

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

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

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**TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

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

**REPORT AND FINANCIAL STATEMENTS 2007**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D P Levy  
M J Collecott  
P Z Kemsley (resigned 26 November 2007)  
P J Barber  
D Comolli  
D Cullen (appointed 1 July 2007)

**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**

CKFT Solicitors  
25-26 Hampstead High Street  
London  
NW3 1QA

**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 2007

### 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 2006/2007 season the club reached the quarter-finals of the UEFA Cup, the quarter-finals of The FA Cup, the semi-finals of the League Cup and fifth place in the FA Premier League (FAPL) and re-qualification for the UEFA Cup in 2007/08.

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 rose by 37% on last year from £69m to £94m, largely driven by the club competing on four fronts both domestically and in Europe.

For the second successive season a final league position of fifth place in the FAPL ensured that the club continued to earn significant TV revenues through the merit award payment and live TV match appearance fees. Including TV income and prize money from cup matches, the club received £34m from media and broadcasting.

Due to the new central FAPL TV deal that comes into force this season, we can expect these income streams to rise even further. The basic fee for domestic television rights will increase by 51%, whilst overseas television rights rises by 128%. Improving upon our position in the League remains a top priority, even more so given the potential huge uplift in revenue under the new TV deal.

The club's first European campaign in seven years in the UEFA Cup saw us play ten games before bowing out to the eventual (and defending) champions Sevilla in the quarter-finals. We also enjoyed good runs in both domestic cups, reaching the semi-finals and the quarter-finals of the Carling Cup and FA Cup respectively. All in all, these three cup competitions earned the club £2m in gate receipts from away games and prize monies, compared to just £0.1m in total the previous year.

2006/2007 was a year of change in our key sponsorship deals. MANSION became our main sponsors, commencing a four year deal, and PUMA signed a five year deal to be our new technical sponsors. These were the primary reasons for sponsorship income and corporate hospitality rising by 115% from the previous year, a net increase of £8m in operating cash annually.

#### Operating profit (before football trading)

Overall, operating profit before football trading increased to £24m from £2m in the prior year, which underlines the importance of the club's involvement in European competitions and ultimately the potential impact Champions League football would have on the operating line.

#### Operating expenses (excluding football trading)

Operating expenses before football trading were kept under tight control, rising 5% from last year in spite of the additional matchday costs from the extra cup games.

Player salaries remain the club's biggest cost. Whilst more and more money enters the game, primarily from the central FAPL TV deal, we endeavour to control our significant cost base. The club continues to adopt its policy of rewarding the performances of both staff and players based on the continuing success of the club and their respective departments.

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

## **DIRECTORS' REPORT (CONTINUED)**

### **Football trading**

Continuing on from last year, the club increased profits on football trading by 52% to £19m. This was largely attributable to the sale of Michael Carrick to Manchester United in July 2006 for a net profit of £12m. Other significant sales in the year include Calum Davenport to West Ham United and Stephen Kelly to Birmingham City for net profits of £2m and £1m respectively. Performance related receipts on player registrations increased profits further.

The ambitions of the club cannot, however, be doubted as the club invested heavily in the playing squad during the year to the tune of £67m, including the signings of Dimitar Berbatov, Didier Zokora, Hossam Ahmed Mido, Pascal Chimbona, Benoit Assou-Ekotto and Steed Malbranque in the summer of 2006, Ricardo Rocha in January 2007 and Darren Bent and Gareth Bale in the close season of 2007/2008. Further major additions were made post balance sheet date in acquiring the registrations of Younes Kaboul, Kevin-Prince Boateng, Gilberto, Jonathan Woodgate and Alan Hutton for £32m in total.

### **Profit before taxation**

The overall result of the above is that profit before taxation has increased to £23m.

### **Taxation**

The Company has incurred a tax charge of £7m in the current year compared to £1m for the prior year. Therefore profit after tax is £16m.

### **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.

The continued success of the First Team in the league, European and cup competitions is an important factor in securing the long-term stability of the club. This is especially true given the significant increase in income generated from TV revenues from season 2007/2008 onwards. Our ambitions in these competitions can be achieved with the continued commitment of the playing staff, the football management team and supporters. Our successful approach to nurturing both home grown talent and acquisitions through the transfer market will help the team to secure future success on the pitch.

Key risks include wage cost inflation plus infrastructure and non-football staff pressures on operating costs. There is always continued upward pressure on player costs and salaries, which continue to require significant cash outflows. Accordingly, the challenge for the Group continues to be to locate players of both quality and value through the transfer market and the Academy.

