

**Company Registration No. 57186**

**Tottenham Hotspur Football & Athletic  
Co. Ltd**

**Report and Financial Statements**

**30 June 2019**



# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Report and financial statements 2019**

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# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Report and financial statements 2019**

### **Officers and professional advisers**

#### **Directors**

D P Levy  
M J Collecott  
D Cullen  
R Caplehorn

#### **Secretary**

M J Collecott

#### **Registered Office**

Lilywhite House  
782 High Road  
Tottenham  
London  
N17 0BX

#### **Bankers**

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

#### **Solicitors**

Slaughter and May LLP  
1 Bunhill Row  
London  
EC1Y 8YY

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Strategic report**

The Directors present their Strategic Report on the affairs of Tottenham Hotspur Football & Athletic Co. Ltd together with the Directors' Report, Financial Statements and Auditor's Report for the year ended 30 June 2019. In preparing this strategic report, they have complied with s414C of the Companies Act 2006.

### **Principal activities and business review**

The principal activity of Tottenham Hotspur Football & Athletic Co. Ltd ("the Company") is the operation of a professional football club. The Company derives its income principally from the provision of football entertainment, media, sponsorship and related commercial income related to running a Premier League football club.

In the event that the UK leaves the European Union in the financial year 2019-20, the Directors do not expect there to be a material impact as it is expected that participation in European competitions and the status of current overseas players will be unaffected.

The Directors continue to monitor the potential risks to the UK economy and the impact these may have on the Club's revenues, commercial activities, cost base and foreign exchange exposure, but believe that the Club is sufficiently robust to react to change.

Under a management agreement Tottenham Hotspur Stadium Limited provides use of a Stadium and ancillary services to the Company.

Under a management agreement Tottenham Hotspur Academy (Enfield) Limited provides use of a new Training Centre and ancillary services to the Company.

The commercial activities of the Club continued to produce substantial income.

### **Future Development**

The Company will continue in the operation of a professional football club, deriving its revenue from media, sponsorship and commercial activities.

### **Principle risks and uncertainties**

The risks and uncertainties of the company are aligned to those of Tottenham Hotspur Limited and discussed in page 4 of the consolidated Group accounts.

### **Revenue**

Revenue increased on the previous year. Revenue for the year was £481.4m (2018: £367.8m) while excluding football trading there was an operating profit of £156.6m (2018: £108.9m profit).

The Club participated in the Group Stages and reached the final of the UEFA Champions League (2018: Group Stages and the Round of 16 of the UEFA Champions League) resulting in prize money of £94.0m (2018: £62.9m).

Revenue from the domestic cup competitions earned the Club £1.3m (2018: £3.7m) having reached the semi-final round of the EFL Cup (2018: fourth round) and the fourth round of the FA Cup (2018: semi-final round).

The Company generated revenue totalling £nil (2018: £45.8m) from gate receipts relating to Premier League fixtures played at Wembley Stadium and Tottenham Hotspur Stadium in the year, as this is now recognised in a different company within the Group.

Television and media revenues increased to £149.9m (2018: £147.6m), whilst the Club finished 4<sup>th</sup> in the Premier League (2018: 3<sup>rd</sup>) due to an additional live televised game and overseas monies.

Sponsorship income increased to £99.0m (2018: £93.9m). Other income streams decreased to £11.2m (2018: £13.9m).

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

Operating expenses before football trading increased by £65.9m and 25.5% from £258.9m to £324.8m in the year. Included within operating expenses before football trading is depreciation of £4.0m (2018: £2.4m).

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Strategic report (continued)**

### **Profit from operations**

Profit from operations, excluding football trading and before depreciation, was £160.6m (2018: £111.4m) and after deducting depreciation was £156.6m (2018: £109.0m).

### **Amortisation and impairment of intangible assets**

Amortisation and impairment of intangible assets and other football trading-related expenditure (net of income) has decreased to £43.8m (2018: £68.0m).

