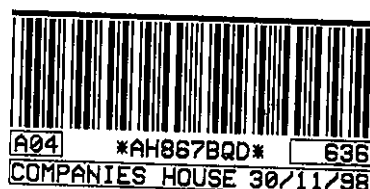


**TOTTENHAM HOTSPUR FOOTBALL  
AND ATHLETIC COMPANY LIMITED  
ANNUAL REPORT AND ACCOUNTS 1998**

**For the year ended 31 July 1998**



Registered in England and Wales

Number 57186

# **TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED**

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# **TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 July 1998.

### **BUSINESS REVIEW**

The principal activity of the Company is the operation of a professional football club. The Company derives its income principally from ticket sales, executive box rentals, sponsorship and television revenue.

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

For the 1997/98 season the Club completed the league programme in fourteenth position in the Premier League. The Club progressed to the third round of the Coca-Cola League Cup and was eliminated from the FA Cup in the fourth round.

The commercial activities of the Club continued to produce substantial income. The Directors expect the Company to trade profitably in future.

The results for the year are set out in the profit and loss account on page 5.

### **DIVIDENDS AND RESULTS**

The Directors do not recommend the payment of a dividend (1997 - £nil). The loss for the year of £2,235,000 (1997 - loss £8,760,000) was transferred from reserves.

### **DIRECTORS**

The Directors who served since 1 August 1997 were as follows:

A.M. Sugar (Chairman)

C.M. Littner

J. Sedgwick

C.T. Sandy\*

A.G. Berry\* (resigned 11 August 1998)

D.A. Alexiou\* (resigned 11 August 1998)

I. Yawetz\*

D.J. Pleat (appointed 17 January 1998)

M. Peters\* (appointed 26 August 1998)

\* Non-executive

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT (continued)

The Directors, other than I. Yawetz and M Peters, are all Directors of Tottenham Hotspur plc, the parent undertaking. Their interests in the shares of that company are shown in its financial statements. I. Yawetz had an interest in 625,000 shares of that company at 31 July 1998 (1997 - 625,000).

None of the Directors has any other interests in the shares of the Company or any other Group company.

## DIRECTORS' INTERESTS IN CONTRACTS

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

A three-year advertising contract between the Company and Viglen Limited (total value £65,000 plus VAT) will terminate during the year to 31 July 1999. Viglen Limited is a subsidiary of Viglen Technology plc. A.M. Sugar has a substantial minority shareholding in Viglen Technology plc.

A three year advertising contract between the Company and Amstrad plc (total value £65,000 plus VAT) will terminate during the year to 31 July 1999. A.M. Sugar has a substantial minority shareholding in Amstrad plc.

All of these transactions were at arm's length.

The Company's parent undertaking, Tottenham Hotspur plc, has incurred architect fees from Igal Yawetz and Associates Limited, a company in which I. Yawetz is a majority shareholder, amounting to £2,021 plus VAT. All of these fees are at arm's length.

## POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Details are included in notes 17 and 18 to the accounts.

## DONATIONS

During the year to 31 July 1998 the Company made charitable donations of £200 (1997 - nil). There were no political donations during the year (1997 - £nil).

## YEAR 2000

The Company has conducted a thorough review of its state of preparedness for the Year 2000 and its possible impact on computer and other electronic systems. This review also covered the progress made by suppliers and intermediaries. Essential Year 2000 compliance activities are expected to be completed by the end of 1998.

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## DIRECTORS' REPORT (continued)

To date, meaningful progress has been made in ensuring Year 2000 compliance. It is not expected that the total costs of the work required to ensure compliance will be material.

## DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

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

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

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

The Directors confirm that the above requirements have been complied with in the financial statements.

In addition, the Directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

## AUDITORS

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

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



J. Ireland  
Secretary

25 November 1998

# **TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED**

## **REPORT OF THE AUDITORS TO THE MEMBERS OF TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED**

We have audited the accounts on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

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

As described on page 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of Opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 July 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and  
Registered Auditors

25 November 1998

Hill House  
1 Little New Street  
LONDON EC4A 3TR

**TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC  
COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the year ended 31 July 1998**

	<u>Note</u>	Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
<b>CONTINUING OPERATIONS</b>			
TURNOVER	2	<u>27,464</u>	<u>23,926</u>
NET OPERATING EXPENSES			
Player and match expenses		18,683	12,552
Administrative expenses		7,648	7,771
Net transfer fees	12	<u>5,122</u>	<u>13,937</u>
		<u>31,453</u>	<u>34,260</u>
<b>OPERATING LOSS</b>		(3,989)	(10,334)
Net interest receivable	13	<u>1</u>	<u>6</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	(3,988)	(10,328)
Tax on loss on ordinary activities	14	<u>1,753</u>	<u>1,568</u>
<b>RETAINED LOSS FOR THE YEAR</b>		<u>(2,235)</u>	<u>(8,760)</u>

There are no other recognised gains and losses or movements in shareholders' funds for the current or preceding financial year other than as stated in the profit and loss account.

