

**TOTTENHAM HOTSPUR PLC**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**





**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

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# **TOTTENHAM HOTSPUR PLC**

## **REPORT AND FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2005**

#### **Chairman's Statement 2005**

##### **Financial Results**

The results for the financial year show turnover exceeding £70m for the first time, up from £66.3m in the prior year. Notable contributions came as a result of the Club's progress in cup competitions, finishing ninth in the league against fourteenth in the prior year, and improved merchandising revenues.

There was a substantial increase in operating profit before football trading and depreciation to £14.6m compared to £11.5m in the prior year, the key indicator in determining cash generated from the business. Operating profit before football trading was £12.8m compared to £9.7m last year. Profits of £5.6m on the disposal of player registrations during the year led to the club making a profit before tax of almost £5m, compared to a loss before tax of £2.5m in the prior year. As a result the net asset position has increased, strengthening our Balance Sheet, whilst retaining a net debt position of only £1.4m.

These results are discussed in more detail in the operating and financial review on page 4.

##### **Overview**

The final league position was considerably better than the previous year and having completed the restructuring of so many departments during the year it was gratifying to see these changes bring positive results - not just in terms of our playing performances but also in terms of the team spirit throughout the Club and a renewed optimism from an influx of some of the best senior management in the business.

It was clearly disappointing when Frank Arnesen left the Club in September this year. However, after an extensive interview and search process we have found someone who we believe has the ability to meet the wide demands of the Sporting Director's role. Damien Comolli takes up the position with a remit covering scouting, medical, academy and club secretarial and the objective of ensuring we apply best practice to all these areas of the Club in order to achieve long term success.

Other considerable changes in our restructuring programme have included the complete overhaul of the Academy which is now headed up by John McDermott who joins us from The F.A. John has brought renewed processes, enthusiasm and experience to this key area of the Club.

We will continue to foster the team approach to everything we do. The key to the Club's success is the continued commitment and enthusiasm of our people, every employee, and we are pleased that Maarten Jol has signed a three year commitment to the Club. These latest changes are aligned with the operating and commercial changes, the medical department changes, the coaching staff changes and the number of player changes that have taken place over the past two seasons. We will continue to build on each department as a centre of excellence within the Club.

##### **On the pitch**

Again this year there have been significant changes in the make up of the first team squad of players.

The players that have left since we last reported to shareholders in our interim report are Simon Davies, Timothee Atouba, Freddie Kanoute, Nicky Eyre, Michael Malcolm, Paul O'Donoghue, Rohan Ricketts and Erik Edman with a number of young players going out on loan to further their experience. We wish them all well.

In the same period we welcomed Teemu Tainio, Tom Huddlestone, Jermaine Jenas, Grzegorz Rasiak, Lee Young-Pyo, Edgar Davids, Aaron Lennon, Paul Stalteri and Wayne Routledge. They join Emil Hallfredsson, Mounir el Hamdaoui, Andy Reid, Michael Dawson, Radek Cerny and Mido who joined us partway through the season.

Having noted in the prior year's Chairman's statement that the ongoing level of investment was not sustainable, the financial stability and improvement in operations have enabled further investment during the year and since the year end. We now have some unrivalled talent and a young, but clearly large, squad. We will look to strengthen areas where we see weaknesses but ultimately we have to ensure we do not overstep the balance between players being motivated to fight for places and players not being able to reach their potential through lack of opportunity.



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#### Off the pitch

The Club's hospitality team, having been awarded the title of best overall provider of corporate hospitality in both the Premier League and Football League last year, continue to improve their offers. A major investment in the East stand boxes resulted in the box seating being moved outside and all boxes being upgraded to include the latest technology together with a complete refurbishment.

Our supporters have, as always, been tremendously loyal and the stadium was 99% full for the 2004/2005 season. The start to the new season shows this level of support continuing strongly in direct contrast to reports of lower attendances at other grounds. The ever-increasing support for the Club has resulted in the number of memberships and season ticket holders reaching levels unseen previously at the Club. We cannot thank our fans enough for their loyalty and support which underpins this business. However, it remains a challenge for us to ensure that members and a new generation of fans are able to experience the Club and we have therefore taken the decision to cap season tickets at a level that enables a guaranteed float of individual match tickets to supporters.

We decided to re-engineer the Club's website, which has fast become a key communications tool and we have looked to set the standard rather than copy the formula that is so often seen. We have consulted extensively with fans and website developers to bring what we hope will be an ever improving service and this will be launched by the end of 2005.

The Club has undertaken the preparatory research and design work for the rebranding of Club marks that will take place in phases between now and the end of the current season. The domain name has been changed to reflect the growing international recognition of the brand and is now [tottenhamhotspur.com](http://tottenhamhotspur.com)

Internationally the Club had a successful post-season tour of Mauritius, which was enjoyed by the players and set the scene for the summer break. On the players' return to training the Club competed in the South Korean Peace Cup at the start of their pre-season training and won it convincingly, which created confidence in the squad and tested a young team against recent League Champions in their own territories such as PSV Eindhoven and Olympique Lyonnais. We also undertook various community projects to coach children, develop relationships and leave a footprint in South Korea to extend our profile and support in the region.

At the end of the season Paul Barber joined the Club as Executive Director to oversee all commercial areas and move them to the next level. Paul joined us from the board of Ogilvy and Mather and has previously worked with The F.A. and brings a mix of football and commercial experience to the Club.

Tottenham Hotspur Community have furthered their work locally with the Barclays and Football Foundation grant funded refurbishment of Haringey's New River Sports Centre. This will be rebranded as White Hart Lane Community Sports Centre and will be another key centre for our community programmes.

With regard to the Club's two principal capital projects we continue to prioritise the Academy and new First Team facilities and submitted our planning application at the end of September. There is still a long way to go with respect to the planning and consultation process but it is a very exciting project for the future of the Club. The stadium remains the more difficult of the projects and progress remains very slow as we continue to galvanise an approach that works for the local community and the Club alike, something that is unlikely to be solved in the short term as the London Development Authority and central government focus on the 2012 Olympics.

#### Outlook

Our early exit from the Carling Cup clearly has to temper our overall expectations regarding cup revenues in the current season. In respect of television revenues we believe that a collective centralised deal is in the best interests of the Club and its supporters and we support the FA Premier League's position.

We have continued to drive all possible revenue streams to give us the flexibility to meet our objectives and with careful management and cost control we have retained the ability to invest in the squad.





# TOTTENHAM HOTSPUR PLC

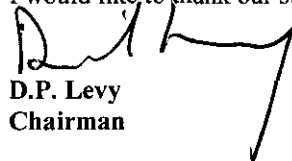
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Last year we reported that the club had spent £37.5m on players from 1 July 2003 to the end of the 2004 player trading window, since then a further £24.3m has been spent on players. A total commitment of some £61.8m since 1 July 2003 and it follows that we now need to deliver success on the pitch if we are to continue to invest at this level. The significant investment that has taken place in the squad to date means that the Club has the playing resources to improve performances on the pitch, however, with so many new team members time will be needed to forge a strong playing unit.

It is encouraging that we have been able to generate cash at the operating level whilst both aligning good young talent for now and the future and ensuring the club's debt is manageable. All these factors underline the robustness of the business we now have but also highlight its potential to grow if we can get all elements of the club right both on and off the pitch.

I would like to thank our supporters, shareholders and employees for their continued support.



D.P. Levy  
Chairman

4 October 2005

# TOTTENHAM HOTSPUR PLC

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### FOR THE YEAR ENDED 30 JUNE 2005

#### Operating and Financial Review

##### Turnover

Turnover across the Group improved by £4.3m from £66.3m to £70.6m. The most notable increases were a 30% rise in merchandising sales, higher gate receipts from the cup competitions where the team reached the quarter-finals of both domestic competitions, and a higher finishing position in the F.A. Premier League (FAPL) of ninth, against fourteenth in the prior year, which resulted in an improved merit award from the central FAPL television deal.

FAPL gate receipts saw a £0.6m increase to £16.9m. The number of season tickets sold rose by 4% and average attendances by 3% with the Club at 99% capacity. Season ticket sales for 2005/2006 have now reached record levels.

Cup competition gate receipts were £0.8m higher than in the prior year. The improved F.A. Cup performance meant the team played ten cup matches this year (2003/2004 – seven matches).

Sponsorship and corporate hospitality income was broadly in line with last year, falling by 2% from £14.5m to £14.2m. An increase in corporate matchday hospitality sales was offset by a fall in executive box revenue. Sponsorship income suffered as a result of lower income from central FAPL partners.

