

Company Registration No. 57186

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

Report and Financial Statements

30 June 2016

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Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2016

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Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2016

Officers and professional advisers

Directors

D P Levy
M J Collecott
D Cullen
R Caplehorn

Secretary

M J Collecott

Registered Office

Lilywhite House
782 High Road
Tottenham
London
N17 0BX

Bankers

HSBC Bank plc
70 Pall Mall
London
SW1Y 5EZ

Solicitors

Olswang LLP
90 High Holborn
London
WC1V 6XX

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Tottenham Hotspur Football & Athletic Co. Ltd

Strategic report

The Directors present their Strategic Report on the affairs of Tottenham Hotspur Football & Athletic Co. Ltd together with the Directors' Report, Financial Statements and Auditor's Report for the year ended 30 June 2016. In preparing this strategic report, they have complied with s414C of the Companies Act 2006.

Principal activities and business review

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

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

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

Future Development

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

Revenue

Revenue increased on the previous year. Revenue for the year was £195.8m (2015: £178.9m) while excluding football trading there was an operating profit of £20.8m (2015: £20.2m profit).

The Club reached the round of 16 (2015: round of 32) of the UEFA Europa League resulting in gate receipts of £15.6m (2015: £4.7m).

Revenue from the domestic cup competitions earned the Club £0.4m (2015: £1.1m) having reached the third round of the Capital One Cup (2014: finalists) and the fifth round of the FA Cup (2015: Fourth round).

Media and broadcasting revenues rose to £94.8m (2015: £90.5m), as a result of finishing two places higher in the Premier League in 3rd (2015: 5th).

Sponsorship and corporate hospitality income decreased to £36.3m (2015: £37.5m). Other income streams remained consistent at £10.0m (2015: £10.0m).

Operating expenses (excluding football trading)

Operating expenses before football trading increased by 10.2% from £158.7m to £175.0m in the year. Included within operating expenses before football trading are one-off costs associated with new commercial and employment contracts ("Exceptional Items") of £9.6m (2015: £nil).

Profit from operations

Profit from operations, excluding football trading and before Exceptional Items and depreciation, was £31.4m (2015: £27.1m) and after deducting Exceptional Items and depreciation was £20.8m (2015: £20.2m).

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets and other football trading-related expenditure (net of income) has decreased to £31.8m (2015: £38.6m).

Profit on disposal of intangible assets

Profit on the disposal of intangible assets was £27.1m for the financial year (2015: £21.2m) which included the sales of Paulinho to Guangzhou Evergrande, Lewis Holtby to Hamburg, Etienne Capoue to Watford, Younes Kaboul to Sunderland, Benjamin Stambouli to Paris Saint-Germain, Vlad Chiriches to Napoli, Roberto Soldado to Villarreal, Aaron Lennon to Everton and Andros Townsend to Newcastle United.

Tottenham Hotspur Football & Athletic Co. Ltd

Strategic report (continued)

Profit for the period

The overall result of the above is a profit before taxation of £15.9m (2015: £3.9m).

Financial Fair Play

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

Financial risk management objectives and policies

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

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

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



M J Collecott
Secretary

14 October 2016

Tottenham Hotspur Football & Athletic Co. Ltd

Directors' report

Directors

The Directors who served throughout the year were as follows:

D P Levy
M J Collecott
D Cullen
R Caplehorn

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

Dividends and results

The Directors do not recommend the payment of a dividend the current period (2015: £nil). The Company made a profit after tax for the year of £15,051,000 (2015: profit of £2,544,000) and the net assets as at 30 June 2016 were £81,695,000 (2015: £66,644,000).

Disclosure of information to the auditor

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

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

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

Contingent assets and liabilities and post balance sheet events

Details are included in notes 18 and 19 to the accounts.

Financial risk management objectives and policies

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

Donations

During the year ended 30 June 2016 the Company made charitable donations of £103,000 (2015: £34,000). There were no political donations during the year (2015: £nil). The group, headed by Tottenham Hotspur Limited, makes many other contributions of Tottenham Hotspur Football Club memorabilia to local registered charities, especially in the Haringey and Enfield districts and adjacent catchment areas.

Employees

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

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

Tottenham Hotspur Football & Athletic Co. Ltd

Directors' report (continued)

Going concern

The Company has net current assets at 30 June 2016. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, the current economic downturn and the need for additional funding requirements for a new stadium development. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur Limited, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

Auditor

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

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

A handwritten signature in black ink, appearing to be 'M J Collecott', with a stylized, sweeping flourish at the end.

