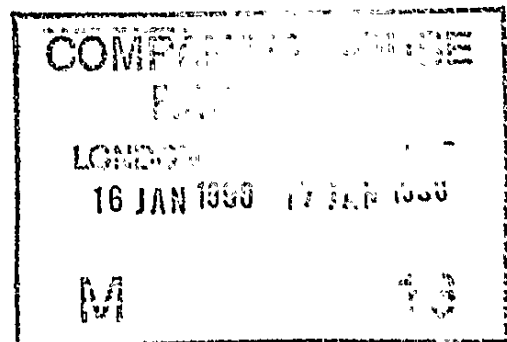


1706358.

Tottenham Hotspur plc

ANNUAL REPORT AND ACCOUNTS 1989



Contents

| | page |
|--|------|
| Directors and advisors | 2 |
| Chairman's statement | 3 |
| Directors' report | 4 |
| Consolidated profit and loss account | 6 |
| Balance sheets | 7 |
| Consolidated statement of source and application of funds | 8 |
| Accounting policies | 9 |
| Notes to the accounts | 10 |
| Report of the auditors | 18 |
| Five year review | 19 |
| Notice of meeting | 20 |

Directors and advisors

Directors Isaac Bobroff (Chairman)
Douglas Alexiou LL.B (Deputy Chairman)
Robert Holt (Chief Executive)
Antony Berry F.C.C.A.
Derek Peter F.C.A.
Irving Scholar
Frank Sinclair

Secretary Derek Peter F.C.A.

Registered office 748 High Road, Tottenham, London N17 0AP

Auditors Pent Marwick McLintock,
Chartered Accountants,
1 Puddle Dock, Blackfriars, London EC4V 3PD

Solicitors Berwin Leighton,
Adelaide House, London Bridge, London EC4R 9HA

Bankers Midland Bank plc,
60 West Smithfield, London EC1A 9DX

Financial advisors Barclays de Zoete Wedd Limited,
Ebbgate House, 2 Swan Lane,
London EC4R 3TS

Registrars Ravensbourne Registration Services Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

Financial public relations Trevor Bass Associates Ltd.,
70/74 City Road, London EC1Y 2BJ

Chairman's statement

I am pleased to report that profit before tax for the year ended 31st May, 1989 was £951,000 (1988 £1,927,000 as re-stated), and profit after extraordinary items and minority interest and taxation was £527,000 (1988 £1,778,000). These figures have been struck after the amortisation of transfer fees payable. Your Directors recommend a final dividend of 4p net per share giving a total dividend of 5p net per share for the year (1988 - 5p).

Following discussions with the Company's professional advisors, a change in accounting policy with regard to transfer fees has been adopted. The cost of players' registrations has been amortised over the length of service contract to result in a residual value based upon age and salary at the contract expiry date. The Board considers that this policy more closely reflects the commercial realities underlying these transactions.

I should like to take this opportunity of thanking all our employees for their commitment to the Group during the year.

Football

The Football Club had an encouraging season following a disappointing start and completed the Football League programme in sixth position.

The major redevelopment works to the East Stand and the resultant partial closure of the stand during the season reduced stadium capacity and caused match receipts to be somewhat lower than in normal circumstances. The commercial activities of the Football Club continued to produce substantial income during the year.

Sports and Leisurewear

During the year Hummel (UK) Limited carried out a review of its activities, and the supply of leisurewear to UK High Street retailers was discontinued following losses incurred. Hummel continues to supply merchandise to the retail outlets of the Group and by mail order.

Martex Limited, which was acquired in December 1987, made a significant contribution to profits.

Computer Services

Synchro Systems Limited has expanded its computerised ticketing and membership schemes to a broader customer base. The company is at the forefront of football membership schemes and looks to expand its services and products significantly in the future.

Outlook

The new East Stand is now substantially complete, and as a result income to the Football Club will no longer be adversely affected by its partial closure. Your Directors continue to look to expand the proportion of earnings from non-footballing activities and achieve an appropriate balance in the Group's affairs.

Paul Bobroff

Chairman

1st November, 1989

Directors' report

The Directors present their annual report and the audited accounts for the year ended 31st May, 1989.

Business review

The principal activities of the Group are the operation of a professional football club, distribution of sports and leisurewear and the supply of computer based products and services to the leisure industry. These activities are reviewed in the Chairman's Statement.

The results of the Group for the year are set out in the consolidated profit and loss account on page 6.

An analysis of turnover is given in note 1 to the accounts.

The Directors continue to look to expand the proportion of earnings from non-footballing activities and achieve an appropriate balance in the Group's affairs.

