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Tottenham Hotspur plc

ANNUAL REPORT AND ACCOUNTS 1995



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Directors and advisers

Executive Directors A. M. Sugar D.Sc. (Chairman)
C. M. Littner M.B.A. (Chief Executive)
J. Sedgwick A.C.A. (Finance)

Non-executive Directors A. G. Berry F.C.C.A. (Deputy Chairman)
D. A. Alexiou LL.B
C. T. Sandy A.T.I.I.

Secretary J. Ireland LL.B

Registered Office 748 High Road
Tottenham
London N17 0AP

Registered Number 1706358

Auditors Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

Solicitors Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

Bankers Lloyds Bank Plc
35 Whitechapel High Street
London E1 7PH

Financial Advisers Henry Ansbacher & Co. Limited
One Mitre Square
London EC3A 5AN

Registrars Independent Registrars Group Limited
Broseley House
Newlands Drive
Witham
Essex CM8 2UL

Chairman's Statement

Results

Turnover for the year ended 31st May 1995 was £25,083,000 (1994 – £22,326,000), with pre tax profits of £5,353,000 (1994 – £885,000).

I am pleased to report a set of results which reflect the true potential of the Company. In the previous period under my Chairmanship we have suffered various extraordinary costs which distorted the true picture. It is particularly pleasing to note that the profits have been generated out of core activities and not from windfalls such as player sales.

In view of these encouraging results, the Directors have decided to pay a dividend to all shareholders on the register as at 17th October 1995, of 3p per share (1994 – 1p) payable on 13th November 1995.

Commercial activities

At the end of this financial year we said farewell to Holsten who had been our shirt sponsor for 12 years, as well as Umbro our kit supplier who were with us for 4 years. I am sure I speak for everyone in expressing our sincere thanks and appreciation to both companies for their past support. We welcome at the start of the current financial year Pony as our new kit supplier and Hewlett Packard as our main sponsor. We have entered into a four year agreement with both of these very prestigious companies, the financial impact of which will be partially evident in the current financial year as well as in future years. The revenue generated from these two contracts is significantly higher than that of the previous arrangements.

In addition to introducing these two new sponsors, the commercial department has performed very well in every other respect, including the sale of private and corporate hospitality, executive boxes, match day sponsorship and advertising.

Despite shortages of the old Umbro replica kit, the merchandising and mail order divisions performed well and operating profits increased by 78%. We are building a new superstore, quadrupling the floor space of the souvenir shop to try to enhance our service on match days. With a new season upon us and the new Pony replica kits on sale, we expect this division to make a further significant contribution to profits in the current financial year.

Stadium development

The construction of the new South Stand was completed during this financial year. We decided to invest in a quality construction that would give us the flexibility of expansion for the future. We have some further development to complete within the stand with respect to hospitality areas and several proposals are currently under consideration.

The giant video screen and scoreboard has been very well received and endorses the fact that we now have one of the most modern and futuristic stadia in Europe. We expect the screen, with its advertising boards, to generate additional income as well as to enhance the enjoyment of match days for supporters.

Furthermore, this facility has enabled us to utilise the stadium for "live" screenings of selected away matches. We have also secured a 3 year agreement for American Football to be played at the stadium outside of the season.

When constructing the new roof of the North Stand two years ago we invested in a quality construction so that when the time is right and funds become available to build a new stand under it, we will also incorporate another giant screen at that end of the ground.

Chairman's Statement

continued

Football

Whilst it is pleasing that the activities of the commercial department and the merchandising department contribute to the fortunes of the club, the core activity will always be football. It is, of course, paramount that we strive for success on the field; from that everything else flows.

As I mentioned in the interim report, the arrival of Gerry Francis to the football club, followed by our reinstatement to the FA Cup, gave the club a tremendous boost and instilled a special spirit which resulted in us being able to reach the FA Cup semi finals, seventh place in the Premiership and only two positions away from European competition. I consider this an exceptional performance in view of the very bad start that we had to the season both on and off the field.

Unfortunately during the summer break we lost three top class players. Contrary to media reports, you can be assured that their departure was most vigorously opposed; nevertheless regrettably they occurred. Funds have been made available to Gerry Francis to strengthen the team and we are confident that with his wealth of experience in this industry they will be very well spent. The start of the current season was hindered by injury problems; hopefully we will see a return to a fully fit squad quickly.

Once again our youth team has done exceptionally well, reaching the final of the FA Youth Cup and winning the South East Counties League for the 8th time in 10 years. It is obvious that the youth policy is very important to the club and the development of this policy is given the full backing of the Board and the playing department. Indeed, we must continue to look to the youth squad for future stars of the first team.

The start of this season has seen a dramatic increase in the cost of player transfers in the British transfer market to such an extent that commercially it is impossible to compete if the fortunes of the club and the Company are to remain intact in the long term. I began this report by stating how satisfying it was that we have a good set of results that reflect the potential of the Company and the club. The profits, after tax and dividends, can be ploughed back into reserves and go towards player purchases both now and in the future. Irresponsible spending of money that we do not have will simply result in the all too familiar financial crisis that the club and its supporters have seen over the years. I am confident that with strict financial control, a good youth policy and a responsible and experienced coaching department, we can build a championship winning team within the next few years with a depth of squad to give us consistency. To do so, of course, needs all the executive staff at Tottenham and the playing staff to pull together, but most importantly it needs patience and understanding from our shareholders and fans.

