

Company Registration No. 57186

**Tottenham Hotspur Football and
Athletic Co. Limited**

Report and Financial Statements

30 June 2011



Tottenham Hotspur Football and Athletic Co. Limited

Report and financial statements 2011

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Tottenham Hotspur Football and Athletic Co. Limited

Report and financial statements 2011

Officers and professional advisers

Directors

D P Levy
M J Collecott
D Cullen
P Barber (resigned 1 July 2010)
D Eales (appointed 1 July 2010)
C Wijeratna (appointed 7 January 2011, resigned 17 January 2012)

Secretary

M J Collecott

Registered Office

Bill Nicholson Way
748 High Road
London
N17 0AP

Solicitors

CKFT Solicitors
25–26 Hampstead High Street
London
NW3 1QA

Bankers

HSBC Bank plc
70 Pall Mall
London
SW1Y 5EZ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

Tottenham Hotspur Football and Athletic Co. Limited

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 June 2011

Principal activities and business review

The principal activity of Tottenham Hotspur Football and Athletic Co Ltd ("the Company") is the operation of a professional football club. The Company derives its income principally from managing the provision of football entertainment for White Hart Lane Stadium Limited.

Under the terms of a management agreement, the Company manages the provision of football entertainment at the White Hart Lane Stadium, for White Hart Lane Stadium Limited, for which it charges a management fee.

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

The Club progressed well in all competitions during the year.

The commercial activities of the Club continued to produce substantial income. The Directors expect the Company to continue to trade profitably before taking into account the amortisation and disposal of player registrations.

Turnover

This year the Club has yet again attained record revenue, rising by 31% to £149.2m (2010: £113.8m).

Finishing fourth in the Premier League at the end of the 2009/2010 Season provided the Club with an opportunity to qualify for the UEFA Champions League Group Stages for the first time in its history which it achieved after beating Young Boys in a Play-Off Round. After a memorable run in the competition, the Club were eliminated by Real Madrid in the quarter-finals.

Prize money from our run in the UEFA Champions League totalled £29.0m. In the previous season the Club did not qualify for Europe. In domestic cup competitions, the Club was knocked out in the fourth round of the FA Cup and the third round of the Carling Cup.

Media and broadcasting revenues increased by 5% to £54.0m (2010: £51.5m). This gain was due to the first season of the new increased FAPL TV deal in spite of a lower merit fee award based on our final league position of fifth compared to fourth the previous season.

Sponsorship and corporate hospitality income increased by 19% from £16.5m to £19.7m. The 2010/2011 season saw commercial success, particularly in the area of sponsorship with the innovation of two shirt sponsors - Autonomy across all FAPL games and Investec across all cup competitions. Given the attention our performances attracted, we have seen media values rise and deliver an impressive return for our sponsors. In addition, corporate hospitality income benefited from our UEFA Champions League campaign.

Operating expenses (excluding football trading)

Operating expenses before football trading rose by 36% from £93.3m to £126.5m in the year. Player salaries have risen as the Club augmented its squad of players to be able to compete both at home and in Europe at the highest level during the season in which the Club played a total of 53 games.

There was also an adverse movement in unrealised foreign exchange differences due to the weakening of Sterling against the Euro during the year.

Football trading

During the financial year new contracts were agreed with First Team players Benoit Assou-Ekotto, Gareth Bale, Luka Modric, Danny Rose, William Gallas, Vedran Corluka, Kyle Naughton and Kyle Walker, Development Squad players John Bostock, Nathan Byrne, Thomas Carroll, Steven Caulker, Jake Livermore, Jake Nicholson, Dean Parrett, Ryan Fredericks, Simon Dawkins, Kudus Oyenuga and Harry Kane.