Proposed dividend

The Directors recommend a final dividend of 4p net per share payable on 5th January, 1990 which when added to the interim dividend of 1p makes a total of 5p net per share (1988 - 5p). The final dividend will be paid to shareholders on the register at 27th November, 1989.

Fixed assets

Significant expenditure has been incurred during the year on the redevelopment of the East Stand of the Football Stadium.

The costs of acquiring players' registrations are now shown as intangible assets following a change in accounting policy.

Details of these and other significant changes in fixed assets are given in notes 11 and 12 to the accounts.

Executive share option scheme

No new options to subscribe for shares of the Company have been granted during the year. Options to subscribe for 400,000 shares were granted on 7th March, 1988 and are normally exercisable between 7th March, 1991 and 7th March, 1998 at a subscription price of 115p.

Directors

The present Directors of the Company are shown on page 2 and have served throughout the year except for Mr R. Holt who was appointed on 4th May, 1989. Mr R. Holt who will be proposed for re-election at the forthcoming Annual General Meeting has a service contract which expires on 26th February, 1992. There are no service contracts in respect of the other Directors proposed for re-election.

The interests of the Directors and their families in the issued share capital of the Company, which are all beneficial, were as follows:-

| | 31st May, 1989 | 31st May, 1988 |
|----------------|----------------|----------------|
| P. A. Bobroff | 1,096,800 | 1,496,800 |
| D. A. Alexiou | 22,400 | 22,400 |
| I. A. Scholar | 2,659,500 | 2,659,500 |
| E. P. Sinclair | 100,000 | 70,000 |
| D. R. Peter | 5,500 | 5,500 |
| A. G. Berry | 800,000 | 400,000 |
| R. Holt | - | - |

On 7th March, 1988 Mr D. R. Peter was granted an option to purchase 50,000 shares exercisable between 7th March, 1991 and 7th March, 1998 at a subscription price of 115p.

There were no changes in the Directors' interests between 31st May, 1989 and 20th October, 1989.

None of the Directors had an interest in the share capital of any other Group company.

None of the Directors had a material interest in any contract, other than service contracts, with the Company or any subsidiary at any time during the year.

Directors' report continued

Non executive Directors

P. A. Bobroff is 38 and has been Chairman since 1983. He is Managing Director of Markheath Securities PLC.

D. A. Alexiou is 47 and has been Deputy Chairman since 1983. He became a Director of the Club in 1980 and is the senior partner in a firm of solicitors.

A. G. Berry is 49 and has been a Director of the Company since March 1987. He was formerly Chairman of Blue Arrow PLC.

F. P. Sinclair is 73 and has been a Director of the Club since 1981. He is joint Managing Director of Mountview Estates plc.

Significant shareholdings

Apart from the interests of the Directors, the Company had received no other notifications of interests of 5% or more in the share capital of the Company as at 20th October, 1989.

Tax status

In the opinion of the Directors, the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Donations

During the year, the Group made charitable donations of £2,600 (1988 - £2,200). There were no political donations during the year (1988 - nil).

Special business

An ordinary resolution will be proposed at the forthcoming Annual General Meeting to authorise the Directors to allot relevant securities up to the amount of the authorised but unissued ordinary share capital.

In addition a special resolution will be proposed to disapply the pre-emption provisions of Section 89(1) of the Companies Act 1985 to allow the Directors to allot shares for cash other than on a strictly pro rata basis in the case of rights issues and in any other cases up to an amount not exceeding 5% of the issued ordinary share capital.

Details of the resolutions are set out in the notice of meeting on page 20.


Auditors

A resolution to re-appoint Peat Marwick McLintock as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Derek Peter

Secretary



1st November, 1989

Consolidated profit and loss account
Year ended 31st May 1989

| | | 1989 £'000 | 1988 £'000 |
|--|------|---------------|---------------|
| | Note | | see note 19 |
| Turnover | 1 | 19,012 | 13,387 |
| Cost of sales and distribution costs | 1 | 9,925 | 6,554 |
| Playing department costs | | 2,728 | 1,587 |
| Match and ground expenses | | 1,484 | 1,401 |
| Administration expenses | | 3,269 | 1,798 |
| Interest payable (net) | 3 | 665 | 120 |
| | | 18,071 | 11,460 |
| Profit on ordinary activities before taxation | 4 | 951 | 1,927 |
| Taxation | 5 | (49) | (136) |
| Profit on ordinary activities after taxation | | 902 | 1,791 |
| Minority interests | | (25) | (13) |
| Profit attributable to shareholders before extraordinary item | | 877 | 1,778 |
| Extraordinary item | 7 | (350) | - |
| Profit for the financial year | 8 | 527 | 1,778 |
| Dividends | 9 | (509) | (508) |
| Retained profit for the financial year | | 18 | 1,270 |
| Earnings per share | 10 | 8.6p | 18.1p |

