

THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
ANNUAL REPORT AND ACCOUNTS  
For the year ended 31st May 1994

Registered in England and Wales  
Number 57186



# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and the audited accounts for the year ended 31st May 1994.

### BUSINESS REVIEW

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

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

For the 1993/94 season the club completed the league programme in fifteenth position in the premier league. The club lost in the fourth round of the F A Cup and in the fifth round of the Coca Cola Cup.

The commercial activities of the club continued to produce substantial income. The Directors expect the Company to trade profitably in future. The results for the year are set out in the profit and loss account on page 5.

### DIVIDENDS AND TRANSFER FROM RESERVES

The Directors do not recommend the payment of a dividend (1993 – £ nil). The retained loss for the year of £1,868,000 (1993 – profit £1,282,000) was transferred from reserves.

### DIRECTORS

The Directors who served since 1st June 1993 were as follows:

A.M. Sugar (Chairman)  
A.G. Berry  
C.M. Littner (from 5.11.1993)  
C.T. Sandy  
D.A. Alexiou  
I. Yawetz

The Directors, other than I Yawetz, are all Directors of Tottenham Hotspur plc, the immediate parent undertaking. Their interests in the shares of that company are shown in its financial statements. I. Yawetz had an interest in 250,000 shares of that company at 31st May 1994 (1993 – nil).

The interests of the Directors in the shares of Amshold Limited, the ultimate parent company, are shown in that company's financial statements.

# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS (continued)

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

### DIRECTORS' INTERESTS IN CONTRACTS

During the year Amstrad plc purchased advertising from the Company amounting to £4,320 plus VAT and is in the second year of a three year advertising contract worth £57,000 over the three years. A.M Sugar has a substantial minority shareholding in Amstrad plc. All of these transactions were at arm's length.

During the year the Company paid £22,068 plus VAT to Igal Yawetz and Associates Limited, a company in which I Yawetz is a majority shareholder, in respect of architectural services. The Company's immediate parent company, Tottenham Hotspur plc, paid a total of £207,979 plus VAT to the same company, also in respect of architectural services.

### POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

A number of player transactions have taken place after the year end and the contract of the football team manager, Osvaldo Ardiles, has been terminated. Details are included in note 18 to the accounts.

The Company was the subject of a Football Association inquiry into financial arrangements with players over the last decade. As a result of this inquiry a fine of £1,500,000 was imposed, together with the deduction of 6 League points from the 1994/5 season total and a one year ban from the FA Cup. This represents a reduction from the original penalty following appeal. The Company continues to fight this decision, having recently won the right to arbitration which will be heard in the near future.

The fine, which has been paid since the balance sheet date, together with associated costs have been accrued in these accounts.

### 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 at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable accounting standards.

# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED DIRECTORS' REPORT (continued)

## DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS (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 assume that the Company will continue in business.

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

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

## TAX STATUS

In the opinion of the Directors the Company was a close company within the meaning of the Income and Corporation Taxes Act 1988 throughout the year ended 31st May 1994.

## FIXED ASSETS

Details of changes in fixed assets are given in note 6 to the accounts.

## DONATIONS

During the year the Company made no charitable donations (1993 - £ nil).  
There were no political donations during the year (1993 - £ nil).

## AUDITORS

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

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



J Ireland  
Secretary

10 3 NOV 1994

# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED

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

We have audited the accounts on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

### **Respective responsibilities of Directors and Auditors**

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

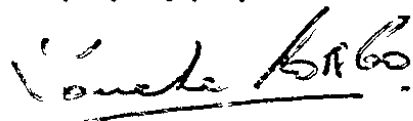
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### *Uncertainty arising from litigation*

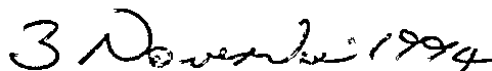
In forming our opinion, we have considered the adequacy of the disclosures made in note 17 which explains the status of major litigation between the Company and Edenote Limited. The future settlement of this litigation could result in additional liabilities. It is not possible to quantify the effects, if any, of this uncertainty. Our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31st May 1994 and of its loss 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  
Hill House  
1 Little New Street  
LONDON EC4A 3TR



THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
PROFIT AND LOSS ACCOUNT  
For the year ended 31st May 1994

| CONTINUING OPERATIONS                                   | Note | 1994<br>£'000  | 1993<br>£'000 |
|---|------|----------------|---------------|
| TURNOVER  | 2    | 15,061         | 14,521        |
| NET OPERATING EXPENSES                                  |      |                |               |
| Player and match expenses                               |      | 8,348          | 7,943         |
| Administrative expenses                                 |      | 7,512          | 5,362         |
| Net transfer fees                                       | 12   | 748            | (816)         |
|   |      | <u>16,608</u>  | <u>12,489</u> |
| OPERATING (LOSS)/PROFIT                                 |      | (1,547)        | 2,032         |
| Interest received/(paid) – net                          | 13   | <u>12</u>      | <u>(19)</u>   |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 4    | (1,535)        | 2,013         |
| Taxation on (loss)/profit on ordinary activities        | 14   | <u>(333)</u>   | <u>(731)</u>  |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR                    |      | <u>(1,868)</u> | <u>1,282</u>  |

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

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

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

**THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED**  
**BALANCE SHEET**  
**As at 31st May 1994**

|   | <u>Note</u> | <u>1994<br/>£'000</u> | <u>1993<br/>£'000</u> |
|---|-------------|-----------------------|-----------------------|
| TANGIBLE FIXED ASSETS                                       | 6           | <u>272</u>            | <u>189</u>            |
| CURRENT ASSETS  |             |                       |                       |
| Debtors   | 7           | 7,780                 | 9,470                 |
| Cash at bank and in hand                                    |             | <u>742</u>            | <u>6</u>              |
|   |             | 8,522                 | 9,476                 |
| CREDITORS – amounts falling due<br>within one year          | 8           | <u>(5,538)</u>        | <u>(4,583)</u>        |
| NET CURRENT ASSETS  |             | <u>2,984</u>          | <u>4,893</u>          |
| TOTAL ASSETS LESS CURRENT LIABILITIES                       |             | 3,256                 | 5,082                 |
| CREDITORS – amounts falling due after<br>more than one year | 9           | (212)                 | (170)                 |
| NET ASSETS  |             | <u>3,044</u>          | <u>4,912</u>          |
| CAPITAL AND RESERVES  |             |                       |                       |
| Called up share capital                                     | 10          | 54                    | 54                    |
| Share premium account                                       |             | 1,083                 | 1,083                 |
| Profit and loss account                                     | 11          | 1,907                 | 3,775                 |
|   |             | <u>3,044</u>          | <u>4,912</u>          |

The accounts were approved by the Board of Directors on

Signed on behalf of the Board

A.M. Sugar  
Director

C.T. Sandy  
Director

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

10.3 NOV 1994

# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31st May 1994

### 1. ACCOUNTING POLICIES

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

#### Basis of Accounting

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

#### Turnover

Turnover comprises match and box receipts and other sales invoiced during the year exclusive of Value Added Tax.

#### Transfer fees

Transfers of players' registrations, together with associated costs, are dealt with through the profit and loss account in the year in which the transfer takes place. Transfers are recognised in the year in which the transfer is registered with the relevant football governing body (currently the Premier League) except where the contract is not conditional upon registration in which case the transfer is recognised when the contract becomes unconditional (usually when payment is made or received). Payments or receipts which are contingent on the performance of team or player are not recognised until the event crystallising such payments or receipts have taken place. Signing on fees are charged to the profit and loss account in the year in which they are payable.

#### Pension costs

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

#### Depreciation

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

|                |     |
|----------------|-----|
| Motor vehicles | 20% |
|----------------|-----|

#### Finance leases

Assets held under finance leases are included in fixed assets at total rental cost less finance charges. Finance charges are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.



# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED NOTES TO THE ACCOUNTS

For the year ended 31st May 1994

## 2. TURNOVER

|                     | 1994          | 1993          |
|---------------------|---------------|---------------|
|                     | £'000         | £'000         |
| Turnover comprises: |               |               |
| Match receipts      | 7,268         | 6,726         |
| Executive boxes     | 1,928         | 1,853         |
| Sponsorship         | 2,386         | 2,094         |
| Programmes          | 527           | 516           |
| T. V. fees          | 1,696         | 2,332         |
| Other               | 1,256         | 1,000         |
|                     | <u>15,061</u> | <u>14,521</u> |

## 3. STAFF NUMBERS AND COSTS

The average numbers of employees during the  
the year was as follows:

|                         | 1994       | 1993       |
|-------------------------|------------|------------|
|                         | No         | No         |
| Players                 | 61         | 66         |
| Football Administration | 26         | 23         |
| Administration          | 49         | 52         |
|                         | <u>136</u> | <u>141</u> |

