was £2,446,000 (2005 - £1,100,000).

#### 20. POST BALANCE SHEET EVENTS

Since the balance sheet date the following events have occurred:

B Assou-Ekotto was bought from Lens  
D Dervitte joined from Lille  
D Berbatov was bought from Bayer Leverkusen  
D Zokora was bought from St Etienne  
Mido was bought from AS Roma  
P Chimbonda was bought from Wigan  
S Malbranque was bought from Fulham  
B Alnwick was bought from Sunderland  
R Rocha was bought from Benfica  
S Kelly was sold to Birmingham City  
M El Hamdaoui was sold to Willem II  
D Marney was sold to Hull City  
M Carrick was sold to Manchester United  
A Reid was sold to Charlton  
M Fulop was sold to Sunderland  
C Davenport was sold to West Ham

Including Football League levies, the uncontingent net costs of these transactions amounted to approximately £20,133,000.

The contingent liability from these transactions amounts to approximately £2,858,000 and the contingent asset amounts to approximately £7,450,000.

#### 21. ULTIMATE PARENT COMPANY

The ultimate controlling party and immediate parent company is Tottenham Hotspur plc, a company incorporated in Great Britain. The parent undertaking of the largest and smallest groups, which includes the company, and for which group financial statements are prepared is Tottenham Hotspur plc. Copies of the annual report and accounts of Tottenham Hotspur plc can be obtained from Bill Nicholson Way, 748 High Road, Tottenham, London, N17 0AP.

#### 22. RELATED PARTY TRANSACTIONS

The company has applied the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Tottenham Hotspur Group companies. Other related party transactions have been disclosed in the Directors' Report on Page 2.