Movements on reserves are shown in note 19 to the accounts
The notes on pages 9 to 17 form part of these accounts

Balance sheets
at 31st May 1989

| | | Group | | Company | |
|---|------|-------------------------------|----------------|----------------|----------------|
| | | (As re-stated see note 19) | | | |
| | Note | 1989 £'000 | 1988 £'000 | 1989 £'000 | 1988 £'000 |
| Fixed assets | | | | | |
| Tangible | 11 | 15,334 | 12,424 | 14,720 | 12,011 |
| Intangible | 12 | 7,860 | 5,929 | - | - |
| Investments | 13 | - | - | 7,295 | 7,161 |
| | | <u>23,194</u> | <u>18,353</u> | <u>22,015</u> | <u>19,172</u> |
| Current assets | | | | | |
| Stocks | | 3,862 | 2,646 | 1,188 | 234 |
| Property held for disposal | | - | 617 | - | 617 |
| Debtors | 14 | 4,359 | 4,618 | 1,834 | 2,168 |
| Cash at bank and in hand | | 4 | 275 | 1 | 14 |
| | | <u>8,225</u> | <u>8,156</u> | <u>3,023</u> | <u>3,033</u> |
| Creditors - amounts falling due within one year | 15 | <u>(10,719)</u> | <u>(7,630)</u> | <u>(5,614)</u> | <u>(3,747)</u> |
| Net current assets/(liabilities) | | <u>(2,494)</u> | <u>526</u> | <u>(2,591)</u> | <u>(714)</u> |
| Total assets less current liabilities | | <u>20,700</u> | <u>18,879</u> | <u>19,424</u> | <u>18,458</u> |
| Creditors - amounts falling due after more than one year | 16 | <u>(3,149)</u> | <u>(737)</u> | <u>(5,646)</u> | <u>(3,261)</u> |
| Net assets | | <u>17,551</u> | <u>18,142</u> | <u>13,778</u> | <u>15,197</u> |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 2,546 | 2,546 | 2,546 | 2,546 |
| Share premium account | | 2,612 | 2,612 | 2,612 | 2,612 |
| Revaluation reserve | | 4,898 | 4,893 | 4,514 | 4,514 |
| Profit and loss account | 19 | 7,450 | 8,066 | 4,106 | 5,525 |
| Shareholders' funds | | <u>17,506</u> | <u>18,122</u> | <u>13,778</u> | <u>15,197</u> |
| Minority interests | | 45 | 20 | - | - |
| | | <u>17,551</u> | <u>18,142</u> | <u>13,778</u> | <u>15,197</u> |

P. A. Bobroff

I. A. Scholar

Directors

The accounts were approved by the Board of Directors on 1st November, 1989
The notes on pages 9 to 17 form part of these accounts

Consolidated statement of source and application of funds

Year ended 31st May 1989

| | | 1989 | (As re-stated see note 19) |
|--|------|----------------|-------------------------------|
| | Note | £'000 | 1988 £'000 |
| Source of funds | | | |
| Profit before taxation and after minority interests | | 926 | 1,914 |
| Extraordinary item | | (350) | - |
| | | <u>576</u> | <u>1,914</u> |
| Items not involving the movement of funds: | | | |
| Depreciation of tangible fixed assets | | 575 | 488 |
| Amortisation of players' registrations | | 250 | 361 |
| Minority interests | | 25 | 13 |
| Loss/(profit) on sale of fixed assets | | 11 | (7) |
| Profit on transfer of players' registrations | | (444) | (1,188) |
| | | <u>417</u> | <u>(333)</u> |
| | | <u>993</u> | <u>1,581</u> |
| Funds generated from operations | | | |
| Other sources | | | |
| Proceeds from disposal of tangible fixed assets | | 35 | 105 |
| Proceeds on transfer of players' registrations | | 3,036 | 2,538 |
| Shares issued in part consideration for acquisition of subsidiary companies (net) | | - | 72 |
| Loan advances | | 2,000 | - |
| | | <u>5,071</u> | <u>2,715</u> |
| | | <u>6,064</u> | <u>4,296</u> |
| Application of funds | | | |
| Purchase of tangible fixed assets | | (3,531) | (534)* |
| Purchase of players' registrations | | (4,773) | (2,708) |
| Tax paid | | (307) | (187) |
| Dividends paid | | (613) | (383) |
| Purchase of subsidiary companies | 13 | (634) | (2,025) |
| Loans repaid | | (82) | - |
| | | <u>(9,940)</u> | <u>(5,837)</u> |
| | | <u>(3,876)</u> | <u>(1,541)</u> |
| Increase/(decrease) in working capital | | | |
| Stocks | | 1,216 | 574* |
| Property held for resale | | (617) | (638) |
| Debtors | | (329) | 725* |
| Creditors | | (1,873) | (471)* |
| | | <u>(1,603)</u> | <u>190</u> |
| Movement in net liquid funds: | | | |
| Overdraft | | (2,002) | (1,609) |
| Cash balances | | (271) | (122)* |
| | | <u>(2,273)</u> | <u>(1,731)</u> |
| | | <u>(3,976)</u> | <u>(1,541)</u> |