The aggregate payroll cost of these  
employees was as follows:

|                             | 1994         | 1993         |
|-----------------------------|--------------|--------------|
|                             | £'000        | £'000        |
| Wages, salaries and bonuses | 5,622        | 4,905        |
| Social security costs       | 535          | 469          |
| Other pension costs         | 50           | 31           |
|                             | <u>6,207</u> | <u>5,405</u> |

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

|  | 1994  | 1993  |
|--|-------|-------|
|  | £'000 | £'000 |
| This is stated after charging:                                 |       |       |
| Depreciation on tangible fixed assets                          | 75    | 63    |
| Auditors' remuneration and expenses                            | 24    | 24    |
| Stadium hire and management fees                               | 2,436 | 2,692 |
| Operating lease rentals  | 88    | 114   |
| Exceptional charges included within<br>administrative expenses |       |       |
| F A fine and associated costs                                  | 1,650 | -     |
| Provision against amount owed by<br>group undertaking          | 1,340 | -     |
| East Stand repairs   | -     | 600   |

THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
For the year ended 31st May 1994

5. DIRECTORS' EMOLUMENTS

The emoluments of the Directors of the Company for the year were £7,497 (1993 – £217,305) of which £ nil (1993 – £nil) related to pension contributions. Excluding pension contributions, the emoluments of the highest paid Director (who was not the Chairman) were £7,497 (1993 – £217,305). None of the other Directors received any remuneration from the Company during the year (1993 – £ nil).

6. TANGIBLE FIXED ASSETS

|                                       | Motor<br>Vehicles<br>£'000 |
|---------------------------------------|----------------------------|
| <u>COST</u>                           |                            |
| As at 1st June 1993                   | 301                        |
| Purchases                             | 231                        |
| Transfers in from fellow subsidiaries | 11                         |
| Disposals                             | (114)                      |
| As at 31st May 1994                   | <u>429</u>                 |
| <u>DEPRECIATION</u>                   |                            |
| As at 1st June 1993                   | 112                        |
| Transfers in from fellow subsidiaries | 11                         |
| Disposals                             | (41)                       |
| Charged in the year                   | 75                         |
| As at 31st May 1994                   | <u>157</u>                 |
| <u>NET BOOK VALUE</u>                 |                            |
| As at 31st May 1994                   | <u>272</u>                 |
| As at 31st May 1993                   | <u>189</u>                 |

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

|                              | 1994<br>£'000 | 1993<br>£'000 |
|------------------------------|---------------|---------------|
| Net book value               | 37            | 120           |
| Depreciation charged in year | <u>15</u>     | <u>51</u>     |

# THE TOTTENHAM HOTSPUR FOOTBALL & ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31st May 1994

| 7. DEBTORS                         | 1994<br>£'000 | 1993<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 969           | 507           |
| Amounts owed by group undertakings | 6,023         | 8,422         |
| Other debtors                      | 217           | 153           |
| Prepayments and accrued income     | 571           | 388           |
|                                    | <u>7,780</u>  | <u>9,470</u>  |

Trade debtors above include £806,250 (1993 - £311,149) in respect of transfers of players' registrations.

Other debtors include £90,110 (1993 - £100,000) repayable in more than one year.

| 8. CREDITORS - AMOUNTS FALLING DUE<br>WITHIN ONE YEAR | 1994<br>£'000 | 1993<br>£'000 |
|---|---------------|---------------|
| Bank overdraft  | -             | 399           |
| Obligations under finance leases                      | 114           | 71            |
| Payments received in advance                          | 1,846         | 1,456         |
| Trade creditors                                       | 875           | 1,069         |
| Other creditors                                       | 413           | 497           |
| Corporation tax                                       | 363           | 238           |
| Accruals and deferred income                          | 1,927         | 853           |
|   | <u>5,538</u>  | <u>4,583</u>  |

Trade creditors above include £405,000 (1993 - £408,477) in respect of transfers of players' registrations.

Obligations under finance leases are secured by related leased assets.

| 9. CREDITORS - AMOUNTS FALLING DUE<br>AFTER ONE YEAR | 1994<br>£'000 | 1993<br>£'000 |
|--|---------------|---------------|
| Obligations under finance leases                     | 89            | 48            |
| Payments received in advance                         | 123           | 122           |
|  | <u>212</u>    | <u>170</u>    |

The finance lease obligations are all repayable within five years.

