

Company Registration No. 57186

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

Report and Financial Statements

30 June 2018



Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2018

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Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2018

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 2018. 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.

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

Tottenham Hotspur Football & Athletic Co. Ltd ("the Company") will continue in the operation of a professional football club, deriving its revenue from media, sponsorship and commercial activities.

Revenue

Revenue increased on the previous year. Revenue for the year was £367.8m (2017: £275.4m) while excluding football trading there was an operating profit of £108.9m (2017: £52.7m profit).

The Club participated in the Group Stages and the Round of 16 of the UEFA Champions League (2017 Group Stages of the UEFA Champions League and the Round of 32 of the UEFA Europa League) resulting in gate receipts and prize money of £62.9m (2017: £38.4m).

Revenue from the domestic cup competitions earned the Club £3.7m (2017: £2.3m) having reached the fourth round of the EFL Cup (2017: fourth round) and the semi-final round of the FA Cup (2017: semi-final round).

The Company generated revenue totalling £45.8m (2017: £nil) from gate receipts relating to Premier League fixtures played at Wembley Stadium in the year.

Media and broadcasting revenues decreased to £147.6m (2017: £149.8m), as a result of finishing one place lower in the Premier League in 3rd (2017: 2nd).

Sponsorship and corporate hospitality income increased to £93.9m (2017: £46.0m). Other income streams decreased to £13.9m (2017: £15.7m).

Operating expenses (excluding football trading)

Operating expenses before football trading increased by £36.2m and 16.3% from £222.7m to £258.9m in the year. Included within operating expenses before football trading are one-off costs associated with stadium construction enabling works and new commercial and employment contracts ("Exceptional Items") of £nil (2017: £6.7m) and depreciation of £2.4m (2017: £2.1m).

Profit from operations

Profit from operations, excluding football trading and before Exceptional Items and depreciation, was £111.5m (2017: £61.5m) and after deducting Exceptional Items and depreciation was £109.0m (2017: £52.7m).

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets and other football trading-related expenditure (net of income) has increased to £68.0m (2017: £48.4m) as a result of acquisitions including D Sanchez, S Aurier and L Moura.

Profit on disposal of intangible assets

Profit on the disposal of intangible assets was £73.1m for the financial year (2017: £40.0m) which included the sales of Kyle Walker to Manchester City, Nabil Bentaleb to FC Schalke, Kevin Wimmer to Stoke City, Clinton N'Jie to Olympique Marseille and Federico Fazio to AS Roma.

Tottenham Hotspur Football & Athletic Co. Ltd

Strategic report (continued)

Profit for the period

The overall result of the above is a profit after taxation of £79.4m (2017: £23.0m).

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

25 October 2018

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 (2017: £nil). The Company paid an interim dividend of £80,000,000 in the prior period to Tottenham Hotspur Limited, the Company's immediate parent company. The Company made a profit after tax for the year of £79,399,000 (2017: profit of £23,040,000) and the net assets as at 30 June 2018 were £104,134,000 (2017: £24,735,000).

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 18 and 19 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 2018 the Company made charitable donations of £11,000 (2017: £415,000). There were no political donations during the year (2017: £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 2018. 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 L Collecott
Secretary

25 October 2018

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 2018 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 23.

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. 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

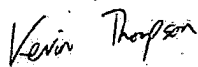
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
26 October 2018

Tottenham Hotspur Football & Athletic Co. Ltd

Income statement Year ended 30 June 2018

	Notes	Operations excluding football trading* £'000	Football trading * £'000	2018 Total £'000	2017 (restated) Total † £'000
Revenue	3	367,827	-	367,827	275,404
Operating expenses	4	(258,871)	(67,960)	(326,831)	(271,149)
Operating profit/(loss)	5	108,956	(67,960)	40,996	4,255
Profit on disposal of intangible fixed assets	7	-	73,058	73,058	39,964
Profit from operations		108,956	5,098	114,054	44,219
Net finance costs	8			(15,249)	(15,226)
Profit on ordinary activities before taxation				98,805	28,993
Tax charge on profit on ordinary activities	9			(19,406)	(5,953)
Retained profit for the financial year				79,399	23,040