Once again I would like to take this opportunity of thanking all our staff members, both on and off the field, for the exceptional performance the club and Company have enjoyed this year.



A. M. Sugar Chairman

Directors' report

The Directors present their annual report and the audited accounts for the year ended 31st May 1995.

Principal activities

The principal activities of the Group are the operation of a professional football club in England and related merchandising activities.

Review of business and future developments

A review of the activities of the Group is set out in the Chairman's Statement. The results for the year are set out in the profit and loss account on page 10.

Dividend and transfer to reserves

The Directors recommend the payment of a final dividend of 3p per share to all shareholders on the register on 17th October 1995 to be paid on 13th November 1995. The retained profit for the year of £4,429,000 (1994 – £522,000) was transferred to reserves.

Fixed assets

Details of changes in fixed assets are given in notes 11 to 13 to the accounts. The intangible fixed assets represent the unamortised portion of the cost of players' registrations. The Directors consider that the current re-sale value of the players is considerably in excess of the book value. The value of the playing squad calculated in accordance with UEFA regulations, as described in note 1 to the accounts, is £37 million.

Directors

The Directors who served during the year and the interests of those serving as at 31st May 1995 in the share capital of the Company, which were all beneficial, were as follows:

	31st May 1995	31st May 1994
	No. of shares	No. of shares
A. M. Sugar	8,150,535	8,150,535
C. M. Littner	13,000	13,000
A. G. Berry	290,000	290,000
D. A. Alexiou	35,199	35,199
C. T. Sandy	1,571	1,571

The shares in which A. M. Sugar is interested are registered in the name of Amshold Limited, a company which is wholly owned by A. M. Sugar.

C. M. Littner was granted an option to subscribe for 70,000 ordinary shares of the Company on 14th March 1994 under the Executive Share Option Scheme at a price of 82p per share exercisable between 14th March 1997 and 14th March 2004. No other Directors have been granted options at the date of this report.

There were no changes in the interests of the Directors between 31st May 1995 and 31st August 1995.

All Directors served throughout the year.

On 21st August 1995 J. Sedgwick was appointed as a Director of the Company. His appointment is terminable on twelve weeks' notice. Having been appointed a Director by the Board after the last Annual General Meeting, J. Sedgwick offers himself for re-election at the forthcoming Annual General Meeting.

C. T. Sandy retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election. Mr Sandy holds office under a letter of appointment which will terminate on 18th October 1997.

Directors' report

continued

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 contract for the provision of computer services between the Company and Amstrad plc is in existence (value £25,000 plus VAT per annum) terminable on three months' notice. The Company also purchased from Amstrad plc (or its 100% owned subsidiaries) computer hardware for a total of £2,338 plus VAT. In addition to the above Amstrad plc is now in the third year of a three year advertising contract worth £57,000 plus VAT over the three years and has, since the year end, agreed to pay a further £50,000 for advertising facilities for one year. A. M. Sugar has a substantial minority shareholding in Amstrad plc. All of these transactions were at arm's length.

Interest totalling £22,185 was paid to A. M. Sugar during the year, being calculated at 1½% above bank base rate on a sum of £1,000,000 advanced to the Company on 6th October 1994 and a further £500,000 advanced on 24th November 1994. The advances were repaid in full on 3rd January 1995.

The following items have been included in Directors' emoluments:

- (a) During the year the Company paid fees totalling £50,000 plus VAT to Amshold Limited in respect of the services of A. M. Sugar and a total of £52,000 plus VAT to Amsprop Trading Limited in respect of the services of C. T. Sandy. Amshold Limited is wholly owned by A. M. Sugar. Amshold Limited owns 76% of Amsprop Limited which in turn owns 100% of Amsprop Trading Limited.
- (b) During the year the Company paid fees totalling £13,750 plus VAT to Aldwick Management Services Ltd in respect of the services of A. G. Berry.

In addition to the above, a further £8,000 was paid to Amsprop Trading Limited in respect of the expenses incidental to the services of C.T. Sandy.

Non-executive directors

A. G. Berry is 54 and has been a Director since 1987. He is Chairman of Recruit plc,

D. A. Alexiou is 53 and was re-appointed to the Board on 14th May 1993. He was previously a Director from 11th May 1983 to 7th August 1991 and has been on the Board of Tottenham Hotspur Football & Athletic Company Limited since 1980. He is the senior partner in Gordon Dadds, a firm of solicitors.

C. T. Sandy is 40 and was Finance Director between 7th August 1991 and 21st August 1995. He is a Director of Amsprop Limited, Amsprop Trading Limited, Amsprop Investments Limited and Amsail Limited. The ultimate parent company of these companies is Amshold Limited.

Significant shareholdings

Apart from the interests of the Directors referred to above, the Company has received the following notifications of holdings of more than 3% of the share capital of the Company as at the date of this report:

Perpetual Group Unit Trust Funds	9.16%
Dempsey Opportunities Fund	3.12%

Tax Status

In the opinion of the Directors the Company was not a close company during the year ended 31st May 1995.

Directors' report

continued

Donations

During the year the Group made no charitable donations (1994 – £nil).

There were no political donations during the year (1994 – £nil).