### **Profit on disposal of intangible assets**

Profit on the disposal of intangible assets was £10.9m for the financial year (2018: £73.1m) which included the sales of Mousa Dembele to Guangzhou R&F, Keanan Bennetts to Borussia Monchengladbach as well as additional contractual clauses activated relating to intangible assets previously disposed.

### **Profit for the period**

The overall result of the above is a profit after taxation of £87.3m (2018: £79.4m).

### **Financial Fair Play**

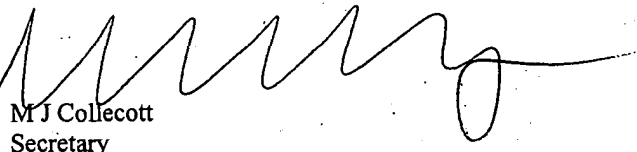
The Club continues to comply and support both UEFA and the Premier League Financial Fair Play criteria.

### **Financial risk management objectives and policies**

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business the only financial risks that the directors consider relevant to the Company are interest rate risk, currency risk and cash flow risk.

The Company addresses cash flow risk carefully, managing its working capital inflows and outflows. The Company hedges its interest exposure by using fixed interest rate facilities where it is deemed appropriate. The Company is exposed to foreign currency exchange risk through its player transactions but manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Company does not enter into complex financial instruments for speculative purposes.

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



M J Collecott  
Secretary

28 January 2020

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Directors' report**

### **Directors**

The Directors who served throughout the year were as follows:

D P Levy  
M J Collecott  
D Cullen  
R Caplehorn

There are no directors' interests in the share capital of the Company that are required to be disclosed.

### **Dividends and results**

The Directors do not recommend the payment of a dividend the current period (2018: £nil). The Company made a profit after tax for the year of £87,250,000 (2018: profit of £79,399,000) and the net assets as at 30 June 2019 were £191,384,000 (2018: £104,134,000).

### **Disclosure of information to the auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is not aware; and
- the director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

### **Contingent assets and liabilities and post balance sheet events**

Details are included in notes 17 and 18 to the accounts.

### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies are given in the Strategic report.

### **Donations**

During the year ended 30 June 2019 the Company made charitable donations of £12,000 (2018: £11,000). There were no political donations during the year (2018: £nil). The group, headed by Tottenham Hotspur Limited, makes many other contributions of Tottenham Hotspur Football Club memorabilia to local registered charities, especially in the Haringey and Enfield districts and adjacent catchment areas.

### **Employees**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Group. This is achieved by departmental meetings and intranet notices.

Applications for employment by disabled persons are always considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Directors' report (continued)**

### **Going concern**

The Company has net current assets at 30 June 2019. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, the current economic downturn and the need for additional funding requirements for a new stadium development. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur Limited, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

### **Auditor**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



M J Collecott  
Secretary

28 January 2020

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of Tottenham Hotspur Football & Athletic Co. Ltd**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tottenham Hotspur Football & Athletic Co. Ltd (the 'company') which comprise:

- the profit and loss account;
- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Independent auditor's report to the members of Tottenham Hotspur Football & Athletic Co. Ltd (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

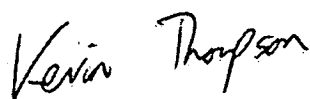
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Kevin Thompson (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
28 January 2020

# Tottenham Hotspur Football & Athletic Co. Ltd

## Income statement

Year ended 30 June 2019

	Notes	Operations excluding football trading* £'000	Football trading * £'000	2019 Total £'000	2018 Total £'000
Revenue	2	481,415		481,415	367,827
Operating expenses	3	(324,812)	(43,796)	(368,608)	(326,831)
Operating profit/(loss)	4	156,603	(43,796)	112,807	40,996
Profit on disposal of intangible fixed assets	6	-	10,885	10,885	73,058
Profit from operations		156,603	(32,911)	123,692	114,054
Net finance costs	7			(14,766)	(15,249)
Profit on ordinary activities before taxation				108,926	98,805
Tax charge on profit on ordinary activities	8			(21,676)	(19,406)
Retained profit for the financial year				87,250	79,399

\*Football trading represents the amortisation, impairment, and the profit or loss on disposal of intangible fixed assets and other football trading related income and expenditure.

