

**TOTTENHAM HOTSPUR FOOTBALL
AND ATHLETIC COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS 1999**

For the year ended 31 July 1999

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 31 July 1999.

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 1998/99 season the Club finished in eleventh position in the Premier League. The Club won the Worthington League Cup and reached the semi-final in the F.A. Cup.

The commercial activities of the Club continued to produce substantial income. The Directors expect the Company to trade profitably in future.

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

Following the issue of Financial Reporting Standard No 10 'Goodwill and Intangible Assets', the Company has changed its accounting policy for the cost of registrations. (See notes 1 and 22.)

DIVIDENDS AND RESULTS

The Directors do not recommend the payment of a dividend (1998 - £nil). The loss for the year of £1,589,000 (1998 restated - loss £4,225,000) was transferred from reserves.

DIRECTORS

The Directors who served since 1 August 1998 were as follows:

A.M. Sugar (Chairman)

C.M. Littner* (resigned as Executive Director on 25 November 1998)

J. Sedgwick

C.T. Sandy*

A.G. Berry* (resigned 11 August 1998)

D.A. Alexiou* (resigned 11 August 1998)

I. Yawetz*

D.J. Pleat

M. Peters M.B.E.* (appointed 26 August 1998)

* Non-executive

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

DIRECTORS' REPORT (continued)

The Directors, other than I. Yawetz 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. I. Yawetz had an interest in 625,000 shares of that company at 31 July 1999 (1998 - 625,000).

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 year the Company invoiced £26,000 (1998 - £22,000) plus VAT for advertising supplied to Viglen Limited. In June 1999 a three-year advertising contract between the Company and Viglen Limited was agreed (total value £86,060 plus VAT). A.M. Sugar wholly owns Amshold Group Limited, the ultimate parent company of Viglen Limited.

During the year the Company invoiced £26,000 (1998 - £22,000) plus VAT for advertising and an additional £6,440 for tickets and hospitality supplied to Amstrad plc. In June 1999 a three-year advertising contract between the Company and Amstrad plc was agreed (total value £86,060 plus VAT). A.M. Sugar has a substantial minority shareholding in Amstrad plc.

During the year the Company was invoiced £10,933 (1998 - £nil) plus VAT for aircraft hire supplied by Amsail Limited. A.M. Sugar wholly owns Amshold Group Limited, the ultimate parent company of Amsail Limited.

During the year the Company was invoiced £8,664 (1998 - £nil) for public relations work supplied by Martin Peters Promotions. M. Peters M.B.E. wholly owns Martin Peters Promotions.

All of these transactions were at arm's length.

POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Details are included in notes 18 and 19 to the accounts.

DONATIONS

During the year to 31 July 1999 the Company made charitable donations of £500 (1998 - £200). There were no political donations during the year (1998 - £nil).

**TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC
COMPANY LIMITED
DIRECTORS' REPORT (continued)**

YEAR 2000

The Company has conducted a thorough review of its state of preparedness for the Year 2000 and its possible impact on computer and other electronic systems. This review also covered the progress made by suppliers and intermediaries. Year 2000 compliance activities have been completed to the Board's satisfaction. The total costs of the work required to ensure compliance are not material.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL
STATEMENTS

The Directors are obliged by law to prepare the financial statements for each financial year and to present them annually to the Company's members at the Annual General Meeting.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable accounting standards.

The Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements and estimates and for applying the going concern basis to the financial statements unless it is not appropriate to assume that the Company will continue in business.


The Directors confirm that the above requirements have been complied with in the financial statements.

In addition, the Directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

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


J. Ireland
Secretary

10th December 1999

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

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

We have audited the accounts on pages 5 to 17 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of Directors and Auditors

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

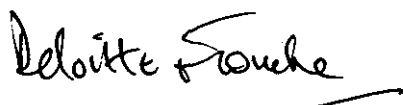
Basis of Opinion

We conducted our audit in accordance with 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 affairs of the Company as at 31 July 1999 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

10th December 1999

Hill House
1 Little New Street
LONDON EC4A 3TR

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 July 1999

	<u>Note</u>	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000 (restated)
Turnover	2	38,597	27,464
Cost of Sales		<u>(25,748)</u>	<u>(18,668)</u>
Gross Profit		12,849	8,796
Administrative expenses		(7,921)	(7,662)
Operating Profit before Amortisation of Registrations		<u>4,928</u>	<u>1,134</u>
Amortisation of registrations		<u>(9,087)</u>	<u>(7,893)</u>
Operating Loss	3	(4,159)	(6,759)
Profit on disposal of registrations	6	<u>1,889</u>	<u>780</u>
Loss before Interest and Taxation		(2,270)	(5,979)
Interest receivable		<u>-</u>	<u>1</u>
Loss on Ordinary Activities before Taxation		(2,270)	(5,978)
Tax credit on loss on ordinary activities	7	<u>681</u>	<u>1,753</u>
Retained Loss for the Year	15	<u>(1,589)</u>	<u>(4,225)</u>

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

Movements on reserves are shown in note 15 to the accounts.