Media and broadcasting revenue increased by £1.6m from £23.9m to £25.5m – this is despite the fact that 2003/2004 was the last, and most lucrative, year of the previous FAPL / Sky domestic television rights deal. The latest three year deal is similar in total value to the previous deal but because Sky are entitled to show more live matches each season, the facility fee received by clubs for each live televised appearance is lower. Total revenue available to the clubs from the current deal is to be spread evenly over each of the three years whereas previously it was stepped and increased year on year. The latter two facts led to a fall in income of £1.8m this year, however an improved FAPL overseas television rights deal (£1.4m), and the increased merit award noted above (£2.0m), more than offset this reduction.

Although the current television deal does not expire until 2007, the European Commission has already placed pressure on the FAPL to change the way it sells these rights in order to avoid possible antitrust action for breaking EU competition law. It is possible that the rights will have to be sold to more than one broadcaster from 2007, with the resulting lack of exclusivity meaning that the overall value of the rights could be lower. The Board continuously strives to reduce the Group's dependence on any single revenue stream by developing other areas of the business, and we are confident that should the FAPL suffer a fall in income when the next domestic rights deal is negotiated any negative impact will be sufficiently compensated for by other areas of the business.

The Merchandising Division has undergone a year of change, with a new management team having been put in place during Summer 2004. Merchandising turnover increased by £1.2m to £5.0m. This is largely due to a new home kit being launched at the start of the season and to the team's improved performance on the pitch. The Division has also benefited from a review of its product range and its operations. The Board expects the Merchandising division to continue its growth during 2005/2006.

##### Operating expenses (excluding football trading)

Operating expenses, excluding football trading, increased by £1.1m (2.0%) during the year from £56.6m to £57.7m.

The largest cost to the business is player wage costs. Over the course of the last few years the Board has aimed to manage these costs more effectively by linking players' wages more closely to performance. This has had the effect of not only rewarding those players who contribute most to the success of the Club, but also results in sustainable player wage costs.



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Other cost increases in the year which contributed to the overall 2% rise in operating expenses included merchandising cost of sales, which rose as a result of the higher level of sales, buildings rates, and the cost of insuring a larger, younger squad.

#### **Operating profit before football trading and depreciation**

As stated in prior years, this figure is closely monitored by the Board as it influences the level of cash generation the business has achieved from its core operations. For the year ended 30 June 2005 operating profit before football trading and depreciation was a record £14.6m – an increase of £3.1m on the previous year. Operating profit before football trading was £12.8m compared to £9.7m last year. These results illustrate the strength of the Group's business model and provide a stable platform on which to build when striving for greater achievements, on and off the pitch, in the future.

#### **Football trading**

The Club made a profit on disposal of registrations of £5.6m during the year, compared to a loss of £0.4m last year. The sales of Simon Davies, Stephen Carr, Gary Doherty and Helder Postiga generated a combined profit of £5.2m. Performance related receipts on player registrations sold in prior years increased profits further.

The profit made on the sale of these registrations provides evidence that the Club's policy of acquiring young players and combining them with the home grown players from the Club's academy provides a more sustainable football trading operation.

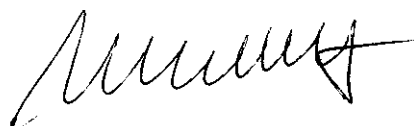
Player amortisation rose by £1.8m from £10.9m in the prior year to £12.7m this year. The increase is a reflection of the significant level of investment in the playing squad, during the transfer windows since 1 July 2003.

Football trading is deducted from the operating profit figure of £12.8m noted above, along with net interest payable, tax and other finance costs to produce a retained profit figure for the year of £4.1m, an improvement of £6.8m on the retained loss of £2.7m last year.

#### **Balance Sheet**

Football trading is responsible for the larger Balance Sheet movements in the year. Intangible assets have increased by £6.3m – additions of £24.6m being offset by disposals of £5.6m and amortisation of £12.7m. Football trading also explains the increase of £3.7m in debtors. Creditors falling due within one year increased by £4.9m largely due to football trading and an increase in deferred income such as season tickets and corporate hospitality.

Group net assets have increased by £3.5m and the strength of the Balance Sheet is enhanced by the Group's low level of net debt – £1.4m at 30 June 2005. This is particularly pleasing considering the significant investment made in the playing squad during the year and has been achievable as a result of the operating profits generated from a strong business performance.



**M.J. Collecott**  
Finance Director

4 October 2005



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**Directors, Officers and Advisers**

*Executive Chairman* D.P. Levy

*Executive Directors* M.J. Collecott  
P.Z. Kemsley

*Non-Executive Directors* D.J. Buchler (Vice Chairman) \*  
E.M. Davies \*\*

\* Chairman of the Remuneration Committee and member of the Audit Committee

\*\* Chairman of the Audit Committee and member of the Remuneration Committee

*Company Secretary* M.J. Collecott

*Registered office* Bill Nicholson Way  
748 High Road  
Tottenham  
London N17 0AP

*Registered number* 1706358

*Auditors* Deloitte & Touche LLP  
Chartered Accountants  
London

*Bankers* HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

*AIM nominated  
broker and advisor* Seymour Pierce Limited  
3 Queen Victoria Street  
London  
EC4N 8EL

*Registrars* Capita Registrars  
The Registry  
34 Beckenham Road  
Kent  
BR3 4TU



# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### Directors' Report

The Directors present their Annual Report on the affairs of the Group together with the financial statements and Auditors' report for the year ended 30 June 2005.

#### Principal activities

The principal activities of the Group continue to be the operation of a professional football club in England together with related commercial activities.

#### Review of business and future developments

The activities and prospects of the Group have been reviewed in the Chairman's Statement and the Operating and Financial Review.

#### Results and dividends

The audited consolidated Profit and Loss Account for the year ended 30 June 2005 is set out on page 17. The retained profit for the year which is transferred to reserves is shown in the consolidated Profit and Loss Account. In accordance with the company's previously stated policy, the directors do not recommend the payment of a dividend (2004 – £nil).

#### Post Balance Sheet events

Details of post Balance Sheet events are given in note 30 to the accounts.

#### Share capital

On 8 November 2004 the directors were granted the authority, under a shareholders' resolution, to purchase through the market 9,869,680 of the company's ordinary shares at prices ranging between 5p and a maximum of 105% of the average mid market price quoted for the five business days prior to the purchase. During the year the company purchased, and subsequently cancelled, 2,066,651 ordinary shares with a nominal value of £103,333, representing 2.1 % of the company's called up share capital, for a consideration of £653,350. This authority expires at the conclusion of the 2005 Annual General Meeting or 31 December 2005 (whichever is earlier) and a similar resolution will be put to shareholders at the forthcoming 2005 Annual General Meeting to ensure the Directors have the flexibility to enhance shareholders' value, and to enable the Board to reduce the long term cost of servicing shareholders who have been prohibited from exiting their investments due to the comparatively high transaction cost of selling their shares.

#### Directors

The beneficial interests of the Directors who served during the year, in the ordinary share capital of the Company at 30 June 2005 were as follows:

	30 June 2005 Number of shares	30 June 2004 Number of shares
D.P. Levy <sup>1</sup>	nil	nil
D.J. Buchler	500	500
P.Z. Kemsley	nil	nil
M.J. Collecott	nil	nil
E.M. Davies	nil	nil
D.J. Pleat (resigned 31 July 2004)	n/a	nil

<sup>1</sup>D.P. Levy and certain members of his family are potential beneficiaries of a discretionary trust which ultimately owns 29.41% of the share capital of Criales Holdings Limited. Criales Holdings Limited's wholly owned subsidiary, ENIC Limited, owns 30,441,649 ordinary shares in Tottenham Hotspur plc through its wholly owned subsidiary ENIC Sports Limited, equivalent to 31.5% of the issued ordinary share capital.

In January 2004, ENIC Sports Limited, a subsidiary of ENIC Limited, took up its right to subscribe for and underwrote an issue of convertible redeemable preference shares ("CRPS"). ENIC Sports Limited acquired 44,205 of the 60,000 CRPS that were issued at this time. In April 2004 ENIC Sports Ltd transferred the beneficial interest





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in the CRPS to Criales Holdings Limited. Criales Holdings Limited have a potential fully diluted beneficial interest in Tottenham Hotspur plc of 52.3% at 30 June 2005.

Except as noted above, none of the Directors has any other interest in the share capital of Tottenham Hotspur plc or any of its subsidiaries. There have been no changes to the above beneficial interests between 30 June 2005 and the date of signing the accounts.

Details of the Directors' Remuneration are given in the Report of the Remuneration Committee on pages 12 to 13. Directors' interests in contracts are disclosed in note 27.