† See note 2 for a breakdown.

The above results for the current and prior year all derive from continuing operations.

There is no other comprehensive income in either period other than the profit as stated above and therefore no statement of comprehensive income is presented.

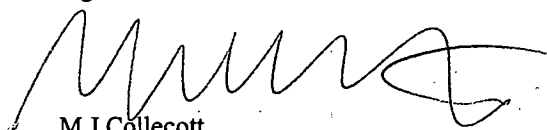
# Tottenham Hotspur Football & Athletic Co. Ltd

## Balance sheet At 30 June 2019

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Property, plant and equipment	9	41,678	24,333
Intangible assets	10	124,747	151,342
Trade receivables due after one year	11	-	4,053
		<u>166,425</u>	<u>179,728</u>
<b>Current assets</b>			
Trade and other receivables	11	363,860	246,864
Cash and cash equivalents		<u>101,782</u>	<u>60,635</u>
		465,642	307,499
<b>Current liabilities</b>	12	<u>(221,983)</u>	<u>(173,267)</u>
<b>Net current assets</b>		<u>243,659</u>	<u>134,232</u>
<b>Total assets less current liabilities</b>		410,084	313,960
<b>Non-current liabilities</b>	13	(165,015)	(175,204)
<b>Provisions for liabilities</b>	14	<u>(53,685)</u>	<u>(34,622)</u>
<b>Net assets</b>		<u>191,384</u>	<u>104,134</u>
<b>Equity</b>			
Share capital	15	54	54
Share premium		1,083	1,083
Retained earnings		<u>190,247</u>	<u>102,997</u>
<b>Net assets</b>		<u>191,384</u>	<u>104,134</u>

The financial statements of Tottenham Hotspur Football & Athletic Co. Ltd, registered number 57186, were approved by the Board of Directors and authorised for issue on 28 January 2020.

Signed on behalf of the Board of Directors

  
M J Collecott  
Director

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Statement of changes in equity Year ended 30 June 2019**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2017	54	1,083	23,598	24,735
Profit for the year	-	-	79,399	79,399
Balance at 30 June 2018	54	1,083	102,997	104,134
Profit for the year	-	-	87,250	87,250
Balance at 30 June 2019	54	1,083	190,247	191,384

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Notes to the accounts**

### **Year ended 30 June 2019**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and preceding financial year are described below.

#### **General information**

Tottenham Hotspur Football & Athletic Co. Ltd is a limited company incorporated and domiciled in the United Kingdom. The company is registered in England and Wales and the address of its registered office is disclosed in the company information. The principal activity of the company is described in the Strategic report.

#### **Basis of preparation**

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

#### **Application of new and revised International Financial Reporting Standards (IFRSs)**

The company has adopted the following new and revised IFRSs:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The company has not applied the following new and revised IFRSs that have been issued but are not effective:

- IFRS 16 Leases<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The impact of the adoption of IFRS 9 and 15 have no material impact on the results of the company.

#### **Summary of disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 Financial instruments: Disclosures
- The following paragraphs of IAS 1 Presentation of financial statements:
  - 10(d) statement of cash flows
  - 16 statement of compliance with all IFRS
  - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Tottenham Hotspur Limited. The consolidated financial statements of Tottenham Hotspur Limited are available to the public and can be obtained from Lilywhite House, 782 High Road, Tottenham, London N17 0BX.

#### **Cash flow statement**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement. Where required, equivalent disclosures are given in the consolidated accounts of Tottenham Hotspur Limited. The consolidated accounts of Tottenham Hotspur Limited are publicly available.