Post balance sheet events and contingent liabilities

A number of player transactions have taken place after the year end. Details are included in note 27 to the financial statements.

The Board is aware that the Advocate General of the European Court of Justice has rendered his opinion on the 'Bosman Case' regarding the subject of European transfer fees. The case will be deliberated upon by the full European Court later this year. The Directors will continue to monitor the progress of this case and assess potential implications for the Group.

Corporate governance

As reported in last year's Annual Report, the Board takes the view that the Company need not, for the present time, fully comply with every aspect of the Cadbury Committee's Code of Best Practice insofar as it is not felt necessary, by reason of the size of the Company, to form separate remuneration and audit committees, as these functions are performed by the Board as a whole.

On 21st August 1995 C. T. Sandy (previously an executive Director), became a non-executive Director of the Company, bringing the total of non-executives up to three.

The Cadbury Committee report recognised that full compliance with the Code might not be appropriate for smaller listed companies. The Board supports the principles advocated by the Code of openness, integrity and accountability and, following formalisation of certain procedures during the year, is firmly of the opinion that proper and effective procedures are in place despite non-compliance in the two mentioned areas.

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 has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Company's auditors, Touche Ross & Co, have confirmed that, in their opinion, with respect to the Directors' statements on going concern on page 8, the Directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for Directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the accounts; and the Directors' other statements above appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of either the Company's corporate governance procedures or the ability of the Company to continue in operational existence.

Directors' responsibilities for preparing the financial statements

The Directors are obliged by law to prepare financial statements for each financial year and to present them annually to the Company's members in 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 and the Group at the end of the financial year, and of the profit of the Group for that period, and they must comply with applicable accounting standards.

Directors' report

continued

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 presume that the Group 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 Group and to prevent and detect fraud or any other irregularities.

Auditors

A resolution to re-appoint Touche Ross & Co. will be proposed at the forthcoming Annual General Meeting.

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



John Ireland LL.B
Secretary

20th September 1995

Report of the auditors

To the members of Tottenham Hotspur plc

We have audited the financial statements on pages 10 to 24 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of Directors and Auditors

As described on page 7 in the Directors' Report 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.

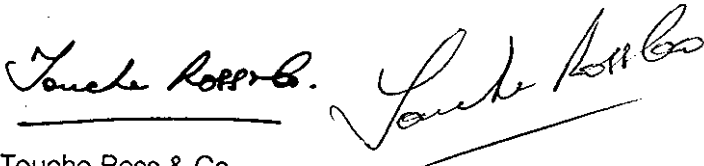
Basis of opinion

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 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 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 and Group as at 31st May 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.
Chartered Accountants and Registered Auditors

20th September 1995

Hill House
1 Little New Street
London EC4A 3TR

Consolidated profit and loss account

Year ended 31st May 1995

	Note	1995 £'000	1994 £'000
Turnover – continuing operations	2	<u>25,083</u>	<u>22,326</u>
Cost of sales and distribution costs		2,776	3,089
Player and match expenses		11,839	12,197
Administrative expenses		<u>4,486</u>	<u>5,903</u>
		<u>19,101</u>	<u>21,189</u>
Operating profit – continuing operations	5	5,982	1,137
Net interest payable	4	<u>(629)</u>	<u>(252)</u>
Profit on ordinary activities before taxation		5,353	885
Taxation charge on profit on ordinary activities	6	<u>(443)</u>	<u>(288)</u>
Profit on ordinary activities after taxation		4,910	597
Dividends – declared	7	(481)	(160)
– less waived		<u>—</u>	<u>85</u>
		<u>(481)</u>	<u>(75)</u>
Retained profit for the financial year	9	<u>4,429</u>	<u>522</u>
Earnings per share	10	30.7p	3.7p

Statement of total recognised gains and losses

	1995 £'000	1994 £'000
Profit for the financial year	4,910	597
Unrealised deficit on revaluation of freehold land and buildings	<u>—</u>	<u>(164)</u>
Total recognised gains and losses relating to the financial year	<u>4,910</u>	<u>433</u>

Movements on reserves are shown in note 19 to the financial statements.

The notes on pages 13 to 24 form part of these financial statements.

Balance sheets

as at 31st May 1995

		Group		Company	
	Note	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Fixed assets					
Intangible assets	11	15,816	10,901	—	—
Tangible assets	12	34,025	24,249	33,836	23,976
Investments	13	—	—	1,345	1,345
		<u>49,841</u>	<u>35,150</u>	<u>35,181</u>	<u>25,321</u>
Current assets					
Properties for resale		—	225	—	225
Stocks		188	263	188	263
Debtors	14	<u>2,312</u>	<u>1,884</u>	<u>438</u>	<u>131</u>
		<u>2,500</u>	<u>2,372</u>	<u>626</u>	<u>619</u>
Creditors:					
Amounts falling due within one year	15	<u>(15,077)</u>	<u>(11,243)</u>	<u>(15,006)</u>	<u>(12,440)</u>
Net current liabilities		<u>(12,577)</u>	<u>(8,871)</u>	<u>(14,380)</u>	<u>(11,821)</u>
Total assets less current liabilities		37,264	26,279	20,801	13,500
Creditors:					
Amounts falling due after more than one year	16	<u>(9,949)</u>	<u>(3,393)</u>	<u>(9,790)</u>	<u>(3,180)</u>
Net assets		<u>27,315</u>	<u>22,886</u>	<u>11,011</u>	<u>10,320</u>
Capital and reserves:					
Called up share capital	18	4,005	4,005	4,005	4,005
Share premium account	19	1,192	1,192	1,192	1,192
Revaluation reserve	19	2,916	2,969	2,576	2,629
Profit and loss account	19	<u>19,202</u>	<u>14,720</u>	<u>3,238</u>	<u>2,494</u>
Equity shareholders' funds		<u>27,315</u>	<u>22,886</u>	<u>11,011</u>	<u>10,320</u>

The financial statements were approved by the Board of Directors on 20th September 1995.