Tottenham Hotspur Football and Athletic Co. Limited

Directors' Report

During the summer of 2010 we signed Rafael van der Vaart, William Gallas, Stipe Pletikosa (on loan) and Sandro (from our Partner Club Internacional) In January 2011 we signed Bongani Khumalo, Steven Pienaar and Massimo Luongo and re-signed Simon Dawkins

Dorian Dervite, Adel Taarabt, Jonathan Woodgate, Anton Blackwood, Calum Butcher and Stipe Pletikosa left the Club during the financial year

Since the year end we have strengthened the squad further with the following signings Brad Friedel, Scott Parker, Emmanuel Adebayor (loan), Cristian Ceballos and Souleymane Coulibaly

The following players have left since the year end Jamie O'Hara, Robbie Keane, Alan Hutton, Peter Crouch, Wilson Palacios and Paul-Jose M'Poku

Loss before taxation

The overall result of the above is a loss before taxation of £9.9m (2010 £5.4m) Significant in this movement is the reduced profit from player trading of £8.6m (2010 £15.3m), the comparative figure for the prior period includes significant gains that were made on the sales of the registrations of Darren Bent, Didier Zokora and Kevin-Prince Boateng

Taxation

The Company has incurred a tax credit of £3.8m in the current year compared to a £0.3m credit for the prior year Therefore loss after tax is £6.2m (2010 £5.2m)

Risks and opportunities

The Company is exposed to a range of risks and uncertainties which have the potential to affect the long-term performance of the Group Risks are monitored by the Board on a continual basis and the Group seeks to mitigate the risks wherever possible

The Club is reliant on the Premier League brand and exposed to the external governing bodies of The FA, UEFA and FIFA Clearly any changes in these bodies can affect our business model

Looking forward, the next major challenge our industry will face, from a financial perspective, will be the change that Financial Fair Play will bring to the game The essence of the change is to balance revenues and expenses It was inevitable that UEFA would bring further control to the game and the Premier League has embraced these changes taking the view that it is better to be involved in a process than pushing against the inevitable

As we invest for the future, the continued success of the First Team in the Premier League, European and cup competitions remains an important part of our progression

Our ambitions in these competitions can be achieved with the continued commitment of the playing staff, the football management team and supporters Our successful approach to nurturing both home-grown talent and acquisitions through the transfer market will help the team to secure future success on the pitch

There is always continued upward pressure on player costs and salaries, which continue to require significant cash outflows Accordingly, the challenge for the Group continues to be locating players of both quality and value through the transfer market and Academy The importance of this will be further highlighted by the introduction of Financial Fair Play

Outlook

Challenging global economic times are upon us and we shall all be required to manage the difficulties this will present We shall continue to be ambitious for the Club whilst preserving the solid foundations on which it now flourishes

We continue to explore new opportunities in order to broaden our range of income streams both nationally and internationally This continued diversification of our income streams will help to ensure the Company is financially robust and increases our stability

Tottenham Hotspur Football and Athletic Co. Limited

Directors' Report

Dividends and results

The Directors do not recommend the payment of a dividend in either period. The Company made a loss after tax for the year of £6,154,000 (2010: loss of £5,163,000) and the net assets as at 30 June 2011 were £33,385,000 (2010: £39,539,000).

Directors and their interests

The Directors who served throughout the year were as follows:

D P Levy

M J Collecott

D Cullen

P Barber (resigned 1 July 2010)

D Eales (appointed 1 July 2010)

C Wijeratna (appointed 7 January 2011, resigned 17 January 2012)

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

Contingent assets and liabilities and post balance sheet events

Details are included in notes 20 and 21 to the accounts.

Financial risk management objectives and policies

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

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

Donations

During the year ended 30 June 2011 the Company made charitable donations of £92,277 (2010: £6,150). There were no political donations during the year (2010: £nil). The group, headed by Tottenham Hotspur plc, makes many contributions of Tottenham memorabilia to registered charities, especially in the Tottenham catchment area.

Employees

It remains the policy of the Company to provide employees with information on matters of concern to them and to keep them informed about the progress and performance of the Company and, where applicable, of the group. This is achieved through formal and informal staff meetings and regular bi-monthly meetings of an Employee Advisory Committee.

