

FINAL DRAFT

**TOTTENHAM HOTSPUR FOOTBALL
AND ATHLETIC COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS 2002**

For the year ended 30th June 2002



Registered in England and Wales

Number 57186

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

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TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30th June 2002.

BUSINESS REVIEW

The principal activity of the Company is the operation of a professional football club. The Company derives its income principally from ticket sales, executive box rentals, sponsorship and television revenue.

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

For the 2001/2002 season the Club finished in ninth position in the Premier League.

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 registrations.

The results for the period are set out in the Profit and Loss Account on page 5.

DIVIDENDS AND RESULTS

The Directors do not recommend the payment of a dividend (2001 - £nil). The loss for the year of £941,000 (2001 – loss £3,869,000) was transferred from reserves.

DIRECTORS

The Directors who served throughout the year (except as noted below) were as follows:

D. Levy (Chairman)

D. Buchler*

D.J. Pleat

M. Peters M.B.E.*

P. Kemsley (appointed on 30th January 2002)

C.T. Sandy* (resigned on 3rd July 2001)

J. Sedgwick (ceased to be a director on 15th October 2001)

I. Yawetz* (resigned on 10th July 2001)

* Non-executive

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

DIRECTORS' REPORT (continued)

The Directors, other than P. Kemsley and M. Peters M.B.E., are all Directors of Tottenham Hotspur plc, the parent undertaking. Their interests in the shares of that company are shown in its financial statements.

On 11th July 2002, P. Viner was appointed to the Board as Finance Director.

None of the Directors has any other interests in the shares of the Company or any other Group company.

DIRECTORS' INTERESTS IN CONTRACTS

The following paragraphs give details of all material interests of Directors in contracts and transactions involving the Company and any of its subsidiary undertakings.

During the period the Company was invoiced £13,000 (2001 - £13,000) for public relations work supplied by Martin Peters Promotions. M. Peters M.B.E. wholly owns Martin Peters Promotions.

During the period the Company invoiced £150,000 (2001 - £nil) plus VAT for advertising and corporate services supplied to Birchridge Limited. P Kemsley is a Director of Birchridge Limited.

A sum of £18,750 has been accrued in the accounts of Tottenham Hotspur plc, the parent undertaking, relating to professional services supplied by Final Developments Limited during the period, but not invoiced as at the Balance Sheet date. P Kemsley is a Director of Final Developments Limited.

There were no other balances outstanding at the balance sheet date in 2002 and no balances outstanding at the balance sheet date in 2001.

All of these transactions were at arm's length.

CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

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

DONATIONS

During the period to 30th June 2002 the Company made no charitable donations (2001 - £10,250). There were no political donations during the period (2001 - £nil).

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year which 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 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.

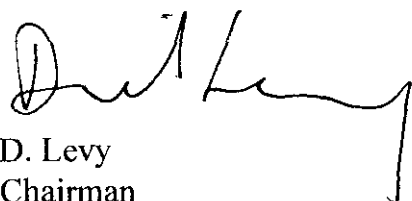
POLICY ON PAYMENT OF CREDITORS

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 30th June 2002 represented 32 days of annual purchases. This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting to reappoint them as auditors of the Company.

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



D. Levy
Chairman

4th September 2002

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

We have audited the financial statements of Tottenham Hotspur Football & Athletic Company Limited for the year ended 30th June 2002 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.

Respective responsibilities of Directors and Auditors

As described in the statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

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

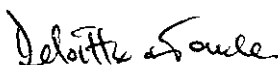
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 30th June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London
4th September 2002

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30th June 2002

Year ended 30th June 2002				
	Operations, excluding player trading*		Eleven months ended 30th June 2001	
	Note	£'000	£'000	£'000
			Total	Total (Note 2)
Turnover	3	58,984	-	43,076
Cost of sales		(42,856)	(13,918)	(39,427)
Gross profit/(loss)		16,128	2,210	3,649
Administrative expenses		(9,848)	-	(8,253)
Operating profit/(loss)	4	6,280	(7,638)	(4,604)
Profit/(loss) on disposal of intangible fixed assets	7	-	6,308	(867)
Profit/(loss) on ordinary activities before taxation		6,280	(1,330)	(5,471)
Tax credit on loss on ordinary activities	8		389	1,602
Loss on ordinary activities after taxation and Retained loss for the year/period			(941)	(3,869)

**Player trading represents the amortisation, impairment and the profit or loss on disposal of intangible fixed assets.*

Turnover and operating profit/(loss) all derive from continuing operations.