Signed on behalf of the Board

A. M. Sugar

J. Sedgwick

Directors

The notes on pages 13 to 24 form part of these financial statements.

Consolidated cash flow statement

Year ended 31st May 1995

	Note	1995 £'000	1994 £'000
Cash Inflow from operating activities	21	8,600	4,211
Returns on Investments and servicing of finance			
Interest received		14	29
Interest paid		(521)	(221)
Interest element of hire purchase and finance lease payments		(11)	(25)
Dividend paid		(75)	(321)
Net cash outflow from returns on investments and servicing of finance		(593)	(538)
Tax paid			
Advance Corporation Tax		(19)	(93)
Corporation Tax		(215)	(55)
		(234)	(148)
Investing activities			
Payments to acquire players' registrations		(8,409)	(4,676)
Receipts from sales of players' registrations		4,035	3,430
		(4,374)	(1,246)
Payments to acquire tangible fixed assets		(8,432)	(3,396)
Receipts from sales of tangible fixed assets		76	64
Receipts from sales of properties for resale		225	—
		(8,131)	(3,332)
Net cash outflow from investing activities		(12,505)	(4,578)
Net cash outflow before financing		(4,732)	(1,053)
Financing			
Net increase in obligations under hire purchase and lease contracts	23	1,606	38
Bank loan drawn down	23	2,400	2,600
Bank loan repayments	23	(750)	—
Other loans drawn down	23	1,800	—
Other loans repaid	23	(1,550)	—
Net cash inflow from financing		3,506	2,638
(Decrease)/increase in cash and cash equivalents		(1,226)	1,585

The notes on pages 13 to 24 form part of these financial statements.

Notes to the accounts

Year ended 31st May 1995

1. Accounting policies

The following accounting policies have been applied consistently 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 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. The results of subsidiaries acquired or disposed of during the year are included from, or up to, the date of acquisition or disposal respectively. Goodwill arising on the acquisition is written off directly to the reserves in the year of acquisition.

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 comprises match and box receipts and proceeds of sale of players' registrations relating to the current year together with sponsorship and sales invoiced during the year, exclusive of Value Added Tax.

Depreciation

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%
Motor vehicles	20%
General plant and equipment	10%-33%

Properties for resale

Properties for resale are held at the lower of cost and net realisable value.

Stocks

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

Transfer fees

The costs of players' registrations are capitalised and, after allowing for estimated residual values, are amortised over the period of the respective players' contracts. The residual values are calculated using the regulations of UEFA (the regulatory authority of European football) governing the fixing of transfer fees.

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

Signing on fees

Signing on fees are charged to the profit and loss account in the accounting period in which they are payable.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Notes to the accounts

continued

Pension costs

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

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 annual amounts over the periods 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 taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that assets or liabilities will crystallise in the foreseeable future.

Grants receivable

Grants receivable are credited to a deferred credit account within the creditors total and released to the profit and loss account over the life of the asset in respect of which they are receivable in accordance with the Statement of Standard Accounting Practice No 4 (as revised).

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates 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 date. Translation differences are dealt with in the profit and loss account.

2. Turnover, operating profit and net assets

Turnover comprises:

	1995	1994
	£'000	£'000
Primary football activities	18,524	15,061
Sale of players' registrations	3,787	4,559
Football merchandise retail and distribution	2,772	2,706
	<u>25,083</u>	<u>22,326</u>
Operating profit – continuing operations can be analysed as follows:		
Primary football activities – before exceptional charges	4,801	3,245
– exceptional charges	—	(1,791)
	<u>4,801</u>	<u>1,454</u>
Player trading less amortisation	578	(656)
Football merchandise retail and distribution	603	339
	<u>5,982</u>	<u>1,137</u>
Net assets comprise:		
Primary football activities	10,641	11,729
Players' registrations	15,816	10,901
Football merchandise retail and distribution	858	256
	<u>27,315</u>	<u>22,886</u>

Turnover and operating profit all derive from activities in the United Kingdom.

	1995	1994
	No.	No.
Players and football administration staff	82	87
Administration staff	49	55
Retail and distribution staff	26	26
	<u>157</u>	<u>168</u>

	1995	1994
	£'000	£'000
Salaries and bonuses	7,613	6,166
Social Security costs	721	589
Other pension costs	24	60
	<hr/>	<hr/>
	8,358	6,815

	1995	1994
	£'000	£'000
Interest receivable	14	29
Interest payable on bank overdrafts and other loans repayable within five years	(632)	(256)
Finance lease charges	(11)	(25)
	<u>(629)</u>	<u>(252)</u>

This is stated after charging/(crediting) the following:	1995	1994
	£'000	£'000
Depreciation of tangible fixed assets	1,036	814
Release of grants – deferred credit	(35)	(24)
Amortisation of players' registrations	2,016	1,758
Profit on transfer of players' registrations	(2,594)	(1,102)
Auditors' remuneration and expenses: audit fee	30	30
other services	41	55
Operating lease rentals – land and buildings	142	85
– other	15	41
Exceptional costs included in administrative expenses:		
FA fine and associated costs and settlement of other disputes	—	1,791

In 1994 profit on transfer of players' registrations included a profit of £1,367,000 in respect of Neil Ruddock and a loss of £888,000 in respect of Gordon Durie.

