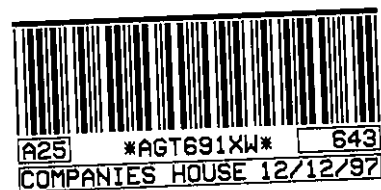


1706358

# **TOTTENHAM HOTSPUR plc**

ANNUAL REPORT AND ACCOUNTS 1997



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## **Directors and Advisers**

*Executive Directors* A. M. Sugar DSc (Chairman)  
C. M. Littner MBA (Chief Executive)  
J. Sedgwick ACA (Finance)

*Non-Executive Directors* A. G. Berry FCCA (Deputy Chairman)  
D. A. Alexiou LLB  
C. T. Sandy ATII

*Company Secretary* J. Ireland LLB

*Registered Office* 748 High Road  
Tottenham  
London N17 0AP

*Registered Number* 1706358

*Auditors* Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

*Solicitors* Herbert Smith  
Exchange House  
Primrose Street  
London EC2A 2HS

*Bankers* Lloyds Bank Plc  
City Office  
72 Lombard Street  
London EC3P 3BT

*Financial Advisers* Deutsche Morgan Grenfell  
6 Bishopsgate  
London EC2N 4DA

*Stockbrokers* Collins Stewart & Co.  
21 New Street  
Bishopsgate  
London EC2M 4HR

*Registrars* IRG plc  
Balfour House  
390/398 High Road  
Ilford  
Essex IG1 1NQ

## **Chairman's statement**

### **Results & Dividend**

The results presented are those for the twelve months to 31st July 1997. Since we reported on a fourteen month period last year we have also included proforma figures for the comparable twelve months ended 31st July 1996. These are the figures I will refer to in my comparisons.

I am pleased to announce profits before player trading of £9.1m (1996 - profits before player trading and exceptional item £8.5m) and profits before tax of £7.6m (1996 - £4.2m).

Turnover, which excludes player sales for the year was £27.9m, an increase of £2.3m on last year. Television income provided almost £2m of the overall increase, largely the result of the £50m advance payment by BSkyB to the Premier League. Gate receipts and match income increased by 2% to £13.6m and were restricted by poor cup runs in comparison with the previous season. Sponsorship increased by 4% to £4.9m as a result of new initiatives. The merchandise division again performed well despite the launch of only one away kit compared with new home and away kits the previous year.

Operating expenses have increased by 14% to £19.2m (1996 - £16.9m) due entirely to the increased cost of the Playing Department. This is the result of renegotiated contracts on existing key players and new signings. Importantly however, the large majority of our first team squad have a further three seasons after this one to run on their contracts, giving us some protection against the implications of the Bosman ruling.

Player trading shows a loss of £1.5m (1996 - £3.0m profit). This represents the amortisation of players' registrations of £5.9m (1996 - £1.8m) partially offset by the profit on sale of players' registrations of £4.4m (1996 - £4.8m).

We have again invested heavily in our playing squad. In addition to the increased player payroll we have invested £19.1m including levies on the purchase of new players.

In view of the satisfactory results, the Directors propose a final dividend of 0.67 pence per share, giving a total dividend of 1.00 pence per share (1996 - 0.86 pence for twelve month equivalent). The dividend will be paid on 28th November 1997 to shareholders on the register on 7th November 1997.

### **Commercial**

The North Stand development is now well under way and on schedule for completion in Spring 1998. Capacity at the moment is restricted to 26,400 and will rise to 36,500 on completion. The North Stand will be a high quality construction with excellent sight lines and a giant screen built into the roof. It will have fifteen ten seater executive suites with outside viewing balconies, a two hundred seater restaurant and lounge, bars

and fast food outlets. There will be further additional facilities for the disabled.

Sales of executive facilities and hospitality continued to keep pace with previous years. Completion of the hospitality areas in the South Stand at the beginning of the year added a further 550 dining covers which in the main were sold on a seasonal basis. Sales for the current season remain buoyant, both on seasonal and matchday basis.

The launch of our new home kit during the close season was very well received and sales at the club shops are above those of the previous kit. The new away kit was launched in August 1997 and initial sales are encouraging.

### Football

Last season was a huge disappointment with the team finishing tenth in the Premier League and suffering early exits from both cup competitions. This unacceptable result was in my opinion due to our injury crisis.

It is with some relief therefore that I can tell you our long term injury list is improving. Although a few medium term injuries remain, we believe we are close to having our first choice team available.

Players purchased during the year were Allan Nielsen (£1.7m), Steffen Iversen (£2.3m), John Scales (£2.6m), Ramon Vega (£3.7m), David Ginola (£2.0m), Les Ferdinand (£6m) and in August we bought Jose Dominguez (£1.6m). All are international players.

Our only major player sale during the year was Teddy Sheringham for £3.5m.

We should not overlook the quality of our playing squad. Of the Manager's first choice sixteen players, ten have won international caps during and since Euro 96. We are sure that if we remain injury-free, this quality of squad will produce more satisfying results.

Our centre of excellence and football in the community activities, encompassing young prospects from the ages of nine to sixteen, continue to flourish and our highly successful youth training programme for sixteen to eighteen year olds has been further developed. We are making further investments at our training ground with the addition of two new full size pitches dedicated to our youth teams and a new 9000 sq ft physio/medical/fitness gym facility which is scheduled for completion in Spring 1998.

In the year just ended the increase in our turnover of £2.3m has been consumed by higher player costs. However, I do regard this as an exceptional year. Existing key contracts were renegotiated in order to lengthen their duration and protect us against the Bosman ruling and talented new players were brought to the Club.

### Outlook

I am confident and determined that sooner rather than later the team's form will improve. The team's performance after all is the driver of our major revenue streams: gate receipts, TV income, sponsorship and merchandising. There are further

opportunities for us to increase our revenues in each of these areas.

We have a professional and experienced management team in place and excellent support staff, tremendous facilities, outstanding footballers, financial strength and a huge passionate and devoted supporter base.

Tottenham Hotspur has an illustrious past and I am both determined and confident that we can achieve greatness once again in the not too distant future.

A. M. Sugar  
Chairman

23rd October 1997

## Directors' Report

The Directors present their report and financial statements for the year ended 31st July 1997.

### Principal activities

The principal activities of the Group continue to be the operation of a professional football club in England together with related commercial activities.

### Review of business and future developments

The activities of the Group have been reviewed in the Chairman's Statement. The results for the year are set out in the Consolidated Profit and Loss Account on page 15.

### Share capital

On 11th February 1997 the Company's shares were subdivided on a five-for-one basis to increase marketability. Last year's dividends and earnings per share figures have therefore been restated to allow for this.

