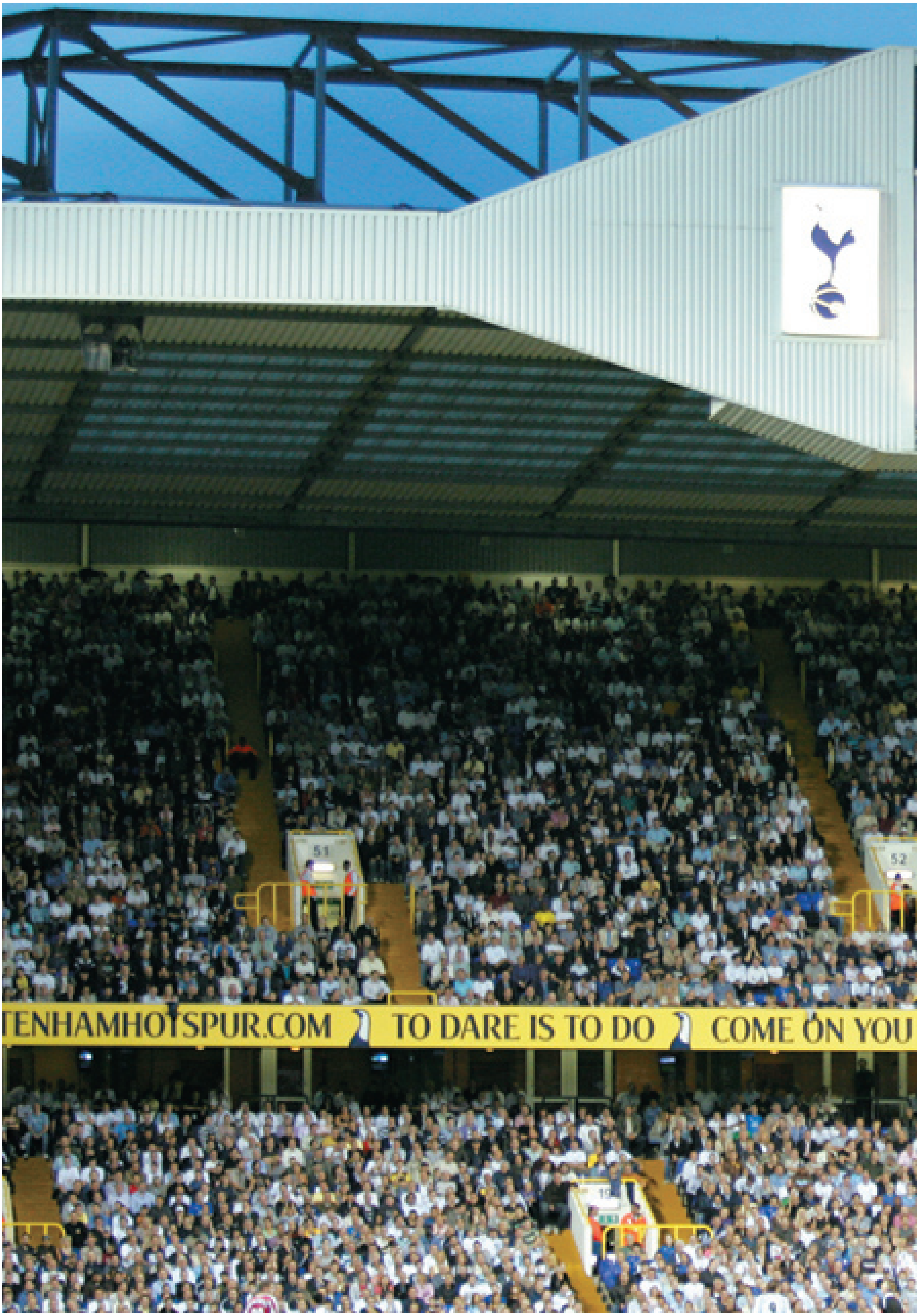
TOTTENHAM HOTSPUR PLC ANNUAL REPORT 2006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"Over the last five years this Club has seen a comprehensive turnaround and restructuring in the way it operates. During this time it has continued to deliver impressive financial results and now the key milestone of preliminary qualification for the UEFA Cup competition and finishing fifth in The FA Premier League. These achievements are a tribute to everyone at the Club and to the excellent support the team enjoys. No business stands still and there is still so much more to do."