Notes to the accounts

continued

6. Taxation charge on profit on ordinary activities

	1995 £'000	1994 £'000
UK Corporation tax credit/(charge) at 33% (1994 – 33%) on profit for the year	515	(288)
Deferred tax	(843)	—
Adjustments in respect of prior years:		
Deferred tax	(159)	—
Advance corporation tax	44	—
	<u>(443)</u>	<u>(288)</u>

The tax charge in the accounts has been reduced by certain timing differences for which no deferred tax provision has been made.

7. Dividends

	1995 £'000	1994 £'000
Final dividend of 3p per share proposed (1994 – 1p)	(481)	(160)
Amount waived	—	85
	<u>(481)</u>	<u>(75)</u>

8. Directors' emoluments

The emoluments of the Directors of the Company for the year were £322,698 (1994 – £209,336) of which £10,000 (1994 – £8,333) related to pension contributions.

The emoluments of the current Chairman, which were paid to Amshold Limited, a company wholly owned by him, were £50,000 (1994 – £50,000).

Excluding pension contributions, the emoluments of the highest paid Director were £185,178 (1994 – £56,286).

The number of Directors whose emoluments fell within the following ranges were:

	1995 No.	1994 No.
£ 0 – £ 5,000	—	1
£ 5,001 – £ 10,000	—	1
£ 10,001 – £ 15,000	2	1
£ 25,001 – £ 30,000	—	1
£ 45,001 – £ 50,000	1	1
£ 50,001 – £ 55,000	1	1
£ 55,001 – £ 60,000	—	1
£185,001 – £190,000	1	—

9. Profit for the financial year

The profit for the financial year includes a profit of £1,171,000 (1994 – £1,033,000) dealt with in the accounts of the Company.

10. Earnings per share

The calculation of earnings per share is based on the earnings for the year of £4,910,000 (1994 – £597,000) and on 16,019,053 (1994 – 16,019,053) ordinary shares in issue.

Notes to the accounts

continued

11. Intangible Fixed Assets

Group	Cost of players' registrations £'000
Cost	
At 1st June 1994	13,122
Additions	8,004
Disposals	(2,098)
At 31st May 1995	19,028
Amortisation	
At 1st June 1994	2,221
Charged in year	2,016
Disposals	(1,025)
At 31st May 1995	3,212
Net book value	
At 31st May 1995	15,816
At 31st May 1994	10,901

The above represents the amortised cost as at 31st May 1995 of 21 players' registrations (1994 – 19 players' registrations).

12. Tangible Fixed Assets

Group	Land and buildings Freehold £'000	Short leasehold £'000	Motor vehicles £'000	General plant and equipment £'000	Total £'000
Cost or valuation					
At 1st June 1994	23,260	1	489	3,160	26,910
Additions	8,652	—	143	2,185	10,980
Disposals	—	—	(221)	(7)	(228)
At 31st May 1995	31,912	1	411	5,338	37,662
Depreciation					
At 1st June 1994	363	—	182	2,116	2,661
Charged in the year	491	—	77	468	1,036
Disposals	—	—	(59)	(1)	(60)
At 31st May 1995	854	—	200	2,583	3,637
Net book value					
At 31st May 1995	31,058	1	211	2,755	34,025
At 31st May 1994	22,897	1	307	1,044	24,249
Cost or valuation comprises:					
At cost	13,306	—	411	5,338	19,055
At 1993 valuation	18,606	1	—	—	18,607
At 31st May 1995	31,912	1	411	5,338	37,662

Notes to the accounts

continued

12. Tangible Fixed Assets continued

Company	Land and buildings		Motor vehicles	General plant and equipment	Total
	Freehold £'000	Short leasehold £'000			
Cost or valuation					
At 1st June 1994	23,260	1	63	3,147	26,471
Additions	8,652	—	—	2,185	10,837
Disposals	—	—	—	(7)	(7)
At 31st May 1995	31,912	1	63	5,325	37,301
Depreciation					
At 1st June 1994	363	—	15	2,117	2,495
Charged in the year	491	—	13	467	971
Disposals	—	—	—	(1)	(1)
At 31st May 1995	854	—	28	2,583	3,465
Net book value					
At 31st May 1995	31,058	1	35	2,742	33,836
At 31st May 1994	22,897	1	48	1,030	23,976
Cost or valuation comprises:					
At cost	13,306	—	63	5,325	18,694
At 1993 valuation	18,606	1	—	—	18,607
At 31st May 1995	31,912	1	63	5,325	37,301

The properties were valued on 31st May 1993 by Drivers Jonas, chartered surveyors, on the basis of depreciated replacement cost in the case of the stadium and of open market value for their existing use in the case of properties occupied primarily by the Group and the remainder on the basis of open market value.