Movements on reserves are shown in note 11 to the accounts.

The notes on pages 7 to 14 form part of these accounts.

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

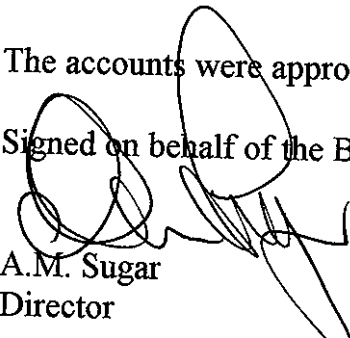
## BALANCE SHEET


As at 31 July 1998

	<u>Note</u>	1998 £'000	1997 £'000
<b>TANGIBLE FIXED ASSETS</b>	6	<u>74</u>	<u>35</u>
<b>CURRENT ASSETS</b>			
Debtors	7	4,150	11,527
Cash at bank and in hand		<u>4,501</u>	<u>-</u>
		8,651	11,527
<b>CREDITORS - amounts falling due within one year</b>	8	<u>(16,372)</u>	<u>(16,853)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(7,721)</u>	<u>(5,326)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(7,647)	(5,291)
<b>CREDITORS - amounts falling due after more than one year</b>	9	<u>(19)</u>	<u>(140)</u>
<b>NET LIABILITIES</b>		<u>(7,666)</u>	<u>(5,431)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	54	54
Share premium account		1,083	1,083
Profit and loss account	11	<u>(8,803)</u>	<u>(6,568)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(7,666)</u>	<u>(5,431)</u>

The accounts were approved by the Board of Directors on 25 November 1998.

Signed on behalf of the Board

  
A.M. Sugar  
Director

  
J. Sedgwick  
Director

The notes on pages 7 to 14 form part of these accounts.



# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 July 1998

### 1. ACCOUNTING POLICIES

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

#### *Basis of Accounting*

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has applied the going concern concept as its parent company has undertaken to continue to provide financial support to the company.

#### *Turnover*

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

#### *Transfer Fees*

Transfers of players' registrations, together with associated costs, are dealt with through the profit and loss account in the year in which the transfer takes place. Transfers are recognised in the year in which the transfer is registered with the relevant football governing body (currently the Premier League) except where the contract is not conditional upon registration in which case the transfer is recognised when the contract becomes unconditional (usually when payment is made or received). Payments or receipts which are contingent on the performance of team or player are not recognised until the event crystallising such payments or receipts has taken place. Signing on fees are charged to the profit and loss account in the year in which they are payable.

#### *Pension Costs*

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

#### *Depreciation*

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

Motor Vehicles

20%

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 July 1998

### 1. ACCOUNTING POLICIES (continued)

#### *Finance Leases*

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

#### *Deferred Taxation*

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

### 2. TURNOVER

	Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
Turnover comprises:		
Gate receipts	14,289	13,641
Sponsorship	5,555	4,940
Television fees	6,442	4,474
Other	<u>1,178</u>	<u>871</u>
	<u>27,464</u>	<u>23,926</u>

Turnover all derives from activities in the United Kingdom.

### 3. STAFF NUMBERS AND COSTS

	Year to 31 July 1998	Year to 31 July 1997
The average number of employees during the year was as follows:		
Players	69	66
Football Administration	30	23
Administration	<u>40</u>	<u>45</u>
	<u>139</u>	<u>134</u>

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 July 1998

	Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
The aggregate payroll cost of these employees was as follows:		
Wages, salaries and bonuses	14,910	10,446
Social security costs	1,412	963
Other pension costs	20	21
	<u>16,342</u>	<u>11,430</u>

### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
This is stated after charging:		
Depreciation on tangible fixed assets	19	27
Auditors' remuneration and expenses:		
audit fee	24	24
Stadium hire and management fees	5,987	6,051
Operating lease rentals	<u>1</u>	<u>7</u>

### 5. DIRECTORS' EMOLUMENTS

None of the Directors received any remuneration from the Company during the year (1997 - £Nil).