Five years on we have seen a

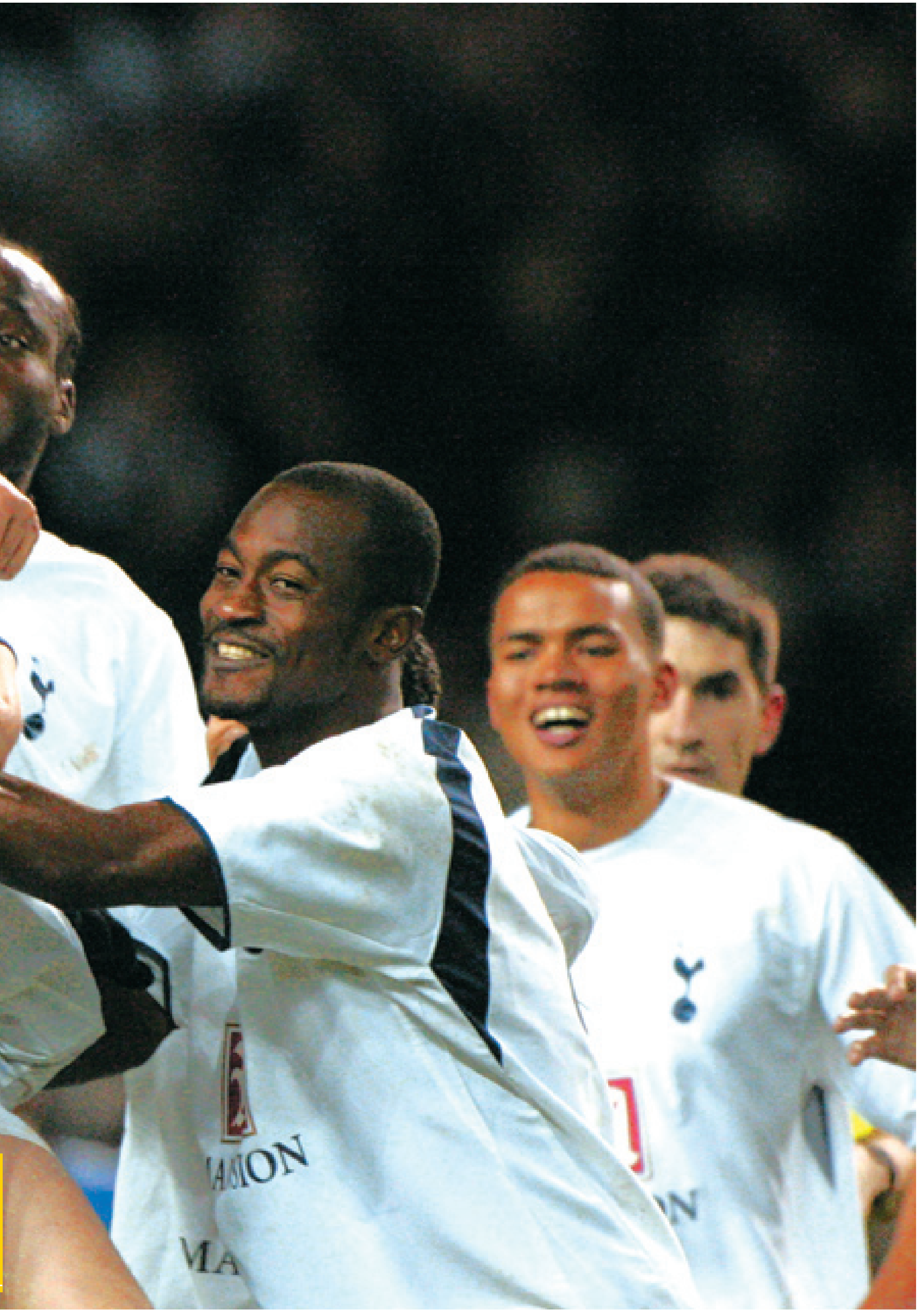
53% INCREASE

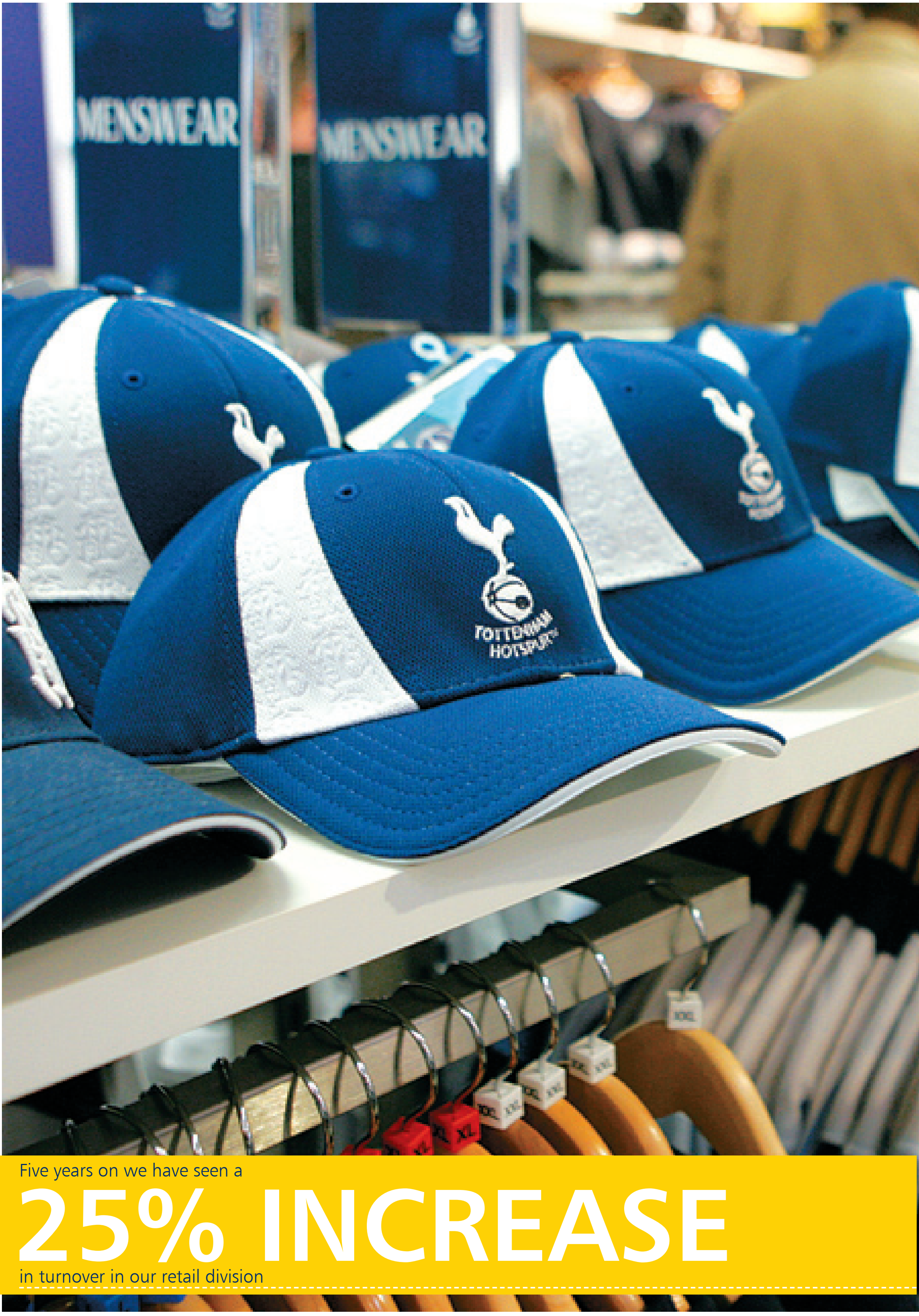
in turnover

Five years on we secured our

HIGHEST

league position for 16 years

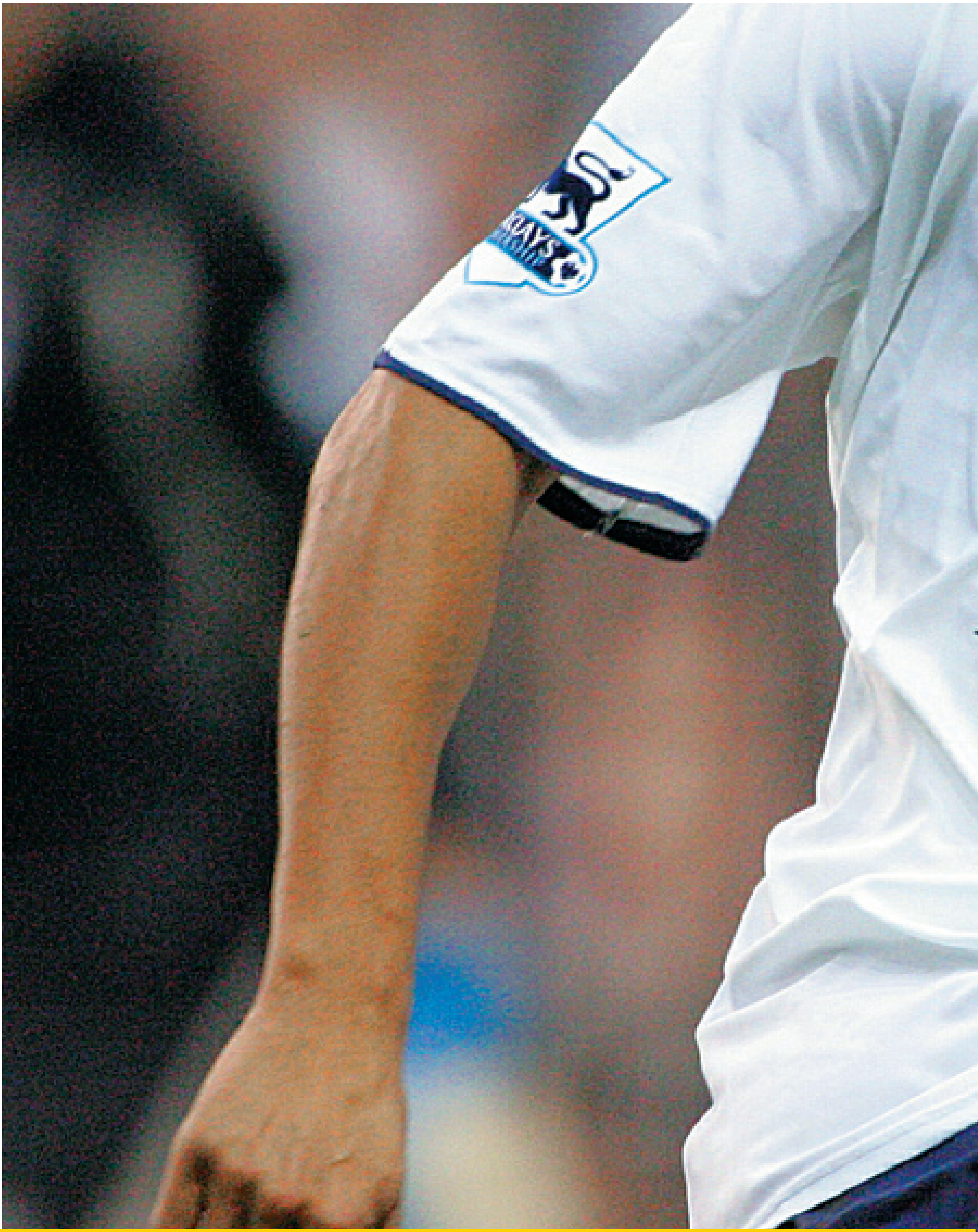




Five years on we have seen a

25% INCREASE

in turnover in our retail division



Five years on we have secured a

45% INCREASE

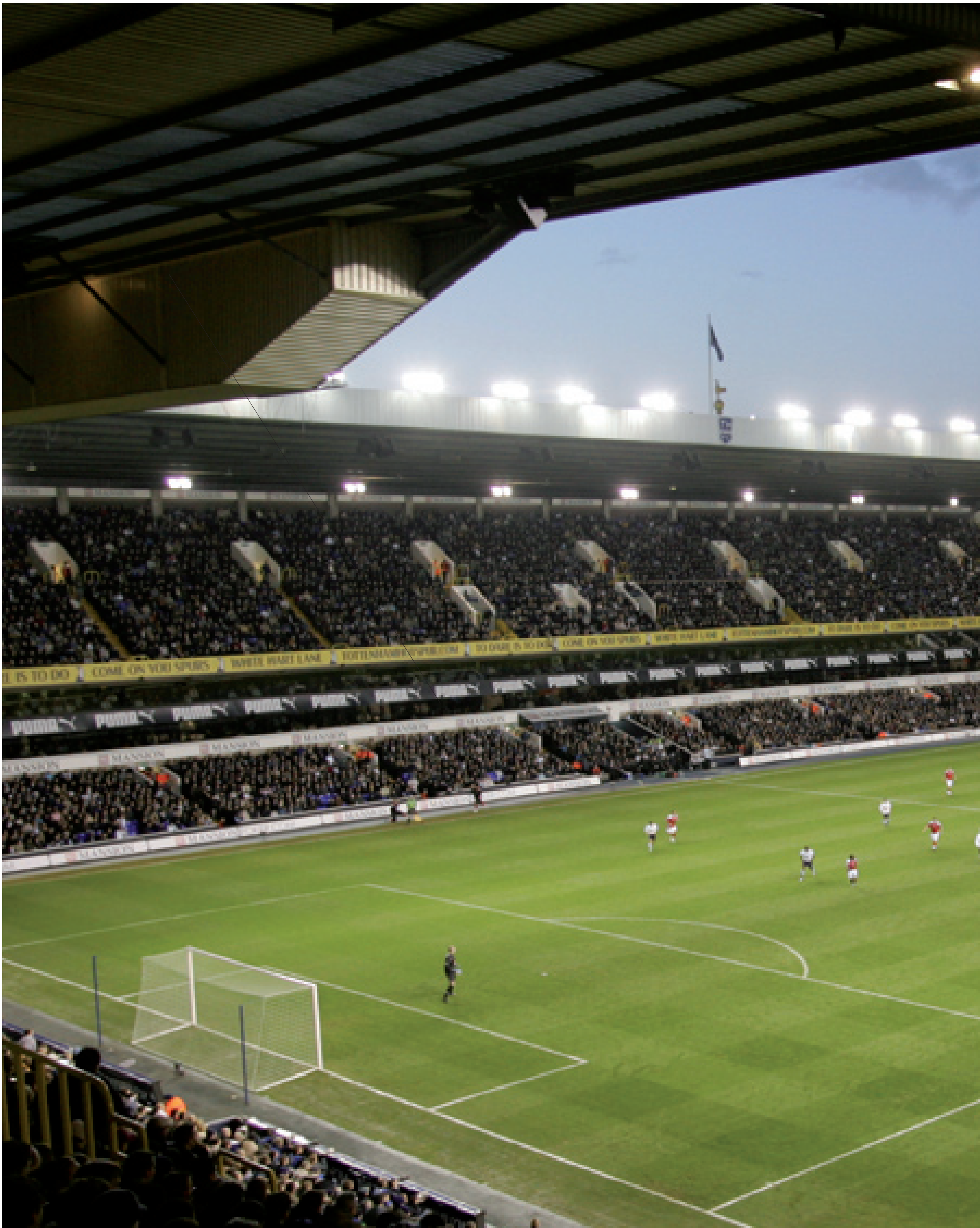
in sponsorship revenues


MANSION

Five years on there has been a

447% INCREASE

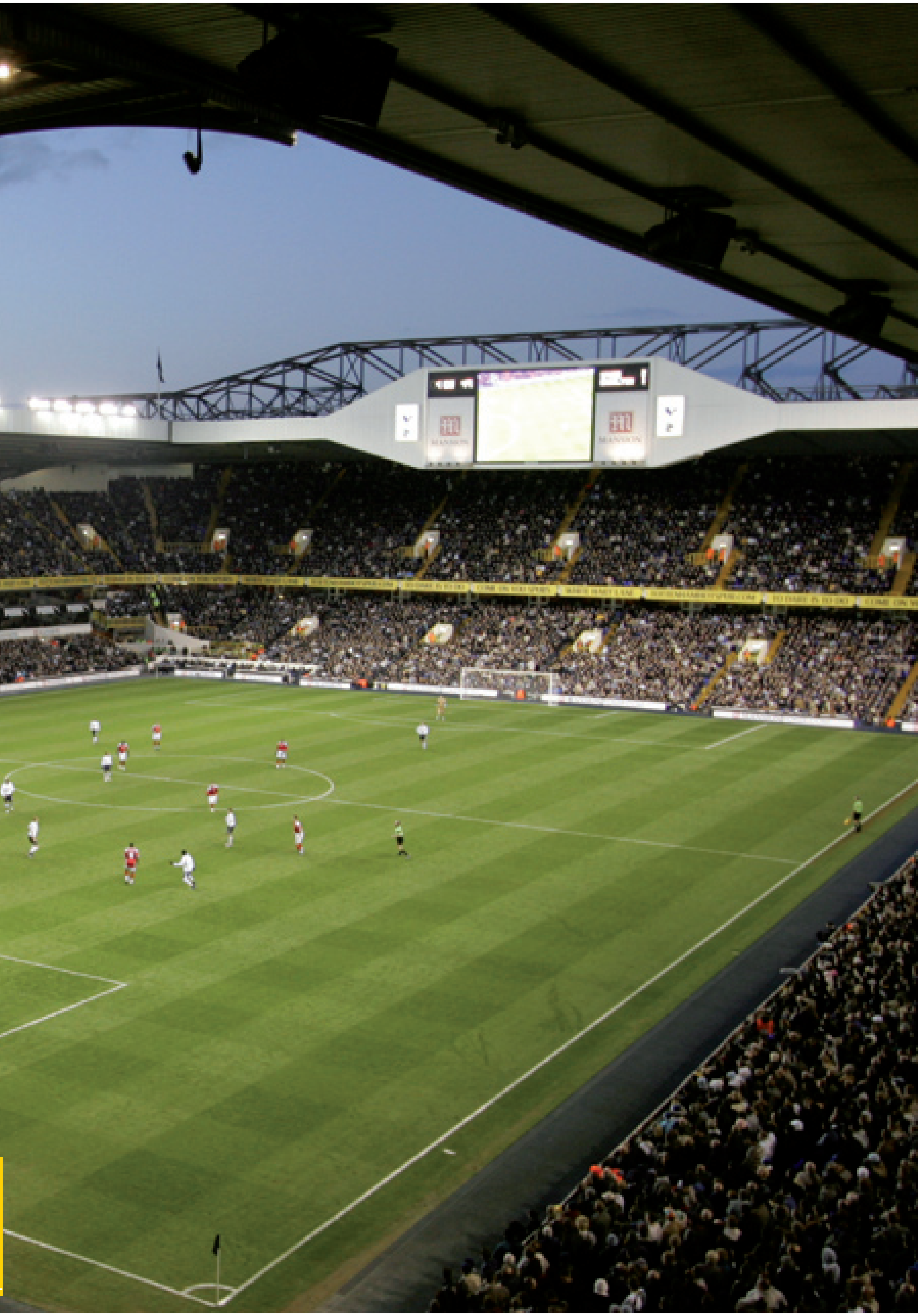
in sporting opportunities for children and young people in our communities



Five years on we are enjoying a

7.5% INCREASE

in our average crowd



Five years on there has been a

168% INCREASE

in unique users visiting our official website


ENHAM
SPUR.COM

Five years on we are delighted to see a

100% INCREASE

in the number of players under 21 appearing in the first team


ITE HART LANE
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Chairman's statement

This is my fifth announcement of annual results since becoming Chairman and one in which I can report that the 2005/2006 season resulted in the Club achieving the key milestone of preliminary qualification for the UEFA Cup competition and finishing fifth in The FA Premier League.

These achievements are a tribute to everyone at the Club and to the excellent support the team enjoyed throughout the season. It is even more of a remarkable achievement given the wholesale changes that have had to have been made to the Club over the past five years. It would not be too strong a description to say that this Club has seen a comprehensive turnaround and restructuring in the way it operates, during which time it has continued to deliver impressive financial results. No business stands still and there is still so much more to do.

Financial results

I am pleased to report that all areas of the business contributed to a successful year for the Club both on and off the pitch. The results for the financial year ended 30 June 2006 produced a record turnover of £74.1m, achieved despite substantially lower cup income compared with the prior year, and operating profit before football trading and depreciation of £4.6m, which remains our key indicator for the business in terms of cash generation. These results are discussed in more detail in the Financial Review.

On the pitch

The Club's re-entry to European competition marks a milestone that we have all been working towards for the last five years. We have set about determinedly investing in the playing squad and in developing a comprehensive scouting network. We have also substantially restructured our coaching resources. This continual process of improvement is designed to achieve our objective of finding and developing the best future talent for the Club. Whilst these many changes have inevitably led to disruption across a number of areas of the footballing side of the business, I believe that we are now in a solid position to consolidate and build for the future.