*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 2018

	Notes	2018 £'000	2017 (restated) £'000
Non-current assets			
Property, plant and equipment	10	24,333	14,339
Intangible assets	11	151,342	118,894
Trade receivables due after one year	12	4,053	1,276
		<u>179,728</u>	<u>134,509</u>
Current assets			
Trade and other receivables	12	246,864	249,776
Cash and cash equivalents		60,635	52,974
		<u>307,499</u>	<u>302,750</u>
Current liabilities	13	<u>(173,267)</u>	<u>(201,249)</u>
Net current assets		<u>134,232</u>	<u>101,501</u>
Total assets less current liabilities		<u>313,960</u>	<u>236,010</u>
Non-current liabilities	14	<u>(175,204)</u>	<u>(181,540)</u>
Provisions for liabilities	15	<u>(34,622)</u>	<u>(29,735)</u>
Net assets		<u><u>104,134</u></u>	<u><u>24,735</u></u>
Equity			
Share capital	16	54	54
Share premium		1,083	1,083
Retained earnings		102,997	23,598
Net assets		<u><u>104,134</u></u>	<u><u>24,735</u></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 25 October 2018.

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 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2016	54	1,083	80,558	81,695
Dividends paid	-	-	(80,000)	(80,000)
Profit for the year (restated)	-	-	23,040	23,040
Balance at 30 June 2017 (restated)	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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

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 (except for the first year adoption of IFRS 15 – see note 23), 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 Directors' 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.

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 2018

1. Accounting policies (continued)

Going concern

The Company has net current assets at 30 June 2018. 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 has 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. The early adoption of IFRS 15 has no impact on equity as at 1 June 2016.

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.

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 2018

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 2018

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	20 - 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 2018

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. Analysis of comparative Income statement

	2017 (restated)		
	Operations excluding football trading £'000	Football Trading £'000	Total £'000
Revenue	275,404	-	275,404
Operating expenses	(222,713)	(48,436)	(271,149)
Operating profit/(loss)	52,691	(48,436)	4,255
Profit on disposal of intangible fixed assets	-	39,964	39,964
Profit from operations	52,691	(8,472)	44,219

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

3. Revenue

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

	2018 £'000	2017 (restated) £'000
Revenue comprises:		
Cup competitions – Gate receipts and prize money	3,650	2,348
Premier League – Gate receipts	45,837	-
Sponsorship and corporate hospitality	93,904	46,014
Media and broadcasting	147,620	149,760
Management fee receivable	-	23,163
UEFA solidarity and prize money	62,942	38,420
Other	13,874	15,699
	<u>367,827</u>	<u>275,404</u>

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

Premier League – Gate receipts relates to income from home matches played at Wembley stadium. In the prior period home matches were played at White Hart Lane Stadium, which was owned by another company in the group.

Management fee receivable in the prior period relates to a fee paid by another company in the group for the operation of White Hart Lane Stadium, which was not operational in the current period.

All revenue is recognised over time.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

4. Operating expenses

	2018 £'000	2017 £'000
Staff costs (see note 6)	144,909	124,825
Exceptional items		
- Enabling costs	-	6,736
Amortisation, impairments and other net football trading income and expenditure	67,960	48,436
Other operating costs	113,962	91,152
	<u>326,831</u>	<u>271,149</u>

Enabling costs relate to costs incurred in advancing the construction work associated with the Northumberland Development Project whilst maintaining the operating functionality of White Hart Lane stadium, including the cost of demolishing certain parts of the existing stadium and providing access routes for supporters.

5. Operating profit

	2018 £'000	2017 £'000
Operating profit is stated after charging:		
Amortisation of intangible fixed assets	57,510	42,905
Impairment of intangible fixed assets	14,791	7,127
Depreciation	2,497	2,107
Charitable donations	11	416
Amounts paid under operating leases – land and buildings (see note 20)	441	441
Management fees	51,246	22,015

The audit fee of £20,000 (2017: £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 2018

6. Staff number and costs

	2018	2017
The average number of employees (including Directors) during the year was as follows:		
Players and football administration staff	220	198
Administration staff	178	161
	<u>398</u>	<u>359</u>

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

	2018 £'000	2017 £'000
Wages, salaries and bonuses	127,738	109,896
Social security costs	16,963	14,810
Other pension costs (see note 17)	208	119
	<u>144,909</u>	<u>124,825</u>

In addition the Company employs on average 95 temporary staff on match days (2017: 457). In addition to the above payroll costs, redundancy costs and costs of onerous employment contracts of £3,000 (2017: £197,000) and other employment contract costs of £nil (2017: £nil) were also charged to the income statement during the year. The emoluments of the Directors of the Company were £4,210,000 (2017: £8,962,000). The highest paid Director received total emoluments of £3,013,000 (2017: £6,013,000). The number of Directors for whom retirement benefits are accruing under a money purchase pension scheme is two (2017: two).

