

Company Registration No. 57186

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

Report and Financial Statements

30 June 2017

THURSDAY



L72QXNZ5

LD7

29/03/2018

#117

COMPANIES HOUSE

Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Income statement	9
Company balance sheet	10
Statement of changes in equity	11
Notes to the accounts	12

Tottenham Hotspur Football & Athletic Co. Ltd

Report and financial statements 2017

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
Statutory Auditor
London

Tottenham Hotspur Football & Athletic Co. Ltd

Strategic report

The Directors present their Strategic Report on the affairs of Tottenham Hotspur Football & Athletic Co. Ltd together with the Directors' Report, Financial Statements and Auditor's Report for the year ended 30 June 2017. 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 £272.1m (2016: £195.8m) while excluding football trading there was an operating profit of £49.3m (2016: £20.8m profit).

The Club participated in the Group Stages of the UEFA Champions League and the Round of 32 of the UEFA Europa League (2016: round of 16 of the UEFA Europa League) resulting in gate receipts and prize money of £38.4m (2016: £15.6m).

Revenue from the domestic cup competitions earned the Club £2.3m (2016: £0.4m) having reached the fourth round of the EFL Cup (2016: final) and the semi-final round of the FA Cup (2016: Fifth round).

Media and broadcasting revenues rose to £149.8m (2016: £94.8m), as a result of the new Premier League broadcasting deal and finishing one place higher in the Premier League in 2nd (2016: 3rd).

Sponsorship and corporate hospitality income increased to £42.7m (2016: £36.3m). Other income streams increased to £15.7m (2016: £10.0m).

Operating expenses (excluding football trading)

Operating expenses before football trading increased by £47.7m and 27.3% from £175.0m to £222.7m in the year. Included within operating expenses before football trading are one-off costs associated with stadium construction enabling works and new commercial and employment contracts ("Exceptional Items") of £6.7m (2016: £9.6m).

Profit from operations

Profit from operations, excluding football trading and before Exceptional Items and depreciation, was £58.1m (2016: £31.4m) and after deducting Exceptional Items and depreciation was £49.3m (2016: £20.8m).

Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets and other football trading-related expenditure (net of income) has increased to £48.4m (2016: £31.8m).

Profit on disposal of intangible assets

Profit on the disposal of intangible assets was £40.0m for the financial year (2016: £27.1m) which included the sales of Alex Pritchard to Norwich City, DeAndre Yedlin to Newcastle United, Nacer Chadli to West Bromwich Albion, Ryan Mason to Hull City and Thomas Carroll to Swansea City.

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 £28.1m (2016: £15.9m).

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

11 October 2017

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 (2016: £nil). The Company paid an interim dividend of £80,000,000 in the period to Tottenham Hotspur Limited, the Company's immediate parent company. The Company made a profit after tax for the year of £28,063,000 (2016: profit of £15,051,000) and the net assets as at 30 June 2017 were £29,758,000 (2016: £81,695,000).

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 2017 the Company made charitable donations of £415,000 (2016: £103,000). There were no political donations during the year (2016: £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 2017. 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', written over a series of horizontal wavy lines.

M J Collecott
Secretary

11 October 2017

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Tottenham Hotspur Football & Athletic Co. Ltd (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.



Kevin Thompson (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

20 October 2017

Tottenham Hotspur Football & Athletic Co. Ltd

Income statement Year ended 30 June 2017

	Notes	Operations excluding football trading* £'000	Football trading * £'000	2017 Total £'000	2016 Total † £'000
Revenue	3	272,052	-	272,052	195,785
Operating expenses	4	(222,713)	(48,436)	(271,149)	(206,763)
Operating profit/(loss)	5	49,339	(48,436)	903	(10,978)
Profit on disposal of intangible fixed assets	7	-	39,964	39,964	27,109
Profit from operations		49,339	(8,472)	40,867	16,131
Net finance costs	8			(5,674)	(195)
Profit on ordinary activities before taxation				35,193	15,936
Tax charge on profit on ordinary activities	9			(7,130)	(885)
Retained profit for the financial year				<u>28,063</u>	<u>15,051</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 is no other comprehensive income in either period other than the profit as stated above and therefore no statement of comprehensive income is presented.