During the year the following players left the Club – Sean Davis, Michael Brown, Noe Pamarot, Pedro Mendes, Andy Reid, Grzegorz Rasiak, Noureddine Naybet, Goran Bunjevcevic, Johnnie Jackson, Dean Marney, Stephen Kelly and Mounir El Hamdaoui and we wish them well. Mido left during this year, but we were able to welcome him back on revised terms. We were also pleased to welcome Danny Murphy, Hossam El Sayed Ghali, Benoit Assou-Ekotto, Didier Zokora, Pascal Chimbonda, Steed Malbranque, Dimitar Berbatov, Dorian Dervitte and Tomas Pekhart, during the year and in the summer. We extended new contracts to Club Captain Ledley King, Vice Captain Robbie Keane, England international Aaron Lennon and England Under-21 internationals Wayne Routledge and Michael Dawson, along with Radek Cerny.

It was a year which saw no fewer than 21 of our professional players compete in full international matches for their respective squads.

We were proud to host the England Under-21s at White Hart Lane for their match against France.

The 2005/06 season resulted in the Club achieving the key milestone of preliminary qualification for the UEFA Cup competition and finishing fifth in the FA Premier League. We have invested significantly in the team, the Clubs infrastructure and into our community projects.

The evening match saw two of our young players in the squad, for whom it must have been like playing a home match. These players, Michael Dawson and Tom Huddlestone have now progressed to regular starts with our First Team squad. The match was played to a record crowd for an Under-21s match, an attendance of 34,494, many of whom were our home fans showing strong support for our youngsters.

Our reserves had an outstanding season, winning the Reserve League South. This represents a clear demonstration of the strength and depth in the playing squad now assembled at the Club.

Our pre-season programme saw the squad winning the Peace Cup in South Korea, giving the team a positive start to the season and an opportunity for new squad members to settle quickly.

Off the pitch

Our sponsorship and corporate hospitality operations performed strongly during the period with income up 10% on the prior year. This year saw the end of a successful commercial relationship with both Kappa and Thomson and I would like to thank both companies for their support and hard work with the Club over the tenure of our agreement with them.

I was delighted that we were able to agree a record-breaking deal over five years in February 2006 with PUMA as our technical sponsors. PUMA is undoubtedly one of the world's leading sports brands and one which we believe has an affinity with this Club and what it stands for.

In May 2006 we agreed a Club record shirt sponsorship and partnership with MANSION, the international gaming and entertainment group. The Club's agreement with MANSION is worth a minimum of £34m over the four seasons from 2006/2007 to 2009/2010 at the time making it one of the ten largest club shirt sponsorship agreements in the world. MANSION will partner the Club across a wide range of commercial activities including the extension and expansion of the Club's brand into key territories across Asia and other important international markets.