#### Substantial shareholdings

The Company has received the following notification of holdings of 3% or more of the share capital of the Company as at 5 August 2005:

	Ordinary shares		Convertible redeemable preference shares	
	%	No.	%	No.
ENIC Sports Limited	31.5	30,441,649	-	-
Amshold Limited	14.1	13,646,026	8.9	5,358
Hodram Inc.	9.5	9,224,500	6.1	3,689
Criales Holdings Limited	-	-	73.7	44,205

On 8 November 2004 the Directors were granted the authority, under a shareholders' resolution, to waive the obligations of ENIC Sports Limited under Rule 9 of the Takeover Code. Rule 9 requires any shareholder, whose holding in a company rises above 30% as a result of a share transaction, to make a general offer to all other shareholders of the company.

#### Charitable and political donations

The Group made charitable donations of £9,763 to international, UK based and local charities, during the year (2004 - £13,905) and no political donations (2004 - £nil). The Group makes many contributions of Tottenham memorabilia to local registered charities, especially in the Haringey district and adjacent catchment areas.

#### Supplier payment policy

The Group's policy on payment of creditors is to negotiate payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within 30 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 2005 represented 20 days (2004 - 25 days) of annual purchases. This figure excludes contracted creditors in respect of player purchases and capital costs which are paid on their contractual due dates.

#### Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to prepare the financial statements on the going concern basis.

#### Auditors

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

#### Annual General Meeting

The Annual General Meeting of the Company will be held at 2.00pm on 25 November 2005 at the Company's registered offices.

  
D.P. Levy  
Chairman

4 October 2005

# TOTTENHAM HOTSPUR PLC

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#### Corporate Governance

**Compliance with the Principles of Good Governance and Code of Best Practice as appended to the Listing Rules of the Financial Services Authority (the "Combined Code")**

##### Introduction

The UK Listing Authority requires all listed companies to disclose how they have applied the principles of good governance and complied with the provisions set out in section 1 of the July 2003 FRC Combined Code ("the Code"). Although there is no requirement for an AIM quoted company to comply with the Code, the Directors of Tottenham Hotspur plc ("the Company") continue to adopt it as best practice wherever practical and applicable to the size and operation of the Company and have decided to provide corporate governance disclosures comparable with those required of a listed company.

The Company complied with the provisions set out in Section 1 of the Code throughout the year ended 30 June 2005 with the following exceptions: The Board did not feel it necessary to identify a separate senior Non-Executive Director as the Board believes that given its range of expertise, different Directors will take the lead on different issues; The Board does not operate a Nomination Committee due to the relatively small size of the Board. The audit committee comprises only two Directors. The Board does not feel it necessary to operate a formal Board evaluation policy because, due to the frequency with which the Board meets (as noted below) any issues concerning the performance of an individual Director would be promptly identified and, if necessary, rectified.

Going forward, the Company intends to continue to comply with the Code, with the exceptions noted above.

##### The Board and its Directors

The Board currently comprises five Directors, three Executive Directors (Daniel Levy, Matthew Collecott and Paul Kemsley), and two Non Executive Directors (David Buchler and Mervyn Davies). Further details about the Directors are contained within the 'Investors' section of the Club's website [www.tottenhamhotspur.com](http://www.tottenhamhotspur.com)

The roles of Chairman and Chief Executive are currently combined. As Chairman and Chief Executive, Mr Levy is responsible for running both the Board and the Group's business. There are two independent Non-Executive Directors and in the Board's view, they have the ability and authority to ensure that the combination of roles does not work to the disadvantage of the Group and its Shareholders.

Non-Executive Directors are appointed for an initial term of a year and their service contracts provide for a notice period of three months. They are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. All Directors are subject to re-election at the first Annual General Meeting following their appointment. The Articles of Association also provide for one-third of the Board to retire by rotation at each Annual General Meeting.

The Board met formally on seven occasions during the year to discuss matters specifically reserved for decision by the full Board, which have been separately defined. In addition the Board meets informally on many occasions throughout the year when attending both home and away Tottenham Hotspur fixtures. A procedure has been established by which Directors are able to take independent advice and obtain the appropriate training, deemed necessary in the pursuance of their duties, at the expense of the Company.

The Board is responsible for the development of commercial strategy, monitoring and approval of major business matters and the approval of the financial statements. Prior to each meeting, the Board is furnished with timely financial and non-financial information in a form and quality for it to discharge its duties.

The ultimate responsibility for reviewing and approving the annual and interim reports and for ensuring that they present a balanced assessment of the Group's position lies with the Board.

The Board has established a number of committees and delegates the day to day responsibility of managing the Group to the Executive Directors. There are two principal committees of the Board, the audit and the Remuneration Committees, both of which have defined terms of reference and duties.



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The schedule of matters specifically reserved for decision by the full Board, and the terms of reference for each of the Board Committees, were reviewed during the year following publication of the revised Code, with no amendments deemed necessary.

#### **Audit committee**

The audit committee, which met once during the year, has responsibility for, among other things, reviewing the scope and results of the audit, the overview of annual and interim reports, considering compliance with legal requirements, accounting standards, and the AIM rules of The London Stock Exchange, and for advising the Board on the requirement to maintain an effective system of internal control. The audit committee meets the auditors independently from the Executive Directors, and reviews the objectivity, approach and cost effectiveness of both their audit and non-audit services. During the year the audit committee comprised the Non-Executive Directors, Messrs Buchler and Davies. Mr Davies is the Chairman of the Audit committee. The Committee recommended to the Board that Deloitte & Touche LLP be proposed for re-appointment at the forthcoming Annual General Meeting. This recommendation has been accepted and will be proposed to the shareholders.

#### **Remuneration Committee**

The Remuneration Committee, which met twice during the year, has responsibility for making recommendations to the Board, within agreed terms of reference, on the Company's policy on remuneration and the individual remuneration packages for the Executive Directors, including any compensation payments. Remuneration packages are established when the Directors are appointed. During the year the Remuneration Committee comprised the Non-Executive Directors, Messrs Buchler and Davies. Mr Buchler is the Chairman of the committee. The committee's report is set out on pages 12 to 13.

#### **Internal control**

Since the adoption of the recommendations of the Turnbull Committee, the Board has had overall responsibility for ensuring that the Group maintains adequate systems of internal control. To this end, the Board has, in accordance with Principle D.2. of the Hampel Code and the guidance issued by the Turnbull Committee, established a process for identifying, evaluating and managing the risks the Group faces. This process has been in place throughout the year.

The key features of the financial controls of the Group, which have been in place throughout the year ended 30 June 2005 and up to the date of approval of the Annual Report, include a comprehensive system of financial reporting, budgeting and forecasting, and clearly communicated accounting policies and procedures. Financial control is monitored centrally and authorisation of expenditure is closely monitored by the Executive Directors. The Executive Directors receive selected information daily. Profit and Loss, Balance Sheet and Cash Flow information is prepared each month and reviewed by relevant Executives. The Board is furnished with regular financial information. The public release of the annual and interim reports is not made until it has been reviewed by the Board.

In addition to financial controls, there is an established "whistle blowing" procedure in place where employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Working groups have also been established involving management, external consultants and operational staff at all levels. Cross group meetings take place to ensure that the risks arising are reviewed, communicated and clearly understood and steps have been taken to ensure the controls in place mitigate, minimise or prevent their eventuality. The Executive Directors discuss key issues at Board meetings. The Board feels that this allows it to review the effectiveness of internal controls and is sufficient to ensure that key risks are identified in a timely manner, evaluated by the correct level of management, and mitigated, where possible, through a system of control measures and reported upon satisfactorily. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any system can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Given the Group's size the Board does not consider that it would be appropriate to have its own internal audit function at present.



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**Relationships with shareholders**

The Board recognises the importance of maintaining strong relationships with its shareholders. The Directors seek to build on a mutual understanding of objectives between the Company and shareholders and communicate with private and institutional investors through the Club's website, [www.tottenhamhotspur.com](http://www.tottenhamhotspur.com) and all other media channels available to them.





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#### Report of the Remuneration Committee

##### Introduction

The purpose of this report is to inform the shareholders of the Group's policy on Directors' remuneration and to provide details of the remuneration of individual Directors, as determined by the Remuneration Committee.

##### Unaudited information

##### Policy on the remuneration and incentivisation of employees

In order to ensure that the Group attracts, retains and motivates executives the policy of the Board is to ensure that the remuneration of the Directors and senior management reflects their duties, experiences and responsibilities.

All Executive Directors have contracts with an indefinite term providing for a maximum of one year's notice. The service contracts of all Executive Directors provide for one year's compensation on termination.