M J Collecott
Secretary

14 October 2016

Tottenham Hotspur Football & Athletic Co. Ltd

Directors' responsibilities statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 & Athletic Co. Ltd

We have audited the financial statements of Tottenham Hotspur Football & Athletic Co. Ltd for the year ended 30 June 2016 which comprise the Income Statement, the Balance Sheet, the statement of changes in equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit 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 and the Strategic 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.

Kevin Thompson

Kevin Thompson, (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
14 October 2016

Tottenham Hotspur Football & Athletic Co. Ltd

Income statement Year ended 30 June 2016

	Notes	Operations excluding football trading* £'000	Football trading * £'000	2016 Total £'000	2015 Total † £'000
Revenue	3	195,785	-	195,785	178,893
Operating expenses	4	(174,977)	(31,786)	(206,763)	(197,246)
Operating profit/(loss)	5	20,808	(31,786)	(10,978)	(18,353)
Profit on disposal of intangible fixed assets	7	-	27,109	27,109	21,182
Profit from operations		20,808	(4,677)	16,131	2,829
Net finance (costs)/income	8			(195)	1,096
Profit on ordinary activities before taxation				15,936	3,925
Tax charge on profit on ordinary activities	9			(885)	(1,381)
Retained profit for the financial year				<u>15,051</u>	<u>2,544</u>

**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 are no recognised income or expenses in either period other than the profit as stated above and therefore no statement of comprehensive income is presented.

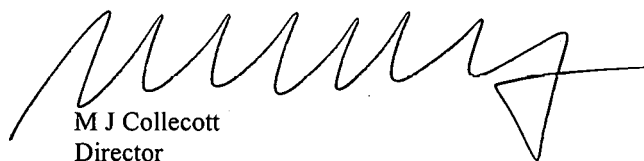
Tottenham Hotspur Football & Athletic Co. Ltd

Company balance sheet At 30 June 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Property, plant and equipment	10	15,413	13,410
Intangible assets	11	98,476	108,564
Trade receivables due after one year	12	990	24,984
		<u>114,879</u>	<u>146,958</u>
Current assets			
Trade and other receivables	12	116,118	61,488
Cash and cash equivalents		141,296	9,358
		<u>257,414</u>	<u>70,846</u>
Non-current liabilities	13	(201,970)	(105,975)
Net current assets/(liabilities)		<u>55,444</u>	<u>(35,129)</u>
Total assets less current assets/(liabilities)		170,323	111,829
Non-current liabilities	14	(58,584)	(9,316)
Provisions for liabilities	15	(30,044)	(35,869)
Net assets		<u>81,695</u>	<u>66,644</u>
Equity			
Share capital	16	54	54
Share premium		1,083	1,083
Retained earnings		80,558	65,507
Net assets		<u>81,695</u>	<u>66,644</u>

The financial statements of Tottenham Hotspur Football & Athletic Co. Ltd, registered number 57186, were approved by the Board of Directors and authorised for issue on 14 October 2016.

Signed on behalf of the Board of Directors


M J Collecott
Director

Tottenham Hotspur Football & Athletic Co. Ltd

Statement of changes in equity As at 30 June 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2014	54	1,083	62,963	64,100
Profit for the year	-	-	2,544	2,544
Balance at 30 June 2015	54	1,083	65,507	66,644
Profit for the year	-	-	15,051	15,051
Balance at 30 June 2016	54	1,083	80,558	81,695

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

1. Accounting policies

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

General information

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

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 1 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes. In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

The prior year financial statements were restated for material adjustment on adoption of FRS 101 in the current year. Please refer to note 23 for further information.

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

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

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

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

Going concern

The Company has net current assets at 30 June 2016. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, and the current economic downturn. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur Limited, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

1. Accounting policies (continued)

Revenue

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

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

Foreign exchange

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

Corporation tax

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

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

Deferred tax

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

Deferred tax is charged or credited in the income statement.

Pension costs

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

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

Under the provisions of IAS 19 "Employee Benefits" the Scheme would be treated as a defined benefit multi-employee scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities, cannot be identified on a reasonable and consistent basis, and accordingly no disclosures are made under the provisions of IAS 19.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

1. Accounting policies (continued)

Player costs and transactions

a) Initial capitalisation

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

(b) Amortisation

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

(c) Contingent consideration

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

(d) Impairment

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

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

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

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

1. Accounting policies (continued)

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

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

(e) Disposals

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

(f) Remuneration

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

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

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

Property, Plant and equipment

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

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

Leasehold improvements	Over the length of the lease
Plant and equipment	20 - 33% straight-line

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

Critical accounting judgements and sources of estimation uncertainty

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

1. Accounting policies (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Contingent liabilities

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

Property, plant and equipment and intangible assets

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

Assets under construction

The assets classified under 'in the course of construction' relate to the Company's main ongoing capital project: the proposed Northumberland Development Project ("NDP"). IAS 16 requires that for an asset to be capitalised it must result in a probable economic benefit. Therefore, once this project begins its useful economic life, depreciation will begin.