We believe that both sponsorship partnerships have already provided a positive new face to the Club both on a domestic and on an international basis and we look forward to the relationship with both PUMA and MANSION developing over the coming seasons.

The Merchandise Division has performed well against the same period last year, with turnover up 4% despite fewer home games. This area has benefited from the investment made in improving the diversity of products and the access to products, whether through new outlets, the web or mobile units. It is pleasing to see such positive results. As with all revenue streams we will continue to explore ways to extend the quality, choice and differentiation of our products in an effort to continually improve standards.

We registered record numbers of Club Members during this period. Whilst this is a reflection of the huge demand for tickets for each and every match, it also included a growing number of Junior Members which represent the future growth of the fan base. I am delighted that we were able to offer six games in this season as Family games, with concessionary prices and retail discounts. Youth and families are important audiences for our Club and our ongoing activities and ticket pricing policies reflect this.

The ticket office has experienced significant and unacceptable service issues in recent months and we are currently looking at a number of ways to improve the responsiveness and efficiency of this operation. In particular, we are exploring marketing initiatives to encourage fans to purchase tickets online.

Media and broadcasting revenues were buoyed by additional revenues as a result of a higher merit payment and live appearances compared to the same period last year, contributing a 12% increase on the year ended 30 June 2005.

The Club continues to retain all of its rights in this regard, including all internet-based rights. We also launched a new website www.tottenhamhotspur.com, which encompasses up-to-date web technology and is in continual further development and continues to provide an excellent portal to the Club for fans near and far. The site receives a remarkable average of some 750,000 unique visitors per month, making it the fifth most popular football club site in the UK. It remains one of the most important communication channels with fans, both UK based and internationally, and we shall continue to develop it along with the broadcasting of interviews and matches on the broadband-based THTV subscription service.

In January of this year the Club's new Club badge was launched and well received. This was a significant project which involved taking a historic piece of the Club's identity and reworking it so that the Club retains absolute control over its registered marks but at the same time remains true to its heritage. The project included an extensive programme of consultation with fan groups. The Club has been and continues to be committed to maintaining an open dialogue with supporters, both through the officially recognised THST (Tottenham Hotspur Supporters Trust), regional Supporters Clubs and in responding to communication received by the Club from fans.

Charities

The Club has an established policy of appointing a national and a local charity, rotated every two years, to better focus our support and fundraising efforts. This year's charities were Kidscape, the anti-bullying charity and Kith and Kids the local charity providing support for children and adults with learning difficulties, both in the second year of their association with the Club. These charities were supported by the Club through donations, player appearances, supported fundraising initiatives and publicity. The Club also supports a substantial number of other charitable requests it receives.

Community

During the season our coaching programme provided almost 400,000 sporting opportunities to children and young people, a 28% increase on the previous year. The programme was also the first Barclays Spaces

> We have continued to develop a strong squad of players with a mix of good young talent whilst ensuring that the financial resources at our disposal are managed prudently for the long-term benefit of the Club. We continue to generate cash from a strong commercial platform.

for Sports project. A £600,000 grant was awarded to The London Borough of Haringey in partnership with the Club. The other key highlight was the Prime Minister's visit to the Club to launch the national Kickz programme. Tottenham Hotspur were one of three professional clubs chosen to pilot the estates-based programme, offering football coaching and alternative opportunities to youngsters living in some of the most disadvantaged communities.

Recognition of our work was received when we won the 2005 Best Corporate Social Responsibility business from London Borough of Haringey which recognises our contribution to sport, social and healthier lifestyle opportunities, education, training and employment and we have created many newly qualified coaches through Level 1 courses running at the Club since March 2006.

Before the year end the Club transferred all community operations to a separate non-profit making charitable foundation. The Tottenham Hotspur Foundation is committed to the promotion, for the benefit of the public, of urban or rural regeneration in areas of social and economic deprivation. We were pleased that the Club was able to make a £4.5 million donation to the foundation and these funds will be utilised across a range of future projects which promote community participation in healthy recreation, in particular by the provision of facilities for the playing of football; the advancement of the education of the public in the subject of physical education, literacy, numeracy and personal social and health education.

Capital projects

Arguably the Club's two most demanding challenges off the field during the year have been its two longer term capital projects: the development of the Tottenham Hotspur Academy and new First Team facilities and the Stadium.

The Club first submitted its planning application for the former at the end of September 2005 to Enfield Council. It proposed an innovative development which included considerable provision for both local community programmes and 'green belt' considerations at and in the vicinity of the proposed 56 acre site. Gaining planning permission on a Metropolitan Green Belt site was always going to be challenging and, despite the Planning Officer's recommendation that permission be granted, the initial application was recently turned down by Enfield Councillors on grounds of the site's Green-belt designation. As expected, and as with many similar applications this process has now gone to appeal and I shall report on the outcome in due course. In the interim, we have refurbished and reorganised key areas of our training ground at Chigwell.

Turning to the Stadium, there is no doubt that the current facilities at White Hart Lane provide a creditable venue for the Club, where our capacity support from fans creates an exciting atmosphere for each game. Clearly we have always wanted to improve the current facilities at White Hart Lane and to create a facility and surrounding infrastructure that would ultimately bring a range of long-term benefits to the local community in North London and to the Club.

Chairman's statement continued

Our objective is to galvanise an approach that works for the local community and the Club alike. We are, however, aware that within our Borough, attention is currently diverted towards the development and regeneration of Tottenham Hale and to delivering a successful infrastructure for the 2012 Olympics. Nevertheless, we shall continue with our two-fold approach – the development of options at White Hart Lane whilst continuing to search for an alternative venue which meets the needs of the Club and the supporters.

Our capital projects need to make commercial sense and not undermine the financial health and stability of the entity we have spent years building. That said, we are ever-conscious of our commitment to all our stakeholders. As we have always stated, our order of priorities has always been firstly, investment in the squad, second, the provision of excellent training and Academy facilities and finally, maximising the potential of our Stadium. In short, we are well advanced with progressing with the Academy facilities. In respect of the Stadium we are considering our options in what is a hugely complex area. We are determined that any resolution should meet with the future objectives of the Club and, most importantly, without undermining the Club's financial stability and the ability to continue to invest in the team.

Outlook

We have continued to develop a strong squad of players with a mix of good young talent whilst ensuring that the financial resources at our disposal are managed prudently for the long-term benefit of the Club. We continue to generate cash and when appropriate will continue to invest in the team.

With respect to the proposed new Academy we have the funds in place to execute the proposed development in full. Looking forward, I am encouraged by the new media agreement now in place between broadcasters and The FA Premier League which will translate into increased income in future years commencing July 2007. In addition we now have in place our new agreements with technical and Club partners which are also generating increased revenues for the current year and beyond. In addition the Club remains in a net cash position.

In The FA Premier League we currently stand in 10th position which we all hope will improve as we progress through the season. I am delighted that the team has already qualified from the league stage of the UEFA Cup competition and we have qualified for the quarter-final stages of the League Cup.

I would like to thank our shareholders for their continued support and all of our employees for their unstinting efforts throughout the year. I would like to say a special thanks to our supporters, who are the foundation of the Club, and for whom our clear objective is to continue to build on the Club's achievements to date.

David Levy

D P Levy
Chairman
8 December 2006

Financial review

Turnover

Again it is pleasing to note that turnover has increased in the year, with an increment of 5% on the prior year. It is also more pleasing that the increment has arisen from all of the key areas within the business, with the only exception being the loss of revenue from an early exit in both the domestic cup competitions.

Clearly a top five finish enhanced TV revenues through the merit payment and the more positive display on the pitch ensured that the turnover from live appearances increased by 59% on the prior year through the number of live appearance fees during the season. The strength of The FA Premier League as a brand overseas also continues to enhance overseas broadcasting rights which is a trend we anticipate will continue next year. In addition as we look forward to the 2007/2008 season the new domestic TV deal has been further enhanced with the total deal increasing by over 60% for UK live appearances and highlights. Clearly performance on the pitch will drive the Club's share of that increase and we all strive to ensure that the Club gains the highest possible share. This is important to achieve our target of maximising the closely monitored operating profit before football trading and depreciation and the cash generating capacity of the Club.

FA Premier League gate receipts increased by 4%, which reflects increases in ticket prices rather than capacity as we invariably play to a full house. The ongoing challenge remains maximising the number of ways we utilise the Stadium as season tickets have remained at record levels and the waiting list is ever increasing and heads towards 20,000. It is important that we retain a free float of tickets for Club Members and new fans when looking at the long-term to ensure that children can experience the unique atmosphere and become part of the future of the Club.

Sponsorship and corporate hospitality income increased by 10% during the year and was a key area for the Club in 2005/2006 as we reached the end of two important deals with Kappa and Thomson, both of whom we thank for their support over the past three years. The continued refining of our hospitality offerings and the renewal of our catering agreement with Crown Venue Catering ensure that the hospitality will remain some of the best in The Premier League but the target of finding two new key sponsors for the ensuing season presented a challenge. During the year we secured PUMA as our technical sponsors for the next five seasons who we see as a stylish brand that sits well with our re-branding initiative and MANSION who bring an international presence and a vast opportunity, not least in enhancing our brand in the global and ever-increasing overseas market. Both these deals will ensure that revenues from sponsorship alone will increase by more than 50% next year.