### Dividends

The Directors recommend a final dividend of 0.67p per share to all shareholders on the register on 7th November 1997 to be paid on 28th November 1997, a total dividend for the twelve months to 31st July 1997 of 1.0p per share (1996 - 14 months - 1.0p). The retained profit for the year was £6,338,000 (1996 - 14 months -£742,000 loss).

### Fixed assets

The Directors continue to hold the opinion that players' registrations are key assets in the operation of the business and therefore should be treated as intangible assets and amortised to zero over the duration of the contract. The Directors believe that this is a prudent approach to adopt and matches the cost of the registration with the benefits so derived from it.

### Directors

The Directors who served during the year and their beneficial interests in the share capital of the Company at 31st July 1997, were as follows:

	31st July 1997	31st July 1996
	Number of shares	Number of shares
A. M. Sugar	40,752,675	40,752,675
C. M. Littner	143,750	143,750
J. Sedgwick	nil	nil
A. G. Berry	75,000	75,000
D. A. Alexiou	184,385	184,385
C. T. Sandy	9,815	9,815

The shareholdings have been restated for 1996 following the five-for-one share subdivision.

All Directors served throughout the year.

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

C. M. Littner and J. Sedgwick have been granted share options under the Company's Executive Share Option Scheme. These are detailed below.

### Share Options

An Executive Share Option Scheme exists for both directors and employees.

On 3 April 1997 C M Littner exercised options over 35,000 shares and on 7 April 1997 he exercised options over 24,600 shares. On both these dates the middle market price for the ordinary shares on the London Official Daily List was 105 pence. The gain on those options when exercised was £53,068. No other options were exercised by directors during the year.

The Directors' interests in the Executive Share Option Scheme are as follows:

	At 1st August 1996*	(Exercised)/ Granted	At 31st July 1997	Exercise Price (Pence)*	Exercise Period	
					Earliest	Latest
C.M. Littner	359,660	(59,600)	300,060	15.96	14.3.97	13.3.04
C.M. Littner	256,900		256,900	30.84	18.10.98	17.10.05
C.M. Littner		<u>200,000</u>	<u>200,000</u>	123.20	20.12.99	19.12.06
	<u>616,560</u>	<u>140,400</u>	<u>756,960</u>			
J. Sedgwick	154,140		154,140	30.84	18.10.98	17.10.05
J. Sedgwick		<u>200,000</u>	<u>200,000</u>	123.20	20.12.99	19.12.06
	<u>154,140</u>	<u>200,000</u>	<u>354,140</u>			

There were no changes in the interests of the Directors between 31st July 1997 and 23rd October 1997.

\* Adjusted following the Rights Issue, share subdivision and for previous members who have now left.

### Notes

The mid-market price of the shares at 1st August 1996 and 31st July 1997 was 86.6p and 99.5p respectively. The share price fluctuated between 86.6p and 138.0p in the year ended 31st July 1997.

Details of the Directors' Remuneration are given in the Report of the Remuneration Committee on page 12.

A. G. Berry retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election. Mr. Berry holds office under a letter of appointment which will terminate on 26th November 1998.

Directors' interests in contracts are disclosed in note 27.

### **Non-Executive directors**

A. G. Berry is 56 and has been a Director since 1987. He is Chairman of Recruit plc. Mr. Berry holds office under a letter of appointment which will terminate on 26th November 1998. Mr. Berry is Chairman of the Audit Committee and a member of the Remuneration Committee.

D. A. Alexiou is 55 and was re-appointed to the Board on 14th May 1993. He was previously a Director from 11th May 1983 to 7th August 1991 and has been on the Board of Tottenham Hotspur Football & Athletic Company Limited since 1980. He is the senior partner in Gordon Dadds, a firm of solicitors. Mr. Alexiou holds office under a letter of appointment which will terminate on 26th November 1998. Mr. Alexiou is Chairman of the Remuneration Committee and a member of the Audit Committee.

C. T. Sandy is 42 and was the Group's Finance Director between 7th August 1991 and 21st August 1995. He is a Director of Amsprop Limited, Amsprop Trading Limited, Amsprop Investments Limited and Amsail Limited. The ultimate parent company of these companies is Amshold Limited. Mr. Sandy holds office under a letter of appointment which will terminate on 26th November 1998. Mr. Sandy is a member of the Audit Committee.

### **Significant shareholdings**

Apart from the interests of the Directors referred to above, the Company has received the following notification of holdings of more than 3% of the share capital of the Company as at 7th October 1997:

The Equitable Life Assurance Society	4.13%
--------------------------------------	-------

### **Tax Status**

In the opinion of the Directors the Company was not a close company during the year ended 31st July 1997.

### **Donations**

During the year the Group made no charitable donations (1996 - 12 months - £1,000) and no political donations (1996 - 12 months - £nil).

### **Post balance sheet events**

One significant player transaction has taken place since the year end. The details are included in note 30 to the accounts.

## Corporate governance

The Company complies with all the provisions of the Cadbury Committee's Code of Best Practice.

The Company's auditors, Deloitte & Touche, have confirmed that, in their opinion: with respect to the Directors' statement on going concern and internal financial control on this page the Directors have provided the disclosures required by paragraphs 12.43(j) and 12.43(v) of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' other statements on pages 8, 10, 12 and 13 appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of either the Company's system of internal financial control or its corporate governance procedures nor on the ability of the Company to continue in operational existence.

They have also indicated that the review was performed for the Company and not for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

The Board comprises three Executive and three Non-Executive directors. It meets monthly and is responsible for the overall strategy and direction of the Group.

Audit and Remuneration Committees are both made up of Non-Executive directors.

### Going Concern

After making enquiries, the Directors have formed a judgment at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to prepare the financial statements on a going concern basis.

### Internal Financial Control

The Directors are responsible for the Group's system of internal financial control which aims to safeguard Group assets, to ensure that proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any system of internal control can, however, provide only reasonable, and not absolute, assurance against misstatement and loss.

The Board maintains control and direction over strategy, financial, organisational and compliance issues. It has implemented clearly defined lines of responsibility and delegation of authority and a system of internal control.

Key features of the Group's system of internal financial control during the year were as follows:

- Comprehensive budgets approved by the Board.
- Regular consideration by the Board of actual results compared with budgets, prior year comparatives and forecasts.
- Regular reporting of legal and accounting developments to the Board.
- Executive Director authority as a requirement for all commitments entered into by the Group, and for all payments made by the Group.
- The Board and the senior management team are responsible for the identification and evaluation of key risks applicable to each part of the business. Each meet formally on a monthly basis to discuss relevant issues.