# **Tottenham Hotspur Football & Athletic Co. Ltd**

## **Notes to the accounts**

### **Year ended 30 June 2019**

#### **1. Accounting policies (continued)**

##### **Going concern**

The Company has net current assets at 30 June 2019. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, and the current economic downturn. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur Limited, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

##### **Revenue**

Revenue represents television income, sponsorship income and management fees receivable, measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, exclusive of VAT.

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.

The Company elected to adopt IFRS 15: 'Revenue from contracts with customers' from 1 July 2017. IFRS 15 includes a requirement to estimate the impact of timing of receipts related to contracts with customers and whether there is a significant financing component. Such guidance was not present in IAS 18 and therefore treatment was open to interpretation. As a result of the specific guidance in IFRS 15, revenue on certain commercial contracts will be higher under the new standard with an associated finance cost recognised over the period of each commercial contract.

IFRS 15 requires the Company to determine revenues recognised at a point in time from those recognised over time. All revenues are deemed to be recognised over time.

The Company adopted IFRS 9: Financial Instruments in the period. The impact of the adoption of IFRS 9 has no material impact on the results of the company.

##### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction. 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 Income statement.

##### **Corporation tax**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profits differ from net profit as reported in the Income statement because they exclude items of income or expense that are taxable or deductible in other years and they further exclude items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

##### **Deferred tax**

Deferred tax is the tax expected to be payable on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited in the income statement.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 1. Accounting policies (continued)

##### Pension costs

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

In addition the Company 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 IAS 19 "Employee Benefits" the Scheme would be treated as a defined benefit multi-employee 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 IAS 19.

##### Player costs and transactions

###### *a) Initial capitalisation*

The costs associated with the acquisition of players and key football management staff registrations are capitalised as intangible fixed assets. Any intangible assets acquired on deferred terms are recorded at the fair value at the date of acquisition. The fair value represents the net present value of the costs of acquiring players and key football management staff registrations.

###### *(b) Amortisation*

These costs are fully amortised on a straight-line basis over their useful economic lives, in equal annual instalments over the period of the respective contracts. Where a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

###### *(c) Contingent consideration*

Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfers are accounted for, as provisions and as additions to intangible assets, when the specified amount of appearances has been reached or the specified future events occur.

###### *(d) Impairment*

The Group will perform an impairment review on the intangible assets if events or changes in circumstances indicate that the carrying amount of the player may not be recoverable. The Group compares the carrying amount of the asset with its recoverable amount.

The Group does not consider that it is possible to determine the value in use of an individual football player in isolation as that player (unless via a sale or insurance recovery) cannot generate cash flows on his own. Furthermore, the Group also considers that all of the players are unable to generate cash flows even when considered together. Accordingly the Group considers the smallest cash-generating unit to contain all the other First Team players, the Stadium and the training facilities.

The Group calculates the value in use of this cash-generating unit by discounting estimated expected future cash flows (being the pre-player trading cash flows generated by the Group's existing operations and any future capital expenditure on the ground and First Team squad). The Group compares this with its assessment of the fair value less costs to sell of all of the First Team players and the higher of these two numbers is deemed to be the recoverable amount.

In certain rare instances there may be an individual player whom the Group does not consider to be part of the First Team squad going forwards and who will therefore not contribute to the future cash flows earned by the cash-generating unit. This is normally due to a permanent career-threatening injury, a serious and permanent fall out with the Group's senior football management and Directors, or where Group's senior football management and Directors have decided the player is not part of the Club's plans.



# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 1. Accounting policies (continued)

As a consequence of such situations the Group consider it highly unlikely that the player will play for the First Team for a significant part of the remaining duration of the player's contract. In such situations, the carrying value of the player is removed from the carrying value of players assessed as part of the cash-generating unit referred to above and instead this player will be assessed for impairment in isolation by considering his carrying value with the Group's best estimate of his fair value (less costs to sell). The Group estimate this using one of the following sources:

- in the case of a player who has suffered a career-threatening injury, the value attributed to the player by the Group's insurers;
- in the case of a player who has permanently fallen out with the Group's senior football management and Directors, or where they decided the player is not part of the Club's plans, then either:
  - i) the agreed selling price in the event the player has been transferred subsequent to the year end; or
  - ii) if there have not been any bids for the player, management's best estimation of the disposal proceeds (less costs) of the player on an arm's length basis. This is determined by the Group's senior football management in conjunction with the Directors who will use the outcome of recent player disposals (by both the Group and other football clubs) as a basis for their estimation.

#### (e) Disposals

Profits or losses on the disposal of these registrations represent the fair value of the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

#### (f) Remuneration

Remuneration of players is charged in accordance with the terms of the applicable contractual agreements and any discretionary bonus when there is a legal or contractual obligation.

Liabilities in respect of player loyalty fees are provided for, as part of operating expenses, when payment becomes probable as the player is contracted to the Club and the loyalty fee is payable prior to the next transfer window at the date the accounts are signed.

Present obligations arising under onerous employment contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### Property, Plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	Over the length of the lease
Plant and equipment	2 - 33% straight-line

Assets under the course of construction are carried at cost less depreciation until the date of transfer. Depreciation commences when the assets are ready for their intended use.

#### Critical accounting judgements and sources of estimation uncertainty

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 1. Accounting policies (continued)

##### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year. There are no critical accounting judgements.

##### Contingent liabilities

Current liabilities and provisions contain contingent bonuses payable to employees, players and clubs and are based on the best information available to management at the balance sheet date. However, the future costs assumed are inevitably only estimates, which may differ from those ultimately incurred.

##### Property, plant and equipment and intangible assets

All non-current assets, including property, plant and equipment and intangible assets, are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future ticket income, media and sponsorship revenue and on pitch performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect, the recoverable value of the asset.

##### Current taxation

The complex nature of tax legislation under which the Company operates necessitates the use of many estimates and assumptions, where the outcome may differ from that assumed.

#### 2. Revenue

Revenue, which all derives from the Company's principal activity, is analysed as follows:

	2019 £'000	2018 £'000
<b>Revenue comprises:</b>		
Cup competitions – Gate receipts and prize money	1,345	3,650
Premier League – Gate receipts	-	45,837
Sponsorship and corporate hospitality	98,967	93,904
Media and broadcasting	149,898	147,620
Management fee receivable	126,000	-
UEFA solidarity and prize money	93,963	62,942
Other	11,242	13,874
	<u>481,415</u>	<u>367,827</u>

All revenue derives from activities in the United Kingdom and is exclusive of VAT.

Premier League – Gate receipts in 2018 relate to income from home matches played at Wembley Stadium. In 2019 home matches were played at both Wembley Stadium and Tottenham Hotspur Stadium, although Gate receipts were recognised in another company within the group.

Management fee receivable relates to a fee paid by another company in the group for the operation of Tottenham Hotspur Stadium.

All revenue is recognised over time.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 3. Operating expenses

	2019 £'000	2018 £'000
Staff costs (note 5)	175,013	144,909
Amortisation, impairments and other net football trading income and expenditure	43,796	67,960
Other operating costs	149,799	113,962
	<u>368,608</u>	<u>326,831</u>

### 4. Operating profit

	2019 £'000	2018 £'000
<b>Operating profit is stated after charging:</b>		
Amortisation of intangible fixed assets	33,123	57,510
Impairment of intangible fixed assets	-	14,791
Depreciation	3,971	2,497
Charitable donations	13	11
Amounts paid under operating leases – land and buildings (note 19)	504	441
Management fees	<u>56,365</u>	<u>51,246</u>