Financial review continued

Merchandising continues to grow and we plan more retail space for the future. Turnover is highly dependent on matchday revenue and the number of matches played. As a result of early exit from both domestic cup competitions and given the reduced number of home games it is pleasing that turnover improved.

Other revenues include the Club Membership Scheme, which continues to hit record numbers and also the prize money from the South Korean Peace Cup victory. To go to South Korea as part of the long pre-season program and win the Cup was a good platform for the season.

Operating expenses (excluding football trading)

The underlying operating expenses of the Club excluding player wages remain stable but there has been a significant increase in operating expenses during the year due to a number of factors.

The first factor is that during the year the Club made a significant donation to the Tottenham Hotspur Foundation, which is discussed in more detail in the Chairman's Statement. In addition the costs relating to the training ground were higher than the previous year and as noted in the Chairman's Statement continue to be an ongoing cost as we continue to pursue complex planning on a site we believe will deliver a world-class facility.

Other significant operating expenses, which have grown over the year, include a significant increase in business rates, against which we are appealing, and the increased cost of utilities.

Player salaries have also increased during the year but we continue to ensure that the wage to turnover ratio remains sensibly balanced. The emphasis remains focused on ensuring that the salary of players meets the performance on the pitch both individually and as a Club. The policy throughout the Club is to reward performance based on the continued success of the Club. In terms of a key risk this remains one of the largest challenges, to maintain a balance between performance and pay in such a competitive environment.

Football trading

As in the prior year the continued policy of buying young talent and extending the scouting network to put us in the best place to find young talent has ensured that where players and the Club agree to part company we have a pool of present and future talented and committed players that can perform without a detrimental impact. The sale of a number of players during the transfer windows, as noted in the interim financial statements, ensured a 118% increase in profit on football trading.

Increased turnover from all areas of the business with future revenues stabilised and increasing. Costs have increased due to a number of non-recurring expenses. We continue to generate cash, have no net debt, and have secured funds for current capital projects.

Clearly there is no desire to sell key assets which represent a significant part in the Club's future success but the Board has to ensure that there is a depth of talented players coming through the Academy and Development squad to ensure that we can deal with the risks of the player market.

Taxation

The Group has incurred a tax charge of £2.2m in the current year. This is primarily due to non-deductible professional fees and finance costs that are expected to be non-deductible for the purposes of calculating the current tax charge.

Balance sheet

As noted in the interim financial statements, the adoption of FRS 25 has resulted in a reclassification of a large part of the convertible redeemable preference shares from equity to debt. The impact on the opening Balance Sheet was a £12.6m reduction in net assets and an accrued interest charge in respect of that debt during the year, otherwise the Balance Sheet remains comparable with the prior year.

Even with the reclassification above, the Club remains in a position of net funds and retains the securitised facility to develop the Academy. It remains the Board's intention to ensure that long-term funds are put in place to facilitate long-term projects and to ensure that the Balance Sheet and cash flows of the Club remain strong which will provide us with the best platform to respond to our competitors' advances in what is becoming an increasingly cash driven business.

Risks and opportunities

The Board maintains a prudent approach to managing the cost base of the business and recognises that key revenues are driven by a number of factors including success on the pitch and the ability of the Club to progress in European and English Cup competitions. Key risks include wage cost inflation plus infrastructure and non-football staff pressures on operating costs. All of these factors are proactively managed by the Board. Conversely, the major risk is declining fortunes on the pitch which would have adverse impacts on the financial performance and the stability of the squad.

M J Collecott
Finance Director
8 December 2006

Directors, officers and advisers

Executive Chairman
D P Levy

Executive Director
M J Collecott

Non-Executive Director
E M Davies*

Company Secretary
M J Collecott

Registered Office
Bill Nicholson Way
748 High Road
Tottenham
London N17 0AP

Registered number
1706358

* Chairman of the Audit and Remuneration Committees

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Deloitte & Touche LLP
Chartered Accountants
London

Bankers
HSBC Bank plc
70 Pall Mall
London SW1Y 5EZ

AIM nominated broker and adviser
Seymour Pierce Limited
3 Queen Victoria Street
London EC4N 8EL

Registrars
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Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Directors' report

The Directors present their Annual Report on the affairs of the Group together with the financial statements and Auditors' Report for the year ended 30 June 2006.

Principal activities and business review

The principal activities of the Group continue to be the operation of a professional football club in England together with related commercial activities and there has been no significant change therein during the year. A detailed review of the Group's business, an indication of the likely future developments of its business and a description of the principal risks and uncertainties facing the Group are contained in the Chairman's Statement and the Financial Review set out on pages 18 to 25.

Results and dividends

The audited Consolidated Profit and Loss Account for the year ended 30 June 2006 is set out on page 38. The retained loss for the year which is transferred to reserves is shown in the Consolidated Profit and Loss Account. In accordance with the Company's previously stated policy, the Directors do not recommend the payment of a dividend (2005: £nil).

Post Balance Sheet events

Details of post Balance Sheet events are given in note 31 to the Accounts.

Share capital

On 25 November 2005 the Directors were granted the authority, under a shareholders' resolution, to purchase through the market 14,480,487 of the Company's ordinary shares at prices ranging between 5p and a maximum of 105% of the average mid-market price quoted for the five business days prior to the purchase. A second resolution granted the authority to purchase through the market 8,994 of the Company's convertible redeemable preference shares ("CRPS") at prices ranging between £78.10 and a maximum of 105% of the average mid-market price quoted for the five business days prior to the purchase.

During the year the Company purchased, and subsequently cancelled, 3,776,033 ordinary shares with a nominal value of £188,802, representing 3.9 % of the Company's called-up share capital, for a consideration of £1,702,307. The Company also purchased 1,200 CRPS with a nominal value of £93,720, representing 2.0% of the Company's CRPS, for a consideration of £690,000.

These authorities expire on 31 December 2006 and similar resolutions will be put to shareholders at the forthcoming Annual General Meeting in January 2007 to ensure the Directors have the flexibility to enhance shareholders' value, and to enable the Board to reduce the long-term cost of servicing shareholders who have been prohibited from exiting their investments due to the comparatively high transaction cost of selling their shares.

Directors

The beneficial interests of the Directors who served throughout the year except as noted, in the ordinary share capital of the Company at 30 June 2006 were as follows:

	30 June 2006 Number of shares	30 June 2005 Number of shares
D P Levy[1]	nil	nil
D J Buchler (resigned 20 January 2006)	500	500
P Z Kemsley (resigned 21 April 2006)	nil	nil
M J Collecott	nil	nil
E M Davies	nil	nil

[1] Daniel Levy and certain members of his family are potential beneficiaries of a discretionary trust which ultimately owns 29.41% of the share capital of Criales Holdings Limited. Criales Holdings Limited's wholly-owned subsidiary, ENIC Limited, owns 30,406,649 ordinary shares in Tottenham Hotspur plc through its wholly-owned subsidiary ENIC Sports Limited, equivalent to 32.7% of the issued ordinary share capital.

Directors' report continued

Directors continued

In January 2004, ENIC Sports Limited, a subsidiary of ENIC Limited, took up its right to subscribe for and underwrote an issue of CRPS. ENIC Sports Limited acquired 44,205 of the 60,000 CRPS that were issued at this time. In April 2004 ENIC Sports Limited transferred the beneficial interest in the CRPS to Criales Holdings Limited. Criales Holdings Limited have a potential fully diluted beneficial interest in Tottenham Hotspur plc of 53.8% at 30 June 2006.

Except as noted above, none of the Directors has any other interest in the share capital of Tottenham Hotspur plc or any of its subsidiaries. There have been no changes to the above beneficial interests between 30 June 2006 and the date of signing these accounts.

Details of the Directors' remuneration are given in the Report of the Remuneration Committee on pages 33 and 34. Directors' interests in contracts are disclosed in note 28.

Disclosure of information to the auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined by the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provision of section 234ZA of the Companies Act 1985.

Substantial shareholdings

The Company has received the following notification of holdings of 3% or more of the share capital of the Company as at 20 November 2006:

	Ordinary shares		Convertible redeemable preference shares	
	%	Number	%	Number
ENIC Sports Limited	32.7	30,406,649	—	—
Amshold Limited	14.7	13,646,026	9.1	5,358
Hodram Inc.	9.9	9,226,050	6.3	3,689
Criales Holdings Limited	—	—	75.2	44,205

On 25 November 2005 the Directors were granted the authority, under a shareholders' resolution, to waive the obligations of ENIC Sports Limited under Rule 9 of the Takeover Code. Rule 9 requires any shareholder, whose holding in a company rises above 30% as a result of a share transaction to make a general offer to all other shareholders of the company.

Charitable and political donations

The Group made charitable donations of £4,545,889 to international, UK-based and local charities, during the year (2005: £9,763). Of this total £4,500,000 was donated to the Tottenham Hotspur Foundation (see note 5). The Group made no political donations during the year (2005: £nil). The Group makes many contributions of Tottenham Hotspur Football Club memorabilia to local registered charities, especially in the Haringey district and adjacent catchment areas.

Supplier payment policy

The Group's policy on payment of creditors is to negotiate payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within 30 days of the invoice date; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly. Trade creditors at 30 June 2006 represented 28 days (2005: 20 days) of annual purchases. This figure excludes contracted creditors in respect of player purchases and capital costs which are paid on their contractual due dates.

