

**TOTTENHAM HOTSPUR FOOTBALL
AND ATHLETIC COMPANY LIMITED
ANNUAL REPORT AND ACCOUNTS 1997**

For the year ended 31st July 1997

Registered in England and Wales

Number 57186



TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

CONTENTS

	Page
Directors' Report	1
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Accounts	8-14

TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31st July 1997. Comparative figures for 1996 represent a fourteen month period.

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 1996/97 season the Club completed the league programme in tenth position in the Premier League. The Club progressed to the fourth round of the Coca-Cola League Cup and was eliminated from the FA Cup in the third round.

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.

DIVIDENDS AND RESULTS

The Directors do not recommend the payment of a dividend (1996 - £nil). The loss for the year of £8,760,000 (1996 - profit £1,461,000) was transferred from reserves.

DIRECTORS

The Directors who served since 1st August 1996 were as follows:

A.M. Sugar (Chairman)

C.M. Littner

J. Sedgwick

C.T. Sandy*

A.G. Berry*

D.A. Alexiou*

I. Yawetz*

* Non-executive

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

The Directors, other than I. Yawetz, 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 31st July 1997 (1996 - 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.

A three year advertising contract between the Company and Viglen Limited (total value £65,000 plus VAT) was entered into during the last financial year. Viglen Limited is a subsidiary of Viglen Technology plc. A.M. Sugar has a substantial minority shareholding in Viglen Technology plc.

A one year contract for advertising facilities between the Company and Amslit Limited (formerly Amstrad plc) for £50,000 plus VAT, terminated during the year. Amslit Limited became a subsidiary of Viglen Technology plc on 1st August 1997.

A three year advertising contract between the Company and Betacom plc (total value £65,000 plus VAT) was entered into during the last financial year. A.M. Sugar has a substantial minority shareholding in Betacom plc.

All of these transactions were at arm's length.

The Company's parent undertaking, Tottenham Hotspur plc, has incurred architect fees from Igal Yawetz and Associates Limited, a company in which I. Yawetz is a majority shareholder, amounting to £125,000 plus VAT. All of these fees are at arm's length.

POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

On 19th November 1997, Mr Gerry Francis, the Manager of Tottenham Hotspur Football Club formally resigned. He was replaced the following day by Mr Christian Gross.

One player transaction has taken place since the year end. Details are included in note 18 to the accounts.

POLICY ON PAYMENT OF CREDITORS

The Group'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; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly. Trade creditors at 31st July 1997 represented 24 days of annual purchases. This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due.

DONATIONS

During the year to 31st July 1997 the Company made no charitable donations (1996 - £1,000). There were no political donations during the period (1996 - £nil).

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

27th November 1997

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 13 which have been prepared under the accounting policies set out on page 7.

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.

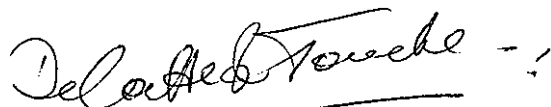
Basis of Opinion

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 31st July 1997 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

27th November 1997

Hill House
1 Little New Street
LONDON EC4A 3TR

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31st July 1997**

		Year to to 31st July 1997 £'000	14 Months to to 31st July 1996 £'000
CONTINUING OPERATIONS	<u>Note</u>		
TURNOVER	2	<u>23,926</u>	<u>22,773</u>
NET OPERATING EXPENSES			
Player and match expenses		12,552	12,642
Administrative expenses		7,771	9,511
Net transfer fees	12	13,937	(1,278)
		<u>34,260</u>	<u>20,875</u>
OPERATING (LOSS)/PROFIT		(10,334)	1,898
Interest receivable	13	<u>6</u>	<u>1</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(10,328)	1,899
Tax on (Loss)/Profit on ordinary activities	14	<u>1,568</u>	<u>(438)</u>
(LOSS)/PROFIT FOR THE YEAR/PERIOD		<u>(8,760)</u>	<u>1,461</u>

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

Movements on reserves are shown in note 11 to the accounts.