* Adjusted to eliminate the effect of acquisition of subsidiaries

Accounting policies

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

Basis of accounting

The accounts have been prepared under the historical cost convention with the exception that certain freehold and leasehold properties have been revalued.

Basis of consolidation

The consolidated accounts incorporate the accounts of Tottenham Hotspur plc and its subsidiaries.

The results of subsidiaries acquired during the year are included from the date of acquisition.

Goodwill arising on the acquisition of a subsidiary is written off directly against reserves in the year of acquisition.

A separate profit and loss account dealing with the results of the Company only has not been presented.

Turnover

Turnover comprises match and box receipts relating to the current season and sales invoiced during the year, exclusive of Value Added Tax. Property sales are included in the year in which completion takes place.

Depreciation

Freehold land is not depreciated.

Leasehold property is amortised over the term of the lease. Other fixed assets are depreciated on a straight line basis at annual rates appropriate to their estimated useful life as follows:

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

Stocks

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

Transfer fees

The costs of players' registrations are capitalised and, after allowing for estimated residual values, are amortised over the period of the respective players' contracts.

Finance leases

Assets held under finance leases are included in fixed assets at total rental cost less finance charges. Finance charges are taken to the profit and loss account using the sum-of-the-digits method.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

Notes to the accounts *continued*
Year ended 31st May 1989

4. Profit on ordinary activities

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

| | 1989 £'000 | 1988 £'000 |
|--|---------------|---------------|
| Depreciation of tangible fixed assets | 575 | 485 |
| Amortisation of players' registrations | 250 | 361 |
| Profit on transfer of players' registrations | (444) | (1 488) |
| Auditors' remuneration and expenses | 51 | 27 |
| Finance lease charges | 31 | 20 |
| Operating lease rentals | 86 | 41 |

5. Taxation

| | 1989 £'000 | 1988 £'000 |
|--------------------------------------|---------------|---------------|
| UK Corporation tax at 35%: | | |
| Current year | - | 136 |
| Adjustment in respect of prior years | (51) | - |
| Irrecoverable ACT | 100 | - |
| | 49 | 136 |

The tax charge for the year has been reduced by £608,000 (1988 - £701,000) resulting from accelerated allowances for the net cost of transfer of players' registrations. Additionally, in 1988 tax losses amounting to £532,000 were available.

6. Directors and higher paid employees

The emoluments of the Directors of the Company for the year were £54,000 (1988 - £59,000) of which £4,000 (1988 - £3,000) related to pension contributions (and in 1988 £16,000 to compensation for loss of office).

The Chairman did not receive any emoluments during the year (1988 - nil).

Excluding pension contributions, the emoluments of the highest paid Director were £41,000 (1988 - £40,000).

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

| | 1989 | 1988 |
|-------------------|------|------|
| £0 - £ 5,000 | 4 | 4 |
| £15,001 - £20,000 | 1 | 1 |

The number of employees of the Company whose emoluments, excluding pension contributions, fell within the following ranges were:

| | 1989 | 1988 |
|-------------------|------|------|
| £30,001 - £35,000 | - | 1 |
| £35,001 - £40,000 | - | 1 |
| £40,001 - £45,000 | 1 | - |

7. Extraordinary item

This represents the cost of the withdrawal by Hummel (UK) Limited from its retail operation in March 1989.

Notes to the accounts
Year ended 31st May 1989

8. Profit for the financial year

The profit for the financial year includes a loss of £910,000 (1988 - profit £310,000) dealt with in the accounts of the Company.

9. Dividends

| | 1989 £'000 | 1988 £'000 |
|---|---------------|---------------|
| Interim dividend of 1p paid (1988 - 1p) | 102 | 101 |
| Final dividend of 4p proposed (1988 - 4p) | 407 | 407 |
| | <u>509</u> | <u>508</u> |

10. Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders before extraordinary item of £877,000 (1988 - £1,778,000 as re-stated) and on 10,185,548 ordinary shares (1988 - weighted average 9,815,028 in issue during the year).

The potential effect of share options on earnings per share is not considered material.