Applications for employment by disabled persons are always fully considered in the light of the respective skills and abilities of those concerned. Training and career development for such a person would, wherever possible, be similar to that of a person fortunate enough not to suffer from a disability. Furthermore, there is a permanent health insurance policy which covers the majority of UK staff whereby, if they suffer an illness or injury which renders them unable to continue employment, they continue to receive a substantial proportion of their remuneration.

Tottenham Hotspur Football and Athletic Co. Limited

Directors' Report

Policy on payment of creditors

The Company'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 of the invoice date, however, where discounts are available it is generally the policy to pay earlier and benefit accordingly. Trade creditors at 30 June 2011 represented 19 days of annual purchases (2010 22 days). This figure excludes creditors in respect of player purchases which are paid on the date payment is contractually due.

Going concern

The Company has net current liabilities at 30 June 2011. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, and the current economic downturn. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur plc, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

Auditor

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

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

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

A resolution to re-appoint Deloitte LLP as the Company's auditor was proposed and passed at the Annual General Meeting.

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



M J Collecott
Secretary
24 February 2012

Tottenham Hotspur Football and Athletic Co. Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

Independent auditor's report to the members of Tottenham Hotspur Football and Athletic Co. Limited

We have audited the financial statements of Tottenham Hotspur Football and Athletic Co Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Nigel Mercer (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
24 February 2012

Tottenham Hotspur Football and Athletic Co. Limited

Profit and loss account Year ended 30 June 2011

	Notes	Operations excluding football trading* £'000	Football trading * £'000	2011 Total £'000	2010 Total † £'000
Turnover	3	149,207		149,207	113,833
Operating expenses	4	(126,527)	(39,450)	(165,977)	(132,748)
Operating (loss)/profit	5	22,680	(39,450)	(16,770)	(18,915)
Profit on disposal of intangible fixed assets	8	-	8,573	8,573	15,250
(Loss)/profit from operations		22,680	(30,877)	(8,197)	(3,665)
Net finance costs	9			(1,747)	(1,769)
Loss on ordinary activities before taxation				(9,944)	(5,434)
Tax credit on loss on ordinary activities	10			3,790	271
Retained loss for the financial year	17			(6,154)	(5,163)

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

† See note 2 for a breakdown

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

There were no other recognised gains or losses in either the current or prior year other than those stated above, accordingly no statement of total recognised gains and losses is presented


Tottenham Hotspur Football and Athletic Co. Limited

Balance sheet As at 30 June 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	11	101,214	115,660
Non-current assets			
Debtors	12	-	2,968
Current assets			
Debtors	12	15,812	31,003
Cash at bank and in hand		16,678	29,961
		32,490	60,964
Creditors: amounts falling due within one year	13	(82,671)	(121,325)
Net current liabilities		(50,181)	(60,361)
Total assets less current liabilities		51,033	58,267
Creditors: amounts falling due after more than one year	14	(15,085)	(17,133)
Provisions for liabilities	15	(2,563)	(1,595)
Net assets		33,385	39,539
Capital and reserves			
Called up share capital	16	54	54
Share premium	17	1,083	1,083
Profit and loss account	17	32,248	38,402
Shareholders' funds		33,385	39,539

The financial statements of Tottenham Hotspur Football and Athletic Co Limited, registered number 57186, were approved by the Board of Directors and authorised for issue 24 February 2012

Signed on behalf of the Board of Directors


M J Collecott
Director

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

1. Accounting policies

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

Going concern

This is contained in the Directors' Report on page 5.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

Under the provisions of Financial Reporting Standard 1 (Revised) the Company has not presented a cash flow statement, as its ultimate parent company, Tottenham Hotspur plc, a company registered in England and Wales, prepares consolidated financial statements which include the results of the Company and contain a cash flow statement.