Last year the club entered into two new deals in respect of its two main commercial sponsorships. MANSION became our new shirt sponsor and PUMA became our new technical sponsor. The terms of these deals are significantly improved on prior years and our relationships with MANSION and PUMA are important to the Club. We continue to explore new opportunities in order to broaden our range of income streams both nationally and internationally. This continued diversification of our income streams will help to ensure the Club is financially robust and increases our stability.

The Club is reliant on the Premier League brand and exposed to external governing bodies of The FA, UEFA and FIFA. Clearly any changes in these bodies can affect our business model.

### **OUTLOOK**

We have spent the past few years committed to what we believe is a far-sighted policy of buying and developing young, highly talented players and, where possible, players who can adapt to the English game and culture bringing experience and style to the Club. It is no coincidence that our recent success comes at a time when the Club has probably the most talented squad in more than two decades. A key factor in building our squad is stability and the adoption of the current football management structure has been responsible for guaranteeing this. We will continue to identify players and pursue buying strategies that we consider to be in the best long-term interests of the Club.

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

## **DIRECTORS' REPORT (CONTINUED)**

### **OUTLOOK (continued)**

We have always stated that we had three priorities for this Club, and in this order - investment in the First Team, a state-of-the-art training centre and an improved, larger stadium. Quite clearly, with investment in the First Team, an assembled squad of enviable talent with inherent value and requalification for Europe, we have made measurable progress in the first of these. The training centre proposal has now been re-submitted and we are currently seeking the support of all stakeholders as we see it through the planning process. We all recognise not only the need for a larger capacity stadium, we also recognise the relevance and impact of being located in London, one of the greatest capital cities of the World. London is a bustling economic centre and a focal point for business. With the Olympics in 2012 and Crossrail being given the go ahead after twenty years, it is only right that we should take advantage of our location.

Football is a unique business and one which is more often than not conducted under intense public scrutiny. We, the management, have to make strategic, informed decisions and act in the long-term interest of the Club. Much has been achieved and there is still much to achieve.

### **DIVIDENDS AND RESULTS**

The directors do not recommend the payment of a dividend (2006 - £nil). The company made a profit after tax for the year of £16,449,000 (2006 - £1,179,000).

### **DIRECTORS AND THEIR INTERESTS**

The directors who served throughout the year were as follows:

D P Levy  
P Z Kemsley \* (resigned 26 November 2007)  
M J Collecott  
P J Barber  
D Comolli

\* 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. There are no directors' interests in the share capital of the company that are required to be disclosed.

D Cullen was appointed as a director on 1 July 2007.

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

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

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business the only financial risks that the Directors consider relevant to the Company are interest rate risk, currency risk and cash flow risk.

The Company addresses cash flow risk carefully, managing its working capital inflows and outflows. The Company hedges its interest exposure by using fixed interest rate facilities where it is deemed appropriate. The Company is exposed to foreign currency exchange risk through its player transactions but manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Company does not enter into complex financial instruments for speculative purposes.

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## DIRECTORS' REPORT (CONTINUED)

### DONATIONS

During the year ended 30 June 2007 the Company made charitable donations of £84,263 (2006 – £4,545,889) There were no political donations during the year (2006 – £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 2007 represented 20 days of annual purchases (2006 – 22 days) This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due

### AUDITORS

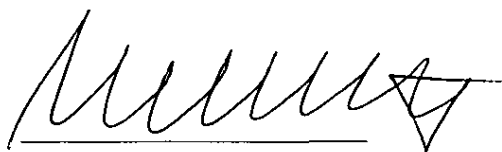
Each of the persons who is a director at the date of approval of this report confirms that

- 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

28 February 2008

# **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 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 2007, 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.

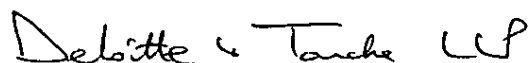
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOTTENHAM  
HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED (CONTINUED)**

**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 2007 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



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

28 February 2008

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

Year ended 30 June 2007				
	Note	Operations, excluding football trading *	Football trading *	Year ended 30 June 2006 Total
		£'000	£'000	£'000
				(note 2)
<b>TURNOVER</b>	3	94,102	-	68,855
Operating expenses	4	(70,430)	(19,089)	(78,656)
<b>OPERATING PROFIT / (LOSS)</b>	5	23,672	(19,089)	(9,801)
Profit on disposal of intangible fixed assets	8	-	18,721	12,299
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		23,672	(368)	2,498
Tax charge on profit on ordinary activities	9			(1,319)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				1,179
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	16			1,179