The Board has reviewed the effectiveness of the system of internal financial control. It has considered the major business and financial risks, the control environment and information on and arising from control procedures. On the basis that a system can provide only reasonable but not absolute assurance and that it relates only to the needs of the business at that time, the system of internal financial control as a whole was found to be generally appropriate as at 31st July 1997.

#### Audit Committee

The Audit Committee consists of Messrs Berry (Chairman), Sandy and Alexiou . The Committee meets twice a year or more at the request of the external auditors. Its terms of reference include the review of the half-year and annual financial statements before submission to the Board.

## **Policy on Payment of Creditors**

The Group's policy on payment of creditors is to settle payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within thirty days; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly. Trade creditors at 31st July 1997 represented 23 days of annual purchases. This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due.

## **Directors' responsibilities for preparing the financial statements**

The Directors are obliged by law to prepare financial statements for each financial year and to present them annually to the Company's members in Annual General Meeting.

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for that period and they must comply with applicable accounting standards.

The Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements and estimates, and for applying the going concern basis to the financial statements unless it is not appropriate to presume that the Group will continue in business.

The Directors confirm that the above requirements have been complied with in the financial statements. In addition, the Directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and Group and to prevent and detect fraud or any other irregularities.

## **Auditors**

Deloitte & Touche have expressed their willingness to continue in office and a resolution will be proposed at the forthcoming Annual General Meeting to reappoint them as Auditors of the Company.

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



John Ireland LLB  
Secretary

23rd October 1997

## Report of the Remuneration Committee for the twelve months ended 31st July 1997

### Statement of Compliance

Throughout the year the Company complied with Section A of the Best Practice Provisions on remuneration committees as annexed to the London Stock Exchange Listing Rules.

The Remuneration Committee consists of Messrs Alexiou (Chairman) and Berry. The Committee is responsible for implementing the listing requirements concerning directors' remuneration.

### Policy on the remuneration and incentivisation of employees

During the period, the remuneration philosophy for directors and senior employees was to ensure that they were rewarded competitively and that the Group attracts, retains and motivates executives who are to perform to the highest standards.

In framing their remuneration policy, the Remuneration Committee has given full consideration to Section B of the Best Practice Provisions annexed to the London Stock Exchange Listing Rules.

### Directors' Remuneration

The emoluments of the Directors of the Company for the year were £375,391 (1996 - 14 months - £389,490) and contributions to pension schemes were £21,350 (1996 - 14 months - £19,443).

The emoluments of the Chairman for the year, which were paid to Amshold Limited, a company wholly owned by him, were £50,000 (1996 - 14 months - £58,333).

The emoluments of the highest paid Director were £215,194 (1996 - 14 months - £220,356) and contributions to pension schemes for his benefit were £12,350 (1996 - 14 months - £13,276).

The pension contributions are made to a money purchase scheme.

Details of the remuneration of the Directors individually and in total are shown below:

						12 Months 1997	14 Months 1996
	Fees	Salary	Benefits -in-Kind	Sub-Total	Pension	Total	Total
	£	£	£	£	£	£	£
A M Sugar (Chairman)	50,000	-	-	50,000	-	50,000	58,333
C M Littner	-	200,000	15,194	215,194	12,350	227,544	233,632
J Sedgwick	-	70,000	10,197	80,197	9,000	89,197	81,967
A G Berry	10,000	-	-	10,000	-	10,000	11,667
D A Alexiou	10,000	-	-	10,000	-	10,000	11,667
C T Sandy	10,000	-	-	10,000	-	10,000	11,667
	<u>80,000</u>	<u>270,000</u>	<u>25,391</u>	<u>375,391</u>	<u>21,350</u>	<u>396,741</u>	<u>408,933</u>

## Notes

- (i) Executive Directors, save for the Chairman, are paid a salary for their work, which is determined annually by the Remuneration Committee. Taxable benefits are also provided and these comprise a company car and minor ancillary benefits.

The Company does not operate a pension scheme but does make payments to an external scheme on behalf of Messrs Littner and Sedgwick, being 10% of basic salary.

- (ii) The Directors' long-term incentive is provided in the form of share options, the details of which are provided in the Directors' Report.
- (iii) The Chairman and Non-Executive Directors are paid a fee for their services.

Approved by the Remuneration Committee

Douglas Alexiou LLB  
Chairman

23rd October 1997

## **Report of the Auditors**

**To the members of Tottenham Hotspur plc**

We have audited the financial statements on pages 15 to 33 which have been prepared under the accounting policies set out on pages 18 to 20.

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

As described on page 11 in the Directors' Report the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

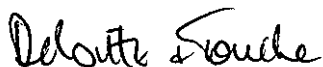
### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and Group as at 31st July 1997 and of the profit of the Group for the year to 31st July 1997 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors

23rd October 1997

Hill House  
1 Little New Street  
London EC4A 3TR

# Consolidated Profit and Loss Account

for the twelve months ended 31st July 1997

		12 months ended July 1997	Pro forma 12 months ended July 1996	Statutory 14 months ended July 1996
	Note	£'000	£'000	£'000
Turnover - continuing operations	2	<u>27,874</u>	<u>25,589</u>	<u>27,394</u>
Cost of sales and distribution costs		3,043	3,602	3,869
Player and match expenses		11,831	9,510	11,562
Administrative expenses		<u>4,351</u>	<u>3,748</u>	<u>4,349</u>
		<u>19,225</u>	<u>16,860</u>	<u>19,780</u>
<b>Operating profit - continuing operations</b>	3	<b>8,649</b>	<b>8,729</b>	<b>7,614</b>
Net interest receivable/(payable)	5	<u>452</u>	<u>(257)</u>	<u>(376)</u>
Profit before player trading and exceptional item		9,101	8,472	7,238
Player trading	6	(1,528)	3,035	2,964
Exceptional item - write-down of players' registrations	7	-	(7,290)	(7,290)
Profit on ordinary activities before taxation		<u>7,573</u>	<u>4,217</u>	<u>2,912</u>
Taxation charge on profit on ordinary activities	8	(228)	(2,713)	(2,713)
Profit on ordinary activities after taxation		<u>7,345</u>	<u>1,504</u>	<u>199</u>
Equity dividends	9	<u>(1,007)</u>	<u>(941)</u>	<u>(941)</u>
Retained profit/(loss) for the year/period	10	<u>6,338</u>	<u>563</u>	<u>(742)</u>
<b>Earnings per share</b>	11			
- after player trading		7.3p	1.7p	0.2p
- before player trading and exceptional item		8.8p	6.7p	5.3p

A Statement of Total Recognised Gains and Losses has not been presented because there were no recognised gains or losses other than as stated in the Consolidated Profit and Loss Account above.