Turnover

Turnover represents television income, sponsorship income and management fees receivable exclusive of VAT.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

Football trading

The costs associated with the acquisition of player and key football management staff registrations are capitalised as intangible fixed assets. Any intangible assets acquired on deferred terms are recorded at discounted cost at the date of acquisition. This represents the net present value of the costs of acquiring players and key football management staff registrations. These costs are fully amortised on a straight line basis over their useful economic lives, in equal annual instalments over the period of the respective contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Under the conditions of certain transfer agreements, further fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfers are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

Provision is made for any impairment of the carrying value of the playing squad should the carrying value of the squad as a whole exceed the amount recoverable from the squad as a whole through use or sale, and where the reduction in value is considered permanent.

Where a player is not considered to be part of the playing squad a provision for impairment would be made if the individual player's carrying value exceeds the amount recoverable through use or sale and where the reduction in value is considered permanent.

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

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

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date. Translation differences are dealt with in the profit and loss account.

Corporation tax

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

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

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

In addition the Company is making contributions in respect of its share of the deficit of the defined benefit section of the Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the group's share of the deficit which exists in this section of the Scheme.

Under the provisions of FRS 17 "Retirement Benefits" the Scheme would be treated as a defined benefit multi-employee scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities, cannot be identified on a reasonable and consistent basis, and accordingly no disclosures are made under the provisions of FRS 17.

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

2. Analysis of comparative profit and loss account

	Operations excluding football trading £'000	Football trading £'000	Total £'000
Turnover	113,833		113,833
Operating expenses	(93,282)	(39,466)	(132,748)
Operating profit/(loss)	20,551	(39,466)	(18,915)
Profit on disposal of registrations	-	15,250	15,250
Profit/(loss) before interest and taxation	20,551	(24,216)	(3,665)

3. Turnover

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

	2011 £'000	2010 £'000
Turnover comprises:		
Cup competitions – Gate receipts and prize money	29,318	3,070
Sponsorship and corporate hospitality	19,663	16,520
Media and broadcasting	54,015	51,518
Management fee receivable	38,871	36,054
Other	7,340	6,671
	<u>149,207</u>	<u>113,833</u>

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

4. Operating expenses

	2011 £'000	2010 £'000
Staff costs	88,609	65,035
Amortisation, impairments and other net football trading income and expenditure	39,450	39,466
Other operating costs	37,918	28,247
	<u>165,977</u>	<u>132,748</u>

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

5. Operating profit/(loss)

	2011 £'000	2010 £'000
Operating profit/(loss) is stated after charging:		
Amortisation and impairment of intangible fixed assets	41,953	39,991
Charitable donations	92	6
Stadium hire and management fees	12,095	8,787

The audit fee of £20,000 (2010 £20,000) is borne by another group company in the current year and prior year. No fees were paid to the Company's auditor or affiliated entities, relating to other services, during the year. Refer to the Tottenham Hotspur plc financial statements for full disclosure of fees payable to auditor.

6. Staff number and costs

	2011 No.	2010 No.
The average number of employees (including Directors) during the year was as follows		
Players and football administration staff	158	142
Administration staff	103	99
	<u>261</u>	<u>241</u>

	2011 £'000	2010 £'000
The aggregate payroll costs of these employees (including Directors) was as follows		
Wages, salaries and bonuses	76,699	57,588
Social security costs	9,780	6,898
Other pension costs	2,130	549
	<u>88,609</u>	<u>65,035</u>

In addition the Company employs on average 611 temporary staff on matchdays (2010 584). In addition to the above payroll costs, redundancy costs of £191,762 (2010 £129,682) were also charged to the profit and loss account during the year.

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

7. Directors' emoluments

The emoluments of the Directors of the Company who are not remunerated by the parent company, for the year were £1,018,886 (2010 £402,370). Details of the emoluments of the Directors of the Company who are remunerated by the parent company are included in the Tottenham Hotspur plc annual report. It is not practicable to allocate this between their services as Directors of Tottenham Hotspur plc and Tottenham Hotspur Football and Athletic Co. Limited.