There are no other recognised gains or losses or movements in shareholders' (deficits)/funds for the current year or preceding financial period other than as stated in the profit and loss account.

The notes 1 to 22 form part of these accounts.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

BALANCE SHEET

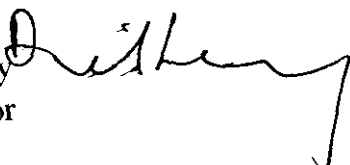
As at 30th June 2002

	<u>Note</u>	2002 £'000	2001 £'000
FIXED ASSETS			
Intangible Assets	9	27,741	24,937
Tangible Assets	10	<u>17</u>	<u>39</u>
		27,758	24,976
CURRENT ASSETS			
Debtors	11	9,167	6,586
Cash at bank and in hand		<u>5,317</u>	<u>2,817</u>
		14,484	9,403
CREDITORS - amounts falling due within one year	12	<u>(43,081)</u>	<u>(33,053)</u>
NET CURRENT LIABILITIES		<u>(28,597)</u>	<u>(23,650)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(839)	1,326
CREDITORS - amounts falling due after more than one year	13	<u>-</u>	<u>(1,000)</u>
		(839)	326
PROVISIONS FOR LIABILITIES AND CHARGES	14	10	<u>(214)</u>
NET (LIABILITIES)/ASSETS		<u>(829)</u>	<u>112</u>
CAPITAL AND RESERVES			
Called-up share capital	15	54	54
Share premium account	16	1,083	1,083
Profit and loss account	16	<u>(1,966)</u>	<u>(1,025)</u>
EQUITY SHAREHOLDERS' (DEFICIT)/ FUNDS		<u>(829)</u>	<u>112</u>

The accounts were approved by the Board of Directors on 4th September 2002.

Signed on behalf of the Board

D. Levy
Director



The notes 1 to 22 form part of these accounts.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company has applied the going concern concept as its parent company has undertaken to continue to provide financial support to the Company.

Turnover

Turnover represents gate receipts and commercial income exclusive of Value Added Tax.

Signing on fees

Signing on fees are charged to player and match expenses in the Profit and Loss Account in the accounting period in which they are payable.

Intangible Fixed Assets

The costs associated with the acquisition of players' registrations and coaching staff are capitalised as intangible fixed assets. These costs are fully amortised over their useful economic lives, generally in equal annual instalments over the period of the respective contracts. Players' registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale.

Pension Costs

Defined contribution arrangements are made for eligible employees of the Company. The pension cost charged in the period represents contributions payable by the Company to the pension scheme.

Depreciation

Fixed assets are depreciated on a straight line basis at annual rates appropriate to their estimated useful lives as follows:

Motor vehicles

20%

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

1. ACCOUNTING POLICIES (continued)

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are discounted using the post tax yields to maturity that could be obtained at the balance sheet date on Government bonds with maturity dates similar to those of the deferred taxation assets and liabilities.

Deferred taxation is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

Restatement of comparatives

The adoption of FRS 19 has required a change to the accounting treatment of deferred tax. Under FRS 19, the Group is required to make full provision for deferred tax in respect of timing differences, recognising in total the potential future tax impact of past transactions. Under SSAP 15, provision for deferred tax was only required if it was expected that timing differences would reverse in the foreseeable future.