Financial instruments

An explanation of the Group's Treasury policy and the treasury risks it faces is contained within note 18 to the financial statements.

Going concern

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

Auditors

Deloitte & Touche LLP were the Company's auditors during the year. A resolution to reappoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held on 29 January 2007 at the Company's Registered Offices.

D P Levy
Chairman
8 December 2006

Corporate governance

Compliance with the Principles of Good Governance and Code of Best Practice as appended to the Listing Rules of the Financial Services Authority (the "Combined Code").

Introduction

The UK Listing Authority requires all listed companies to disclose how they have applied the principles of good governance and complied with the provisions set out in section 1 of the July 2003 FRC Combined Code (the "Code"). Although there is no requirement for an AIM quoted company to comply with the Code, the Directors of Tottenham Hotspur PLC (the "Company") have in recent years adopted it as best practice wherever practical and applicable to the size and operation of the Company. However in the year to 30 June 2006, the Company has not been able to comply with the provisions set out in section 1 of the Code primarily because after the resignation of David Buchler in January 2006 there has only been one Non-Executive Director, Mervyn Davies. As a result the Company has not been able to comply with Principles A.3, B.2 and C.3 which recommend that the Board should include a balance of Executive and Non-Executive Directors and that the Remuneration and Audit Committees should comprise of at least two independent Non-Executives.

There are currently two Executive Directors (Daniel Levy and Matthew Collecott; Paul Kemsley resigned in April 2006) and the Board considers that it is adequate for two Executive Directors to deal with the management of a company of this size within this industry and that the independent Non-Executive Director has the ability and authority to ensure this does not work to the disadvantage of the Group and its shareholders. However the Board are committed to appointing at least one more independent Non-Executive Director.

Once the Board has appointed at least one more independent Non-Executive Director the Board believes it will be able to comply with the majority of the provisions set out in section 1 of the Code.

However there are three further Principals that the Company does not currently comply with nor does the Board envisage it will comply with in the next year.

- Principle A.2 states that there should be a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. The roles of Chairman and Chief Executive are currently combined. As Chairman and Chief Executive, Daniel Levy is responsible for running both the Board and the Group's business. In the Board's view the independent Non-Executive Director has the ability and authority to ensure the Group and it's shareholders are not disadvantaged by this combination of roles.
- Principle A.4 states that there should be a nomination committee which should lead the process for Board appointments and make recommendations to the Board. The Board considers that a nomination committee is not appropriate due to the relatively small size of the Board.
- Principle A.6 states that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Board does not feel it necessary to operate a formal Board evaluation policy because, due to the frequency with which the Board meets (as noted below) any issues concerning the performance of an individual Director would be promptly identified and, if necessary, rectified.

Furthermore Principle A.3 states that the Board should state its reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the Director has had a material business relationship with the Company as a senior employee of a body that has such a relationship with the Company. As outlined in note 28, the Group does have a small business/sponsorship relationship with Standard Chartered PLC, of which Mervyn Davies was Chief Executive. The Group invoiced Standard Chartered PLC a total of £425,892 during the year. The Board consider that Mervyn Davies remains independent as the services provided were not of a material nature to Standard Chartered PLC as it was a one-off sponsorship with no ongoing obligations or commitments and was negotiated at arm's length.

The Board and its Directors

The Executive and Non-Executive Directors are named above. Further details about the Directors are contained within the 'Investors' section of the Club's website www.tottenhamhotspur.com.

Non-Executive Directors are appointed for an initial term of a year and their service contracts provide for a notice period of three months. They are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. All Directors are subject to re-election at the first Annual General Meeting following their appointment. The Articles of Association also provide for one-third of the Board to retire by rotation at each Annual General Meeting.

The Board met formally on five occasions during the year to discuss matters specifically reserved for decision by the full Board, which have been separately defined. In addition the Board meets informally on many occasions throughout the year when attending both home and away Tottenham Hotspur fixtures. A procedure has been established by which Directors are able to take independent professional advice and obtain the appropriate training, deemed necessary in the pursuance of their duties, at the expense of the Company.

The Board is responsible for the development of commercial strategy, monitoring and approval of major business matters and the approval of the financial statements. Prior to each meeting, the Board is furnished with timely financial and non-financial information in a form and quality for it to discharge its duties.

The ultimate responsibility for reviewing and approving the Annual and Interim Reports and for ensuring that they present a balanced assessment of the Group's position lies with the Board.

The Board has established a number of committees and delegates the day-to-day responsibility of managing the Group to the Executive Director. There are two principal committees of the Board, the Audit and the Remuneration Committees, both of which have defined terms of reference and duties.

The specific terms of reference for all of the Committees may be obtained from the Company Secretary at the Registered Office. The terms and conditions on which Non-Executive Directors are appointed may also be obtained from the Company's Registered Office.

The Company Secretary attends all of the Board and Committee meetings and is responsible for the preparation and distribution of all agenda, minutes and related Board and Committee papers.

Audit Committee

The Audit Committee, which met once during the year, has responsibility for, among other things, reviewing the scope and results of the audit, the overview of the Annual Report, considering compliance with legal requirements, accounting standards, the AIM rules of The London Stock Exchange, for advising the Board on the requirement to maintain an effective system of internal control and for reviewing the arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee meets the external auditors independently from the Executive Directors and reviews matters brought to its attention by the external auditors. The Committee also reviews the objectivity, approach and cost effectiveness of both their audit and non-audit services. In accordance with best practice, the external auditors have confirmed their audit independence in writing to the Committee.

The Committee recommended to the Board that Deloitte & Touche LLP be proposed for reappointment at the forthcoming Annual General Meeting. This recommendation has been accepted and will be proposed to the shareholders.

Remuneration Committee

The Remuneration Committee, which met once during the year, has responsibility for making recommendations to the Board, within agreed terms of reference, on the Company's policy on remuneration and the individual remuneration packages for the Executive Directors, including any compensation payments. Remuneration packages are established when the Directors are appointed.

The Executive Directors may attend meetings at the invitation of the Committee but are not included in discussions concerning their own remuneration package.

A full report on Directors' Remuneration is set out on pages 33 and 34.

Corporate governance continued

Internal control

The Board complies with the Combined Code recommendations on internal control and maintains a sound system of internal control to safeguard shareholder's investments and Company assets.

The Board is responsible for the Group's system of internal control. A process of identifying, evaluation and managing the significant risks faced by the Group was in place from the start of the year and to the date of approval of the Annual Report, and which is in accordance with Turnbull guidance. Any system of controls can, however, only provide reasonable and not absolute assurance against material misstatement and loss.

The key features of the financial controls of the Group, which have been in place throughout the year ended 30 June 2006 and up to the date of approval of this Annual Report, include a comprehensive system of financial reporting, budgeting and forecasting, and clearly communicated accounting policies and procedures. Financial control is monitored centrally and authorisation of expenditure is closely monitored by the Executive Directors. The Executive Directors receive selected information daily. Profit and Loss Account, Balance Sheet and cash flow information is prepared each month and reviewed by relevant Executives. The Board is furnished with regular financial information. The public release of the Annual and Interim Reports is not made until it has been reviewed by the Board.

In addition to financial controls, there is an established "whistle blowing" procedure in place where employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Working groups have also been established involving management, external consultants and operational staff at all levels. Cross group meetings take place to ensure that the risks arising are reviewed, communicated and clearly understood and steps have been taken to ensure the controls in place mitigate, minimise or prevent their eventuality. The Executive Directors discuss key issues at Board meetings. The Board feels that this allows it to review the effectiveness of internal controls and is sufficient to ensure that key risks are identified in a timely manner, evaluated by the correct level of management, and mitigated, where possible, through a system of control measures and reported upon satisfactorily. Given the Group's size the Board does not consider that it would be appropriate to have its own internal audit function at present.

Financial reporting

Detailed reviews of the year are include in the Chairman's Statement and Financial Review on pages 18 to 25. The Board uses this and the Directors' Report to present a balanced and understandable assessment of the Company's position and future prospects. The Directors' responsibilities for the preparation of the financial statements are described on page 35.

Relationships with shareholders

The Board recognises the importance of maintaining strong relationships with its shareholders. The Directors seek to build on a mutual understanding of objectives between the Company and shareholders and communicate with private and institutional investors through the Club's website, www.tottenhamhotspur.com and all other media channels available to them.

All shareholders have been given at least 20 working days notice of the Annual General Meeting at which all Executive and Non-Executive Directors will be available to answer questions from shareholders.

Report of the remuneration committee

Introduction

The purpose of this report is to inform the shareholders of the Group's policy on Directors' remuneration and to provide details of the remuneration of individual Directors, as determined by the Remuneration Committee.

Unaudited information

Policy on the remuneration and incentivisation of employees

In order to ensure that the Group attracts, retains and motivates executives, the policy of the Board is to ensure that the remuneration of the Directors and senior management reflects their duties, experiences and responsibilities.

All Executive Directors have contracts with an indefinite term providing for a maximum of one year's notice. The service contracts of all Executive Directors provide for one year's compensation on termination.

All Non-Executive Directors have specific terms of engagement and their remuneration is determined by the Board within the limits set by the Articles of Association and based on independent surveys of fees paid to Non-Executive Directors of similar companies. Non-Executive Directors cannot participate in any of the Company's share option schemes.