Freehold land totalling £3,153,000 has not been depreciated.

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	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Cost	31,423	22,771	31,501	22,849
Depreciation	(3,333)	(2,842)	(3,071)	(2,580)
	28,090	19,929	28,430	20,269

Notes to the accounts

continued

12. Tangible Fixed Assets continued

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

	Group		Company	
	Motor vehicles	General plant and equipment	Motor vehicles	General plant and equipment
	£'000	£'000	£'000	£'000
Net book value	8	132	—	132
Depreciation charged in year	6	27	—	27

13. Investments held as fixed assets

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

	Shares £'000
Cost	
At 1st June 1994 & 31st May 1995	4,304
Provision	
At 1st June 1994 & 31st May 1995	(2,959)
Net book value	
At 1st June 1994 & 31st May 1995	1,345

At 31st May 1995 the Company had the following principal subsidiary undertaking which is registered and operates in England and Wales:

	Share Class	Holding
The Tottenham Hotspur Football & Athletic Company Limited		
— professional football club	Ordinary	100%

The cumulative amount of goodwill previously written off following acquisition of certain of the Company's subsidiary undertakings amounts to £2,735,200.

14. Debtors

	Group		Company	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Trade debtors	743	1,037	27	66
Amounts owed by Group undertakings	—	—	—	7
Other debtors	962	218	338	1
Prepayments and accrued income	607	610	73	38
Advance corporation tax recoverable	—	19	—	19
	2,312	1,884	438	131

Trade debtors above include £438,000 (1994 – £806,000) in respect of players' registrations.

The advance corporation tax recoverable in 1994 is receivable in more than one year. Other debtors for 1994 include £90,000 which was receivable in more than one year.

Notes to the accounts

continued

15. Creditors – amounts falling due within one year

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Bank overdraft	3,063	1,837	2,811	2,591
Bank loan	1,000	750	1,000	750
Payments received in advance	2,603	1,847	2,000	—
Trade creditors	1,058	1,124	403	240
Amounts owed to Group undertakings	—	—	2,887	6,026
Other creditors	659	522	356	75
Corporation tax	58	400	26	38
Advance corporation tax	59	19	59	19
Other tax and social security	214	305	—	305
Accruals and deferred income	5,526	4,196	4,694	2,267
Dividend payable	481	75	481	75
Hire purchase and finance lease obligations	356	168	289	54
	<u>15,077</u>	<u>11,243</u>	<u>15,006</u>	<u>12,440</u>

Trade creditors above include £405,000 in respect of transfers of players' registrations for 1994 (£nil for 1995).

The bank overdraft, which is repayable on demand, is secured by a fixed and floating charge over the assets of the Group.

16. Creditors – amounts falling due after more than one year

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Grants – deferred credits	2,337	1,320	2,337	1,320
Bank Loan	3,250	1,850	3,250	1,850
Other loans	150	—	150	—
Payments received in advance	2,122	124	2,000	—
Provision for deferred tax (note 17)	573	—	573	—
Obligations under finance leases and hire purchase contracts	1,517	99	1,480	10
	<u>9,949</u>	<u>3,393</u>	<u>9,790</u>	<u>3,180</u>

The bank loan, which is wholly repayable within five years, is secured by a fixed and floating charge over the assets of the Group.

Obligations under finance leases and hire purchase contracts, which are all repayable within five years, are secured by related leased assets.

Repayment terms of the bank loan are as follows:

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Between one and two years	1,000	1,000	1,000	1,000
Between two and five years	2,250	850	2,250	850
	<u>3,250</u>	<u>1,850</u>	<u>3,250</u>	<u>1,850</u>

Notes to the accounts

continued

17. Deferred taxation

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

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Accelerated capital allowances	1,557	—	1,557	—
Losses	(353)	—	(353)	—
Advance corporation tax recoverable	(428)	—	(428)	—
Other short term timing differences	(203)	—	(203)	—
	<u>573</u>	<u>—</u>	<u>573</u>	<u>—</u>

The deferred tax provision is made up of a charge to the profit and loss account of £1,001,000 less a transfer from advance corporation tax of £428,000.

The potential amount of unprovided deferred taxation is as follows:

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(11)	831	—	840
Losses	—	(740)	—	(740)
Advance corporation tax recoverable	—	(44)	—	(44)
Short term timing differences	(88)	(75)	—	(52)
Capitalisation of players' registrations	5,219	3,597	—	—
	<u>5,120</u>	<u>3,569</u>	<u>—</u>	<u>4</u>

The above figures exclude taxation payable:

- (a) on disposal of revalued properties, since no material liability is anticipated.
- (b) on the chargeable gain which arose on the disposal of the Cheshunt training ground in June 1986, since rollover relief applies.

18. Called up share capital

	1995		1994	
	Number	£'000	Number	£'000
Ordinary shares of 25 pence each				
Authorised: at 31st May 1994 and 1995	21,600,000	5,400	21,600,000	5,400
Allotted and fully paid:	<u>16,019,053</u>	<u>4,005</u>	<u>16,019,053</u>	<u>4,005</u>

Options to subscribe for ordinary shares at a price of 82p were granted during 1994 in accordance with the rules of the Executive Share Option Scheme. These options may be exercised between 14th March 1997 and 14th March 2004. The total number of these options is currently 300,000. No new options were granted during the year.