Tottenham Hotspur Football & Athletic Co. Ltd

Company balance sheet At 30 June 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Property, plant and equipment	10	14,339	15,413
Intangible assets	11	118,894	98,476
Trade receivables due after one year	12	1,276	990
		<u>134,509</u>	<u>114,879</u>
Current assets			
Trade and other receivables	12	249,776	116,118
Cash and cash equivalents		52,974	141,296
		<u>302,750</u>	<u>257,414</u>
Current liabilities	13	<u>(204,730)</u>	<u>(201,970)</u>
Net current assets		<u>98,020</u>	<u>55,444</u>
Total assets less current assets		232,529	170,323
Non-current liabilities	14	<u>(171,858)</u>	<u>(58,584)</u>
Provisions for liabilities	15	<u>(30,913)</u>	<u>(30,044)</u>
Net assets		<u>29,758</u>	<u>81,695</u>
Equity			
Share capital	16	54	54
Share premium		1,083	1,083
Retained earnings		28,621	80,558
Net assets		<u>29,758</u>	<u>81,695</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 11 October 2017.

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 2017

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 July 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
Dividends paid	-	-	(80,000)	(80,000)
Profit for the year	-	-	28,063	28,063
Balance at 30 June 2017	54	1,083	28,621	29,758

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

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. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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

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

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 Financial instruments: Disclosures
- The following paragraphs of IAS 1 Presentation of financial statements:
 - 10(d) statement of cash flows
 - 16 statement of compliance with all IFRS
 - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

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

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.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

1. Accounting policies (continued)

Going concern

The Company has net current assets at 30 June 2017. The Board of Directors continually monitor the Group's exposure to a range of risks and uncertainties, including the success of the First Team and our level of spending thereon, and the current economic downturn. The financial statements have been prepared on the going concern basis because the parent company, Tottenham Hotspur Limited, stated that it will provide the necessary financial support to the Company for the period of at least 12 months from the date these accounts are signed. The parent company directors prepare budgets and forecasts and have produced detailed and realistic cash flow projections which are reviewed on an ongoing basis. These demonstrate that the parent company has the financial capability to satisfy this obligation.

Revenue

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

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

Foreign exchange

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

Corporation tax

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

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

Deferred tax

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

Deferred tax is charged or credited in the income statement.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

1. Accounting policies (continued)

Pension costs

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

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

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

Player costs and transactions

a) Initial capitalisation

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

(b) Amortisation

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

(c) Contingent consideration

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

(d) Impairment

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

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

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

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

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 2017

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.

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.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

2. Analysis of comparative Income statement

		2016	
	Operations excluding football trading £'000	Football Trading £'000	Total £'000
Revenue	195,785	-	195,785
Operating expenses	(174,977)	(31,786)	(206,763)
Operating profit/(loss)	20,808	(31,786)	(10,978)
Profit on disposal of intangible fixed assets	-	27,109	27,109
Profit from operations	20,808	(4,677)	16,131

3. Revenue

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

	2017 £'000	2016 £'000
Revenue comprises:		
Cup competitions – Gate receipts and prize money	2,348	440
Sponsorship and corporate hospitality	42,662	36,294
Media and broadcasting	149,760	94,838
Management fee receivable	23,163	38,584
UEFA solidarity and prize money	38,420	15,516
Other	15,699	10,113
	272,052	195,785

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

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

4. Operating expenses

	2017 £'000	2016 £'000
Staff costs	124,825	98,288
Exceptional items		
- Commercial and employment contract costs	-	9,552
- Enabling costs	6,736	-
Amortisation, impairments and other net football trading income and expenditure	48,436	31,786
Other operating costs	91,152	67,137
	<u>271,149</u>	<u>206,763</u>

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

5. Operating loss

	2017 £'000	2016 £'000
Operating loss is stated after charging:		
Amortisation of intangible fixed assets	42,905	31,462
Impairment of intangible fixed assets	7,127	1,510
Depreciation	2,107	1,041
Charitable donations	416	103
Amounts paid under operating leases – land and buildings (see note 20)	441	282
Stadium hire and management fees	22,015	20,305

The audit fee of £20,000 (2016: £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 2017