The notes on pages 8 to 14 form part of these accounts.


**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
BALANCE SHEET
As at 31st July 1997**

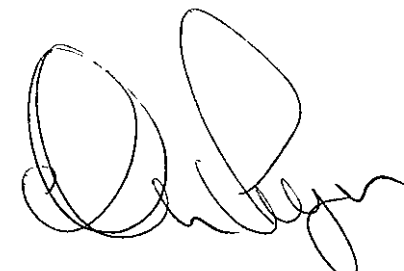
	<u>Note</u>	<u>1997 £'000</u>	<u>1996 £'000</u>
TANGIBLE FIXED ASSETS	6	<u>35</u>	<u>83</u>
CURRENT ASSETS			
Debtors	7	11,527	9,351
Cash at bank and in hand		<u>-</u>	<u>5,182</u>
		11,527	14,533
CREDITORS - amounts falling due within one year	8	<u>(16,853)</u>	<u>(11,216)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(5,326)</u>	<u>3,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,291)	3,400
CREDITORS - amounts falling due after more than one year	9	(140)	(71)
NET (LIABILITIES)/ASSETS		<u>(5,431)</u>	<u>3,329</u>
CAPITAL AND RESERVES			
Called up share capital	10	54	54
Share premium account		1,083	1,083
Profit and loss account	11	(6,568)	2,192
EQUITY SHAREHOLDERS' FUNDS		<u>(5,431)</u>	<u>3,329</u>

The accounts were approved by the Board of Directors on 27 November 1997.

Signed on behalf of the Board

A.M. Sugar
Director


J. Sedgwick
Director



The notes on pages 7 to 13 form part of these accounts.

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997**

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.

Transfer fees

Transfers of players' registrations, together with associated costs, are dealt with through the profit and loss account in the year in which the transfer takes place. 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 event crystallising such payments or receipts has taken place. Signing on fees are charged to the profit and loss account in the year in which they are payable.

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%
----------------	-----

Finance leases

Assets held under finance leases are included in fixed assets at total rental cost less finance charges. Finance charges are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. 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.

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED**
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997

2. TURNOVER

Turnover comprises:

Gate receipts

Sponsorship

Television fees

Other

12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
13,641	13,668
4,940	2,503
4,474	5,299
871	1,303
<u>23,926</u>	<u>22,773</u>

3. STAFF NUMBERS AND COSTS

The average number of employees during the period was as follows:

Players

Football Administration

Administration

12 months to 31st July 1997 No.	14 months to 31st July 1996 No.
66	62
23	23
45	41
<u>134</u>	<u>126</u>

The aggregate payroll cost of these employees was as follows:

Wages, salaries and bonuses

Social security costs

Other pension costs

12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
10,446	9,765
963	937
21	25
<u>11,430</u>	<u>10,727</u>

**4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES
BEFORE TAXATION**

This is stated after charging:

Depreciation on tangible fixed assets

Auditors' remuneration and expenses:
audit fee

other services

Stadium hire and management fees

Operating lease rentals

12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
27	50
24	28
-	-
6,051	7,805
<u>7</u>	<u>7</u>

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997**

5. DIRECTORS' EMOLUMENTS

None of the Directors received any remuneration from the Company during the year (1996 - £Nil).

6. TANGIBLE FIXED ASSETS

COST

As at 1st August 1996
Purchases
Disposals
As at 31st July 1997

Motor
Vehicles
£'000

209
20
(140)

89

DEPRECIATION

As at 1st August 1996
Charged in the period
Disposals
As at 31st July 1997

126
27
(99)

54

NET BOOK VALUE

As at 31st July 1997
As at 31st July 1996

35

83

Included in fixed assets are assets which are held under finance leases as follows:

Net book value
Depreciation charged in period

1997
£'000

10
4

1996
£'000

22
8

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997**

7. DEBTORS

	1997 £'000	1996 £'000
Trade debtors	3,296	4,271
Amounts owed by group undertakings	7,389	4,547
Other debtors	302	105
Prepayments and accrued income	540	428
	<u>11,527</u>	<u>9,351</u>

Trade debtors above include £1,853,281 (1996 - £2,498,542) in respect of transfers of players' registrations.