*\*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 2007

	Note	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	73,815	30,264
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year		26,194	11,762
- due after one year		786	4,882
Total debtors	11	26,980	16,644
Cash at bank and in hand		6,497	15,699
		33,477	32,343
<b>CREDITORS. amounts falling due within one year</b>	12	(79,664)	(62,691)
<b>NET CURRENT LIABILITIES</b>		(46,187)	(30,348)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		27,628	(84)
<b>CREDITORS: amounts falling due after more than one year</b>	13	(18,676)	(5,812)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(683)	(2,284)
<b>NET ASSETS/(LIABILITIES)</b>		8,269	(8,180)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	54	54
Share Premium	16	1,083	1,083
Profit and loss account	16	7,132	(9,317)
<b>SHAREHOLDERS' FUNDS / (DEFICIT)</b>	17	8,269	(8,180)

These financial statements were approved by the Board of Directors on 28 February 2008

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 2007

#### 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 2007

### 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 date. 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	68,855	-	68,855
Operating expenses	(66,875)	(11,781)	(78,656)
Operating profit/(loss)	1,980	(11,781)	(9,801)
Profit on disposal of registrations	-	12,299	12,299
Profit before interest and taxation	1,980	518	2,498

### 3. TURNOVER

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

	2007 £'000	2006 £'000
Turnover comprises:		
Gate receipts – cup competitions	2,236	146
Sponsorship and corporate hospitality	15,532	7,233
Media and broadcasting	33,734	28,687
Management fee receivable	37,824	26,449
Other	4,776	6,340
	94,102	68,855

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 2007

#### 4 OPERATING EXPENSES

	2007 £ 000	2006 £'000
Staff costs	42,645	39,505
Amortisation, impairments and other net football trading income and expenditure	19,089	11,781
Other operating costs	27,785	27,370
	<u>89,519</u>	<u>78,656</u>

#### 5 OPERATING PROFIT / (LOSS)

	2007 £'000	2006 £'000
<b>Operating profit / (loss) is stated after charging</b>		
Amortisation and impairment of intangible fixed assets	19,199	12,499
Charitable donations *	84	4,546
Stadium hire and management fees	7,846	6,013

The audit fee of £20,000 (2006 £20,000) is borne by another group company in the current year and prior year. No fees were paid to the company's auditor's or affiliated entities, relating to other services, during the year. Refer to the Tottenham Hotspur plc financial statements for full disclosure of fees payable to auditors.

\* Charitable donations for 2006 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

	2007 No	2006 No.
The average number of employees (including directors) during the year was as follows		
Players and football administration staff	116	110
Tottenham Hotspur Community staff	-	11
Administration staff	78	70
	<u>194</u>	<u>191</u>
The aggregate payroll costs of these employees (including directors) was as follows	£'000	£'000
Wages, salaries and bonuses	38,118	35,206
Social security costs	4,472	4,143
Other pension costs	55	156
	<u>42,645</u>	<u>39,505</u>

In addition the Company employs on average 586 temporary staff on matchdays (2006 – 588). In addition to the above payroll costs, redundancy costs of £116,000 (2006 - £221,000) 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 2007

#### 7 DIRECTORS' EMOLUMENTS

The emoluments of the directors of the Company who are not remunerated by the Parent Company, for the year were £835,391 (2006 - £737,942). Details of the emoluments of the 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 & Athletic Co. Limited.

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

	2007 £'000	2006 £'000
Salary	530	461
Bonus	262	250
Benefits in kind	43	27
Total emoluments	835	738
Pension	26	23
Total remuneration	861	761

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

	2007 £'000	2006 £'000
Proceeds	23,075	23,719
Net book value of disposals	(4,354)	(11,420)
	18,721	12,299



# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2007

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

	2007 £'000	2006 £'000
UK corporation tax at 30% (2006 30%)	6,891	806
Adjustment in respect of prior years	-	100
Group relief in respect of prior years	-	154
Overseas tax	-	259
	<hr/>	<hr/>
Current tax charge	6,891	1,319
Origination and reversal of timing differences	(27)	-
Adjustment in respect of prior years	(9)	-
	<hr/>	<hr/>
Deferred tax	(36)	-
	<hr/>	<hr/>
Total tax charge on ordinary activities	<u>6,855</u>	<u>1,319</u>
<b>Reconciliation of the current tax charge</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Profit on ordinary activities before taxation	<u>23,304</u>	<u>2,498</u>
Tax on profit on ordinary activities before taxation at the UK statutory rate of 30% (2006 – 30%)	6,991	749
Effect of		
Adjustment in respect of prior years	(226)	-
Capital allowances in excess of depreciation	27	(1)
Other permanent differences	99	58
	<hr/>	<hr/>
Total current year corporation tax charge	<u>6,891</u>	<u>806</u>