The audit fee of £20,000 (2018: £20,000) is borne by another group company in the current year and prior year. No fees were paid to the Company's auditor or affiliated entities, relating to other services, during the year. Refer to the Tottenham Hotspur Limited financial statements for full disclosure of fees payable to the auditor.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 5. Staff number and costs

	2019	2018
The average number of employees (including Directors) during the year was as follows:		
Players and football administration staff	244	220
Administration staff	217	178
	<u>461</u>	<u>398</u>

The aggregate payroll costs of these employees (including Directors) was as follows:

	2019 £'000	2018 £'000
Wages, salaries and bonuses	153,230	127,738
Social security costs	21,409	16,963
Other pension costs (note 16)	374	208
	<u>175,013</u>	<u>144,909</u>

In addition the Company employs on average 162 temporary staff on match days (2018: 95). In addition to the above payroll costs, redundancy costs and costs of onerous employment contracts of £79,000 (2018: £3,000) were also charged to the income statement during the year.

The total aggregate remuneration of directors, who are deemed to represent key management personnel, for the year ended 30 June 2019 was £6.4m. However, this amount excluded a bonus which was deferred from the year ended 30 June 2018 as it was contingent upon completion of the stadium, which amounted to £3.9m, making the total aggregate remuneration for the year ended 30 June 2019 £10.3m. In respect of the year ended 30 June 2018, if total aggregate remuneration of directors was adjusted to reflect the deferred bonuses which were contingent on the stadium opening and paid during 2019, these would have totalled £8.2m (2018: £4.2m, excluding this adjustment). These amounts include pension costs of £2,000 (2018: £1,000). Also included within that remuneration are emoluments totalling £2,000 (2018: £10,000) paid to non-executive Directors.

The highest paid Director received remuneration of £4.0m for the year in addition to the bonus deferred from the prior year of £3.0m, as explained above (2018: £3.0m excluding the bonus deferred into 2019). The remuneration of all Directors was paid by the Company. The number of Directors for whom retirement benefits are accruing under a money purchase pension scheme is two (2018: two).

#### 6. Profit on disposal of intangible fixed assets

	2019 £'000	2018 £'000
Proceeds	11,605	84,524
Net book value of disposals	(720)	(11,466)
	<u>10,885</u>	<u>73,058</u>

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 7. Net finance costs

	2019 £'000	2018 £'000
Net notional interest expense on deferred payments for players' registrations	5,948	4,920
Net notional interest expense on deferred income relating to commercial revenues	8,821	10,378
Interest receivable	(3)	(49)
	<u>14,766</u>	<u>15,249</u>

### 8. Tax charge on ordinary activities

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK Corporation tax charge on profits for the year at 19% (2018: 19%)	(11,479)	(13,833)
Adjustment in respect of prior year	82	(349)
Current tax charge	<u>(11,397)</u>	<u>(14,182)</u>
<b>Deferred tax</b>		
Origin and reversal of timing differences in prior years	(280)	(97)
Origin and reversal of timing differences in current year	(1,419)	(538)
Accelerated capital allowances in current year	-	(55)
Rollover relief	(8,729)	(4,998)
Difference in tax rates	149	464
Deferred tax charge	<u>(10,279)</u>	<u>(5,224)</u>
Total tax charge on ordinary activities	<u>(21,676)</u>	<u>(19,406)</u>
<b>Reconciliation of the tax charge</b>		
Profit on ordinary activities before taxation	<u>108,926</u>	<u>98,805</u>
Tax on profit on ordinary activities before taxation at the UK statutory rate of 19% (2018: 19%)	(20,696)	(18,773)
Expenses not deductible	(622)	(388)
Fixed asset timing differences	(570)	(262)
Difference in tax rates	(149)	465
Other prior year adjustments	361	(448)
Total tax charge	<u>(21,676)</u>	<u>(19,406)</u>

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 8. Tax charge on ordinary activities (continued)

As per current UK corporate tax law, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017. The Finance (No. 2) Act 2016, which was substantively enacted on 6 September 2016 further reduces UK corporation tax rate to 17%, effective from 1 April 2020. The reduction in tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is reflected in these financial statements. This will reduce the future current tax charges accordingly.