Movements on reserves are shown in note 20 to the Accounts.

The notes on pages 18 to 33 form part of these financial statements.

**Balance Sheets**  
**as at 31st July 1997**

		Group		Company	
		July	July	July	July
	Note	1997	1996	1997	1996
		£'000	£'000	£'000	£'000
<b>Fixed assets:</b>					
Intangible assets	12	22,624	10,215	-	-
Tangible assets	13	36,562	35,093	36,527	35,010
Investments	14	<u>-</u> <u>59,186</u>	<u>-</u> <u>45,308</u>	<u>1,345</u> <u>37,872</u>	<u>1,345</u> <u>36,355</u>
<b>Current assets:</b>					
Stocks		439	289	439	289
Debtors	15	4,611	5,117	473	653
Cash at bank and in hand		<u>9,078</u>	<u>12,262</u>	<u>9,137</u>	<u>12,481</u>
		<u>14,128</u>	<u>17,668</u>	<u>10,049</u>	<u>13,423</u>
<b>Creditors:</b>					
Amounts falling due within one year	16	<u>(22,760)</u>	<u>(17,705)</u>	<u>(13,343)</u>	<u>(16,739)</u>
Net current liabilities		<u>(8,632)</u>	<u>(37)</u>	<u>(3,294)</u>	<u>(3,316)</u>
Total assets less current liabilities		50,554	45,271	34,578	33,039
<b>Creditors:</b>					
Amounts falling due after more than one year	17	<u>(4,740)</u>	<u>(6,124)</u>	<u>(4,600)</u>	<u>(6,053)</u>
		45,814	39,147	29,978	26,986
<b>Provisions for liabilities and charges</b>	18	<u>(1,946)</u>	<u>(1,711)</u>	<u>(1,946)</u>	<u>(1,711)</u>
<b>Net assets</b>		<u>43,868</u>	<u>37,436</u>	<u>28,032</u>	<u>25,275</u>
<b>Capital and reserves:</b>					
Called up share capital	19	5,035	5,006	5,035	5,006
Share premium account	20	11,119	11,054	11,119	11,054
Revaluation reserve	20	2,812	2,860	2,472	2,520
Profit and loss account	20	<u>24,902</u>	<u>18,516</u>	<u>9,406</u>	<u>6,695</u>
<b>Equity shareholders' funds</b>		<u>43,868</u>	<u>37,436</u>	<u>28,032</u>	<u>25,275</u>

The financial statements were approved by the Board of Directors on 23rd October 1997.

Signed on behalf of the Board

A.M.Sugar  
Director

J. Sedgwick  
Director

The notes on pages 18 to 33 form part of these financial statements.

**Consolidated Cash Flow Statement  
for the twelve months ended 31st July 1997**

	Note	12 months ended July 1997		14 months ended July 1996	
		£'000	£'000	£'000	£'000
<b>Cash inflow from operating activities 22</b>			9,852		13,874
<b>Returns on investments and servicing of finance:</b>					
Interest received		784		148	
Interest paid		(189)		(578)	
Interest element of hire purchases and finance lease payments		(125)		(203)	
<b>Net cash outflow for returns on investments and servicing of finance</b>			470		(633)
<b>Taxation:</b>					
Advance corporation tax		(261)		(84)	
Corporation tax		(376)		—	
			(637)		(84)
<b>Capital expenditure and financial investment:</b>					
Payments to acquire players' registrations		(13,519)		(10,074)	
Receipts from sales of players' registrations		5,769		9,637	
Payments to acquire tangible fixed assets		(2,783)		(6,070)	
Receipts from sales of tangible fixed assets		<u>35</u>		<u>80</u>	
<b>Net cash outflow for capital expenditure and financial investment:</b>			(10,498)		(6,427)
<b>Equity dividend paid:</b>			(1,036)		(715)
<b>Management of liquid resources:</b>					
Cash placed on short-term deposit		—		(10,900)	
Cash taken off short-term deposit		<u>2,225</u>		—	
			2,225		(10,900)
<b>Financing:</b>					
Net decrease in obligations under hire purchase and lease contracts	25	(329)		(428)	
Issue of ordinary share capital	25	94		10,863	
Bank loan repayments	25	(1,000)		(1,000)	
Other loans repaid	25	<u>(100)</u>		<u>(125)</u>	
<b>Net cash (outflow)/inflow from financing</b>			(1,335)		9,310
<b>(Decrease)/increase in cash</b>			<u>(959)</u>		<u>4,425</u>

The notes on pages 18 to 33 form part of these financial statements.

## **Notes to the Accounts**

**for the twelve months ended 31st July 1997**

### **1. Accounting policies**

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

#### **Basis of accounting**

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

#### **Basis of consolidation**

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

The pro forma Profit and Loss Account for the twelve months ended 31st July 1996 reflects the results that would have been presented had the 31st July 1996 been the previous accounting date.

A separate profit and loss account dealing with the results of the Company only has not been presented as permitted by Section 230 of the Companies Act 1985.

#### **Comparatives**

Minor reclassifications have been made to prior year figures to achieve comparability with the current year.

#### **Turnover**

Turnover represents gate receipts and commercial income exclusive of Value Added Tax.

#### **Depreciation**

Freehold land is not depreciated.

Leasehold property is amortised over the term of the lease.

Other fixed assets are depreciated on a straight line basis at annual rates appropriate to their estimated useful lives as follows:

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

#### **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 amortised over the period of the respective players' contracts.

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

**Signing on fees**

Signing on fees are charged to the Profit and Loss Account in the accounting period in which they are payable.

**Fixed asset investments**

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

**Pension costs**

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

**Leases**

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

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

**Grants receivable**

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

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and

liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the Balance Sheet dates. Translation differences are dealt with in the Profit and Loss Account.

## 2. Turnover

Turnover which is all derived from the Company's principal activity is analysed as follows:

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Gate receipts	13,641	13,337	13,683
Television	4,474	2,503	2,503
Sponsorship	4,940	4,747	5,299
Merchandising	3,564	3,673	4,122
Other	<u>1,255</u>	<u>1,329</u>	<u>1,787</u>
	<u>27,874</u>	<u>25,589</u>	<u>27,394</u>

Turnover all derives from activities in the United Kingdom.