All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to non-executive directors of similar companies. Non-Executive Directors cannot participate in any of the Company's share option schemes.

##### Remuneration package

There are four main elements of the remuneration package for Executive Directors and senior management:

- basic annual salary (including Directors' fees) and benefits;
- annual bonus payments;
- share option incentives; and
- pension arrangements.

##### Basic annual salary and benefits

Executive Directors, with the exception of the Chairman, are paid a basic salary, which is reviewed annually by the Remuneration Committee. The basic salary reflects the executive's experience and job responsibilities. The Remuneration Committee also takes into account information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies. The fees for the Chairman of the Group, D.P. Levy, are payable to ENIC Limited. This fee is reviewed annually by the Remuneration Committee. In addition to a basic salary, the Executive Directors are entitled to be provided with certain benefits in kind, principally the provision of private healthcare and a fully expensed company car.

##### Annual bonus payments

Bonuses, where paid, are within performance related targets set by the Remuneration Committee.

##### Share option incentives

An Executive Share Option Scheme exists for both Executive Directors and employees. At the current time the Group has chosen not to remunerate its employees and Directors with share options. No share options have been issued to employees and Directors since 4 April 1999. This policy will continue to be reviewed each financial year. Options granted previously were made on a discretionary basis, by the Board.

##### Pension arrangements

The Company does not operate its own pension scheme but a stakeholder pension scheme is available to all employees. During the year the Company made payments to an external scheme on behalf of D.J. Pleat and M.J. Collecott. The only element of remuneration which is pensionable is the basic annual salary.

##### Election of Directors

P.Z. Kemsley retires by rotation and offers himself for re-election at the forthcoming Annual General Meeting. His service contract provides for a notice period of twelve months.



# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### Audited information

#### Directors remuneration

The aggregate emoluments of the Directors of the company for the year were £799,244 (2004 - £1,011,696). Contributions to pension schemes were £15,655 (2004 - £15,318) as detailed below.

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

	Fees	Salary	Benefits -in-kind	Sub-total	Compen- -sation for loss of office	Pension	Year to 30th June 2005 Total	Year to 30th June 2004 Total
	£	£	£	£	£	£	£	£
D.P. Levy*	525,000	-	-	525,000	-	-	525,000	250,000
D.J. Buchler**	-	-	-	-	-	-	-	-
P.Z. Kemsley	-	100,000	-	100,000	-	-	100,000	66,667
M.J. Collecott	-	120,000	28,412	148,412	-	7,655	156,067	96,108
P.L. Viner	-	-	-	-	-	-	-	92,948
D.J. Pleat	-	-	20,832	20,832	27,600	8,000	56,432	1,006,291
E.M. Davies**	5,000	-	-	5,000	-	-	5,000	-
	530,000	220,000	49,244	799,244	27,600	15,655	842,499	1,512,014

\* The emoluments of the Chairman, D.P. Levy were paid to ENIC Limited.

\*\* Non-Executive Directors

Approved by the Remuneration Committee



**D.J. Buchler**

Chairman of the Remuneration Committee

4 October 2005

# **TOTTENHAM HOTSPUR PLC**

## **REPORT AND FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2005**

#### **Directors' responsibilities for preparing the financial statements**

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 and the Group as at the end of the financial year and of the profit or loss of the Group 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 Group 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 Group and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### **Independent Auditors' Report to the Members of Tottenham Hotspur plc**

We have audited the financial statements of Tottenham Hotspur plc for the year ended 30 June 2005 which comprise the consolidated Profit and Loss Account, the Balance Sheets the consolidated Cash Flow Statement, and the related notes numbered 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report of the Remuneration Committee that is described as having been audited.

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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the Annual Report including the Report of the Remuneration Committee. *Our responsibility is to audit the financial statements and the part of the Report of the Remuneration Committee described as having been audited 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 whether the financial statements and the part of the Report of the Remuneration Committee described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you 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 and other members of the group is not disclosed.

Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the Combined Code. We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the July 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the Annual Report for the above year as described in the contents section including the unaudited part of the Report of the Remuneration Committee and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **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 and the part of the Report of the Remuneration Committee described as having been audited*. 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 circumstances of the company and the group, 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

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

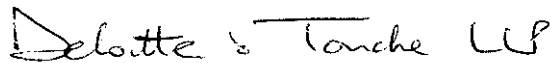
### FOR THE YEAR ENDED 30 JUNE 2005

and the part of the Report of the Remuneration Committee described as having been audited 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 and the part of the Report of the Remuneration Committee described as having been audited.

#### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 2005 and of the profit of the group for the year then ended; and
- the financial statements and part of the Report of the Remuneration Committee described as having been audited have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

4 October 2005

**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**Consolidated Profit and Loss Account**

		Year ended 30 June 2005			Year ended 30 June 2004 Total (note 2) £'000
	Note	Operations, excluding football trading *	Football trading *	Total	
		£'000	£'000	£'000	£'000
<b>TURNOVER</b>	3	70,550	-	70,550	66,324
Operating expenses	4	(57,738)	(12,741)	(70,479)	(67,513)
<b>OPERATING PROFIT / (LOSS)</b>	5	12,812	(12,741)	71	(1,189)
Profit / (loss) on disposal of intangible fixed assets	7	-	5,632	5,632	(381)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		12,812	(7,109)	5,703	(1,570)
Net interest payable	8			(793)	(894)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				4,910	(2,464)
Tax charge on profit / (loss) on ordinary activities	9			(707)	(178)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>				4,203	(2,642)
Other finance costs in respect of non equity shares				(99)	(50)
<b>RETAINED PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>				4,104	(2,692)
Earnings / (loss) per share – basic	11			4.2p	(2.6)p
Earnings / (loss) per share – diluted	11			2.2p	(2.6)p

\*Football trading represents the amortisation, impairment, and the profit / (loss) on disposal, of intangible fixed assets.

The above results for the above 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 PLC

## REPORT AND FINANCIAL STATEMENTS

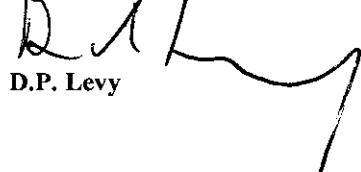
AS AT 30 JUNE 2005

### Balance Sheets

	Note	Group		Company	
		30 June 2005 £'000	30 June 2004 £'000	30 June 2005 £'000	30 June 2004 £'000
<b>FIXED ASSETS</b>					
Intangible Assets	12	31,348	25,053	-	-
Tangible assets	13	49,105	48,219	6,826	5,821
Investments	14	-	-	1,345	1,345
		<b>80,453</b>	<b>73,272</b>	<b>8,171</b>	<b>7,166</b>
<b>CURRENT ASSETS</b>					
Stocks	15	395	355	395	355
Debtors	16	11,875	8,171	58,815	46,192
Cash at bank		9,976	11,497	-	2,858
		<b>22,246</b>	<b>20,023</b>	<b>59,210</b>	<b>49,405</b>
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(37,648)</b>	<b>(32,753)</b>	<b>(12,105)</b>	<b>(1,465)</b>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<b>(15,402)</b>	<b>(12,730)</b>	<b>47,105</b>	<b>47,940</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>65,051</b>	<b>60,542</b>	<b>55,276</b>	<b>55,106</b>
<b>CREDITORS: amounts falling due after more than one year</b>	18	<b>(15,315)</b>	<b>(17,049)</b>	<b>(24)</b>	<b>(21)</b>
		<b>49,736</b>	<b>43,493</b>	<b>55,252</b>	<b>55,085</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	<b>(3,923)</b>	<b>(1,229)</b>	<b>(396)</b>	<b>(216)</b>
<b>NET ASSETS</b>		<b>45,813</b>	<b>42,264</b>	<b>54,856</b>	<b>54,869</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20	9,520	9,624	9,520	9,624
Share premium account	21	21,439	21,340	21,439	21,340
Revaluation reserve	21	2,432	2,480	2,216	2,216
Capital redemption reserve	21	268	164	268	164
Profit and loss account	21	12,154	8,656	21,413	21,525
<b>SHAREHOLDERS' FUNDS</b>	22	<b>45,813</b>	<b>42,264</b>	<b>54,856</b>	<b>54,869</b>
<b>SHAREHOLDERS' FUNDS ANALYSED AS:</b>					
Equity interests		31,046	27,596	40,089	40,201
Non-equity interests		14,767	14,668	14,767	14,668
		<b>45,813</b>	<b>42,264</b>	<b>54,856</b>	<b>54,869</b>

These financial statements were approved by the Board of Directors on 4 October 2005.