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2007

#### 10 INTANGIBLE FIXED ASSETS

	£'000
<b>Cost of registrations</b>	
At 1 July 2006	51,325
Additions	67,104
Disposals	(8,986)
At 30 June 2007	109,443
<b>Amortisation and impairment of registrations</b>	
At 1 July 2006	21,061
Charged in year – amortisation	19,199
Disposals	(4,632)
At 30 June 2007	35,628
<b>Net book value of registrations</b>	
At 30 June 2007	73,815
At 30 June 2006	30,264

#### 11. DEBTORS

	2007 £'000	2006 £'000
Trade debtors	17,953	14,132
Other tax and social security	619	-
Other debtors	1,514	90
Prepayments and accrued income	4,951	2,191
Amounts due from group undertakings	1,907	231
Deferred taxation (see note 14)	36	-
	<u>26,980</u>	<u>16,644</u>

Trade debtors above include £8,525,000 (2006 - £12,747,000) in respect of the disposal of players' registrations of which £750,000 is receivable after one year (2006 - £4,882,000)

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2007

### 12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Trade creditors	10,216	5,965
Amounts owed to group undertakings	41,273	24,097
Corporation tax	3,558	805
Other tax and social security	-	2,574
Other creditors	2,885	2,626
Accruals and deferred income	21,732	26,624
	<u>79,664</u>	<u>62,691</u>

Trade creditors above include £7,959,000 in respect of the acquisition of players' registrations (2006 - £5,226,000)

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

	2007 £'000	2006 £'000
Trade creditors	15,445	3,845
Other creditors	3,231	1,967
	<u>18,676</u>	<u>5,812</u>

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

### 14 PROVISIONS FOR LIABILITIES AND CHARGES

<b>Contingent transfer fees payable</b>	<b>£'000</b>
At 1 July 2006	2,284
Provided during the year	420
Crystallised during the year	(2,021)
At 30 June 2007	<u>683</u>
<b>Deferred taxation</b>	<b>£'000</b>
At 1 July 2006	-
Credited to the profit and loss account	(36)
At 30 June 2007	<u>(36)</u>

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2007

### 15 CALLED UP SHARE CAPITAL

	Number	£'000
<b>Ordinary shares of £1 each</b>		
<b>Authorised:</b>		
At 30 June 2006 and 2007	53,812	54
<b>Called up, allotted and fully paid:</b>		
At 30 June 2006 and 2007	53,812	54

### 16 RESERVES

	Share premium account £'000	Profit and loss account £'000
At 1 July 2006	1,083	(9,317)
Profit for the year	-	16,449
At 30 June 2007	1,083	7,132

### 17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS / (DEFICIT)

	2007 £'000	2006 £'000
Profit for the year	16,449	1,179
Opening shareholders' deficit	(8,180)	(9,359)
Closing shareholders' funds / (deficit)	8,269	(8,180)

### 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 £55,000 (2006 - £156,000).

#### 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 £nil (2006 - £111,000). At the balance sheet date the Company's share of this deficit was £155,000 (2006 - £183,000).

# TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC CO. LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30 JUNE 2007

#### 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 £13,609,000 (2006 - £10,162,000)

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 £8,151,000 (2006 - £2,446,000)

#### 20. POST BALANCE SHEET EVENTS

Since the balance sheet date the following events have occurred

Y Berchiche joined from Athletic Bilbao

Y Kaboul was bought from Auxerre

D Rose joined from Leeds United

K-P Boateng was bought from Hertha BSC

M Yeates was sold to Colchester United

R Zielger was sold to Sampdoria

E Hallfredsson was sold to Lyn Oslo

Hossam Ahmed Mido was sold to Middlesbrough

D Murphy was transferred to Fulham

C Gunter was bought from Cardiff City

P Ifil was sold to Colchester United

L Barnard was sold to Southend United

J Woodgate was bought from Middlesbrough

W Routledge was sold to Aston Villa

Gilberto was bought from Hertha BSC

A Hutton was bought from Rangers

In addition, there has been a change in personnel in first team management, with Juande Ramos replacing Martin Jol as First Team Coach

Including Football League levies, the uncontingent net costs of these transactions amounted to approximately £29,647,000

The contingent liability from these transactions amounts to approximately £1,846,000 and the contingent asset amounts to approximately £1,845,000

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

## **NOTES TO THE ACCOUNTS**

### **FOR THE YEAR ENDED 30 JUNE 2007**

#### **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.