The notes on pages 7 to 17 form part of these accounts.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

BALANCE SHEET

As at 31 July 1999

	<u>Note</u>	1999 £'000	1998 £'000 (restated)
FIXED ASSETS			
Intangible Assets	8	27,627	20,633
Tangible Assets	9	<u>71</u>	<u>74</u>
		27,698	20,707
CURRENT ASSETS			
Debtors	10	5,215	4,150
Cash at bank and in hand		<u>5,976</u>	<u>4,501</u>
		11,191	8,651
CREDITORS - amounts falling due within one year	11	<u>(28,218)</u>	<u>(16,372)</u>
NET CURRENT LIABILITIES		<u>(17,027)</u>	<u>(7,721)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,671	12,986
CREDITORS - amounts falling due after more than one year	12	<u>(47)</u>	<u>(19)</u>
		10,624	12,967
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(3,950)</u>	<u>(4,704)</u>
NET ASSETS		6,674	8,263
CAPITAL AND RESERVES			
Called up share capital	14	54	54
Share premium account		1,083	1,083
Profit and loss account	15	<u>5,537</u>	<u>7,126</u>
EQUITY SHAREHOLDERS' FUNDS		6,674	8,263

The accounts were approved by the Board of Directors on 10 December 1999.
Signed on behalf of the Board

A.M. Sugar
Director

J. Sedgwick
Director

The notes on pages 7 to 17 form part of these accounts.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

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 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 of players' registrations and coaching staff recruitment are capitalised and amortised over the period of the respective contract. (See note 22.)

Transfers are recognised in the year in which the transfer is registered with the relevant football governing body (currently the Premier League) except where the contract is not conditional upon registration in which case the transfer is recognised when the contract becomes unconditional (usually when payment is made or received). Payments or receipts which are contingent on the performance of team or player are not recognised until the events crystallising such payments or receipts have taken place.

Pension Costs

Defined contribution arrangements are made for eligible employees of the Company. The pension cost charged in the year 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 31 July 1999

1. ACCOUNTING POLICIES (continued)

Operating Leases

Rental costs under operating leases are charged to the Profit and Loss Account in equal amounts over the period of the leases.

Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

2. TURNOVER

	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000
Turnover comprises:		
Gate receipts – Premier League	15,907	12,112*
Gate receipts – Cup Competitions	6,411	2,177*
Sponsorship	6,067	5,555
Television fees	9,002	6,442
Other	<u>1,210</u>	<u>1,178</u>
	<u>38,597</u>	<u>27,464</u>

Turnover all derives from activities in the United Kingdom.

* 1998 – restricted capacity due to rebuilding of North Stand.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

3. OPERATING LOSS

	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000 (restated)
This is stated after charging:		
Depreciation on tangible fixed assets	21	19
Amortisation of players	9,087	7,893
Auditors' remuneration and expenses: audit fee	24	24
Stadium hire and management fees	5,771	5,987
Operating lease rentals: other	<u>62</u>	<u>1</u>

4. STAFF NUMBERS AND COSTS

	Year to 31 July 1999 No	Year to 31 July 1998 No
The average number of employees during the year was as follows:		
Players	64	69
Football Administration	43	30
Administration	<u>46</u>	<u>40</u>
	153	139
	<u> </u>	<u> </u>

The aggregate payroll cost of these employees was as follows:

	£'000	£'000
Wages, salaries and bonuses	19,009	14,910
Social security costs	1,954	1,412
Other pension costs	<u>112</u>	<u>20</u>
	21,075	16,342
	<u> </u>	<u> </u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

5. DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company for the year were £10,184 (1998 - £nil).

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

		Year to 31 July 1999	Year to 31 July 1998
	Salary £	Total £	Total £
Total	<u>10,184</u>	<u>10,184</u>	<u>-</u>

6. PROFIT ON DISPOSAL OF REGISTRATIONS

	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000 (restated)
Proceeds	1,922	814
Net book value of players sold	<u>(33)</u>	<u>(34)</u>
	<u>1,889</u>	<u>780</u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000
UK Corporation Tax at 31% (1998 – 31%) on loss for the year	62	-
Group relief	-	(1,230)
Deferred tax	(743)	-
Adjustment in respect of prior year provisions	<u>-</u>	<u>(523)</u>
	<u>(681)</u>	<u>(1,753)</u>

8. INTANGIBLE FIXED ASSETS

	£'000
Cost of registrations	
As at 1 August 1998 (restated)	38,399
Additions	16,114
Disposals	<u>(2,800)</u>
As at 31 July 1999	<u>51,713</u>
Amortisation of registrations	
As at 1 August 1998 (restated)	17,766
Charged in year	9,087
Disposals	<u>(2,767)</u>
As at 31 July 1999	<u>24,086</u>
Net book value of registrations	
As at 31 July 1999	<u>27,627</u>
As at 31 July 1998 (restated)	<u>20,633</u>

9. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000
<u>Cost</u>	
As at 1 August 1998	124
Purchases	23
Disposals	<u>(10)</u>
As at 31 July 1999	<u>137</u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

<u>Depreciation</u>	£'000
As at 1 August 1998	50
Charged in the year	21
Disposals	(5)
As at 31 July 1999	<u>66</u>

<u>Net Book Value</u>	
As at 31 July 1999	<u>71</u>
As at 31 July 1998	<u>74</u>

10. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	3,238	2,091
Amounts owed by group undertakings	-	782
Corporation tax recoverable	219	219
Other debtors	417	199
Prepayments and accrued income	<u>1,341</u>	<u>859</u>
	<u>5,215</u>	<u>4,150</u>

Trade debtors above include £717,500 (1998 - £231,250) in respect of transfers of players' registrations.