Other debtors include £Nil (1996 - £Nil) repayable in more than one year.

**8. CREDITORS - AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	1997 £'000	1996 £'000
Bank overdraft	52	-
Obligations under finance leases	2	11
Payments received in advance	8,620	7,751
Trade creditors	6,062	699
Other creditors	687	313
Taxation and Social security	1,285	2257
Accruals and deferred income	145	185
	<u>16,853</u>	<u>11,216</u>

Trade creditors above include £5,875,000 (1996 - £333,340) in respect of transfers of players' registrations.

Obligations under finance leases are secured by related leased assets.

**9. CREDITORS - AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	1997 £'000	1996 £'000
Obligations under finance leases	-	2
Payments received in advance	140	69
	<u>140</u>	<u>71</u>

The finance lease obligations are all repayable within five years.

Obligations under finance leases are secured by related leased assets.

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED**
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997

10. SHARE CAPITAL	<u>Number</u>	<u>£'000</u>
Ordinary shares of £1 each		
Authorised:		
At 31st July 1996 and 31st July 1997	<u>53,812</u>	<u>54</u>
Allotted, called up and fully paid:		
At 31st July 1996 and 31st July 1997	<u>53,812</u>	<u>54</u>
11. RESERVES	Profit and Loss account	
	<u>£'000</u>	
Balance at 1st August 1996	2,192	
Loss for the year to 31st July 1997	(8,760)	
Balance at 31st July 1997	<u>(6,568)</u>	
12. TRANSFER FEES	12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
Net sales	<u>5,124</u>	<u>11,697</u>
Purchases	<u>(19,061)</u>	<u>(10,419)</u>
	<u>(13,937)</u>	<u>1,278</u>
13. INTEREST RECEIVABLE / (PAYABLE)	12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
Interest receivable	<u>7</u>	<u>7</u>
Finance lease charges	<u>(1)</u>	<u>(6)</u>
	<u>6</u>	<u>1</u>
14. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	12 months to 31st July 1997 £'000	14 months to 31st July 1996 £'000
UK Corporation tax at 32.3% (1996 - 33%) on (Loss)/Profit for the period	-	636
Group relief	(1,667)	-
Adjustment in respect of prior year provisions	99	(198)
	<u>(1,568)</u>	<u>438</u>

The tax credit is low due to the existence of trading losses that are carried forward for tax purposes.

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997**

15. COMMITMENTS

	July 1997 £'000	July 1996 £'000
The annual commitments under non-cancellable operating leases are:		
Leases expiring within one year	2	9
Leases expiring within two to five years	-	20
	<u>2</u>	<u>29</u>

There were no capital commitments either contracted or authorised at 31st July 1996 or 31st July 1997.

16. 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 £23,198 (1996 - £24,703).

17. 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, 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.

The proposed terms of the recently renegotiated Premier League BSkyB contract include the advance receipts of monies upon fulfilment of the terms of the contract in the future. The maximum amount that could be repayable is £2,402,000 (1996 - £nil).

**TOTTENHAM HOTSPUR FOOTBALL AND
ATHLETIC COMPANY LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31st July 1997**

18. POST BALANCE SHEET EVENTS

There has been one significant player transaction since the year end:
J Dominguez was bought in August 1997 for £1,713,000, including levy.

19. CASHFLOW STATEMENT

The parent undertaking, Tottenham Hotspur plc, has prepared a consolidated cashflow statement in accordance with Financial Reporting Standard No. 1 (Revised), thus exempting the company from the requirement to prepare a cash flow statement.

20. PARENT UNDERTAKING

The Company's parent undertaking 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 748 High Road, Tottenham, London, N17 0AP.

21. INTER GROUP 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.