## 3. Operating profit - continuing operations

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

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Depreciation of tangible fixed assets:			
- owned	960	922	1,061
- leased	352	355	414
Release of grants - deferred credit	(58)	(54)	(63)
Amortisation of players' registrations (including exceptional charge of £7,290,000 - 1996)	5,884	9,078	9,234
Profit on transfer of players' registrations	(4,356)	(4,822)	(4,923)
Auditors' remuneration and expenses:			
audit fee	30	30	37
other services	49	34	43
Operating lease rentals:			
- land and buildings	87	87	102
- other	<u>7</u>	<u>9</u>	<u>11</u>

In the twelve months to 31st July 1997 profit on transfer of players' registrations included a profit of £3,026,000 in respect of E. Sheringham (1996 £5,250,000 N. Barmby).

#### 4. Staff numbers and costs

The average number of employees of the Group during the year, excluding Directors, was as follows:

	12 months ended July 1997 Number	Pro forma 12 months ended July 1996 Number	Statutory 14 months ended July 1996 Number
Players and football administration staff	89	85	85
Administration staff	46	45	47
Retail and distribution staff	<u>30</u>	<u>29</u>	<u>28</u>
	165	159	160

In addition the Group employs approximately 511 temporary staff on matchdays.

The aggregate payroll costs of these employees were as follows:

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Salaries and bonuses	11,014	8,392	10,385
Social security costs	1,016	849	1,041
Other pension costs	<u>27</u>	<u>21</u>	<u>27</u>
	12,057	9,262	11,453

#### 5. Net interest receivable/(payable)

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Interest receivable	764	233	240
Interest payable on bank overdrafts and other loans repayable within five years	(187)	(315)	(413)
Finance lease charges	<u>(125)</u>	<u>(175)</u>	<u>(203)</u>
	452	(257)	(376)

## 6. Player trading

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Proceeds	5,124	7,597	11,697
Net book values of players sold	(768)	(2,774)	(6,789)
Amortisation of players	<u>(5,884)</u>	<u>(1,788)</u>	<u>(1,944)</u>
	<u>(1,528)</u>	<u>3,035</u>	<u>2,964</u>

## 7. Exceptional item - write-down of players' registrations

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Player amortisation	-	7,290	7,290

Following the outcome of the Bosman case a player may, at the end of his contract, move to a new club within the European Union without his current club being able to demand a transfer fee. Therefore, the Board reduced the player values contained in the balance sheet at 31st July 1996 in order to reflect these new conditions.

The cost of new players' registrations is now fully written off over the duration of the players' contracts.

## 8. Taxation charge on profit on ordinary activities

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
UK corporation tax at 32.3% (1996 - 33%) on profit for the period	-	(2,026)	(2,026)
Deferred tax	(228)	(1,017)	(1,017)
Adjustments in respect of prior years:			
Corporation tax	-	198	198
Deferred tax	-	132	132
	<u>(228)</u>	<u>(2,713)</u>	<u>(2,713)</u>

The tax charge is low due to the high level of expenditure on player acquisitions for which full tax relief is claimed.

## 9. Dividends

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Interim dividend paid of 0.33p per share	(332)	(240)	(240)
Final dividend of 0.67p per share proposed (1996 - 1p total as adjusted for the share subdivision)	(675) (1,007)	(701) (941)	(701) (941)
	<hr/>	<hr/>	<hr/>

## 10. Parent Company profit

The profit after taxation for the year includes a profit of £3,670,000 (1996 - 14 months - £4,342,000) dealt with in the Accounts of the Company.

## 11. Earnings per share

Earnings per share have been calculated using the weighted average number of shares in issue in each period and the comparatives for the twelve months and fourteen months to 31st July 1996 have been restated following the share subdivision.

Two figures are presented for earnings per share. In addition to the usual definition of earnings per share the Directors believe that earnings per share before player trading and before exceptional items is a useful guide to the underlying performance of the Group.

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Profit after taxation	7,345	1,504	199
Player trading less amortisation	1,528	(3,035)	(2,964)
Exceptional item	<hr/> -	<hr/> 7,290	<hr/> 7,290
Profit after taxation excluding player trading and exceptional item	<hr/> 8,873	<hr/> 5,759	<hr/> 4,525
Weighted average number of shares in issue	100,306,722	86,114,830	85,562,220
Earnings per share	7.3p	1.7p	0.2p
Earnings per share excluding player trading and exceptional item	<hr/> 8.8p	<hr/> 6.7p	<hr/> 5.3p

## 12. Intangible Fixed Assets

<i>Group</i>	£'000
Cost of players' registrations	
At 1st August 1996	21,471
Additions	19,061
Disposals	(5,295)
	<hr/>
At 31st July 1997	35,237
	<hr/>
Amortisation of players' registrations	
At 1st August 1996	11,256
Charged in year	5,884
Disposals	(4,527)
	<hr/>
At 31st July 1997	12,613
	<hr/>
Net book value of players' registrations	
At 31st July 1997	22,624
	<hr/>
At 31st July 1996	10,215
	<hr/>

The above represents the amortised cost as at 31st July 1997 of nineteen players' registrations (1996 - twenty players' registrations).

## 13. Tangible Fixed Assets

<i>Group</i>	Land and Buildings		Motor	General	Total
	Freehold	Short leasehold	vehicles	plant and equipment	
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1st August 1996	34,114	1	241	5,748	40,104
Additions	2,479	-	21	331	2,831
Disposals	-	-	(163)	-	(163)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 1997	36,593	1	99	6,079	42,772
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1st August 1996	1,533	-	161	3,317	5,011
Charged in year	624	-	30	658	1,312
Disposals	-	-	(113)	-	(113)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st July 1997	2,157	-	78	3,975	6,210

Net book value					
At 31st July 1997	34,436	1	21	2,104	36,562
<i>At 31st July 1996</i>	<i>32,581</i>	<i>1</i>	<i>80</i>	<i>2,431</i>	<i>35,093</i>
Cost or valuation comprises:					
At cost	17,987	-	99	6,079	24,165
At 1993 valuation	18,606	1	-	-	18,607
At 31st July 1997	36,593	1	99	6,079	42,772
<i>Company</i>					
Cost or valuation					
At 1st August 1996	34,114	1	34	5,735	39,884
Additions	2,479	-	-	330	2,809
Disposals	-	-	(23)	-	(23)
At 31st July 1997	36,593	1	11	6,065	42,670
Depreciation					
At 1st August 1996	1,533	-	24	3,317	4,874
Charged in year	624	-	4	658	1,286
Disposals	-	-	(17)	-	(17)
At 31st July 1997	2,157	-	11	3,975	6,143
Net book value					
At 31st July 1997	34,436	1	-	2,090	36,527
<i>At 31st July 1996</i>	<i>32,581</i>	<i>1</i>	<i>10</i>	<i>2,418</i>	<i>35,010</i>
Cost or valuation comprises:					
At cost	17,987	-	11	6,065	24,063
At 1993 valuation	18,606	1	-	-	18,607
At 31st July 1997	36,593	1	11	6,065	42,670

The properties were externally valued by chartered surveyors on 31st May 1993 on the basis of depreciated replacement cost in the case of the Stadium and of open market value for existing use in the case of other properties.