Obligations under finance leases are secured by related leased assets.

THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
For the year ended 31st May 1994

| 10. SHARE CAPITAL  | <u>Number</u>              | <u>£'000</u> |
|--|----------------------------|--------------|
| Ordinary shares of £1 each                                       |                            |              |
| Authorised:  |                            |              |
| At 31st May 1993 and 31st May 1994                               | <u>53,812</u>              | <u>54</u>    |
| Issued, called up and fully paid:                                |                            |              |
| At 31st May 1993 and 31st May 1994                               | <u>53,812</u>              | <u>54</u>    |
| 11. RESERVES   | Profit and<br>Loss account |              |
|  | <u>£'000</u>               |              |
| Balance at 1st June 1993   | 3,775                      |              |
| Loss for the financial year                                      | (1,868)                    |              |
| Balance at 31st May 1994   | <u>1,907</u>               |              |
| 12. TRANSFER FEES - NET  | 1994                       | 1993         |
|  | <u>£'000</u>               | <u>£'000</u> |
| Net sales  | 3,925                      | 7,394        |
| Purchases  | (4,673)                    | (6,578)      |
|  | <u>(748)</u>               | <u>816</u>   |
| 13. INTEREST PAYABLE - NET                                       | 1994                       | 1993         |
|  | <u>£'000</u>               | <u>£'000</u> |
| Interest receivable  | 29                         | 6            |
| Finance lease charges  | (15)                       | (18)         |
| Other interest charges   | (2)                        | (7)          |
|  | <u>12</u>                  | <u>(19)</u>  |
| 14. TAXATION ON PROFIT ON ORDINARY ACTIVITIES                    | 1994                       | 1993         |
|  | <u>£'000</u>               | <u>£'000</u> |
| UK Corporation tax at 33% (1993 - 33%) on profit<br>for the year | 289                        | 898          |
| Group relief   | 44                         | -            |
| Adjustments in respect of prior years:                           |                            |              |
| Group relief   | -                          | (240)        |
| Advance corporation tax  | -                          | 46           |
| Corporation tax  | -                          | 27           |
|  | <u>333</u>                 | <u>731</u>   |

THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
For the year ended 31st May 1994

14. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax charge does not bear a normal relationship to the loss before tax due to certain items not being allowable for tax purposes and certain timing differences not equalised by the creation of a deferred tax asset.

15. COMMITMENTS

The annual commitments under non-cancellable operating leases are:

Leases expiring within 1 year

Leases expiring within 2 to 5 years

| 1994  | 1993  |
|-------|-------|
| £'000 | £'000 |
| 9     | 25    |
| 17    | 20    |
| 26    | 45    |

There were no capital commitments either contracted or authorised at 31st May 1994 or 31st May 1993.

16. PENSIONS

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

The assets of the schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the year amounted to £50,000 (1993 – £31,000).

17. CONTINGENT LIABILITIES

The Company is party to group banking arrangements such that any deposits held by the Company are off set against borrowings in other group companies. It is also a cross-guarantor of the group's banking facilities. At 31st May 1994 the net liability under such arrangements amounted to £1,837,000.

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

**THE TOTTENHAM HOTSPUR FOOTBALL &  
ATHLETIC COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
For the year ended 31st May 1994**

**17. CONTINGENT LIABILITIES (continued)**

A claim has been lodged against the Company by Edennote Limited. The claim calls for compensation for alleged breach of contract and has still not been resolved at the date of this report. As noted last year the action is being strongly resisted and no provision for compensation has been included in these accounts. It is not possible, however, to determine with any certainty the ultimate cost of resolution which may become payable.

**18. POST BALANCE SHEET EVENTS**

Sales of players' registrations with gross proceeds totalling £3,267,500 have taken place since the year end. The players concerned were S. Sedgley, V. Samways and P. Beadle.

Purchases of players' registrations totalling £7,835,900 have also taken place since the year end in respect of I. Dumitrescu, J. Klinsmann, and G. Popescu. The contract of the football team manager, Osvaldo Ardiles, has been terminated since the year end and Steve Perryman has been appointed as caretaker manager. Any compensation payments made will be included in the accounts for the year ended 31st May 1995.

**19. 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. The parent company of the smallest group for which group accounts are prepared is Tottenham Hotspur plc. Copies of the annual report and accounts of Tottenham Hotspur plc can be obtained from 748 High Road, Tottenham, London, N17 0AP.