Signed on behalf of the Board of Directors

  
D.P. Levy



**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**Consolidated Cash Flow Statement**

		Year ended 30 June 2005		Year ended 30 June 2004	
	Note	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	23		<b>21,146</b>		<b>14,892</b>
<b>Returns on investments and servicing of finance</b>					
Interest received		143		67	
Interest paid		(919)		(824)	
Non-equity share issue costs		-		(382)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(776)</b>		<b>(1,139)</b>
<b>Taxation</b>					
UK Corporation tax paid			(62)		-
<b>Capital expenditure and financial investment</b>					
Payments to acquire intangible fixed assets		(23,325)		(16,696)	
Receipts from sales of intangible fixed assets		6,029		1,640	
Payments to acquire tangible fixed assets		(3,593)		(2,197)	
Receipts from sales of tangible fixed assets		-		16	
<b>Net cash outflow from capital expenditure and financial investment</b>			<b>(20,889)</b>		<b>(17,237)</b>
<b>Cash outflow before use of liquid resources and financing</b>			<b>(581)</b>		<b>(3,484)</b>
<b>Financing</b>					
Issue of non-equity share capital		-		15,000	
Redemption of ordinary shares	22	(654)		(950)	
Bank loan repayments		(26)		(1,470)	
Loan notes repayments		(260)		-	
<b>Net cash (outflow) / inflow from financing</b>			<b>(940)</b>		<b>12,580</b>
<b>(Decrease) / increase in cash</b>	25		<b>(1,521)</b>		<b>9,096</b>

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### Notes to the Accounts

##### 1. Accounting policies

The following accounting policies have been applied consistently by the directors in both the current and preceding periods in dealing with items which are considered material in relation to the Group's accounts.

##### **Basis of accounting**

The accounts have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention with the exception that certain freehold and leasehold properties have been revalued.

##### **Basis of consolidation**

The consolidated accounts incorporate the accounts of Tottenham Hotspur plc and its subsidiaries. A separate Profit and Loss Account dealing with the results of the Company only has not been presented as permitted by Section 230 of the Companies Act 1985.

##### **Turnover**

Turnover represents income receivable from football and related commercial activities, exclusive of Value Added Tax.

Gate receipts and other match day revenue is recognised as the games are played. 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.

##### **Signing on fees and loyalty payments**

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 for the period to which they relate.

##### **Grants receivable**

Grants receivable are credited to a deferred credit account and released to the Profit and Loss Account over the estimated useful life of the asset in respect of which they are receivable.

##### **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.

##### **Intangible fixed assets**

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. Players' registrations are written down for impairment when the carrying value exceeds the amount recoverable through use or sale, and the reduction in value is considered permanent.

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.

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### **Tangible fixed assets**

Freehold land is not depreciated. Leasehold property is amortised over the term of the lease. Other fixed assets are depreciated on a straight line basis at annual rates appropriate to their estimated useful lives as follows:

Freehold properties	2% - 4%
Motor vehicles	20%
General plant and equipment	10% - 33%

The group has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of certain assets which were revalued prior to implementation of that standard. The properties were last revalued at 31 July 1998 and the valuations have not subsequently been updated.

#### **Fixed asset investments**

Investments held as fixed assets are stated at cost less provision for impairment.

#### **Stocks**

Stocks, which comprise goods held for resale, are valued at the lower of cost and net realisable value.

#### **Finance costs**

Finance costs of debt and non-equity shares are recognised in the Profit and Loss Account over the term of such instruments.

#### **Debt**

Debt is stated initially at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the accounting period.

#### **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. Consistent rates of discount have been applied on the basis that there is no material effect on the tax charge.

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.

#### **Leases**

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

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### Pension costs

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

In addition the Group 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-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities, cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17.

#### 2. Analysis of comparative Profit and Loss Account

	Operations excluding football trading £'000	Football trading £'000	Total £'000
Turnover	66,324	-	66,324
Operating Expenses	(56,589)	(10,924)	(67,513)
Operating profit/(loss)	9,735	(10,924)	(1,189)
Loss on disposal of intangible fixed assets	-	(381)	(381)
Profit/(loss) on ordinary activities before interest and taxation	9,735	(11,305)	(1,570)

#### 3. Turnover

Turnover, which is all derived from the Group's principal activity, is analysed as follows:

	2005 £'000	2004 £'000
<b>Turnover comprises:</b>		
Gate receipts – premier league	16,861	16,307
Gate receipts – cup competitions	4,225	3,446
Sponsorship and corporate hospitality	14,249	14,459
Media and broadcasting	25,488	23,891
Merchandising	4,997	3,840
Other	4,730	4,381
	<u>70,550</u>	<u>66,324</u>

All turnover derives from the Group's principal activity in the United Kingdom and is exclusive of VAT.

**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**4. Operating Expenses**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	33,142	34,556
Amortisation and impairment of intangible fixed assets	12,741	10,924
Depreciation of tangible fixed assets	1,807	1,718
Other operating costs	22,789	20,315
	<u>70,479</u>	<u>67,513</u>

**5. Operating Profit / (loss)**

This is stated after charging/(crediting) the following:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible fixed assets:		
- owned	1,807	1,718
Amortisation and impairment of intangible fixed assets	12,741	10,924
Release of grants – deferred credit	(69)	(75)
Profit on disposal of tangible fixed assets	-	(11)
Property project costs	1,031	1,003
Auditors' remuneration and expenses:		
- audit fee	60	60
- tax related fees	186	137
- other consultancy fees	6	42
Operating lease rentals:		
- land and buildings	147	132
- other	181	187
	<u>181</u>	<u>187</u>

# TOTTENHAM HOTSPUR PLC

## REPORT AND FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2005

#### 6. Staff numbers and costs

The average number of employees of the Group during the year, including Executive Directors, was as follows:

	2005 Number	2004 Number
Players and football administration staff	139	124
Tottenham Hotspur Community staff	11	10
Administration staff	62	66
Retail and distribution staff	27	26
	<u>239</u>	<u>226</u>

The aggregate payroll costs of these employees was as follows:

	£'000	£'000
Salaries and bonuses	29,545	30,623
Social security costs	3,561	3,881
Other pension costs	36	52
	<u>33,142</u>	<u>34,556</u>

In addition the Group employs on average 580 temporary staff on matchdays (2004 – 593).

In addition to the above payroll costs, redundancy costs of £1,748,000 (2004 – £2,090,000) were also charged to the Profit and Loss Account during the year.

#### 7. Profit / (loss) on disposal of intangible fixed assets

	2005 £'000	2004 £'000
Proceeds	11,201	3,117
Net book value of disposals	(5,569)	(3,498)
	<u>5,632</u>	<u>(381)</u>

#### 8. Net interest payable

	2005 £'000	2004 £'000
Interest receivable	143	67
Interest payable on bank overdrafts and bank loans repayable within five years	(60)	(82)
Interest payable on bank and other loans repayable after five years	(843)	(844)
Amortisation of debt issue costs	(33)	(35)
	<u>(793)</u>	<u>(894)</u>

**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**9. Tax charge on ordinary activities**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 30% (2004 – 30%)	-	-
Adjustment in respect of prior years	<b>34</b>	-
Current tax	<b>34</b>	-
Origination and reversal of timing differences	<b>(7)</b>	117
Adjustment in respect of prior years	<b>734</b>	25
Decrease in discount	<b>(54)</b>	36
Deferred tax	<b>673</b>	178
Total tax charge on ordinary activities	<b>707</b>	178

**Reconciliation of the current tax charge**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Profit / (loss) on ordinary activities before taxation	<b>4,910</b>	(2,464)
Tax on profit / (loss) on ordinary activities before taxation at the UK statutory rate of 30% (2004 – 30%)	<b>1,473</b>	(739)
Adjustment in respect of prior years	<b>34</b>	-
Other permanent differences	<b>274</b>	248
Amortisation of registrations for which tax relief has previously been taken	-	54
Other timing differences	-	(22)
Depreciation for which no tax relief is available	<b>197</b>	177
Depreciation in excess of capital allowances	<b>5</b>	282
Utilisation of tax losses	<b>(2,129)</b>	-
Tax losses carried forward	<b>180</b>	-
Total current tax charge	<b>34</b>	-

Other than unprovided deferred tax (see note 19), there are no items which would materially affect future tax charges.

The total tax charge or credit in the current year or future years will include discounted 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.

**10. Parent Company profit**

The retained profit for the year, dealt with in the financial statements of the parent company, was £542,000 (2004 - £375,000).

As permitted by section 230 of the Companies Act 1985, no separate Profit and Loss Account is presented in respect of the parent company.

**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**11. Earnings / (loss) per share**

Earnings / (loss) per share has been calculated using the weighted average number of shares in issue in each year.