All debtors are repayable within one year.

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £'000	1998 £'000
Trade creditors	4,868	2,243
Amounts owed to Group undertakings	3,777	-
Other creditors	418	352
Taxation and Social Security	3,365	3,246
Accruals and deferred income	<u>15,790</u>	<u>10,531</u>
	<u>28,218</u>	<u>16,372</u>

Trade creditors above include £4,408,334 (1998 - £2,196,783) in respect of transfers of players' registrations.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

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

	1999 £'000	1998 £'000
Deferred income	<u>47</u>	<u>19</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£000
Deferred taxation	
At 1 August 1998 (restated)	4,704
Credited to the Profit and Loss Account	(743)
Decrease in ACT set off	<u>(11)</u>
At 31 July 1999	<u>3,950</u>

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

	1999 £'000	1998 £'000 (restated)
Accelerated capital allowances	(1)	-
Losses	-	(1,486)
Registrations	<u>3,962</u>	<u>6,190</u>
	3,961	4,704
Advance corporation tax recoverable	<u>(11)</u>	<u>-</u>
	<u>3,950</u>	<u>4,704</u>

There is no potential amount of unprovided deferred taxation for the current or preceding financial year.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

14. CALLED-UP SHARE CAPITAL

	Number	£'000
Ordinary shares of £1 each		
Authorised:		
At 31 July 1998 and 31 July 1999	<u>53,812</u>	<u>54</u>
Allotted, called up and fully paid:		
At 31 July 1998 and 31 July 1999	<u>53,812</u>	<u>54</u>

15. RESERVES

	Profit and Loss Account £'000
As previously reported	(8,803)
Prior period adjustment – intangible assets	20,633
Deferred tax	<u>(4,704)</u>
As restated	7,126
Loss for the year	<u>(1,589)</u>
Balance at 31 July 1999	<u>5,537</u>

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

16. COMMITMENTS

	1999 £'000	1998 £'000
The annual commitments under non-cancellable operating leases are:		
Other: Leases expiring within one year	<u>70</u>	<u>-</u>

There were no capital commitments either contracted or authorised at 31 July 1998 or 31 July 1999.

17. 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 year amounted to £112,011 (1998 - £20,264).

18. 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.

The total potential liability of the cross guarantee as at 31 July 1999 is £9,563,000 (1998 - £4,086,000).

Under the terms of certain contracts for the purchase of players' registrations future payments may be due, dependent on the success of the team and/or individual players. Similar terms exist in contracts for sales of players' registrations. In practice not all these contingent liabilities will crystallise and the Directors consider that it is unlikely that there will be a net material charge to the Company in any year in respect of the above.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

19. POST BALANCE SHEET EVENTS

On 5 August 1999, O Leonhardsen was acquired at a cost of £3,000,000 plus a levy of £150,000.

20. ULTIMATE PARENT UNDERTAKING

The ultimate controlling party and parent company is Tottenham Hotspur plc, a company incorporated in Great Britain. 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.

21. 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.

Related party transactions have been disclosed in the Directors' Report on Page 2.

22. PRIOR PERIOD ADJUSTMENT

Following the issue of Financial Reporting Standard No. 10 'Goodwill and Intangible Assets', the Company has changed its accounting policy for the cost of registrations.

Under the new policy the Company capitalises as an intangible asset the element of a transfer fee which relates to the registration together with associated costs and amortises that element over the period of the contract including any subsequent agreed extensions. FRS 10 makes no provision for the value of players developed within the Company.

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 July 1999

Previously fees payable to and receivable from other football clubs on the transfer of registrations, together with associated costs were accounted for in the profit and loss account as 'net player transfers (and signing on fees)' in the period in which the transfer took place. (Signing on fees are now classified together with players' other remuneration as part of cost of sales and are accounted for across the period of the players' contracts). The amortisation of registrations is disclosed separately in the Profit and Loss Account.

The effect on the profit before taxation is shown below.

	1998 £'000
As previously reported	(3,988)
Add: Purchased players' registration costs	5,937
Less: Amortisation of players' registration costs	(7,893)
Less: Restatement of net book value of players sold	<u>(34)</u>
As restated	<u>(5,978)</u>

In the year to 31 July 1999 the effect of the change in policy has been to reduce the loss before tax by £6,994,000.