Other than the provision for deferred tax (note 14) and the items referred to above, there are no items which would materially affect future tax charges.

#### 9. Property, plant and equipment

	Leasehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
<b>Cost</b>				
At 1 July 2018	11,536	7,981	10,903	30,420
Additions	31	21,284	-	21,315
Transfer of Assets	-	10,903	(10,903)	-
<b>At 30 June 2019</b>	<b>11,567</b>	<b>40,168</b>	<b>-</b>	<b>51,735</b>
<b>Accumulated depreciation</b>				
At 1 July 2018	879	5,208	-	6,087
Charge for the year	263	3,707	-	3,970
<b>At 30 June 2019</b>	<b>1,142</b>	<b>8,915</b>	<b>-</b>	<b>10,057</b>
<b>Net book value</b>				
At 30 June 2019	10,425	31,253	-	41,678
At 30 June 2018	10,657	2,773	10,903	24,333

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 10. Intangible fixed assets

	£'000
<b>Cost of registrations</b>	
At 1 July 2018	326,867
Additions	21,631
Disposals	(16,416)
	<u>332,082</u>
At 30 June 2019	
<b>Amortisation and impairment of registrations</b>	
At 1 July 2018	175,525
Charged in year – amortisation	47,506
Disposals	(15,696)
	<u>207,335</u>
At 30 June 2019	
<b>Net book value of registrations</b>	
At 30 June 2019	<u>124,747</u>
At 30 June 2018	<u>151,342</u>

Intangible assets relate entirely to the carrying value of the playing squad and are being amortised over the remaining length of the Players' contracts which are between one and five years.

In the period, capitalised player registrations relating to zero individuals were impaired (2018: two players were impaired by £14,791,000). Impairment losses were incurred where there was evidence that the carrying value of the player may not be recoverable in accordance with the Group's accounting policy. Recoverable amounts have been estimated as fair values less costs of disposal, in accordance with the Group's accounting policy.

### 11. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables due in more than one year	-	4,053
Non-current assets	-	4,053
Trade receivables	1,143	40,113
Amounts due from group undertakings	352,074	200,187
Inventory	682	435
Prepayments and accrued income	9,430	5,673
Other debtors	531	456
Trade and other receivables	<u>363,860</u>	<u>246,864</u>
	<u>363,860</u>	<u>250,917</u>

Trade receivables above include £4,473,000 (2018: £40,155,000) in respect of the disposal of players' registrations, of which £nil is due in more than one year (2018: £4,171,000).

All amounts owed by group undertakings are interest free and repayable on demand.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 12. Current liabilities

	2019 £'000	2018 £'000
Trade payables	41,157	47,961
Accruals and deferred income	146,221	91,992
Other payables	17,115	11,872
Other tax and social security	16,510	20,032
Corporation tax	980	1,410
	<u>221,983</u>	<u>173,267</u>

Trade payables above include £32,969,000 in respect of the acquisition of players' registrations (2018: £44,123,000).

### 13. Non-current liabilities

	2019 £'000	2018 £'000
Trade payables	54,919	64,297
Other payables	10,809	10,708
Accruals and deferred income	99,287	100,199
	<u>165,015</u>	<u>175,204</u>

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



# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 14. Provisions for liabilities

	2019 £'000
<b>Provisions on employment contracts</b>	
At 1 July 2018	6,220
Provided during the year	15,004
Utilised during the year	(6,220)
Released during the year	-
At 30 June 2019	<u>15,004</u>
<b>Deferred tax</b>	
At 1 July 2018	28,402
Charged during the year	10,279
At 30 June 2019	<u>38,681</u>
<b>Total</b>	
At 30 June 2019	<u>53,685</u>
At 30 June 2018	<u>34,622</u>

	2019 £'000	2018 £'000
Deferred taxation has been provided as follows:		
Roll over relief	38,954	29,026
Short-term timing differences	(553)	(918)
Accelerated capital allowances	280	294
Total provision	<u>38,681</u>	<u>28,402</u>

The timing of the outflow of the contingent transfer fees and provisions on player contracts are dictated by the contractual provisions of the relevant agreements. These provisions are classified as current liabilities.