Remuneration package

There are four main elements of the remuneration package for Executive Directors and senior management:

- basic annual salary (including Directors' fees) and benefits;
- annual bonus payments;
- share option incentives; and
- pension arrangements.

Basic annual salary and benefits

Executive Directors, with the exception of the Chairman, are paid a basic salary, which is reviewed annually by the Remuneration Committee. The basic salary reflects the Executive's experience and job responsibilities. The Remuneration Committee also takes into account information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies. The fees for the Chairman of the Group, Daniel Levy, are payable to ENIC Limited. This fee is reviewed annually by the Remuneration Committee. In addition to a basic salary, the Executive Directors are entitled to be provided with certain benefits-in-kind, principally the provision of private healthcare and a fully expensed company car.

Annual bonus payments

Bonuses, where paid, are within performance related targets set by the Remuneration Committee.

Share option incentives

An Executive Share Option Scheme exists for both Executive Directors and employees. At the current time the Group has chosen not to remunerate its employees and Directors with share options. No share options have been issued to employees and Directors since 4 April 1999. This policy will continue to be reviewed each financial year. Options granted previously were made on a discretionary basis, by the Board.

Pension arrangements

The Company does not operate its own pension scheme but a stakeholder pension scheme is available to all employees. During the year the Company made payments to an external scheme on behalf of Matthew Collecott. The only element of remuneration which is pensionable is the basic annual salary.

Election of Directors

Matthew Collecott retires by rotation and offers himself for re-election at the forthcoming Annual General Meeting. His service contract provides for a notice period of twelve months.

Report of the remuneration committee
continued

Audited information

Directors' remuneration

The aggregate emoluments of the Directors of the Company for the year were £1,150,889 (2005: £799,244). Contributions to pension schemes were £16,500 (2005: £15,655) as detailed below. In addition, £27,600 was payable in the year ended 30 June 2005 in respect of compensation for loss of office.

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

	Fees £	Salary £	Bonus £	Benefits-in-kind £	Sub total £	Pension £	Year to 30 June 2006 Total £	Year to 30 June 2005 Total £
D P Levy*	775,000	—	—	—	775,000	—	775,000	525,000
D J Buchler**	—	—	—	—	—	—	—	—
P Z Kemsley	—	100,000	—	—	100,000	—	100,000	100,000
M J Collecott	—	165,000	100,000	5,889	270,889	16,500	287,389	156,067
D J Pleat	—	—	—	—	—	—	—	56,432
E M Davies**	5,000	—	—	—	5,000	—	5,000	5,000
	775,000	270,000	100,000	5,889	1,150,889	16,500	1,167,389	842,499

* The fees of the Chairman, Daniel Levy were paid to ENIC Limited.

** Non-Executive Directors

Approved by the Remuneration Committee.

E M Davies
Chairman of the Remuneration Committee
8 December 2006

Directors' responsibilities
for preparing the financial statements

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report
to the members of Tottenham Hotspur plc

We have audited the Group and individual Company financial statements (the "financial statements") of Tottenham Hotspur plc for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and individual Company Balance Sheets, the Consolidated Cash Flow Statements, and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Report of the Remuneration Committee that is described as being audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. They are also responsible for the preparation of the other information contained in the Annual Report including the Report of the Remuneration Committee.

Our responsibility is to audit the financial statements and the part of the Report of the Remuneration Committee described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the financial statements and the part of the Report of the Remuneration Committee described as having been audited have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and the other information contained in the Annual Report for the above year as described in the contents section including the unaudited part of the Report of the Remuneration Committee and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Report of the Remuneration Committee described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Report of the Remuneration Committee described as having been audited 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 and the part of the Report of the Remuneration Committee described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the individual Company's affairs as at 30 June 2006 and of the Group's loss for the year then ended;
- the financial statements and the part of the Report of the Remuneration Committee described as having been audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
8 December 2006

Consolidated profit and loss account
for the year ended 30 June 2006

	Note	Year ended 30 June 2006 Operations, excluding football trading* £'000	Football trading* £'000	Total £'000	Year ended 30 June 2005 Total (note 2) £'000
Turnover	3	74,141	—	74,141	70,550
Operating expenses	4	(71,780)	(11,781)	(83,561)	(70,479)
Operating profit/(loss)	5	2,361	(11,781)	(9,420)	71
Profit on disposal of intangible fixed assets	7	—	12,299	12,299	5,632
Profit on ordinary activities before interest and taxation		2,361	518	2,879	5,703
Net interest payable	8			(2,261)	(793)
Profit on ordinary activities before taxation				618	4,910
Tax charge on profit on ordinary activities	9			(2,193)	(707)
(Loss)/profit on ordinary activities after taxation				(1,575)	4,203
Other finance costs in respect of non-equity shares				—	(99)
Retained (loss)/profit for the financial year	22			(1,575)	4,104
(Loss)/earnings per share – basic	11			(1.7p)	4.2p
(Loss)/earnings per share – diluted	11			(1.7p)	2.2p

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

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

There were no gains or losses in either year other than the loss for the year, and accordingly no statement of total recognised gains and losses is presented. However FRS 25 was adopted on 1 July 2005, the effects of which are outlined in notes 18 and 22.

Balance sheets
as at 30 June 2006

		Group		Company	
	Note	30 June 2006 £'000	30 June 2005 £'000	30 June 2006 £'000	30 June 2005 £'000
Fixed assets					
Intangible assets	12	30,264	31,348	—	—
Tangible assets	13	49,762	49,105	6,567	6,826
Investments	14	—	—	2,490	1,345
		80,026	80,453	9,057	8,171
Current assets					
Stocks	15	775	395	775	395
Debtors	16	20,034	11,875	36,326	58,815
Cash at bank and in hand		34,581	9,976	12,833	—
		55,390	22,246	49,934	59,210
Creditors: amounts falling due within one year	17	(73,114)	(37,648)	(10,106)	(12,105)
Net current (liabilities)/assets		(17,724)	(15,402)	39,898	47,105
Total assets less current liabilities		62,302	65,051	48,885	55,276
Creditors: amounts falling due after more than one year	18	(28,026)	(15,315)	(9,212)	(24)
		34,276	49,736	39,673	55,252
Provisions for liabilities	19	(4,320)	(3,923)	(500)	(396)
Net assets		29,956	45,813	39,173	54,856
Capital and reserves					
Called-up share capital	20	4,646	9,520	4,646	9,520
Equity component of CRPS	21	3,838	—	3,838	—
Share premium account	22	11,556	21,439	11,556	21,439
Revaluation reserve	22	2,384	2,432	2,216	2,216
Capital redemption reserve	22	550	268	550	268
Profit and Loss Account	22	6,982	12,154	16,367	21,413
Shareholders' funds	23	29,956	45,813	39,173	54,856

These financial statements were approved by the Board of Directors on 8 December 2006.

Signed on behalf of the Board of Directors

David Levy

D P Levy
Chairman
8 December 2006

Consolidated cash flow statement
for the year ended 30 June 2006

	Note	Year ended 30 June 2006 £'000	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000	Year ended 30 June 2005 £'000
Net cash inflow from operating activities	24		33,650		21,146
Returns on investments and servicing of finance					
Interest received		498		143	
Interest paid		(836)		(919)	
Net cash outflow from returns on investments and servicing of finance			(338)		(776)
Taxation					
UK corporation tax paid		(100)		(62)	
Overseas withholding tax paid		(259)		—	
UK corporation tax received		132		—	
Net cash outflow from taxation			(227)		(62)
Capital expenditure and financial investment					
Payments to acquire subsidiary undertaking	14	(1,145)		—	
Payments to acquire intangible fixed assets		(18,761)		(23,325)	
Receipts from sales of intangible fixed assets		15,615		6,029	
Payments to acquire tangible fixed assets		(1,477)		(3,593)	
Net cash outflow from capital expenditure and financial investment			(5,768)		(20,889)
Cash inflow/(outflow) before use of liquid resources and financing			27,317		(581)
Financing					
Redemption of ordinary shares	23	(1,702)		(654)	
Redemption of CRPS	21	(690)		—	
Bank loan repayments		(278)		(26)	
Loan notes repayments		(42)		(260)	
Net cash outflow from financing			(2,712)		(940)
Increase/(decrease) in cash	26		24,605		(1,521)

Notes to the accounts

1. Accounting policies

The following accounting policies have been applied consistently by the Directors in both the current and preceding periods in dealing with items which are considered material in relation to the Group's accounts, with the exception of the accounting policy in respect of the Convertible Redeemable Preference Shares ("CRPS") which has been amended to reflect the presentation requirements of FRS 25 "Financial Instruments: Disclosure and Presentation". As permitted, FRS 25 has been applied prospectively from 1 July 2005. Consequently the relevant comparative information for the year ended 30 June 2005 does not reflect the impact of this standard. The Group's accounting policy under FRS 25 is provided below.

The effect of the transitional adjustment as at 1 July 2005 is to reclassify a portion of the Group's preference share capital and related share premium as a liability.

Basis of accounting

The accounts have been prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention with the exception that certain freehold and leasehold properties have been revalued.

Basis of consolidation

The consolidated accounts incorporate the accounts of Tottenham Hotspur plc and its subsidiaries for the year ended 30 June 2006. Entities acquired during the year have been consolidated using the acquisition method of accounting, from the date on which control passed. A separate Profit and Loss Account dealing with the results of the Company only has not been presented as permitted by section 230 of the Companies Act 1985.