Details of the remuneration of the Directors who are not remunerated by the parent company are shown below:

	Highest paid Director		Total remuneration	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Salary	215	180	534	387
Bonus	235	100	465	-
Benefits in kind	10	10	20	15
Total emoluments	460	290	1,019	402
Pension	-	-	-	23
Total remuneration	460	290	1,019	425

8. Profit on disposal of intangible fixed assets

	2011 £'000	2010 £'000
Proceeds	8,573	26,122
Net book value of disposals	-	(10,872)
	8,573	15,250

9. Net finance costs

	2011 £'000	2010 £'000
Net notional interest expense on deferred payments for players' registrations	1,747	1,769

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

10. Tax credit on loss on ordinary activities

	2011 £'000	2010 £'000
Group relief payable	(3,223)	(357)
Adjustment in respect of prior years	-	89
Group relief in respect of prior years	(197)	(324)
Current tax credit	(3,420)	(592)
Origination and reversal of timing differences	(370)	321
Deferred tax (credit)/charge	(370)	321
Total tax credit on ordinary activities	(3,790)	(271)
	2011 £'000	20110 £'000
Reconciliation of the current tax credit		
Loss on ordinary activities before taxation	(9,944)	(5,434)
Tax on loss on ordinary activities before taxation at the UK statutory rate of 27.5% (2010: 28%)	(2,735)	(1,522)
Effect of		
Adjustment in respect of prior years	(197)	89
Rollover relief	161	856
Other permanent differences	(1,198)	(257)
Non-deductible expenditure	179	563
Total current year corporation tax credit	(3,790)	(271)

In the March 2011 Budget it was announced that the rate of corporation tax would be reduced from the current rate of 28% to a rate of 26% with effect from 1 April 2012. The effective tax rate for the year is 27.5% (2010: 28%).

The losses have been surrendered to another group company for nil consideration.

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

11. Intangible fixed assets

	£'000
Cost of registrations	
At 1 July 2010	202,036
Additions	27,508
Disposals	(2,252)
	<hr/>
At 30 June 2011	227,292
Amortisation and impairment of registrations	
At 1 July 2010	86,376
Charged in year – amortisation	41,953
Disposals	(2,252)
	<hr/>
At 30 June 2011	126,077
Net book value of registrations	
At 30 June 2011	<hr/> 101,215 <hr/>
At 30 June 2010	<hr/> 115,660 <hr/>

12. Debtors

	2011 £'000	2010 £'000
Trade debtors	5,914	22,237
Corporation tax	2,869	3,526
Other debtors	1,768	715
Prepayments and accrued income	3,313	6,499
Amounts due from group undertakings	1,633	994
Deferred taxation	315	-
	<hr/>	<hr/>
	15,812	33,971
	<hr/>	<hr/>

Trade debtors above include £3,426,000 (2010 £18,423,000) in respect of the disposal of players' registrations of which £nil is receivable after one year (2010 £2,968,000)

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

13. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	20,333	34,282
Amounts owed to group undertakings	30,538	67,975
Other tax and social security	6,316	4,018
Deferred taxation (see note 15)	-	55
Other creditors	7,960	7,160
Accruals and deferred income	17,524	7,835
	<u>82,671</u>	<u>121,325</u>

Creditors above include £19,571,000 in respect of the acquisition of players' registrations (2010 £29,120,000)

14. Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Trade creditors	9,984	12,988
Other creditors	5,101	4,145
	<u>15,085</u>	<u>17,133</u>

Trade creditors above are in respect of the acquisition of players' registrations

15. Provisions for liabilities and charges

	2011 £'000
Contingent transfer fees payable and provisions on player contracts	
At 1 July 2010	1,595
Provided during the year	2,794
Crystallised during the year	(1,826)
At 30 June 2011	<u>2,563</u>
Deferred taxation	
At 1 July 2010	55
Credited to the profit and loss account	(370)
At 30 June 2011	<u>(315)</u>

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

16. Called up share capital

	2011 £'000	2010 £'000
Authorised:		
53,812 ordinary shares of £1 each	54	54
Called up, allotted and fully paid:		
53,812 ordinary shares of £1 each	54	54

17. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 July 2010	1,083	38,402
Loss for the year	-	(6,154)
At 30 June 2011	1,083	32,248

18. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Loss for the year	(6,154)	(5,163)
Opening shareholders' funds	39,539	44,702
Closing shareholders' funds	33,385	39,539

19. Pensions

Defined contribution schemes

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance Scheme. Others are members of a self-administered Company money purchase scheme. The assets of these schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the year amounted to £266,000 (2010 £68,000).