Freehold land and buildings includes payments on account of £1,315,000 for the North Stand construction.

Freehold land totalling £3,278,000 has not been depreciated.

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

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Cost	36,104	33,625	36,182	33,703
Depreciation	<u>(4,636)</u>	<u>(4,012)</u>	<u>(4,374)</u>	<u>(3,750)</u>
	31,468	29,613	31,808	29,953

Fixed assets which are held under finance leases are as follows:

	Group		Company	
	Motor vehicles	General plant and equipment	Motor vehicles	General plant and equipment
	£'000	£'000	£'000	£'000
Net book value	9	957	-	957
Depreciation charged in year	4	348	-	348

#### 14. Investments held as fixed assets

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

	Cost	Provision	Net Book Value
	£'000	£'000	£'000
<u>Shares</u>			
At 1st August 1996	4,304	(2,959)	1,345
Cost and provision eliminated in year	<u>(2,959)</u>	<u>2,959</u>	<u>-</u>
At 31st July 1997	<u>1,345</u>	<u>-</u>	<u>1,345</u>

At 31st July 1997 the Company had the following principal subsidiary undertaking which is registered and operates in England and Wales:

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

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

## 15. Debtors

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Trade debtors	3,441	4,376	146	104
Amounts owed by Group undertakings	-	-	-	179
Other debtors	512	352	209	324
Prepayments and accrued income	<u>658</u>	<u>389</u>	<u>118</u>	<u>46</u>
	<u>4,611</u>	<u>5,117</u>	<u>473</u>	<u>653</u>

Trade debtors above include £1,853,281 (1996 - £2,498,542) in respect of players' registrations.

## 16. Creditors - amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank loan	1,000	1,000	1,000	1,000
Bank overdraft	-	-	-	5,400
Hire purchase and finance lease obligations	359	330	357	319
Payments received in advance	10,270	9,401	1,650	1,650
Trade creditors	6,436	1,314	374	692
Amounts owed to Group undertakings	-	-	7,382	4,733
Other creditors	1,074	638	388	292
Corporation tax	808	1,431	549	988
Advance corporation tax	167	177	167	177
Other tax and social security	1,028	1,737	3	-
Accruals and deferred income	943	976	798	787
Dividend payable	<u>675</u>	<u>701</u>	<u>675</u>	<u>701</u>
	<u>22,760</u>	<u>17,705</u>	<u>13,343</u>	<u>16,739</u>

Trade creditors above include £5,875,000 in respect of transfers of players' registrations (1996 - £333,340).

# **17. Creditors - amounts falling due after more than one year**

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Grants - deferred credits	2,593	2,665	2,593	2,665
Bank loan	1,250	2,250	1,250	2,250
Other loans	-	25	-	25
Obligations under finance leases and hire purchase contracts	757	1,115	757	1,113
Payments received in advance	140	69	-	-
	<u>4,740</u>	<u>6,124</u>	<u>4,600</u>	<u>6,053</u>

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

Repayment terms of the bank loan are as follows:

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Between one and two years	1,000	1,000	1,000	1,000
Between two and five years	<u>250</u>	<u>1,250</u>	<u>250</u>	<u>1,250</u>
	1,250	2,250	1,250	2,250

<b>18. Provisions for liabilities and charges</b>	Group	Company
	£000's	£000's
At 1st August 1996	1,711	1,711
Charged to the profit and loss account	228	228
Decrease in advance corporation tax on proposed dividend	<u>7</u>	<u>7</u>
At 31st July 1997	<u>1,946</u>	<u>1,946</u>

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

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Accelerated capital allowances	2,150	1,986	2,150	1,986
Advance corporation tax recoverable(169)		(175)	(169)	(175)
Other short-term timing differences	<u>(35)</u>	<u>(100)</u>	<u>(35)</u>	<u>(100)</u>
	<u>1,946</u>	<u>1,711</u>	<u>1,946</u>	<u>1,711</u>

The potential amount of unprovided deferred taxation is as follows:

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(2)	(6)	-	-
Losses	(1,519)	-	-	-
Capitalisation of players' registrations	<u>7,013</u>	<u>3,371</u>	<u>-</u>	<u>-</u>
	<u>5,492</u>	<u>3,365</u>	<u>-</u>	<u>-</u>

The above figures exclude taxation payable:

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

## 19. Called up share capital

	Number	£'000
<b>Authorised:</b>		
At 31st July 1996 - ordinary shares of 25 pence each	<u>21,600,000</u>	<u>5,400</u>
As restated for the 5 for 1 share subdivision	<u>108,000,000</u>	<u>5,400</u>
At 31st July 1997 - ordinary shares of 5 pence each	<u>108,000,000</u>	<u>5,400</u>
<b>Allotted and fully paid:</b>		
At 31st July 1996 - ordinary shares of 25 pence each	<u>20,023,816</u>	<u>5,006</u>
As restated for the 5 for 1 share subdivision	100,119,080	5,006
Options exercised under Executive Share Option Schemes	<u>579,230</u>	<u>29</u>
At 31st July 1997 - ordinary shares of 5 pence each	<u>100,698,310</u>	<u>5,035</u>

As at 31st July 1997 options over 3,000,200 ordinary shares in the company had been granted to Directors and employees under the Executive Share Option Scheme, details of which are as follows:

<u>Options exercisable between:</u>	<u>Option Price</u> <u>Per Share *</u>	<u>Number of</u> <u>Options</u>
14 March 1997 - 13 March 2004	15.96p	1,335,880
18 October 1998 - 17 October 2005	30.84p	719,320
20 December 1999 - 19 December 2006	123.20p	945,000

\* Adjusted following the Rights Issue in May 1996 and the five-for-one share subdivision in February 1997.