Notes to the accounts

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19. Reserves

	Group			Company		
	Profit and loss account £'000	Revaluation reserve £'000	Share premium account £'000	Profit and loss account £'000	Revaluation reserve £'000	Share premium account £'000
Balance at 1st June 1994	14,720	2,969	1,192	2,494	2,629	1,192
Profit for the financial year	4,910	—	—	1,172	—	—
Dividends (note 7)	(481)	—	—	(481)	—	—
Other movement	53	(53)	—	53	(53)	—
Balance at 31st May 1995	19,202	2,916	1,192	3,238	2,576	1,192

The other movement represents the transfer from revaluation reserve of depreciation on the revaluation surplus.

20. Reconciliation of movements in Group shareholders' funds

	1995 £'000	1994 £'000
Profit for the financial year	4,910	597
Dividends (note 7)	(481)	(75)
	4,429	522
Unrealised deficit on revaluation of freehold land and buildings	—	(164)
Net addition to shareholders' funds	4,429	358
Opening shareholders' funds	22,886	22,528
Closing shareholders' funds	27,315	22,886

21. Reconciliation of operating profit to net cash inflow from operating activities

	1995 £'000	1994 £'000
Operating profit	5,982	1,137
Exceptional items	—	1,791
Depreciation charge	1,036	814
Amortisation of players' registrations	2,016	1,758
Profit on sale of intangible fixed assets	(2,594)	(1,102)
Loss on sale of tangible fixed assets	92	8
Decrease/(increase) in stocks	75	(92)
(Increase)/decrease in debtors	(766)	447
Increase in creditors	4,259	294
Net cash inflow from operating activities before exceptional items	10,100	5,055
Cash outflow in respect of exceptional items	(1,500)	(844)
Net cash inflow from operating activities	8,600	4,211

Notes to the accounts

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22. Analysis of cash and cash equivalents during the year

	1995	1994
	£'000	£'000
Overdraft balance at 1st June	(1,837)	(3,422)
Net cash (outflow)/inflow	(1,226)	1,585
Overdraft balance at 31st May	(3,063)	(1,837)

23. Analysis of changes in financing during the year

	Share capital	Share premium account	Hire purchase and finance lease obligations	Term bank loan	Other loans
	£'000	£'000	£'000	£'000	£'000
Balance at 1st June 1994	4,005	1,192	267	2,600	—
Cash inflow from financing	—	—	1,819	2,400	1,800
Cash outflow	—	—	(213)	(750)	(1,550)
Balance at 31st May 1995	4,005	1,192	1,873	4,250	250

The term bank loan includes £1,000,000 repayable within one year of the balance sheet date.

24. Commitments

The annual commitments under non-cancellable operating leases are:

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Land and buildings:				
Leases expiring within one year	—	33	—	33
Leases expiring within 2 to 5 years	22	—	22	—
Leases expiring in more than 5 years	65	65	65	65
	87	98	87	98
Other:				
Leases expiring within 1 year	9	13	4	4
Leases expiring within 2 to 5 years	5	17	—	—
	14	30	4	4
Capital commitments were as follows:				
contracted	—	—	—	—
authorised but not contracted	—	8,454	—	8,454

Notes to the accounts

continued

25. Pensions

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 pension cost charged during the year amounted to £34,000 (1994 – £60,000).

26. Contingent liabilities

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, 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 of these contingent liabilities will crystallise and the Directors consider that it is unlikely that there will be a net material charge to the Group in any year in respect of the above.

The Company is currently engaged in various legal actions as both defendant and plaintiff. It is not practical to make an estimate of the financial effect of these cases, however, it is not anticipated that they will have a material effect on the Company.

27. Post balance sheet events

Tottenham Hotspur Football and Athletic Company Limited has purchased the registration of C. Armstrong for a total of £4,500,000 since the year end.

Sales of players' registrations with gross proceeds totalling £9,348,000 have taken place since the year end. The players concerned were J. Klinsmann, G. Popescu, N. Barmby and J. Hendry.

The Board is aware that the Advocate General of the European Court of Justice has rendered his opinion on the 'Bosman Case' regarding the subject of European transfer fees. The case will be deliberated upon by the full European Court later this year. The Directors will continue to monitor the progress of this case and assess potential implications for the Group.

28. Ultimate Parent Company

The Company's ultimate parent company is Amshold Limited, a company incorporated in Jersey. Copies of the annual report and accounts of Amshold Limited can be obtained from Brentwood House, 169 Kings Road, Brentwood, Essex, CM14 4EF.