During the year the Company made payments of £3,014,000 (2010 £231,000) into an Employee Funded Retirement Benefit Scheme administered by Sanne Trust Company Limited. Accordingly, no liability in respect of the scheme is recognised by the Company.

Defined benefit scheme

The Company is advised only of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). The most recent actuarial valuation of the Scheme was as at 31 August 2008 and indicated that the contribution required from the Company towards making good this deficit was £290,000 at 1 September 2009. The pension cost charged during the year relating to this deficit was £45,000 (2010 £42,000). At the balance sheet date the Company's share of this deficit was £208,000 (2010 £253,000).

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20. Contingent liabilities and assets

The Company, together with its parent and fellow subsidiaries, has given a multilateral undertaking to its bankers to guarantee the overdrafts of the group companies

At the balance sheet date the company had overdrafts of £nil (2010 £nil)

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent liability which has not been provided for was £24,158,000 (2010 £26,188,000)

Under the terms of certain contracts for the sale of players' registrations future receipts may be receivable from third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent asset was £11,433,000 (2010 £11,311,000)

The Company is currently in discussions with HM Revenue and Customs ("HMRC") relating to a number of tax matters. These primarily relate to (a) HMRC's investigation into image right payments made by football clubs generally, (b) HMRC's enquiries across the football industry as to whether VAT is recoverable on agents' fees on the basis that some agents may not have acted exclusively for the Club and as to whether employment related taxes arise, and (c) HMRC's enquiries into the current football creditor rules

The Company is satisfied that it has acted and accounted properly for these matters, and that once settled, no unprovided liabilities significant to the financial statements will result

21. Post balance sheet events

Since the balance sheet date the following events have occurred

B Friedel joined on a free transfer
C Ceballos joined on a free transfer
S Coulibaly joined on a free transfer
S Parker was bought from West Ham United
J O'Hara was sold to Wolverhampton Wanderers
E Adebayor joined on loan from Manchester City
P-J M'Poku was sold to Standard Liege
R Keane was sold to LA Galaxy
A Hutton was sold to Aston Villa
P Crouch was sold to Stoke City
W Palacios was sold to Stoke City
D Bentley was loaned to West Ham United
J Jenas was loaned to Aston Villa
Y Falque was bought from Juventus and then loaned to Southampton
L Saha joined on a free transfer
R Nelson joined
R Pavlyuchenko was sold to Lokomotiv Moscow
V Corluka was loaned to Bayer Leverkusen
S Pienaar was loaned to Everton
S Bassong was loaned to Wolverhampton Wanderers

Including Football League levies, the uncontingent net income of these transactions amounted to approximately £18,790,000

The contingent liability from these transactions amounts to approximately £250,000 and the contingent asset amounts to approximately £6,455,000

Tottenham Hotspur Football and Athletic Co. Limited

Notes to the accounts Year ended 30 June 2011

22. Ultimate parent company

The ultimate controlling party and immediate parent company is Tottenham Hotspur plc, a company incorporated in Great Britain and registered in England and Wales. The parent undertaking of the largest and smallest groups, which includes the Company, and for which group financial statements are prepared is Tottenham Hotspur plc. Copies of the annual report and accounts of Tottenham Hotspur plc can be obtained from Bill Nicholson Way, 748 High Road, Tottenham, London N17 0AP.

23. Related party transactions

The Company has applied the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 not to disclose related party transactions with Tottenham Hotspur group companies.