## 20. Reserves

	Share premium account £'000	Group Revaluation reserve £'000	Profit and loss account £'000	Share premium account £'000	Company Revaluation. reserve £'000	Profit and loss account £'000
Balance at 1st August 1996	11,054	2,860	18,516	11,054	2,520	6,695
Share options exercised	65	-	-	65	-	-
Profit for the financial period	-	-	7,345	-	-	3,670
Dividends (note 9)	-	-	(1,007)	-	-	(1,007)
Amortisation of revaluation reserve	-	(48)	48	-	(48)	48
Balance at 31st July 1997	<u>11,119</u>	<u>2,812</u>	<u>24,902</u>	<u>11,119</u>	<u>2,472</u>	<u>9,406</u>

## 21. Reconciliation of movements in Group shareholders' funds

	12 months ended July 1997 £'000	Pro forma 12 months ended July 1996 £'000	Statutory 14 months ended July 1996 £'000
Profit for the financial period	7,345	1,504	199
Net Rights Issue proceeds	-	10,863	10,863
Share options exercised	94	-	-
Dividends (note 9)	(1,007)	(941)	(941)
Net addition to shareholders' funds	6,432	11,426	10,121
Opening shareholders' funds	<u>37,436</u>	<u>26,010</u>	<u>27,315</u>
Closing shareholders' funds	<u>43,868</u>	<u>37,436</u>	<u>37,436</u>

## 22. Reconciliation of operating profit to net cash inflow from operating activities

	12 months ended July 1997 £'000	14 months ended July 1996 £'000
Operating profit	8,649	7,614
Player trading	(1,528)	2,964
Depreciation charge	1,312	1,475
Amortisation of players' registrations	5,884	1,944
Profit on sale of intangible fixed assets	(4,356)	(4,923)
Loss/(profit) on sale of tangible fixed assets	15	(11)
Increase in stocks	(150)	(101)
Increase in debtors	(313)	(653)
Increase in creditors	<u>339</u>	<u>5,565</u>
Net cash inflow from operating activities	<u>9,852</u>	<u>13,874</u>

## 23. Reconciliation of net cash flow movement in net funds/(debt)

	12 months ended July 1997 £'000	14 months ended July 1996 £'000
(Decrease)/increase in cash in the year/period	(959)	4,425
Cash outflow from decrease in debt and lease financing	1,429	1,553
Cash (outflow)/inflow from (decrease)/ increase in liquid resources	<u>(2,225)</u>	<u>10,900</u>
Movement in net funds/(debt) in the year/period	(1,755)	16,878
Net funds/(debt) at 1st August 1996	<u>7,442</u>	<u>(9,436)</u>
Net funds at 31st July 1997	<u>5,687</u>	<u>7,442</u>

## 24. Analysis of movement in net funds

	At 1st August 1996 £'000	Cashflow £'000	At 31st July 1997 £'000
Cash at bank and in hand	1,362	(959)	403
Cash on deposit	<u>10,900</u>	<u>(2,225)</u>	<u>8,675</u>
Cash as shown on balance sheet	12,262	(3,184)	9,078
Debt due within one year	(1,100)	75	(1,025)
Debt due after more than one year	(2,275)	1,025	(1,250)
Finance leases	<u>(1,445)</u>	<u>329</u>	<u>(1,116)</u>
Net funds/(debt)	<u>7,442</u>	<u>(1,755)</u>	<u>5,687</u>

## 25. Analysis of changes in financing during the twelve months

	Share capital £'000	Share premium account £'000	Hire purchase and finance lease obligations £'000	Term bank loan £'000	Other loans £'000
Balance at 1st August 1996	5,006	11,054	1,445	3,250	125
Cash inflow/(outflow) from financing	29	65	(329)	(1,000)	(100)
Balance at 31st July 1997	<u>5,035</u>	<u>11,119</u>	<u>1,116</u>	<u>2,250</u>	<u>25</u>

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

## 26. Commitments

The annual commitments under non-cancellable operating leases are:

	Group		Company	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Land and buildings:				
Leases expiring within one year	-	-	-	-
Leases expiring within 2 to 5 years	-	22	-	22
Leases expiring in more than 5 years	<u>65</u>	<u>65</u>	<u>65</u>	<u>65</u>
	65	87	65	87
	—	—	—	—
Other:				
Leases expiring within 1 year	2	9	-	-
Leases expiring within 2 to 5 years	<u>35</u>	<u>35</u>	<u>35</u>	<u>15</u>
	37	44	35	15
	—	—	—	—
Capital commitments were as follows:				
contracted	9,014	125	9,014	125
authorised but not contracted	609	-	609	-
	<u>9,623</u>	<u>125</u>	<u>9,623</u>	<u>125</u>

Capital commitments includes the balance of the construction price of the North Stand, including a Jumbotron screen.

## 27. Related party transactions

The following paragraphs give details of all material interests of Directors in contracts and transactions involving the Company and any of its subsidiary undertakings.

A three-year advertising contract between the Company and Viglen Limited (total value £65,000 plus VAT) was entered into during the last financial year. Viglen Limited is a subsidiary of Viglen Technology plc. A.M. Sugar has a substantial minority shareholding in Viglen Technology plc.

A one-year contract for advertising facilities between the Company and Amslit Limited (formerly Amstrad plc) for £50,000 plus VAT, terminated during the year. Amslit Limited became a subsidiary of Viglen Technology plc on 1st August 1997.

A three year advertising contract between the Company and Betacom plc (total value £65,000 plus VAT) was entered into during the last financial year. A.M. Sugar has a substantial minority shareholding in Betacom plc.

All of these transactions were at arm's length.

The following items have been included in Directors' emoluments:

- (a) During the year the Company paid fees totalling £50,000 to Amshold Limited in respect of the services of A. M. Sugar and a total of £10,000 to Amshold Limited in respect of the services of C. T. Sandy. Amshold Limited is wholly owned by A. M. Sugar.
- (b) During the year the Company paid fees totalling £10,000 plus VAT to Aldwick Management Services Limited in respect of the services of A. G. Berry.

## **28. Pensions**

Certain staff of the Group are members of the Football League Limited Pension and Life Assurance Scheme. Others are members of a self-administered Group money purchase scheme. The assets of these schemes are held separately from those of the Group, being invested with insurance companies. The pension cost charged during the year amounted to £49,000 (1996 - 12 months - £38,000).

## **29. Contingent liabilities**

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

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

The proposed terms of the recently renegotiated Premier League BSkyB contract includes the advance receipts of monies upon fulfilment of the terms of the contract in the future. The maximum amount that could be repayable is £2,402,000 (1996 - £nil).