However, as a result of deferred tax provided for under SSAP 15 at 30th June 2001, it has not been necessary to restate comparatives.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transactions. 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.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

2. ANALYSIS OF COMPARATIVE PROFIT AND LOSS ACCOUNT

	Operations excluding player trading £'000	Player trading £'000	Total £'000
Turnover	43,076	-	43,076
Cost of sales	<u>(28,318)</u>	<u>(11,109)</u>	<u>(39,427)</u>
Gross profit/(loss)	14,758	(11,109)	3,649
Administrative expenses	<u>(8,253)</u>	-	<u>(8,253)</u>
Operating profit/(loss)	6,505	(11,109)	(4,604)
Loss on disposal of registrations	-	<u>(867)</u>	<u>(867)</u>
Profit/(loss) before interest and taxation	<u>6,505</u>	<u>(11,976)</u>	<u>(5,471)</u>

3. TURNOVER

	Year to 30th June 2002 £'000	Eleven Months to 30th June 2001 £'000
Turnover comprises:		
Gate receipts – Premier League	20,094	18,272
Gate receipts – Cup Competitions	7,582	3,207
Sponsorship	6,763	5,631
Media and Broadcasting	22,594	14,765
Other	<u>1,951</u>	<u>1,201</u>
	<u>58,984</u>	<u>43,076</u>

Turnover all derives from activities in the United Kingdom.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

4. OPERATING PROFIT/(LOSS)

	Year to 30th June 2002 £'000	Eleven Months to 30th June 2001 £'000
This is stated after charging:		
Depreciation on tangible fixed assets - owned	22	21
Amortisation of players	13,918	11,109
Auditors' remuneration and expenses: audit fee	20	18
Stadium hire and management fees	<u>6,025</u>	<u>5,688</u>

5. STAFF NUMBERS AND COSTS

	Year to 30th June 2002 No	Eleven Months to 30th June 2001 No
The average number of employees during the year was as follows:		
Players	65	64
Football Administration	54	48
Administration	<u>53</u>	<u>47</u>
	172	159
	—	—
The aggregate payroll cost of these employees was as follows:	£'000	£'000
Wages, salaries and bonuses	31,418	20,333
Social security costs	3,590	2,291
Other pension costs	<u>97</u>	<u>105</u>
	35,105	22,729
	—	—

In addition the Company employs on average 599 temporary staff on matchdays.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

6. DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company who are not remunerated by the Parent Company, for the year were £14,083 (2001 - £11,000).

Details of the remuneration of the Directors in total are shown below:

	Year to 30th June 2002	Eleven Months to 30th June 2001
Salary £	Total £	Total £
Total	<u>14,083</u>	<u>11,000</u>

7. PROFIT / (LOSS) ON DISPOSAL OF INTANGIBLE FIXED ASSETS

	Year to 30th June 2002 £'000	Eleven Months to 30th June 2001 £'000
Proceeds	6,308	1,222
Net book value of disposals	<u>-</u>	<u>(2,089)</u>
	<u>6,308</u>	<u>(867)</u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

8. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	Year ended June 2002 £'000	Eleven Months ended June 2001 £'000
Group Relief	(165)	(510)
Adjustment in respect of prior years	-	(4)
Current tax	<u>(165)</u>	<u>(514)</u>
Origination and reversal of timing differences	(224)	(1,088)
Deferred tax	<u>(224)</u>	<u>(1,088)</u>
Total tax credit on loss on ordinary activities	<u>(389)</u>	<u>(1,602)</u>

Reconciliation of the current tax credit

	Year to 30th June 2002 £'000	Eleven Months to 30th June 2001 £'000
Loss on ordinary activities before taxation at the UK statutory rate of 30% (2001 – 30%)	(399)	(1,641)
Amortisation of registrations for which tax relief has been previously taken	188	1,006
Other timing differences	29	84
Depreciation for which no tax relief is available	3	2
Other permanent differences	14	39
Prior year release	-	(4)
Total current tax credit	<u>(165)</u>	<u>(514)</u>

The total tax charge or credit in the current year or future years will include, where material, the impact of discounting deferred taxation. Consequently, changes in the medium and long term interest rates used to discount deferred taxation assets and liabilities will affect the amount of deferred taxation charged or credited to the profit and loss account.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

9. INTANGIBLE FIXED ASSETS

	£'000
Cost of registrations	
As at 1st July 2001	53,019
Additions	16,722
Disposals	<u>(6,373)</u>
As at 30th June 2002	<u>63,368</u>
Amortisation and impairment of registrations	
As at 1st July 2001	28,082
Charged in period - amortisation	13,918
Disposals	<u>(6,373)</u>
As at 30th June 2002	<u>35,627</u>
Net book value of registrations	
As at 30th June 2002	<u>27,741</u>
As at 30th June 2001	<u>24,937</u>