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 July 1998

### 6. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000
<u>COST</u>	
As at 1 August 1997	89
Purchases	69
Disposals	(34)
As at 31 July 1998	<u>124</u>
<u>DEPRECIATION</u>	
As at 1 August 1997	54
Charged in the year	19
Disposals	(23)
As at 31 July 1998	<u>50</u>
<u>NET BOOK VALUE</u>	
As at 31 July 1998	<u>74</u>
As at 31 July 1997	<u>35</u>

Included in fixed assets are assets which are held under finance leases as follows:

	1998 £'000	1997 £'000
Net book value	-	10
Depreciation charged in period	<u>-</u>	<u>4</u>

### 7. DEBTORS

	1998 £'000	1997 £'000
Trade debtors	2,091	3,296
Amounts owed by group undertakings	782	7,389
Corporation tax recoverable	219	-
Other debtors	199	302
Prepayments and accrued income	<u>859</u>	<u>540</u>
	<u>4,150</u>	<u>11,527</u>

Trade debtors above include £231,250 (1997 - £1,853,281) in respect of transfers of players' registrations.

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 July 1998

All debtors are repayable within one year.

### 8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£'000	£'000
Bank overdraft	-	52
Obligations under finance leases	-	2
Payments received in advance	9,868	8,620
Trade creditors	2,243	6,062
Other creditors	352	687
Taxation and Social Security	3,246	1,285
Accruals and deferred income	663	145
	<u>16,372</u>	<u>16,853</u>

Trade creditors above include £2,196,783 (1997 - £5,875,000) in respect of transfers of players' registrations.

### 9. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998	1997
	£'000	£'000
Payments received in advance	<u>19</u>	<u>140</u>

### 10. SHARE CAPITAL

	Number	£'000
Ordinary shares of £1 each		
Authorised:		
At 31 July 1997 and 31 July 1998	<u>53,812</u>	<u>54</u>
Allotted, called up and fully paid:		
At 31 July 1997 and 31 July 1998	<u>53,812</u>	<u>54</u>

**TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC  
COMPANY LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 July 1998**

**11. RESERVES**

Profit and  
Loss Account  
£'000  
(6,568)  
(2,235)  
(8,803)

Balance at 1 August 1997  
Loss for the year  
Balance at 31 July 1998

**12. NET TRANSFER FEES**

Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
Net sales	5,124
Purchases	(19,061)
<u>(6,107)</u>	<u>(13,937)</u>
<u>(5,122)</u>	<u>(8,813)</u>

**13. INTEREST RECEIVABLE/(PAYABLE)**

Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
Interest receivable	7
Finance lease charges	(1)
<u>-</u>	<u>(1)</u>
<u>1</u>	<u>6</u>

**14. TAX CREDIT ON LOSS ON ORDINARY  
ACTIVITIES**

Year to 31 July 1998 £'000	Year to 31 July 1997 £'000
UK Corporation Tax at 31% (1997 - 31%) on loss for the year	-
Group relief	(1,667)
Adjustment in respect of prior year provisions	99
<u>(1,230)</u>	<u>(1,568)</u>
<u>(523)</u>	<u>(1,568)</u>
<u>(1,753)</u>	<u>(1,568)</u>

# TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED

## NOTES TO THE ACCOUNTS (continued)

For the year ended 31 July 1998

### 15. COMMITMENTS

	July 1998 £'000	July 1997 £'000
The annual commitments under non-cancellable operating leases are:		
Other: Leases expiring within one year	<u>—</u>	<u>2</u>

There were no capital commitments either contracted or authorised at 31 July 1997 or 31 July 1998.

### 16. PENSIONS

Certain staff of the Company are members of the Football League Limited Pension and Life Assurance scheme. Others are members of a self-administered Group money purchase scheme.

The assets of the schemes are held separately from those of the Company, being invested with insurance companies. The pension cost charged during the year amounted to £20,264 (1997 - £23,198).

### 17. CONTINGENT LIABILITIES

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

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

### 18. POST BALANCE SHEET EVENTS

On 5 September 1998, Christian Gross was dismissed as First Team Coach.

On 1 October 1998, George Graham was appointed as First Team Manager.

# **TOTTENHAM HOTSPUR FOOTBALL AND ATHLETIC COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

**For the year ended 31 July 1998**

### **19. CASHFLOW STATEMENT**

The parent undertaking, Tottenham Hotspur plc, has prepared a consolidated cashflow statement in accordance with Financial Reporting Standard No. 1 (Revised), thus exempting the company from the requirement to prepare a cashflow statement.

### **20. PARENT UNDERTAKING**

The Company's parent undertaking and controlling entity is Tottenham Hotspur plc, a company incorporated in Great Britain. Copies of the annual report and accounts of Tottenham Hotspur plc can be obtained from 748 High Road, Tottenham, London, N17 0AP.

### **21. INTER GROUP TRANSACTIONS**

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