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Retained profit / (loss)	<b>4,104</b>	<b>(2,692)</b>
Finance costs in respect of non equity shares	<b>99</b>	<b>50</b>
Profit / (loss) after taxation	<b>4,203</b>	<b>(2,642)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of shares in issue	<b>98,574,822</b>	<b>101,909,150</b>
Effect of dilutive potential:		
Ordinary shares options	<b>-</b>	<b>-</b>
Convertible redeemable preference shares	<b>93,720,000</b>	<b>-</b>
	<b>192,294,822</b>	<b>101,909,150</b>
Basic earnings / (loss) per share	<b>4.2p</b>	<b>(2.6)p</b>
Diluted earnings / (loss) per share	<b>2.2p</b>	<b>(2.6)p</b>

**12. Intangible fixed assets**

<b>Group</b>	<b>£'000</b>
Cost of registrations	
At 1 July 2004	43,463
Additions	24,605
Disposals	(19,511)
<b>At 30 June 2005</b>	<b>48,557</b>
Amortisation and impairment of registrations	
At 1 July 2004	18,410
Charged in year – amortisation	12,741
Disposals	(13,942)
<b>At 30 June 2005</b>	<b>17,209</b>
Net book value of registrations	
<b>At 30 June 2005</b>	<b>31,348</b>
At 30 June 2004	25,053



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**13. Tangible fixed assets**

Group	Land and buildings		Motor vehicles £'000	General plant and equipment £'000	Total £'000
	Freehold £'000	Short leasehold £'000			
Cost or valuation					
At 1 July 2004	50,641	1	33	11,514	62,189
Additions	1,432	-	83	1,178	2,693
<b>At 30 June 2005</b>	<b>52,073</b>	<b>1</b>	<b>116</b>	<b>12,692</b>	<b>64,882</b>
Depreciation					
At 1 July 2004	4,853	-	12	9,105	13,970
Charged in the year	831	-	23	953	1,807
<b>At 30 June 2005</b>	<b>5,684</b>	<b>-</b>	<b>35</b>	<b>10,058</b>	<b>15,777</b>
Net book value					
<b>At 30 June 2005</b>	<b>46,389</b>	<b>1</b>	<b>81</b>	<b>2,634</b>	<b>49,105</b>
At 30 June 2004	45,788	1	21	2,409	48,219
Cost or valuation comprises:					
At cost	10,053	-	116	12,692	22,861
At 1998 valuation	42,020	1	-	-	42,021
<b>At 30 June 2005</b>	<b>52,073</b>	<b>1</b>	<b>116</b>	<b>12,692</b>	<b>64,882</b>

The Group has adopted the transitional rules under FRS 15 "Tangible Fixed Assets" and these values have not been revalued since the last valuation. The Group's property interests were valued at £42,340,000 as at 31 July 1998 by Drivers Jonas who acted as independent valuers. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors' Appraisal & Valuation Manual. The stadium was valued on the basis of depreciated replacement cost; existing use value was adopted for other properties occupied for the purpose of the business and other properties were valued on the basis of open market value.

The net book value in the accounts of the properties, prior to the valuation, was £42,261,000. No adjustment to the net book value was made at 31 July 1998 because the difference was immaterial. Since 31 July 1998 £240,000 of the valued properties have been disposed of. All Land and Building additions since 31 July 1998 are included in the Balance Sheet at cost.

The directors are not aware of any material change in value to the Group's properties.

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Company	Land and buildings			General plant and equipment £'000	Total £'000
	Freehold £'000	Short leasehold £'000	Motor vehicles £'000		
Cost or valuation					
At 1 July 2004	4,249	1	33	11,291	15,574
Additions	1,464	-	83	482	2,029
<b>At 30 June 2005</b>	<b>5,713</b>	<b>1</b>	<b>116</b>	<b>11,773</b>	<b>17,603</b>
Depreciation					
At 1 July 2004	657	-	12	9,084	9,753
Charged in the year	129	-	23	872	1,024
<b>At 30 June 2005</b>	<b>786</b>	<b>-</b>	<b>35</b>	<b>9,956</b>	<b>10,777</b>
Net book value					
<b>At 30 June 2005</b>	<b>4,927</b>	<b>1</b>	<b>81</b>	<b>1,817</b>	<b>6,826</b>
At 30 June 2004	3,592	1	21	2,207	5,821
Cost or valuation comprises:					
At cost	3,914	-	116	11,773	15,803
At 1998 valuation	1,799	1	-	-	1,800
<b>At 30 June 2005</b>	<b>5,713</b>	<b>1</b>	<b>116</b>	<b>11,773</b>	<b>17,603</b>

The amount of land and buildings (included above at cost or valuation) determined according to the historical cost accounting rules is as follows:

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Cost	54,622	53,190	10,314	8,850
Depreciation	(11,257)	(10,315)	(5,893)	(5,715)
	<b>43,365</b>	<b>42,875</b>	<b>4,421</b>	<b>3,135</b>

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#### 14. Investments held as fixed assets

Investments held as fixed assets by the Company represent the investments in subsidiary undertakings which are analysed as follows:

Shares	Cost and net book value £'000
At 1 July 2004 and at 30 June 2005	1,345

At 30 June 2005, the Company had the following direct interests in the subsidiary undertakings noted below, all of which are registered and operate in England and Wales:

	Share Class	Holding and voting rights
Tottenham Hotspur Football & Athletic Co. Limited – professional football club	Ordinary	100%
White Hart Lane Stadium Limited – provision of football entertainment	Ordinary	100%
Tottenham Hotspur Finance Company Limited – issuer of loan notes	Ordinary	100%
Paxton Road Limited – holds certain properties on behalf of the Group	Ordinary	100%
Stardare Limited – holds certain properties on behalf of the Group	Ordinary	100%

#### 15. Stocks

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Stocks	395	355	395	355

Stocks comprise merchandising goods held for resale.

#### 16. Debtors

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Trade debtors	10,082	5,687	38	91
Amounts owed by group undertakings	-	-	58,341	45,383
Other debtors	409	734	334	562
Prepayments and accrued income	1,384	1,750	102	156
	11,875	8,171	58,815	46,192

Trade debtors above include £4,305,000 (2004 - £1,130,000) in respect of the disposal of players' registrations. Trade debtors receivable after one year are £1,502,000 (2004 - £nil).

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#### 17. Creditors - amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans (secured)	38	72	-	-
Other loans (secured)	251	231	-	-
Bank overdraft	-	-	10,386	-
Trade creditors	7,461	6,445	838	512
Corporation tax	-	22	-	28
Other tax and social security	4,894	4,353	-	-
Other creditors	1,240	893	119	65
Accruals and deferred income	23,764	20,737	743	848
Amounts due to group undertakings	-	-	19	12
	<u>37,648</u>	<u>32,753</u>	<u>12,105</u>	<u>1,465</u>

Trade creditors above include £6,362,000 in respect of the acquisition of players' registrations (2004 - £5,132,000).

#### 18. Creditors - amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank loans (secured)	1,895	1,883	-	-
Other loans (secured)	9,170	9,421	-	-
Trade creditors	1,053	3,000	-	-
Other creditors	890	391	-	-
Grants (deferred credits)	2,307	2,354	24	21
	<u>15,315</u>	<u>17,049</u>	<u>24</u>	<u>21</u>

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

Bank loans are secured by a floating charge over the Group's assets and on certain freehold properties. £1,968,000 of bank loans are being repaid over twenty-three years, in equal quarterly instalments from September 2004. Interest will be charged quarterly on the outstanding amount of the loans, at a rate which tracks the Bank of England base rate. The bank loans are shown in the financial statements net of £35,000 of associated loan arrangement costs which are being amortised over the term of the loans.

Other loans above relate to the issue, at par, of £10,000,000 7.29% secured loan notes by the Group in November 2002. The loan notes were used to repay short term debt and to fund the Group's general working capital requirements. These notes are repayable in equal annual instalments over twenty years from September 2003. The loan notes are secured against the White Hart Lane Stadium, and future gate and corporate hospitality receipts generated at the stadium. At the Balance Sheet date £9,740,000 of the loan notes are outstanding. The loan notes are shown in the financial statements net of £319,000 of associated debt issue costs which are being amortised over the term of the loan notes.