Five year review

	1995	1994	1993	1992 (restated)	1991 (restated)
	£'000	£'000	£'000	£'000	£'000
Turnover	<u>25,083</u>	<u>22,326</u>	<u>25,265</u>	<u>19,308</u>	<u>18,173</u>
Profit on ordinary activities before interest	<u>5,982</u>	<u>1,137</u>	<u>3,158</u>	<u>4,234</u>	<u>512</u>
Net interest (payable)/receivable	(629)	(252)	203	(1,177)	(2,293)
Profit/(loss) on ordinary activities before taxation	<u>5,353</u>	<u>885</u>	<u>3,361</u>	<u>3,057</u>	<u>(1,781)</u>
Taxation	(443)	(288)	(305)	(100)	21
Profit/(loss) on ordinary activities after taxation	<u>4,910</u>	<u>597</u>	<u>3,056</u>	<u>2,957</u>	<u>(1,760)</u>
Extraordinary items (see note below)	—	—	—	—	(1,355)
Profit/(loss) for the financial year	<u>4,910</u>	<u>597</u>	<u>3,056</u>	<u>2,957</u>	<u>(3,115)</u>
Dividends	(481)	(75)	(801)	—	—
Retained profit/(loss)	<u>4,429</u>	<u>522</u>	<u>2,255</u>	<u>2,957</u>	<u>(3,115)</u>
Net assets					
Intangible fixed assets	15,816	10,901	10,809	9,803	8,697
Tangible fixed assets	34,025	24,249	22,432	22,519	23,218
Net current liabilities	(12,577)	(8,871)	(10,501)	(9,902)	(18,695)
Total assets less current liabilities	<u>37,264</u>	<u>26,279</u>	<u>22,740</u>	<u>22,420</u>	<u>13,220</u>
Creditors – amounts falling due after more than one year	(9,949)	(3,393)	(212)	(400)	(1,152)
Net assets	<u>27,315</u>	<u>22,886</u>	<u>22,528</u>	<u>22,020</u>	<u>12,068</u>
Earnings/(loss) per share	30.7p	3.7p	19.1p	23.4p	(17.3p)
Dividends per share	3.0p	1.0p	5.0p	—	—

The extraordinary items in 1991 have been restated to reflect the write-off of the goodwill on acquisition of Synchro Systems Limited in accordance with UITF Consensus 3. The amount involved (£180,000) was previously written off directly to reserves. The profit on ordinary activities before interest figure and earnings per share figure for 1992 have been restated to reflect the basis of calculation recommended in FRS3 "Reporting Financial Performance" ie. based on earnings/(loss) after the re-classification of extraordinary items as exceptional items. The profit, earnings/(loss) per share, and extraordinary items figures for 1991 have not been restated since this is not required by FRS3 and therefore they are not strictly comparable with the same figures for 1992 to 1995.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the twelfth Annual General Meeting of Tottenham Hotspur plc ("the Company") will be held at 748 High Road, Tottenham, London N17 0AP on 18th October 1995 at 2.30 pm for the purposes of considering the following business:

AS ORDINARY BUSINESS:

1. To receive the Directors' Report and Consolidated Financial Statements of the Company for the year ended 31st May 1995.
2. To declare a final dividend.
3. To re-elect Mr. C. T. Sandy as a Director, who retires by rotation and, being eligible, offers himself for re-election.
4. To re-elect Mr. J. Sedgwick, who was appointed by the Board after the last Annual General Meeting, as a Director.
5. To re-appoint Touche Ross & Co. as auditors to the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

to consider and, if thought fit, pass resolutions 6 and 7 below as an ordinary and a special resolution respectively.

ORDINARY RESOLUTION

6. THAT, the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 to exercise the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £1,409,921 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 15 months from the date on which this resolution is passed, whichever is the earlier, and provided further that the Company may before such expiry make an offer or agreement which would or might require relevant securities of the Company to be allotted after such expiry and the Directors may allot such relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired. This authority shall replace the similar authority granted to the Directors at the Company's Annual General Meeting on 13th October 1994, which is hereby revoked with immediate effect.

SPECIAL RESOLUTION

7. THAT, subject to the passing of resolution 6, set out in the Notice convening an Annual General Meeting of the Company for 18 October 1995, the Directors of the Company be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the general authority conferred on the Directors by such resolution as if Section 89(1) of the Act did not apply to any such allotment provided that:
 - (i) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 15 months from the date on which this resolution is passed, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired;

Notice of Annual General Meeting

continued

- (ii) this power shall be limited to:
 - (A) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders, (notwithstanding that by reason of such exclusions as the Directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise howsoever, the equity securities to be issued are not offered to all such shareholders in proportion to the number of ordinary shares held by each of them); and
 - (B) the allotment (otherwise than pursuant to paragraph (A) above) for cash to any person or persons of equity securities up to an aggregate maximum nominal amount of £200,238.
- (iii) this authority shall replace the similar authority granted to the Directors at the Company's Annual General Meeting on 13th October 1994, which is hereby revoked with immediate effect.

Dated 20th September 1995

By Order of the Board,

J. Ireland
Secretary

Registered Office:
748 High Road,
Tottenham,
London N17 0AP

NOTES:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote in his/her place. A proxy need not be a member of the Company.
2. To be valid a duly executed instrument of proxy and any letter of authority or power of attorney (or a duly certified copy thereof) pursuant to which it has been executed must (failing previous registration with the Company) be lodged with the Company's Registrars, Independent Registrars Group Limited, Broseley House, Newlands Drive, Witham, Essex CM8 2UL at least 48 hours before the time appointed for holding the meeting.
3. The register of Directors' interests in the shares of the Company will be available for inspection at the place of and during the continuance of the Annual General Meeting to any person attending the meeting.
4. Copies of the Directors' service contracts with the Company will be available for inspection at the Registered Office of the Company during usual business hours from the date of this Notice until the date of the Annual General Meeting and at the place of the Annual General Meeting from fifteen minutes before the meeting until its conclusion.