### 15. Share capital

	2019 £'000	2018 £'000
<b>Authorised:</b>		
53,812 ordinary shares of £1 each	<u>54</u>	<u>54</u>
<b>Called up, allotted and fully paid:</b>		
53,812 ordinary shares of £1 each	<u>54</u>	<u>54</u>

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts Year ended 30 June 2019

### 16. Pensions

#### Defined contribution schemes

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance Scheme. Others are members of a self-administered Company money purchase scheme. The assets of these schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the year amounted to £374,000 (2018: £208,000).

The Company made no payments in either the current year or prior year into an Employee Funded Retirement Benefit Scheme administered by Sanne Trust Company Limited. Accordingly, no liability in respect of the scheme is recognised by the Company.

#### Defined benefit scheme

The Company 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 2017 and indicated that the contribution required from the Company towards making good this deficit was £551,000 at 1 September 2018. The pension cost charged during the year relating to this deficit was £379,000 (2018: £nil). At the balance sheet date the Company's share of this deficit was £375,000 (2018: £92,000).

### 17. Contingent liabilities and assets

The Company, together with its subsidiaries, has given a multi-lateral 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 which has not been provided for was £21,047,000 (2018: £14,879,000).

The Company is satisfied that no unprovided liability will arise.

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 £20,770,000 (2018: £16,885,000), none of which has been recognised.

### 18. Post balance sheet events

Since the balance sheet date the following events have occurred:

- K Trippier was sold to Atletico Madrid;
- V Janssen was sold to Monterrey;
- G K N'Koudou was sold to Besiktas;
- J Onomah was sold to Fulham;
- T Ndombele was purchased from Olympique Lyon;
- R Sessegnon was purchased from Fulham;
- C Carter-Vickers was loaned to Stoke City;
- G Lo Celso was loaned from Real Betis;
- M Pochettino and coaching staff were relieved of their duties;
- J Mourinho and coaching staff were appointed;
- G Fernandes was loaned from Benfica

Including Football League levies, the non-contingent net expenditure from these transactions amounted to approximately £88,876,394.

The contingent liability from the above player transactions amounts to approximately £22,384,431 and the contingent asset amounts to approximately £7,108,837.

# Tottenham Hotspur Football & Athletic Co. Ltd

## Notes to the accounts

### Year ended 30 June 2019

#### 19. Commitments

##### Capital and other commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2018: £nil).

At the balance sheet date, the company had outstanding commitments to external parties for future minimum lease payments under non-cancellable operating leases over long and short leasehold land and buildings, which fall due as follows:

	2019 £'000	2018 £'000
Within one year	504	441
Between one and five years	2,015	1,764
Later than five years	12,848	11,687
	<u>15,367</u>	<u>13,892</u>

The above does not include any internal operating lease arrangements.

#### 20. Ultimate parent company

The ultimate controlling party is ENIC International Limited, a company incorporated and registered in the Bahamas. The parent undertaking of the largest and smallest group, which includes the company, and for which group financial statements are prepared is Tottenham Hotspur Limited, a company incorporated in the United Kingdom and registered in England and Wales. Copies of the annual report and accounts of Tottenham Hotspur Limited can be obtained from Lilywhite House, 782 High Road, Tottenham, London N17 0BX.

#### 21. Related party transactions

The company has applied the exemption granted by FRS 101 'Reduced Disclosure Framework' not to disclose intercompany transactions with Tottenham Hotspur group companies.