6. Staff number and costs

	2017	2016
The average number of employees (including Directors) during the year was as follows:		
Players and football administration staff	198	196
Administration staff	161	134
	<u>359</u>	<u>330</u>

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

	2017 £'000	2016 £'000
Wages, salaries and bonuses	109,896	86,908
Social security costs	14,810	11,263
Other pension costs (see note 17)	119	117
	<u>124,825</u>	<u>98,288</u>

In addition the Company employs on average 457 temporary staff on match days (2016: 512). In addition to the above payroll costs, redundancy costs and costs of onerous employment contracts of £197,165 (2016: £nil) and other employment contract costs of £nil (2016: £4,552,000) were also charged to the income statement during the year. The emoluments of the Directors of the Company were £8,962,030 (2016: £4,818,809). The highest paid Director received total emoluments of £6,012,668 (2016: £2,843,107). The number of Directors for whom retirement benefits are accruing under a money purchase pension scheme is two (2016: three).

7. Profit on disposal of intangible fixed assets

	2017 £'000	2016 £'000
Proceeds	43,577	57,548
Net book value of disposals	(3,613)	(30,439)
	<u>39,964</u>	<u>27,109</u>

8. Net finance costs

	2017 £'000	2016 £'000
Net notional interest expense on deferred payments for players' registrations	7,159	311
Interest receivable	(29)	(116)
	<u>7,130</u>	<u>195</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

9. Tax charge on ordinary activities

	2017 £'000	2016 £'000
Current tax		
UK Corporation tax charge on profits for the year at 19.75% (2016: 20%)	(7,675)	(2,245)
Adjustment in respect of prior year	(499)	(101)
Current tax charge	<u>(8,174)</u>	<u>(2,346)</u>
Deferred tax		
Origin and reversal of timing differences in prior years	460	115
Origin and reversal of timing differences in current year	(576)	(93)
Accelerated capital allowances in current year	19	(185)
Rollover relief	(374)	(1,199)
Difference in tax rates	1,515	2,823
Deferred tax credit	<u>1,044</u>	<u>1,461</u>
Total tax charge on ordinary activities	<u>(7,130)</u>	<u>(885)</u>
Reconciliation of the tax charge		
Profit on ordinary activities before taxation	<u>35,193</u>	<u>15,936</u>
Tax on profit on ordinary activities before taxation at the UK statutory rate of 19.75% (2016: 20%)	(6,951)	(3,187)
Expenses not deductible	(1,481)	(382)
Fixed asset timing differences	(172)	(152)
Difference in tax rates	1,515	2,822
Other prior year adjustments	(41)	14
Total tax charge	<u>(7,130)</u>	<u>(885)</u>

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

9. Tax charge on ordinary activities (continued)

As per current UK corporate tax law, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017. The Finance (No. 2) Act 2016, which was substantively enacted on 6 September 2016 further reduces UK corporation tax rate to 17%, effective from 1 April 2020. The reduction in tax rate included in the Finance (No. 2) Act 2016 was enacted at the balance sheet date and the effect thereof is reflected in these financial statements. This will reduce the future current tax charges accordingly.

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

10. Property, plant and equipment

	Leasehold property £'000	Plant and equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 July 2016	11,458	3,974	1,464	16,896
Additions	50	673	310	1,033
Transfer of assets under construction	-	1,747	(1,747)	-
At 30 June 2017	11,508	6,394	27	17,929
Accumulated depreciation				
At 1 July 2015	354	1,129	-	1,483
Charge for the year	262	1,845	-	2,107
At 30 June 2016	616	2,974	-	3,590
Net book value				
At 30 June 2017	10,892	3,420	27	14,339
At 30 June 2016	11,104	2,845	1,464	15,413

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

11. Intangible fixed assets

	£'000
Cost of registrations	
At 1 July 2016	174,597
Additions	74,063
Disposals	(8,198)
	<hr/>
At 30 June 2017	240,462
	<hr/>
Amortisation and impairment of registrations	
At 1 July 2016	76,121
Charged in year – amortisation	42,905
Charged in year – impairment	7,127
Disposals	(4,585)
	<hr/>
At 30 June 2017	121,568
	<hr/>
Net book value of registrations	
At 30 June 2017	118,894
	<hr/>
At 30 June 2016	98,476
	<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 £7,127,000 (2016: £1,510,000). 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 four (2016: two) members of the playing squad to be material to the financial statements and note the combined carrying amount of these totalling £51,301,000 (2016: £31,648,000). 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 2017

12. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables due in more than one year	1,276	990
Non-current assets	1,276	990
Trade receivables	26,811	45,067
Amounts due from group undertakings	214,466	64,779
Inventory	402	986
Prepayments and accrued income	7,351	4,701
Other debtors	746	585
Trade and other receivables	249,776	116,118
	251,052	117,108

Trade receivables above include £23,304,000 (2016: £44,219,000) in respect of the disposal of players' registrations, of which £1,276,000 is due in more than one year (2016: £990,000). In the period since the balance sheet date, £19,808,000 has been received in relation to the outstanding £23,304,000 of trade receivables relating to the disposal of player registrations.

13. Current liabilities

	2017 £'000	2016 £'000
Trade payables	51,063	23,866
Amounts owed to group undertakings	1,444	59,387
Accruals and deferred income	110,740	98,924
Other payables	8,765	9,926
Other tax and social security	24,798	7,703
Corporation tax	7,920	2,164
	204,730	201,970

Trade payables above include £25,522,000 in respect of the acquisition of players' registrations (2016: £19,890,000).

14. Non-current liabilities

	2017 £'000	2016 £'000
Trade payables	12,785	18,573
Other payables	7,823	5,011
Accruals and deferred income	151,250	35,000
	171,858	58,584

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 2017

15. Provisions for liabilities

	2017 £'000
Contingent transfer fees payable	
At 1 July 2016	646
Provided during the year	-
Utilised during the year	(646)
Released during the year	-
	<u>-</u>
At 30 June 2017	<u>-</u>
Provisions on employment contracts	
At 1 July 2016	3,997
Provided during the year	6,557
Utilised during the year	(3,997)
Released during the year	-
	<u>6,557</u>
At 30 June 2017	<u>6,557</u>
Deferred tax	
At 1 July 2016	25,400
Credited during the year	(1,044)
	<u>24,356</u>
At 30 June 2017	<u>24,356</u>
Total	
At 30 June 2017	<u>30,913</u>
At 30 June 2016	<u>30,044</u>

	2017 £	2016 £
Deferred taxation has been provided as follows:		
Roll over relief	24,223	25,290
Short-term timing differences	(121)	(235)
Accelerated capital allowances	254	345
	<u>24,356</u>	<u>25,400</u>
Total provision	<u>24,356</u>	<u>25,400</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 2017

16. Share capital

	2017 £'000	2016 £'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 £119,219 (2016: £246,979).

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 (2016: £nil). At the balance sheet date the Company's share of this deficit was £188,000 (2016: £282,000).

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 £11,518,000 (2016: £9,321,000).

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 £43,779,000 (2016: £12,634,000), none of which has been recognised.

Tottenham Hotspur Football & Athletic Co. Ltd

Notes to the accounts Year ended 30 June 2017

19. Post balance sheet events

Since the balance sheet date the following events have occurred:

- N Bentaleb was sold to FC Schalke;
- C Njie was sold to OM Marseille;
- F Fazio was sold to AS Roma;
- K Walker was sold to Manchester City;
- J Onomah was loaned to Aston Villa;
- P Gazzaniga was bought from Southampton;
- G Sigurdsson was transferred from Swansea to Everton;
- D Sanchez was bought from Ajax;
- J Foyth was bought from Estudiantes de La Plata;
- S Aurier was bought from Paris Saint-Germain;
- C Carter-Vickers was loaned to Sheffield United;
- K Wimmer was sold to Stoke;
- F Llorente was bought from Swansea;
- V Janssen was loaned to Fenerbahçe;

Including Football League levies, the uncontingent net expenditure from these transactions amounted to approximately £7,335,000.

The contingent liability from player purchases amounts to approximately £7,707,000 and the contingent asset amounts to approximately £8,900,000.

20. Commitments

Capital and other commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2016: £42,192).

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:

	2017 £'000	2016 £'000
Within one year	441	394
Between one and five years	1,764	1,772
Later than five years	12,128	12,569
	<u>14,333</u>	<u>14,735</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 2017

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.