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The maturity profile of the Group's financial liabilities at the Balance Sheet date was as follows:

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank Loans and overdraft				
In one year or less or on demand	38	72	10,386	-
In more than one year but not more than two years	41	85	-	-
In more than two years but not more than five years	140	255	-	-
In more than five years	1,714	1,543	-	-
	<u>1,933</u>	<u>1,955</u>	<u>10,386</u>	<u>-</u>
Other loans				
In one year or less or on demand	251	231	-	-
In more than one year but not more than two years	272	251	-	-
In more than two years but not more than five years	958	885	-	-
In more than five years	7,940	8,285	-	-
	<u>9,421</u>	<u>9,652</u>	<u>-</u>	<u>-</u>
Total borrowings				
In one year or less or on demand	289	303	10,386	-
In more than one year but not more than two years	313	336	-	-
In more than two years but not more than five years	1,098	1,140	-	-
In more than five years	9,654	9,828	-	-
	<u>11,354</u>	<u>11,607</u>	<u>10,386</u>	<u>-</u>

The convertible redeemable preference shares (CRPS) issued during January 2004, raising £15,000,000, before issue costs, have an uncertain maturity.

The key terms of the CRPS are detailed more fully in note 20 to the accounts.

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#### Interest rate profile

The Group has no financial assets excluding short term debtors, other than the sterling cash deposits of £9,976,000 (2004 - £11,497,000) which are part of the financing arrangements of the Group. The sterling cash deposits comprise deposits placed on money market at call rates.

	Total	Floating rate financial liabilities	Fixed rate borrowings		
			Fixed rate financial liabilities	Weighted average interest rate at year end	Weighted average time for which rate is fixed
Interest rate profile of financial liabilities (all sterling)	£'000	£'000	£'000	%	Years
<b>2005</b>	<b>11,354</b>	<b>1,933</b>	<b>9,421</b>	<b>7</b>	<b>18</b>
2004	11,607	1,955	9,652	7	19

The floating rate borrowings are all denominated in sterling and are referenced to London Inter Bank Offer Rate (LIBOR) and The Bank of England Base Rate.

The CRPS have an uncertain interest rate profile. The key terms of the CRPS are detailed more fully in note 20 to the accounts.

#### Borrowing facilities

As at the Balance Sheet date the Group had the following undrawn committed bank borrowing facilities:

	<b>2005</b>	2004
	<b>£'000</b>	£'000
Expiring in one year or less or on demand	<b>15,000</b>	15,000

#### Fair values

There is no material difference between the fair value and the carrying amount of the Group's financial assets or liabilities except as described below:

	2005		2004	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Other loans	<b>9,421</b>	<b>10,283</b>	9,652	9,482

Short term debtors and creditors have been excluded from all disclosures.

#### Treasury policy

The Group's operations are currently funded through operating cash flow, loans, an overdraft and the net proceeds from the CRPS issue. The Group hedges its interest rate exposure by using fixed interest rate facilities where deemed appropriate. The Group is not exposed to significant foreign exchange risk. The Group does not enter into instruments for speculative purposes. All treasury transactions are reported to and approved by the Board.

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**19 Provisions for liabilities and charges**

	<b>Group</b> £'000	<b>Company</b> £'000
<u>Contingent transfer fees payable</u>		
At 1 July 2004	-	-
Provided during the year	2,021	-
<b>At 30 June 2005</b>	<b>2,021</b>	<b>-</b>
<u>Deferred taxation</u>		
At 1 July 2004	1,229	216
Charged to the Profit and Loss Account	673	180
<b>At 30 June 2005</b>	<b>1,902</b>	<b>396</b>
	<b>3,923</b>	<b>396</b>

Deferred taxation has been provided as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	3,692	2,965	557	357
Discount on timing differences	(1,790)	(1,736)	(161)	(141)
	<b>1,902</b>	<b>1,229</b>	<b>396</b>	<b>216</b>

No deferred tax asset has been recognised in respect of £0.3m of tax losses and £0.1m of other timing differences, as there is insufficient certainty that these losses will be utilised in the immediate future. These losses are available to carry forward, in the relevant subsidiary, against future profits of the same trade.

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#### 20. Called up share capital

	Number	£'000
<b>Authorised:</b>		
At 30 June 2005 – ordinary shares of 5p each	200,000,000	10,000
At 30 June 2005 – CRPS of £78.10 each	60,000	4,686
		<u>14,686</u>
At 30 June 2004 – ordinary shares of 5p each	200,000,000	10,000
At 30 June 2004 – CRPS of £78.10 each	60,000	4,686
		<u>14,686</u>
<b>Allotted and fully paid:</b>		
At 30 June 2005 – ordinary shares of 5p each	96,684,929	4,834
At 30 June 2005 – CRPS of £78.10 each	60,000	4,686
		<u>9,520</u>
At 30 June 2004 – ordinary shares of 5p each	98,751,580	4,938
At 30 June 2004 – CRPS of £78.10 each	60,000	4,686
		<u>9,624</u>

During the year 2,066,651 ordinary shares, with a nominal value of £103,333, were purchased by the Company and subsequently cancelled.

Non-equity shareholders' funds relate entirely to the CRPS which were issued on 23 January 2004 for consideration of £250 per share. The key terms of the CRPS are as follows:

- No dividend shall be payable until 31 October 2007 (in respect of the period from the third anniversary of issue to 30 September 2007) and thereafter will be payable annually on 31 October in respect of each 12 month period to 30 September at a rate of 1% above the HSBC Bank base rate.
- On 31 October 2007 and on each 31 October thereafter, the CRPS will be convertible into Ordinary shares at the election of CRPS holders at the rate of 1,562 ordinary shares for each CRPS.
- The Company may serve notice of its wish to redeem all or any of the CRPS at any time, in which event CRPS holders may elect either to convert or redeem their relevant proportion of CRPS set out in the notice.
- On and after the date falling three years from the date of issue, CRPS holders will be entitled to elect to redeem their CRPS. Once the Company has received elections in respect of more than 50% in number of the CRPS, but not before, it will redeem all of the CRPS in three equal annual tranches on a pro rata basis.
- All of the CRPS still in issue will be redeemed in three equal annual tranches on a pro rata basis on the seventh, eighth, and ninth anniversaries of the date of issue.
- The Company will only be obliged to pay dividends or redeem the CRPS on the dates above to the extent that it has sufficient distributable reserves lawfully to do so, otherwise it may defer payment until it is so able.
- The sum to be paid on redemption of each CRPS shall be the amount paid up on such share (including any premium), together with any arrears and accruals of, and interest on, the dividend payable in respect of such share, calculated to the relevant date of redemption.



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- CRPS holders are entitled to one vote on a show of hands or, on a poll, one vote per ordinary share that would have been allotted to that CRPS holder had conversion taken place at that time at the conversion rate then applicable. CRPS holders may only vote on resolutions relating to: the winding up of the company, a reduction in the capital of the company or the rights attached to the CRPS, or when the company has been in default, for a period of more than one month, of its obligations relating to the payment of a dividend or the redemption of the shares.
- On a return of capital or winding up, CRPS holders have the right to receive, in priority to any other classes of shares, the amount of the paid up sum (including any premium paid) in respect of each CRPS on subscription, plus any arrears of dividend.

As at 30 June 2005 options over nil (2004 – 300,000) ordinary shares in the Company had been granted to Directors and employees under the Executive Share Option Scheme, details of which are as follows:

Options exercisable between	Option price per share *	At 1 July 2004	Exercised / (lapsed)	At 30 June 2005
4 April 2001 – 3 April 2008	68.00p	300,000	(300,000)	-
		300,000	(300,000)	-

No share options were granted during the year.

\* Adjusted following the Rights Issue in May 1996 and the five-for-one share sub-division in February 1997.