Current taxation

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

2. Analysis of comparative Income statement

	2015		
	Operations excluding football trading £'000	Football Trading £'000	Total £'000
Revenue	178,893	-	178,893
Operating expenses	(158,684)	(38,562)	(197,246)
Operating profit/(loss)	20,209	(38,562)	(18,353)
Profit on disposal of intangible fixed assets	-	21,182	21,182
Profit from operations	20,209	(17,380)	2,829

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

3. Revenue

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

	2016 £'000	2015 £'000
Revenue comprises:		
Cup competitions – Gate receipts and prize money	440	1,064
Sponsorship and corporate hospitality	36,294	37,475
Media and broadcasting	94,838	90,536
Management fee receivable	38,584	35,053
UEFA solidarity and prize money	15,516	4,726
Other	10,113	10,039
	<u>195,785</u>	<u>178,893</u>

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

4. Operating expenses

	2016 £'000	2015 £'000
Staff costs	98,288	99,245
Exceptional items		
- Commercial and employment contract costs	9,552	-
- Redundancy costs and onerous employment contracts	-	6,494
Amortisation, impairments and other net football trading income and expenditure	31,786	38,562
Other operating costs	67,137	52,945
	<u>206,763</u>	<u>197,246</u>

5. Operating loss

	2016 £'000	2015 £'000
Operating loss is stated after charging:		
Amortisation of intangible fixed assets	31,462	37,202
Impairment of intangible fixed assets	1,510	3,014
Depreciation	1,041	442
Charitable donations	103	34
Amounts paid under operating leases – land and buildings	282	268
Stadium hire and management fees	20,305	19,228

The audit fee of £20,000 (2015: £20,000) is borne by another group company in the current year and prior year. No fees were paid to the Company's auditor or affiliated entities, relating to other services, during the year. Refer to the Tottenham Hotspur Limited financial statements for full disclosure of fees payable to the auditor.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

6. Staff number and costs

	2016	2015
The average number of employees (including Directors) during the year was as follows:		
Players and football administration staff	196	192
Administration staff	134	133
	<u>330</u>	<u>325</u>

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

	2016 £'000	2015 £'000
Wages, salaries and bonuses	86,908	88,295
Social security costs	11,263	10,819
Other pension costs	117	131
	<u>98,288</u>	<u>99,245</u>

In addition the Company employs on average 512 temporary staff on matchdays (2015: 529). In addition to the above payroll costs, redundancy costs and costs of onerous employment contracts of £nil (2015: £6,494,000) and other employment contract costs of £4,552,000 (2015: £nil) were also charged to the income statement during the year. The emoluments of the Directors of the Company were £4,818,809 (2015: £4,250,679). The highest paid Director received total emoluments of £2,843,107 (2015: £2,610,021). The number of Directors for whom retirement benefits are accruing under a money purchase pension scheme is three (2015: four).

7. Profit on disposal of intangible fixed assets

	2016 £'000	2015 £'000
Proceeds	57,548	32,028
Net book value of disposals	(30,439)	(10,846)
	<u>27,109</u>	<u>21,182</u>

8. Net finance costs/ (income)

	2016 £'000	2015 £'000
Net notional interest expense on deferred payments for players' registrations	311	(931)
Interest payable	-	74
Interest receivable	(116)	(239)
	<u>195</u>	<u>(1,096)</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

9. Tax charge on ordinary activities

	2016 £'000	2015 £'000
Current tax		
UK Corporation tax charge on profits for the year at 20% (2015: 20.75%)	(2,245)	-
Group relief payable	-	1,009
Group relief in respect of prior years	-	91
Adjustment in respect of prior year	(101)	(504)
Current tax (charge)/credit	(2,346)	596
Deferred tax		
Origin and reversal of timing differences in prior years	115	(86)
Origin and reversal of timing differences in current year	(93)	105
Accelerated capital allowances in current year	(185)	(116)
Rollover relief	(1,199)	(1,951)
Difference in tax rates	2,823	71
Deferred tax credit/(charge)	1,461	(1,977)
Total tax charge on ordinary activities	(885)	(1,381)
Reconciliation of the tax charge		
Profit on ordinary activities before taxation	15,936	3,913
Tax on profit on ordinary activities before taxation at the UK statutory rate of 20% (2015: 20.75%)	(3,187)	(812)
Expenses not deductible	(382)	(75)
Fixed asset timing differences	(152)	(67)
Difference in tax rates	2,822	71
Other prior year adjustments	14	(498)
Total tax charge	(885)	(1,381)