7. Profit on disposal of intangible fixed assets

	2018 £'000	2017 £'000
Proceeds	84,524	43,577
Net book value of disposals	(11,466)	(3,613)
	<u>73,058</u>	<u>39,964</u>

8. Net finance costs

	2018 £'000	2017 (restated) £'000
Net notional interest expense on deferred payments for players' registrations	4,920	5,703
Net notional interest expense on deferred income relating to commercial revenues	10,378	9,552
Interest receivable	(49)	(29)
	<u>15,249</u>	<u>15,226</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

9. Tax charge on ordinary activities

	2018 £'000	2017 £'000
Current tax		
UK Corporation tax charge on profits for the year at 19% (2017: 19.75%)	(13,833)	(7,675)
Adjustment in respect of prior year	(349)	(499)
Current tax charge	<u>(14,182)</u>	<u>(8,174)</u>
Deferred tax		
Origin and reversal of timing differences in prior years	(97)	460
Origin and reversal of timing differences in current year	(538)	601
Accelerated capital allowances in current year	(55)	19
Rollover relief	(4,998)	(374)
Difference in tax rates	464	1,515
Deferred tax (charge)/credit	<u>(5,224)</u>	<u>2,221</u>
Total tax charge on ordinary activities	<u>(19,406)</u>	<u>(5,953)</u>
Reconciliation of the tax charge		
Profit on ordinary activities before taxation	<u>98,805</u>	<u>28,993</u>
Tax on profit on ordinary activities before taxation at the UK statutory rate of 19% (2017: 19.75%)	(18,773)	(5,726)
Expenses not deductible	(388)	(1,481)
Fixed asset timing differences	(262)	(172)
Difference in tax rates	465	1,515
Other prior year adjustments	(448)	(89)
Total tax charge	<u>(19,406)</u>	<u>(5,953)</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

9. 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 (see note 15) and the items referred to above, there are no items which would materially affect future tax charges.

10. Property, plant and equipment

	Leasehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 July 2017	11,508	6,394	27	17,929
Additions	28	1,587	10,876	12,491
At 30 June 2018	11,536	7,981	10,903	30,420
Accumulated depreciation				
At 1 July 2017	616	2,974	-	3,590
Charge for the year	263	2,234	-	2,497
At 30 June 2018	879	5,208	-	6,087
Net book value				
At 30 June 2018	10,657	2,773	10,903	24,333
At 30 June 2017	10,892	3,420	27	14,339

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

11. Intangible fixed assets

	£'000
Cost of registrations	
At 1 July 2017	240,462
Additions	116,215
Disposals	(29,810)
At 30 June 2018	<u>326,867</u>
Amortisation and impairment of registrations	
At 1 July 2017	121,568
Charged in year – amortisation	57,510
Charged in year – impairment	14,791
Disposals	(18,344)
At 30 June 2018	<u>175,525</u>
Net book value of registrations	
At 30 June 2018	<u><u>151,342</u></u>
At 30 June 2017	<u><u>118,894</u></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 six years.

In the period, capitalised player registrations relating to two individuals (2017: one) were impaired by £14,791,000 (2017: £7,127,000). Impairment losses were incurred in the prior period 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.

The Directors' consider the individual intangible assets relating to three (2017: four) members of the playing squad to be material to the financial statements and note the combined carrying amount of these totalling £74,357,000 (2017: £51,301,000). The cost will continue to be amortised over the remaining contract length which is an average of three and a half years.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

12. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables due in more than one year	4,053	1,276
Non-current assets	4,053	1,276
Trade receivables	40,113	26,811
Amounts due from group undertakings	200,187	214,466
Inventory	435	402
Prepayments and accrued income	5,673	7,351
Other debtors	456	746
Trade and other receivables	246,864	249,776
	250,917	251,052

Trade receivables above include £40,155,000 (2017: £23,304,000) in respect of the disposal of players' registrations, of which £4,053,000 is due in more than one year (2017: £1,276,000). In the period since the balance sheet date, £35,775,000 has been received in relation to the outstanding £40,155,000 of trade receivables relating to the disposal of player registrations.