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#### 21. Reserves

Group	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 July 2004	21,340	2,480	164	8,656
Profit for the financial year	-	-	-	4,104
Amortisation of revaluation reserve	-	(48)	-	48
Ordinary 5p shares redeemed during the year	-	-	104	(654)
Amortisation of CRPS issue costs	99	-	-	-
<b>At 30 June 2005</b>	<b>21,439</b>	<b>2,432</b>	<b>268</b>	<b>12,154</b>

Company	Share premium account £'000	Other / revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 July 2004	21,340	2,216	164	21,525
Profit for the financial year	-	-	-	542
Ordinary 5p shares redeemed during the year	-	-	104	(654)
Amortisation of CRPS issue costs	99	-	-	-
<b>At 30 June 2005</b>	<b>21,439</b>	<b>2,216</b>	<b>268</b>	<b>21,413</b>

#### 22. Reconciliation of movements in Group shareholders' funds

	2005 £'000	2004 £'000
Profit / (loss) for the year	4,104	(2,692)
Ordinary 5p shares redeemed during the year	(654)	(950)
Total proceeds from CRPS issue	-	15,000
Costs relating to CRPS issue	-	(382)
Amortisation of CRPS issue costs	99	50
<b>Net addition to shareholders' funds</b>	<b>3,549</b>	<b>11,026</b>
<b>Opening shareholders' funds</b>	<b>42,264</b>	<b>31,238</b>
<b>Closing shareholders' funds</b>	<b>45,813</b>	<b>42,264</b>

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#### 23. Reconciliation of operating profit / (loss) to net cash inflow from operating activities

	2005 £'000	2004 £'000
Operating profit / (loss)	71	(1,189)
Depreciation of tangible fixed assets	1,807	1,718
Amortisation and impairment of intangible fixed assets	12,741	10,924
Profit on disposal of fixed assets	-	(11)
(Increase) / decrease in stocks	(40)	297
Increase in debtors	(536)	(27)
Increase in creditors	7,103	3,180
Net cash inflow from operating activities	<u>21,146</u>	<u>14,892</u>

#### 24. Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 £'000
(Decrease) / increase in cash in the year	(1,521)	9,096
Cash outflow from decrease in debt	<u>286</u>	<u>1,470</u>
Cash related (increase) / decrease in net debt in the year	(1,235)	10,566
Non-cash related increase in net debt in the year	<u>(33)</u>	<u>(35)</u>
(Increase) / decrease in net debt in the year	(1,268)	10,531
Opening net debt	<u>(110)</u>	<u>(10,641)</u>
Closing net debt	<u>(1,378)</u>	<u>(110)</u>

#### 25. Analysis of movement in net debt

	At 1 July 2004 £'000	Cash flow £'000	Non cash movement £'000	At 30 June 2005 £'000
Cash as shown on Balance Sheet	11,497	(1,521)	-	9,976
Debt due within one year	(333)	286	(272)	(319)
Debt due after more than one year	(11,661)	-	272	(11,389)
Loan issue costs	387	-	(33)	354
	<u>(11,607)</u>	<u>286</u>	<u>(33)</u>	<u>(11,354)</u>
Net debt	<u>(110)</u>	<u>(1,235)</u>	<u>(33)</u>	<u>(1,378)</u>

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#### 26. Commitments

The annual commitments under non-cancellable operating leases are:

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Land and buildings:				
Leases expiring within one year	-	28	-	28
Leases expiring within two to five years	135	64	135	64
Leases expiring in more than five years	-	-	150	150
	<u>135</u>	<u>92</u>	<u>285</u>	<u>242</u>
Other:				
Leases expiring within one year	2	-	-	-
Leases expiring within two to five years	-	15	-	-
	<u>2</u>	<u>15</u>	<u>-</u>	<u>-</u>
Capital commitments were as follows:				
Contracted	-	-	-	-
Authorised but not contracted	354	106	125	-
	<u>354</u>	<u>106</u>	<u>125</u>	<u>-</u>

#### 27. Related party transactions

The following paragraphs give details of all related party transactions involving the Company and any of its subsidiary undertakings.

##### ENIC Group companies

Amounts totalling £2,466 (2004 - £4,811) plus VAT were incurred during the year by the Company on behalf of ENIC Limited and subsequently reimbursed by ENIC Limited during the year. At the Balance Sheet date £nil (2004 - £nil) was due to the Company from ENIC Limited.

Amounts totalling £26,308 (2004 - £20,733) plus VAT were incurred during the year by ENIC Limited on behalf of the Company and subsequently reimbursed by the Company during the year. At the Balance Sheet date £nil (2004 - £17,788) was due from the Company to ENIC Limited.

##### Other

Companies of which P.Z. Kemsley is a Director, were invoiced £300 (2004 - £72,225) plus VAT for corporate hospitality services during the year. P.Z. Kemsley is an Executive Director of the Group.

A sum of £nil (2004 - £15,000) was invoiced to Tottenham Hotspur plc relating to professional services supplied by Final Developments Limited during the period. P.Z. Kemsley is a Director of Final Developments Limited. No balances were outstanding at the Balance Sheet date.

Except for the balances disclosed above, there were no other balances outstanding at the Balance Sheet date in 2005 or 2004. All of these transactions were at arm's length.

The fees paid to related parties with regard to Directors' emoluments have been disclosed in the Report of the Remuneration Committee on pages 12 to 13.

# TOTTENHAM HOTSPUR PLC

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#### 28. Pensions

##### Defined contribution schemes

Certain staff of the Group 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 these schemes are held separately from those of the Group, being invested with insurance companies. The total pension cost charged during the year amounted to £36,000 (2004 - £52,000).

##### Defined benefit scheme

The Group 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 2002 and indicated that the contribution required from the Group towards making good this deficit was £300,000 at 1 April 2003. The pension cost charged during the year relating to this deficit was £nil (2004 - £nil). At the Balance Sheet date the Group's share of this deficit was £135,000 (2004 - £208,000).

#### 29. Contingent liabilities and assets

The Company, together with its 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 £7,354,000 (2004 - £3,605,000).

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 £1,100,000 (2004 - £2,014,000).

#### 30. Post Balance Sheet events

Since the Balance Sheet date the following events have occurred:

Teemu Tainio joined from Auxerre  
Tom Huddlestone was bought from Derby County  
Paul Stalteri joined from Werder Bremen  
Aaron Lennon was bought from Leeds United  
Wayne Routledge was bought from Crystal Palace  
Edgar Davids joined from Inter Milan  
Jermaine Jenas was bought from Newcastle United  
Young-Pyo Lee was bought from PSV Eindhoven  
Grzegorz Rasiak was bought from Derby County

Frank Arnesen left the Club to join Chelsea as Head of Development and Scouting  
Thimothee Atouba was sold to SV Hamburg  
Freddie Kanoute was sold to Sevilla  
Erik Edman was sold to Stade Rennais

Including Football League levies, the uncontingent net costs of these transactions amounted to approximately £3,400,000

The contingent net cost of these transactions amounts to approximately £2,900,000

**TOTTENHAM HOTSPUR PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2005**

**Five Year Review**

	June 2005 £'000	June 2004 £'000	June 2003 £'000	June 2002 £'000	*11 months to June 2001 £'000
<b>Turnover</b>	<b>70,550</b>	<b>66,324</b>	<b>66,506</b>	<b>65,033</b>	<b>48,396</b>
Operating profit before football trading and depreciation	14,619	11,453	13,686	11,415	10,864
Depreciation	(1,807)	(1,718)	(2,658)	(2,175)	(1,442)
Operating profit before football trading	12,812	9,735	11,028	9,240	9,422
Amortisation of registrations	(12,741)	(10,924)	(18,692)	(13,918)	(11,109)
Profit / (loss) on disposal of registrations	5,632	(381)	1,329	6,308	(867)
<b>Profit / (loss) before interest and taxation</b>	<b>5,703</b>	<b>(1,570)</b>	<b>(6,335)</b>	<b>1,630</b>	<b>(2,554)</b>
Net interest payable	(793)	(894)	(783)	(684)	(917)
<b>Profit / (loss) on ordinary activities before taxation</b>	<b>4,910</b>	<b>(2,464)</b>	<b>(7,118)</b>	<b>946</b>	<b>(3,471)</b>
Taxation	(707)	(178)	693	(479)	976
<b>Profit / (loss) on ordinary activities after taxation</b>	<b>4,203</b>	<b>(2,642)</b>	<b>(6,425)</b>	<b>467</b>	<b>(2,495)</b>
Dividends	-	-	-	-	-
Other finance costs in respect of non-equity shares	(99)	(50)	-	-	-
<b>Retained Profit / (loss)</b>	<b>4,104</b>	<b>(2,692)</b>	<b>(6,425)</b>	<b>467</b>	<b>(2,495)</b>
<b>Net assets</b>					
Intangible fixed assets	31,348	25,053	17,019	27,741	24,937
Tangible fixed assets	49,105	48,219	46,845	46,306	46,611
Net current liabilities	(17,423)	(12,730)	(14,611)	(30,722)	(26,009)
<b>Total assets less net current liabilities</b>	<b>63,030</b>	<b>60,542</b>	<b>49,253</b>	<b>43,325</b>	<b>45,539</b>
Provisions and creditors - amounts falling due after more than one year	(17,217)	(18,278)	(18,015)	(5,662)	(8,431)
<b>Net assets</b>	<b>45,813</b>	<b>42,264</b>	<b>31,238</b>	<b>37,663</b>	<b>37,108</b>
<b>Basic earnings / (loss) per share</b>	<b>4.2p</b>	<b>(2.6)p</b>	<b>(6.3)p</b>	<b>0.5p</b>	<b>(2.5)p</b>

\* The balances for the eleven months to 30 June 2001, only, are re-stated after a prior year adjustment was put through in year ended 30 June 2002 to account for the adoption of FRS 19 "Deferred Tax".