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

9. Tax charge on ordinary activities (continued)

The UK corporation tax rate of was reduced to 21% from 1 April 2014 and to 20% from 1 April 2015. Therefore the average corporate tax rate for the year is 20% (2015: 20.75%). Both of these changes were substantively enacted in Finance Act 2013 on 17 July 2013 and were therefore within tax law on the balance sheet date of 30 June 2016. Deferred tax has been provided at the rate of 18%.

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017), and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the future current tax charges accordingly. A further reduction to 17% (effective from 1 April 2020) were also substantively enacted on 6 September 2016.

Other than the provision for deferred tax (see note 15) and the items referred to above, there are no items which would materially affect future tax charges.

10. Property, plant and equipment

	Leasehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 July 2015	10,753	3,099	-	13,852
Additions	705	875	1,464	3,044
At 30 June 2016	11,458	3,974	1,464	16,896
Accumulated depreciation				
At 1 July 2014	93	349	-	442
Charge for the year	261	780	-	1,041
At 30 June 2015	354	1,129	-	1,483
Net book value				
At 30 June 2016	11,104	2,845	1,464	15,413
At 30 June 2015	10,660	2,750	-	13,410

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

11. Intangible fixed assets

	£'000
Cost of registrations	
At 1 July 2015	207,928
Additions	53,323
Disposals	(86,654)
	<hr/>
At 30 June 2016	174,597
	<hr/>
Amortisation and impairment of registrations	
At 1 July 2015	99,364
Charged in year – amortisation	31,462
Charged in year – impairment	1,510
Disposals	(56,215)
	<hr/>
At 30 June 2016	76,121
	<hr/>
Net book value of registrations	
At 30 June 2016	98,476
	<hr/>
At 30 June 2015	108,564
	<hr/>

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

In the period, capitalised player registrations were impaired by £1,510,000 (2015: £3,014,000). Impairment losses were incurred where there was evidence that the carrying value of the player may not be recoverable in accordance with the Group's accounting policy. Recoverable amounts have been estimated as fair values less costs of disposal, in accordance with the Group's accounting policy.

The Directors' consider the individual intangible assets relating to two (2015: three) members of the playing squad to be material to the financial statements and note the combined carrying amount of these totalling £31,648,000 (2015: £34,154,000). The cost will continue to be amortised over the remaining contract length which is an average of three and a half years.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

12. Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables due in more than one year	990	24,984
Non-current assets	990	24,984
Trade receivables	45,067	30,526
Amounts due from group undertakings	64,779	25,705
Inventory	986	890
Prepayments and accrued income	4,701	3,470
Other debtors	585	716
Corporation tax	-	181
Trade and other receivables	116,118	61,488
	117,108	86,472

Trade receivables above include £44,219,000 (2015: £53,464,000) in respect of the disposal of players' registrations, of which £990,000 is due in more than one year (2015: £24,984,000). In the period since the balance sheet date, £41,253,000 has been received in relation to the outstanding £44,194,000 of trade receivables relating to the disposal of player registrations.

13. Current liabilities

	2016 £'000	2015 £'000
Trade payables	23,866	20,274
Amounts owed to group undertakings	59,387	14,855
Accruals and deferred income	98,924	51,606
Other payables	9,926	13,440
Other tax and social security	7,703	5,800
Corporation tax	2,164	-
	201,970	105,975

Trade payables above include £19,809,000 in respect of the acquisition of players' registrations (2015: £21,043,000).