11. Tangible fixed assets

| Group | Land and buildings Freehold £'000 | Short leasehold £'000 | Assets in the course of construction £'000 | Motor vehicles £'000 | General plant and equipment £'000 | Total £'000 |
|------------------------|---|-----------------------------|---|----------------------------|--|----------------|
| Cost or 1988 valuation | | | | | | |
| At 1st June, 1988* | 10,355 | 53 | 82 | 367 | 2,083 | 13,440 |
| Additions | 107 | 4 | 2,806 | 203 | 411 | 3,531 |
| Disposals | - | - | - | (73) | (4) | (77) |
| At 31st May, 1989 | <u>10,962</u> | <u>57</u> | <u>2,888</u> | <u>497</u> | <u>2,490</u> | <u>16,894</u> |
| Depreciation | | | | | | |
| At 1st June, 1988 | - | 12 | - | 138 | 866 | 1,016 |
| Charged in year | 215 | 8 | - | 83 | 269 | 575 |
| Disposals | - | - | - | (31) | - | (31) |
| At 31st May, 1989 | <u>215</u> | <u>20</u> | <u>-</u> | <u>190</u> | <u>1,135</u> | <u>1,560</u> |
| Net book value | | | | | | |
| At 31st May, 1989 | <u>10,747</u> | <u>37</u> | <u>2,888</u> | <u>307</u> | <u>1,355</u> | <u>15,334</u> |
| At 31st May, 1988 | <u>10,855</u> | <u>41</u> | <u>82</u> | <u>229</u> | <u>1,217</u> | <u>12,424</u> |
| Being at cost | 157 | 52 | 2,888 | 497 | 2,490 | 6,084 |
| At 1988 valuation | <u>10,805</u> | <u>5</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,810</u> |
| At 31st May, 1989 | <u>10,962</u> | <u>57</u> | <u>2,888</u> | <u>497</u> | <u>2,490</u> | <u>16,894</u> |

Notes to the accounts continued
Year ended 31st May 1989

11. *Tangible fixed assets continued*

| Company | Land and buildings | | Assets in the course of construction £'000 | Motor vehicles £'000 | General plant and equipment £'000 | Total £'000 |
|------------------------|--------------------|-----------------------------|---|----------------------------|--|----------------|
| | Freehold £'000 | Short leasehold £'000 | | | | |
| Cost or 1988 valuation | | | | | | |
| At 1st June, 1988* | 10,715 | 21 | 82 | 238 | 1,816 | 12,872 |
| Additions | 95 | - | 2,806 | 114 | 178 | 3,193 |
| Disposals | - | - | - | (50) | - | (50) |
| At 31st May, 1989 | 10,810 | 21 | 2,888 | 302 | 1,994 | 16,015 |
| Depreciation | | | | | | |
| At 1st June, 1988 | - | 7 | - | 96 | 758 | 861 |
| Charged in year | 215 | 2 | - | 47 | 194 | 458 |
| Disposals | - | - | - | (24) | - | (24) |
| At 31st May, 1989 | 215 | 9 | - | 119 | 952 | 1,295 |
| Net book value | | | | | | |
| At 31st May, 1989 | 10,595 | 12 | 2,888 | 183 | 1,042 | 14,720 |
| At 31st May, 1988 | 10,715 | 14 | 82 | 142 | 1,058 | 12,011 |
| Being at cost | 145 | 16 | 2,888 | 302 | 1,994 | 5,345 |
| At 1988 valuation | 10,665 | 5 | - | - | - | 10,670 |
| At 31st May, 1989 | 10,810 | 21 | 2,888 | 302 | 1,994 | 16,015 |

*The opening balances have been adjusted in respect of assets reclassified.

The stadium was valued in 1988 on the basis of depreciated replacement cost. The other properties were also valued in 1988 on the basis of open market value for their existing use in the case of properties occupied primarily by the Company and the remainder on the basis of open market value.

Freehold land totalling £1,914,000 has not been depreciated. During the year the land content of freehold land and buildings has been re-assessed.

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

| | Group | | Company | |
|----------------|---------------|---------------|---------------|---------------|
| | 1989 £'000 | 1988 £'000 | 1989 £'000 | 1988 £'000 |
| Cost | 7,634 | 7,527 | 7,494 | 7,399 |
| Depreciation | (1,287) | (1,102) | (962) | (776) |
| Net book value | 6,347 | 6,425 | 6,532 | 6,623 |

Included above are motor vehicles which are held under finance leases as follows:

| | Group £'000 | Company £'000 |
|----------------------------------|----------------|------------------|
| Net book value at 31st May, 1989 | 220 | 151 |
| Depreciation charged in year | 54 | 31 |