10. TANGIBLE FIXED ASSETS

	Motor vehicles £'000
<u>Cost</u>	
As at 1st July 2001	117
Disposals	<u>(10)</u>
As at 30th June 2002	<u>107</u>
<u>Depreciation</u>	£'000
As at 1st July 2001	78
Charged in the year	22
Disposals	<u>(10)</u>
As at 30th June 2002	<u>90</u>
<u>Net Book Value</u>	
As at 30th June 2002	<u>17</u>
As at 30th June 2001	<u>39</u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

11. DEBTORS

	2002 £'000	2001 £'000
Trade debtors	7,323	5,360
Other debtors	344	250
Prepayments and accrued income	1,500	971
Corporation tax recoverable	-	5
	<u>9,167</u>	<u>6,586</u>

Trade debtors above include £3,105,000 (2001 - £950,000) in respect of transfers of players' registrations. None of this figure is receivable after one year (2001 - £306,000).

12. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Trade creditors	7,021	788
Bills of exchange payable	1,000	-
Amounts owed to Group undertakings	10,091	13,065
Other tax and social security	3,091	2,322
Other creditors	1,677	1,827
Accruals and deferred income	<u>20,201</u>	<u>15,051</u>
	<u>43,081</u>	<u>33,053</u>

Bills of exchange payable above include £1,000,000 in respect of the acquisition of players' registrations (2001 - £nil).

Trade creditors above include £6,300,000 in respect of the acquisition of players' registrations (2001 - £625,000).

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

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

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

	2002 £'000	2001 £'000
Bills of exchange payable	<u>-</u>	<u>1,000</u>
	<u>-</u>	<u>1,000</u>

Bills of exchange payable above include £nil in respect of the acquisition of players' registrations (2001 - £1,000,000).

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	£'000
At 1st July 2001	214
Credited to the profit and loss account	<u>(224)</u>
At 30th June 2002	<u>(10)</u>

The amount of deferred taxation provided in the financial statements is as follows:

	2002 £'000	2001 £'000
Pension contributions not paid	(112)	(84)
Accelerated capital allowances	(6)	-
Player registrations	108	298
Discount on timing differences*	<u>-</u>	<u>-</u>
	<u>(10)</u>	<u>214</u>

*Whilst it is the company's policy to discount deferred tax balances (as outlined in Note 1), the current and prior year balances have not been discounted on the grounds that discounting would not have a material impact.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

15. CALLED-UP SHARE CAPITAL

	Number	£'000
Ordinary shares of £1 each		
Authorised:		
At 30th June 2001 and 2002	<u>53,812</u>	<u>54</u>
Allotted, called up and fully paid:		
At 30th June 2001 and 2002	<u>53,812</u>	<u>54</u>

16. MOVEMENTS ON RESERVES

	Share premium account £'000	Profit and loss account £'000
At 30th June 2001	1,083	(1,025)
Loss for the year	-	(941)
At 30th June 2002	<u>1,083</u>	<u>(1,966)</u>

17. COMMITMENTS

There were no capital commitments either contracted or authorised at 30th June 2001 or 30th June 2002.

18. PENSIONS

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance scheme. Others are members of a self-administered Group money purchase scheme.

The assets of the schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the period amounted to £97,000 (2001 - £105,000).

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30th June 2002

19. CONTINGENT LIABILITIES

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.

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 was £5,948,000 (2001 - £6,691,000).

20. POST BALANCE SHEET EVENTS

Since the balance sheet date the following player trading has occurred:

On 11th July 2002 J. Blondel was bought from Royal Excelsior Mouscron. On 30th August L. Hirschfeld was bought from Calgary Storm. On 31st August R. Keane was bought from Leeds United.

Including Football League levies, the estimated cost of these purchases amounted to £8,300,000.

No player sales have occurred since balance sheet date.

21. ULTIMATE PARENT UNDERTAKING

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.