14. Non-current liabilities

	2016 £'000	2015 £'000
Trade payables	18,573	5,076
Other payables	5,011	4,240
Accruals and deferred income	35,000	-
	58,584	9,316

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

15. Provisions for liabilities

	2016 £'000
Contingent transfer fees payable	
At 1 July 2015	364
Provided during the year	646
Utilised during the year	(364)
Released during the year	-
	<u>646</u>
At 30 June 2016	<u>646</u>
Provisions on employment contracts	
At 1 July 2015	8,645
Provided during the year	3,997
Utilised during the year	(6,538)
Released during the year	(2,107)
	<u>3,997</u>
At 30 June 2016	<u>3,997</u>
Deferred tax	
At 1 July 2015	26,860
Credited during the year	(1,461)
	<u>25,400</u>
At 30 June 2016	<u>25,400</u>
Total	
At 30 June 2016	<u>30,044</u>
At 30 June 2015	<u>35,869</u>

	2016 £	2015 £
Deferred taxation has been provided as follows:		
Roll over relief	25,290	27,159
Short-term timing differences	(235)	(358)
Accelerated capital allowances	345	61
	<u>25,400</u>	<u>26,860</u>
Total provision	<u>25,400</u>	<u>26,860</u>

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

16. Share capital

	2016 £'000	2015 £'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. 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 £246,979 (2015: £131,432).

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

Defined benefit scheme

The Company is advised only of its share of the deficit in the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). The most recent actuarial valuation of the Scheme was as at 31 August 2011 and indicated that the contribution required from the Company towards making good this deficit was £642,000 at 1 September 2012. The pension cost charged during the year relating to this deficit was £nil (2015: £nil). At the balance sheet date the Company's share of this deficit was £282,000 (2015: £376,000).

18. Contingent liabilities and assets

The Company, together with its subsidiaries, has given a multi-lateral undertaking to its bankers to guarantee the overdrafts of the Group companies.

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due to third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent liability which has not been provided for was £9,321,000 (2015: £13,380,000).

The Company is satisfied that no unprovided liability will arise.

Under the terms of certain contracts for the sale of players' registrations, future receipts may be receivable from third parties, dependent on the success of the team and/or individual players. At the balance sheet date the maximum contingent asset was £12,634,000 (2015: £17,390,000), none of which has been recognised.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

19. Post balance sheet events

Since the balance sheet date the following events have occurred:

- V Wanyama was bought from Southampton;
- V Janssen was bought from AZ Alkmaar;
- M Sissoko was bought from Newcastle United;
- G-K Nkoudou was bought from OM Marseille;
- G Ward was sold to Ipswich Town;
- A Pritchard was sold to Norwich City;
- D Ball was sold to Rotherham United;
- D Yedlin was sold to Newcastle United;
- N Chadli was sold to West Bromwich Albion;
- R Mason was sold to Hull City;
- P Lopez was loaned from Espanyol;
- F Fazio was loaned to AS Roma;
- N Bentaleb was loaned to FC Schalke;
- C Njie was loaned to OM Marseille; and
- F Lesniak was loaned to Slovan Liberec.

Including Football League levies, the uncontingent net expenditure from these transactions amounted to approximately £31,379,000.

The contingent liability from player purchases amounts to approximately £4,902,000 and the contingent asset amounts to approximately £31,773,000.

20. Commitments

Capital and other commitments

Amounts contracted for but not provided in the financial statements amounted to £42,192 (2015: nil).

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

	2016 £'000	2015 £'000
Within one year	394	284
Between one and five years	1,772	2,158
Later than five years	12,569	12,128
	<u>14,735</u>	<u>14,570</u>

The above does not include any internal operating lease arrangements.

21. Ultimate parent company

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2016

22. Related party transactions

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

23. Transition from pre-2015 UK GAAP to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous UK GAAP (pre-2015 UK GAAP) were for the year ended 30 June 2015 and the date of transition to FRS 101 was therefore 1 July 2014.

	30 June 2014 £'000	30 June 2015 £'000
Reconciliation of equity		
Equity reported under previous UK GAAP	89,308	93,865
Adjustment to equity on transition to FRS 101:		
- Deferred tax	(25,132)	(27,157)
- Holiday pay accrual	(76)	(64)
Equity reported under FRS 101	64,100	66,644

Reconciliation of total comprehensive income for the year ended 30 June 2015

	2015 £'000
Total comprehensive income for the financial year under previous UK GAAP	4,557
- Deferred tax	(2,025)
- Holiday pay accrual	12
Total comprehensive income for the financial year under FRS 101	2,544

Notes to the reconciliation of profit or loss on transition to FRS 101

Deferred tax

As a result of adoption of FRS 101, the company has changed its accounting policy to recognise a deferred tax liability relating to rollover relief. This has resulted into an additional deferred tax charge recognised in the financial statements.

Holiday Pay Accrual

As a result of adoption of FRS 101, the company has changed its accounting policy to recognise an accrual for employee holiday pay. This has resulted into an additional holiday pay accrual charge recognised in the financial statements.