Notes to the accounts continued

Year ended 31st May 1989

12. Intangible fixed assets

| Group | Cost of players' registrations |
|-------------------|--------------------------------|
| Cost | £'000 |
| At 1st June, 1988 | 6,393 |
| Additions | 4,773 |
| Disposals | (2,955) |
| At 31st May, 1989 | 8,211 |
| Amortisation | |
| At 1st June, 1988 | 464 |
| Charged in year | 250 |
| Disposals | (363) |
| At 31st May, 1989 | 351 |
| Net book value | |
| At 31st May, 1989 | 7,860 |
| At 31st May, 1988 | 5,929 |

13. Investments held as fixed assets

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

| | Shares at cost £'000 | Loans £'000 | Total £'000 |
|---------------------------|----------------------------|----------------|----------------|
| At 1st June, 1988 | 3,870 | 3,291 | 7,161 |
| Addition | 634 | - | - |
| Provision during the year | - | (500) | (500) |
| At 31st May, 1989 | 4,504 | 2,791 | 7,295 |

The addition relates to deferred consideration payable in respect of the acquisition of Martex Limited and Stumps Limited and is the final payment in relation to this acquisition.

The Company has the following principal subsidiaries which are all incorporated in and operate in Great Britain:

| | Share class | Holding |
|--|-------------|---------|
| The Tottenham Hotspur Football and Athletic Company Limited | | |
| - Professional football club | Ordinary | 100% |
| Hummel (UK) Limited - Sports and leisurewear distributor | Ordinary | 100% |
| Martex Limited - Clothing importation and wholesale | Ordinary | 100% |
| Stumps Limited - Sports and leisurewear distributor | Ordinary | 100% |
| Synchro Systems Limited - Supplier of computer based products and services to the leisure industry | Ordinary | 75% |
| Cockerel Books Limited - Publisher of books and videos | Ordinary | 100% |

Notes to the accounts continued
Year ended 31st May 1989

14. Debtors

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts due from subsidiaries | - | - | 665 | 442 |
| Trade debtors | 2,644 | 2,686 | 87 | 863 |
| Other debtors | 892 | 1,233 | 722 | 704 |
| Prepayments | 442 | 435 | 115 | 31 |
| Advance corporation tax recoverable - after more than one year | 381 | 264 | 245 | 128 |
| | <u>4,359</u> | <u>4,618</u> | <u>1,834</u> | <u>2,168</u> |

15. Creditors - amounts falling due within one year

| | Group | | Company | |
|--|---------------|--------------|--------------|--------------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loan | 700 | - | 700 | - |
| Bank overdrafts | 4,876 | 2,874 | 3,336 | 1,773 |
| Payments received in advance | 1,144 | 467 | - | - |
| Trade creditors | 2,157 | 1,455 | 278 | 144 |
| Other creditors | 23 | 1,113 | - | 1,088 |
| Letters of credit payable | - | 243 | - | - |
| Corporation tax | 120 | 261 | - | 15 |
| Other tax and social security | 153 | 94 | 104 | 39 |
| Accruals | 722 | 386 | 530 | 107 |
| Current obligations under finance leases | 247 | 56 | 89 | 37 |
| Dividend | 407 | 511 | 407 | 511 |
| Advance corporation tax payable | 170 | 170 | 170 | 33 |
| | <u>10,719</u> | <u>7,630</u> | <u>5,614</u> | <u>3,747</u> |

The bank loan and overdrafts are secured by a fixed and floating charge over the assets of the Group.

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

| | Group | | Company | |
|--|--------------|------------|--------------|--------------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loan | 2,000 | 82 | 2,000 | - |
| Amounts owed to subsidiaries | - | - | 2,563 | 2,720 |
| Other creditors | 1,027 | 500 | 1,027 | 500 |
| Payments received in advance | 49 | 78 | - | - |
| Accruals | 9 | 10 | - | - |
| Non-current obligations under finance leases | 64 | 67 | 56 | 41 |
| | <u>3,149</u> | <u>737</u> | <u>5,646</u> | <u>3,261</u> |

The finance lease obligations are all repayable within five years.

The bank loan is secured by a fixed and floating charge over the assets of the Group. The loan is repayable in between two and five years.