## **30. Post balance sheet events**

There has been one significant player transaction since the year end:

J. Dominguez was bought by the Club in August 1997 for £1,713,000 including levy.

## Five Year Review

	July 1997 £'000	Pro forma 12 months to July 1996 £'000	May 1995 £'000	May 1994 £'000	May 1993 £'000
<b>Turnover (excluding player trading)</b>	27,874	25,589	21,296	17,767	16,594
<b>Operating profit/(loss)</b>					
- continuing operations	8,649	8,729	5,404	3,584	2,485
Net interest receivable/(payable)	452	(257)	(629)	(252)	203
<b>Profit/(loss) before player trading &amp; exceptional items</b>	9,101	8,472	4,775	3,332	2,688
Player trading	(1,528)	3,035	578	(656)	1,823
Exceptional items	-	(7,290)	-	(1,791)	(1,150)
<b>Profit on ordinary activities before taxation</b>	7,573	4,217	5,353	885	3,361
Taxation	(228)	(2,713)	(443)	(288)	(305)
<b>Profit for the financial year</b>	7,345	1,504	4,910	597	3,056
Dividends	(1,007)	(941)	(481)	(75)	(801)
<b>Retained profit/(loss)</b>	6,338	563	4,429	522	2,255
<b>Net assets</b>					
Intangible fixed assets	22,624	10,215	15,816	10,901	10,809
Tangible fixed assets	36,562	35,093	34,025	24,249	22,432
Net current liabilities	(8,632)	(37)	(12,577)	(8,871)	(10,501)
<b>Total assets less net current liabilities</b>	50,554	45,271	37,264	26,279	22,740
Creditors - amounts falling due after more than one year	(6,686)	(7,835)	(9,949)	(3,393)	(212)
<b>Net assets</b>	43,868	37,436	27,315	22,886	22,528
<b>Earnings per share</b>	7.3p	1.7p	6.0p	0.7p	3.7p
<b>Dividends per share</b>	1.00p	0.86p	0.60p	0.20p	1.00p

Following the share subdivision in the year, each periods' earnings per share and dividends per share figures have been restated to reflect the increased number of shares.

## **Notice of Annual General Meeting**

NOTICE IS HEREBY GIVEN that the fourteenth Annual General Meeting of Tottenham Hotspur plc ("the Company") will be held at 748 High Road, Tottenham, London, N17 0AP on 27th November 1997 at 2.30pm for the purposes of considering the following business:

### **AS ORDINARY BUSINESS:**

1. To receive the Directors' Report and Consolidated Financial Statements of the Company for the year ended 31st July 1997.
2. To declare a final dividend.
3. To re-elect as a Director, Mr. A.G. Berry, who retires by rotation and, being eligible, offers himself for re-election.
4. To re-appoint Deloitte & Touche as auditors to the Company and to authorise the Directors of the Company to fix their remuneration.

### **AS SPECIAL BUSINESS:**

To consider and, if thought fit, pass resolutions 5 and 6 below as an ordinary resolution and a special resolution respectively.

### **ORDINARY RESOLUTION:**

5. THAT the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act, 1985, to exercise the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £365,085 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 15 months from the date on which this resolution is passed, whichever is the earlier, and provided further that the Company may before such expiry make an offer or agreement which would or might require relevant securities of the Company to be allotted after such expiry and the Directors may allot such relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired. This authority shall replace the similar authority granted to the Directors at the Company's Annual General Meeting on 14th November 1996, which is hereby revoked with immediate effect.

### **SPECIAL RESOLUTION:**

6. THAT, subject to the passing of resolution 5 set out in the Notice convening an Annual General Meeting of the Company for 27th November 1997, the Directors of the Company be and are hereby empowered pursuant to Section 95

of the Companies Act, 1985 ("the Act"), to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the general authority conferred on the Directors by such resolution as if Section 89(1) of the Act did not apply to any such allotment provided that:

- (i) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling fifteen months from the date on which this resolution is passed, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired; and
- (ii) this power shall be limited to:
  - (A) the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders (notwithstanding that, by reason of such exclusions as the Directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise howsoever, the equity securities to be issued are not offered to all such shareholders in proportion to the number of ordinary shares held by each of them); and
  - (B) the allotment (otherwise than pursuant to paragraph (A) above) for cash to any person or persons of equity securities up to an aggregate maximum nominal amount of £251,746.

This authority shall replace the similar authority granted to the Directors at the Company's Annual General Meeting on 14th November 1996, which is hereby revoked with immediate effect.

By Order of the Board,

J. Ireland LLB  
*Company Secretary*

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

23rd October 1997

## NOTES:

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies of his/her choice to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company.
2. To have the right to attend and vote at the meeting (and also for the purposes of calculating how many votes a person may cast), a person must have his/her name entered on the register of members by no later than forty-eight hours prior to the meeting or any adjournment thereof. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
3. To be valid a duly executed instrument of proxy and any letter of authority or power or attorney (or a duly certified copy thereof) pursuant to which it has been executed must be lodged at the office of the Company's Registrars, IRG plc, Balfour House, 390/398 High Road, Ilford, Essex, IG1 1NQ at least 48 hours before the meeting or adjourned meeting at which the person(s) named in this instrument is/are to vote. Note that the depositing of Powers of Attorney with the Company's Registrars is not required if this has been previously registered with the Company.
4. Copies of the Directors' service contracts with the Company will be available for inspection at the Registered Office of the Company during usual business hours from the date of this Notice until the date of the Annual General Meeting and at the place of the Annual General Meeting from fifteen minutes before the meeting until its conclusion.

## SUMMARY OF DIRECTORS' AUTHORITY TO ALLOT SHARES

Section 80 of the Companies Act 1985 provides that the authority of the Directors to allot relevant securities shall be subject to the approval of shareholders in general meeting. Accordingly, an ordinary resolution, resolution 5, as set out in the Notice of Annual General Meeting, will be proposed to authorise the directors to allot up to a maximum aggregate nominal amount of £365,085 of shares of the Company (representing approximately 7% of the issued share capital of the Company) subject to the terms of the resolution. Except for an exercise of options under the Company's share option schemes, the Directors have no present intention of issuing any part of the authorised but unissued share capital of the Company. This authority will expire at the conclusion of the next Annual General Meeting, or if earlier, fifteen months from the date of passing the resolution.

The Companies Act 1985 also provides that any equity shares issued wholly for cash must be offered to existing shareholders in proportion to their existing holdings. This requirement may be modified by special resolution of the shareholders and such a resolution was passed at the last Annual General Meeting. A special resolution, resolution 6, as set out in the Notice of Annual General Meeting, will be proposed to renew the directors' authority to allot equity shares for cash other than on a pro rata basis up to a limit of £251,746 in nominal amount of shares (representing 5% of the issued share capital of the Company). This authority will expire at the conclusion of the next Annual General Meeting or, if earlier, fifteen months from the date of the passing of the resolution.

These authorities, the limitations on which have been calculated in accordance with Investor Protection Committee guidelines, will replace similar authorities which were given to the Directors at the Annual General Meeting held on 14th November 1996, and which are due to expire at the forthcoming Annual General Meeting.