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

13. Current liabilities

	2018 £'000	2017 (restated) £'000
Trade payables	47,961	51,063
Amounts owed to group undertakings	-	1,444
Accruals and deferred income	91,992	107,260
Other payables	11,872	8,764
Other tax and social security	20,032	24,798
Corporation tax	1,410	7,920
	173,267	201,249

Trade payables above include £44,123,000 in respect of the acquisition of players' registrations (2017: £44,644,000).

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

14. Non-current liabilities

	2018 £'000	2017 (restated) £'000
Trade payables	64,297	12,785
Other payables	10,708	7,825
Accruals and deferred income	100,199	160,930
	<u>175,204</u>	<u>181,540</u>

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

15. Provisions for liabilities

	2018 £'000
Provisions on employment contracts	
At 1 July 2017	6,557
Provided during the year	5,651
Utilised during the year	(5,100)
Released during the year	(888)
At 30 June 2018	<u>6,220</u>
Deferred tax	
At 1 July 2017	23,178
Charged during the year	5,224
At 30 June 2018	<u>28,402</u>
Total	
At 30 June 2018	<u>34,622</u>
At 30 June 2017	<u>29,735</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

15. Provisions for liabilities (continued)

	2018 £'000	2017 £'000
Deferred taxation has been provided as follows:		
Roll over relief	29,026	23,045
Short-term timing differences	(918)	(121)
Accelerated capital allowances	294	254
	<hr/>	<hr/>
Total provision	28,402	23,178
	<hr/>	<hr/>

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.

16. Share capital

	2018 £'000	2017 £'000
Authorised:		
53,812 ordinary shares of £1 each	54	54
	<hr/>	<hr/>
Called up, allotted and fully paid:		
53,812 ordinary shares of £1 each	54	54
	<hr/>	<hr/>

17. 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 £208,368 (2017: £119,219).

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 £nil (2017: £nil). At the balance sheet date the Company's share of this deficit was £92,000 (2017: £188,000).

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

18. 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 £14,879,000 (2017: £11,518,000).

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 £16,885,000 (2017: £43,779,000), none of which has been recognised.

19. Post balance sheet events

Since the balance sheet date the following events have occurred:

- A Walkes was sold to Portsmouth;
- K Bennetts was sold to Borussia Monchengladbach;
- J Onomah was loaned to Sheffield Wednesday;
- C Carter-Vickers was loaned to Swansea;

Including Football League levies, the non-contingent net expenditure from these transactions amounted to approximately £1,285,000.

The contingent asset amounts to approximately £2,335,000.

20. Commitments

Capital and other commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2017: £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:

	2018 £'000	2017 £'000
Within one year	441	441
Between one and five years	1,764	1,764
Later than five years	11,687	12,128
	<u>13,892</u>	<u>14,333</u>

The above does not include any internal operating lease arrangements.

21. 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.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2018

22. 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.

23. Adoption of IFRS 15

The Company has elected to adopt IFRS 15: 'Revenue from contracts with customers' from 1 July 2017. The standard replaces IAS 18 'Revenue' and related interpretations. The table below shows the impact on the financial statements for each financial statement line item affected by the application of IFRS 15 in the prior year:

	2017 £'000
Decrease in profit for the year	
- Increase in revenue	3,352
- Increase in finance charge	(9,552)
- Increase in deferred tax credit	1,178
	<hr/>
Decrease in profit for the year	<u>(5,022)</u>

	As previously reported £'000	IFRS 15 Adjustments £'000	As restated £'000
Impact on assets, liabilities and equity as at 1 July 2017			
Current liabilities			
- Accruals and deferred income	(110,740)	3,480	(107,260)
Non-current liabilities			
- Deferred income	(151,250)	(9,680)	(160,930)
- Deferred tax liabilities	(24,356)	1,178	(23,178)
Equity			
- Retained earnings	28,621	(5,023)	23,598

Commercial revenue

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. The early adoption of IFRS 15 has no impact on equity as at 1 June 2016.