Notes to the accounts continued
Year ended 31st May 1989

17. *Provision for liabilities and charges*
No provision for deferred taxation is considered necessary. The full potential amount of deferred taxation is set out below:

| | Group | | Company | |
|--|--------------|--------------|----------|----------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Accelerated capital allowances | 407 | 351 | 398 | 336 |
| Available losses | (553) | (121) | (49) | (192) |
| Advance corporation tax recoverable | (292) | (192) | (292) | (192) |
| Short term timing differences | (57) | - | (57) | - |
| Capitalisation of players' registrations | 2,751 | 2,075 | - | 144 |
| | <u>2,256</u> | <u>2,192</u> | <u>-</u> | <u>-</u> |

The above figures exclude taxation payable:

- (a) on disposal of revalued properties, since there is no intention to dispose of these;
(b) on the chargeable gain which arose on the disposal of the Cheshunt training ground in June 1986, since rollover relief applies

18. *Share capital*

Ordinary shares of 25 pence each

Authorised:

At 31st May, 1988 and 1989

| Number | £'000 |
|------------|-------|
| 12,000,000 | 3,000 |

Issued, called up and fully paid:

At 31st May, 1988 and 1989

| | |
|------------|-------|
| 10,185,548 | 2,546 |
|------------|-------|

Options to subscribe for 400,000 shares at a price of 115p are in existence in accordance with the rules of the Executive Share Option Scheme.

19. *Profit and loss account*

Balance as previously stated at 1st June, 1988

Prior year adjustment

As re-stated

Goodwill on acquisition of subsidiaries

Retained profit/(loss) for the year

Balance at 31st May, 1989

| | Group | | Company | |
|--|--------------|--------------|--------------|--------------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Balance as previously stated at 1st June, 1988 | 2,225 | 4,232 | 5,525 | 5,723 |
| Prior year adjustment | 5,843 | 4,846 | - | - |
| As re-stated | <u>8,066</u> | <u>9,078</u> | <u>5,525</u> | <u>5,723</u> |
| Goodwill on acquisition of subsidiaries | (634) | (2,282) | - | - |
| Retained profit/(loss) for the year | 18 | 1,270 | (1,419) | (198) |
| Balance at 31st May, 1989 | <u>7,450</u> | <u>8,066</u> | <u>4,106</u> | <u>5,525</u> |

The goodwill in 1989 relates to the deferred consideration payable on the acquisition of Martex Limited and Stumps Limited.
The prior year adjustment reflects the effect of the change in accounting policy in relation to transfer fees. Comparative figures throughout these accounts have been re-stated to give effect to the change.

Notes to the accounts continued
Year ended 31st May 1989

20. Commitments

Capital commitments at 31st May, 1989 for which no provision has been made in these accounts were as follows:

| | 1989 | 1988 |
|-------------------------------|-------|-------|
| Group and Company | £'000 | £'000 |
| Contracted | 3,000 | 6 |
| Authorised but not contracted | 1,000 | 4,800 |

The annual commitments under non-cancellable operating leases are:

| | Group | | Company | |
|--------------------------------------|------------|-----------|----------|-----------|
| | 1989 | 1988 | 1989 | 1988 |
| | £'000 | £'000 | £'000 | £'000 |
| Leases expiring within 1 year | 14 | 16 | - | - |
| Leases expiring within 2 to 5 years | 115 | 76 | 7 | 35 |
| Leases expiring in more than 5 years | 21 | - | - | - |
| | <u>150</u> | <u>92</u> | <u>7</u> | <u>35</u> |

21. Pensions

Eligible staff of the Group are members of the Football League Limited Pension and Life Assurance Scheme. Certain employees are members of other schemes in the Group.

Company contributions are charged against profit in the year in which they are made.

22. Contingent liabilities

The Company, together with its subsidiaries, has given a multilateral guarantee to its bankers to secure the overdrafts of the Group companies.

The Company has entered into certain trade bonds for the purpose of its travel business. At 31st May, 1989 these amounted to £55,000 (1988 - £56,000).

The Company is currently in dispute with the original contractor for the East Stand redevelopment. It is not possible at this stage to estimate the final outcome of this dispute, but in the opinion of the Board the resolution of this matter is unlikely to result in any significant cost to the Company.

Tottenham Hotspur plc

Report of the auditors

To the Members of Tottenham Hotspur plc

We have audited the accounts on pages 6 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st May, 1989 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Peat Marwick McLintock

Peat Marwick McLintock

Chartered Accountants

London

1st November, 1989

Five year review

| | (As re-stated see notes 1 and 2, below) | | | | |
|---|---|---------------|---------------|---------------|---------------|
| | 1985 | 1986 | 1987 | 1988 | 1989 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Turnover | 5,712 | 5,861 | 8,917 | 13,387 | 19,022 |
| Operating profit/(loss) | 995 | (472) | 1,631 | 2,047 | 1,616 |
| Interest (payable)/receivable | 50 | (104) | 74 | (120) | (665) |
| Profit/(loss) on ordinary activities before taxation | 1,045 | (576) | 1,705 | 1,927 | 951 |
| Taxation | (223) | - | - | (136) | (49) |
| Profit/(loss) on ordinary activities after taxation | 822 | (576) | 1,705 | 1,791 | 902 |
| Minority interests | - | - | - | (13) | (25) |
| Extraordinary items | - | - | 4,678 | - | (350) |
| Profit/(loss) for the financial year | 822 | (576) | 6,383 | 1,778 | 527 |
| Dividends | (367) | - | (383) | (508) | (509) |
| Retained profit/(loss) | 455 | (576) | 6,000 | 1,270 | 18 |
| Shareholders' funds | | | | | |
| Tangible fixed assets | 8,646 | 8,690 | 8,872 | 12,424 | 15,334 |
| Intangible fixed assets | 2,743 | 2,897 | 4,932 | 5,929 | 7,860 |
| Investments | 8 | - | - | - | - |
| Net current assets/(liabilities) | (1,386) | (2,152) | 2,039 | 526 | (2,494) |
| Total assets less current liabilities | 10,011 | 9,435 | 15,843 | 18,879 | 20,700 |
| Creditors - amounts falling due after more than one year | (169) | (169) | (142) | (737) | (3,149) |
| | 9,842 | 9,266 | 15,701 | 18,142 | 17,551 |
| Minority interests | - | - | - | (20) | (45) |
| Shareholders' funds | 9,842 | 9,266 | 15,701 | 18,122 | 17,506 |
| Earnings/(loss) per share: | 9.0p | (6.3p) | 18.4p | 18.1p | 8.6p |
| Dividends per share | 4.0p | - | 4.0p | 5.0p | 5.0p |

Note 1. The turnover figures in 1985 and 1986 have been re-stated.

Note 2. Figures for 1988 and earlier have been re-stated to show the effect of the change in accounting policy relating to players' registrations.

Notice of meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Tottenham Hotspur plc will be held at the Tottenham Hotspur Football Club, 748 High Road, London N17 0AP on 6th December, 1989 at 10.30 a.m. for the following purposes:

As ordinary business:

1. To receive the Directors' Report and Accounts of the Company for the year ended 31st May, 1989.
2. To declare a final dividend.
3. To re-elect Mr. Frank Sinclair as a Director who retires by rotation and, being eligible, offers himself for re-election.
4. To re-elect Mr. Irving Scholier as a Director who retires by rotation and, being eligible, offers himself for re-election.
5. To re-elect Mr. Robert Holt as a Director who was appointed by the Board during the year.
6. To re-appoint Peat Marwick McLintock as auditors to the Company and to authorise the Directors to fix their remuneration.

As special business to consider and, if thought fit, pass resolutions 7 and 8 below as an ordinary resolution and a special resolution respectively.

7. THAT:

- (i) all outstanding general authorities under Section 80 of the Companies Act 1985 (the "Act") be revoked;
- (ii) the Directors be and they are generally and unconditionally authorised in accordance with Section 80 of the Act to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £354,000 provided that this authority shall expire on the earlier of the end of the Annual General Meeting of the Company to be held in 1990 and 15 months from the date this Resolution is passed;
- (iii) the authority conferred by paragraph (ii) above shall extend to the allotment after the expiry of the said authority of relevant securities pursuant to an offer or agreement made prior to the expiry of such authority.

8. THAT:

- (i) the Directors be and they are empowered to allot equity securities (as defined in Section 94(2) of the Companies Act 1985 (the "Act")) pursuant to the authority conferred by Resolution 7 above as if Section 89(1) of the Act did not apply to such allotment:
- (a) for the purpose of or in connection with a rights issue to the holders of relevant shares and relevant employee shares (as such terms are defined in Section 94 of the Act) of the Company where the Directors deem it necessary or expedient in relation to fractional entitlements or legal or practical problems under any laws or the requirements of any regulatory authority or stock exchange in any territory; and
- (b) for any purpose otherwise than in pursuance of sub-paragraph (a) above, up to an aggregate nominal value of £127,319; and
- (ii) the power conferred by paragraph (i) above shall extend to the allotment after the expiry of the authority conferred by Resolution 7 above of equity securities pursuant to an offer or agreement made prior to the expiry of such authority.

By Order of the Board

Derek Peter

Secretary

13th November, 1989

NOTES:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
2. To be valid an instrument of proxy and any letter or power of attorney (or a duly certified copy thereof) must (failing previous registration with the Company) be lodged with the Company's registrars, Ravensbourne Registration Services Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR, at least 48 hours before the time appointed for holding the meeting.
3. The register of Directors' interests in the shares of the Company and copies of Directors' contracts of service will be available for inspection at the registered office of the Company during usual business hours from 13th November, 1989 until the date of the Annual General Meeting and also at the place of meeting on the date of that meeting from 10.15 a.m. until its conclusion.