Turnover

Turnover represents income receivable from football and related commercial activities, exclusive of Value Added Tax.

Gate receipts and other matchday revenue is recognised as the games are played. 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.

Grants receivable

Grants receivable are credited to a deferred credit account and released to the Profit and Loss Account over the estimated useful life of the asset in respect of which they are receivable.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the Balance Sheet dates. Translation differences are dealt with in the Profit and Loss Account.

Player costs

The costs associated with the acquisition of player and key football management staff registrations are capitalised as intangible fixed assets. These costs are fully amortised 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. Provision is made for any impairment of the carrying value of the playing squad should the carrying value of the squad as a whole exceed the amount recoverable from the squad as a whole through use or sale, and where the reduction in value is considered permanent.

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

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

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

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

1. Accounting policies continued

Player costs continued

Signing on fees are charged evenly, as part of operating expenses, to the Profit and Loss Account over the period of the player's contract. These fees are paid over the period of the player's contract.

Loyalty fees are accrued, as part of operating expenses, to the Profit and Loss Account for the period to which they relate.

Tangible fixed assets

Freehold land is not depreciated. Leasehold property is amortised over the term of the lease. Other fixed assets are depreciated on a straight-line basis at annual rates appropriate to their estimated useful lives as follows:

Freehold properties	2% – 4%
Motor vehicles	20%
General plant and equipment	10% – 33%

The Group has taken advantage of the transitional provisions of FRS 15 "Tangible Fixed Assets" and retained the book amounts of certain assets which were revalued prior to implementation of that Standard. The properties were last revalued at 31 July 1998 and the valuations have not subsequently been updated.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for impairment.

Stocks

Stocks, which comprise goods held for resale, are valued at the lower of cost and net realisable value.

Finance costs

Finance costs of debt and non-equity shares are recognised in the Profit and Loss Account over the term of such instruments.

Debt

Debt is stated initially at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the accounting period.

Convertible redeemable preference shares

CRPS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the CRPS and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the CRPS based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability component.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the Balance Sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred taxation assets and liabilities are discounted using the post tax yields to maturity that could be obtained at the Balance Sheet date on Government bonds with maturity dates similar to those of the deferred taxation assets and liabilities. Consistent rates of discount have been applied on the basis that there is no material effect on the tax charge.

Deferred taxation is not provided on timing differences arising from the sale or revaluation of fixed assets unless, at the Balance Sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will qualify for rollover relief.

1. Accounting policies continued

Leases

Rental costs under operating leases are charged to the Profit and Loss Account in equal annual amounts over the periods of the leases.

Pension costs

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

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

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

2. Analysis of comparative Profit and Loss Account

	Operations excluding football trading £'000	Football trading £'000	Total £'000
Turnover	70,550	—	70,550
Operating expenses	(57,738)	(12,741)	(70,479)
Operating profit/(loss)	12,812	(12,741)	71
Profit on disposal of intangible fixed assets	—	5,632	5,632
Profit/(loss) on ordinary activities before interest and taxation	12,812	(7,109)	5,703

3. Turnover

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

	2006 £'000	2005 £'000
Turnover comprises:		
Gate receipts – Premier League	17,428	16,861
Gate receipts – Cup competitions	146	4,225
Sponsorship and corporate hospitality	15,730	14,249
Media and broadcasting	28,687	25,488
Merchandising	5,182	4,997
Other	6,968	4,730
	74,141	70,550

All turnover derives from the Group's principal activity in the United Kingdom and is exclusive of VAT.

4. Operating expenses

	2006 £'000	2005 £'000
Staff costs	40,656	33,142
Amortisation and other net football trading income and expenditure	11,781	12,741
Depreciation of tangible fixed assets	2,226	1,807
Other operating costs	28,898	22,789
	83,561	70,479

Notes to the accounts continued

5. Operating profit/(loss)

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

	2006 £'000	2005 £'000
Depreciation of tangible fixed assets:		
– owned	2,226	1,807
Amortisation of intangible fixed assets	12,499	12,741
Amortisation of grants	(66)	(69)
Property project costs	2,444	1,031
Charitable donations*	4,546	10
Auditors' remuneration and expenses:		
– audit fee	70	60
– tax related fees	156	186
– other fees	20	6
Operating lease rentals:		
– land and buildings	143	147
– other	205	181

* Charitable donations include a £4,500,000 donation made to the Tottenham Hotspur Foundation, a charity registered during the year. The objectives of the Foundation are outlined in the Chairman's Statement on page 21.

6. Staff numbers and costs

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

	2006 Number	2005 Number
Players and football administration staff	110	139
Tottenham Hotspur Community staff	11	11
Administration staff	72	62
Retail and distribution staff	29	27
	222	239

The aggregate payroll costs of these employees was as follows:	£'000	£'000
Salaries and bonuses	36,226	29,545
Social security costs	4,258	3,561
Other pension costs	172	36
	40,656	33,142

In addition the Group employs on average 588 temporary staff on matchdays (2005: 580).

In addition to the above payroll costs, redundancy costs of £221,000 (2005: £1,748,000) were also charged to the Profit and Loss Account during the year.

7. Profit on disposal of intangible fixed assets

	2006 £'000	2005 £'000
Proceeds	23,719	11,201
Net book value of disposals	(11,420)	(5,569)
	12,299	5,632

8. Net interest payable

	2006 £'000	2005 £'000
Interest receivable	498	143
Interest payable on bank overdrafts and bank loans repayable within five years	(2)	(60)
Interest payable on bank and other loans repayable after five years	(817)	(843)
Amortisation of debt issue costs	(30)	(33)
Interest charge on CRPS liability	(1,479)	—
Charge due to redemption of 1,200 CRPS in the year	(431)	—
	(2,261)	(793)

9. Tax charge on ordinary activities

	2006 £'000	2005 £'000
UK corporation tax at 30% (2005: 30%)	1,800	—
Overseas tax	259	—
Adjustment in respect of prior years	—	34
Current tax	2,059	34
Origination and reversal of timing differences	27	(7)
Adjustment in respect of prior years	73	734
Increase/(decrease) in discount	34	(54)
Deferred tax	134	673
Total tax charge on ordinary activities	2,193	707

Reconciliation of the current tax charge

	2006 £'000	2005 £'000
Profit on ordinary activities before taxation	618	4,910
Tax on profit on ordinary activities before taxation at the UK statutory rate of 30% (2005: 30%)	186	1,473
Adjustment in respect of prior years	(42)	34
Other permanent differences	1,285	274
Depreciation for which no tax relief is available	334	197
Depreciation in excess of capital allowances	37	5
Utilisation of tax losses	—	(2,129)
Tax losses carried forward	—	180
Total current tax charge	1,800	34

Other permanent differences above principally relate to fees and finance costs that had been assumed to be non-deductible for the purpose of calculating the current tax charge.

Other than the provision for deferred tax (see note 19), there are no items which would materially affect future tax charges.

The total tax charge or credit in the current year or future years will include discounted deferred taxation. Consequently, changes in the medium and long-term interest rates used to discount deferred taxation assets and liabilities will affect the amount of deferred taxation charged or credited to the Profit and Loss Account.

Notes to the accounts continued

10. Parent company loss

The retained loss for the year, dealt with in the financial statements of the parent company, was £1,401,000 (2005: £542,000).

As permitted by section 230 of the Companies Act 1985, no separate Profit and Loss Account is presented in respect of the parent company.

11. (Loss)/earnings per share

(Loss)/earnings per share has been calculated using the weighted average number of shares in issue in each year.

	2006 £'000	2005 £'000
Retained (loss)/profit	(1,575)	4,104
Finance costs in respect of CRPS	—	99
Diluted (loss)/earnings	(1,575)	4,203

	Number	Number
Weighted average number of shares in issue	94,262,771	98,574,822
Convertible redeemable preference shares	—	93,720,000
	94,262,771	192,294,822
Basic (loss)/earnings per share	(1.7p)	4.2p
Diluted (loss)/earnings per share	(1.7p)	2.2p

The convertible redeemable preference shares are not dilutive in the current year as they would reduce loss per share. There are no ordinary share options outstanding at the year end (2005: nil).

12. Intangible fixed assets

Group	£'000
Cost of registrations	
At 1 July 2005	48,557
Additions	22,835
Disposals	(20,067)
At 30 June 2006	51,325
Amortisation and impairment of registrations	
At 1 July 2005	17,209
Charged in year – amortisation	12,499
Disposals	(8,647)
At 30 June 2006	21,061
Net book value of registrations	
At 30 June 2006	30,264
At 30 June 2005	31,348

13. Tangible fixed assets

Group	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Motor vehicles £'000	General plant and equipment £'000	Total £'000
Cost or valuation					
At 1 July 2005	52,073	1	116	12,692	64,882
Additions	—	—	—	1,683	1,683
Acquired with subsidiary undertaking (see note 14)	1,200	—	—	—	1,200
At 30 June 2006	53,273	1	116	14,375	67,765
Depreciation					
At 1 July 2005	5,684	—	35	10,058	15,777
Charged in the year	1,186	—	23	1,017	2,226
At 30 June 2006	6,870	—	58	11,075	18,003
Net book value					
At 30 June 2006	46,403	1	58	3,300	49,762
At 30 June 2005	46,389	1	81	2,634	49,105
Cost or valuation comprises:					
At cost	11,253	—	116	14,375	25,744
At 1998 valuation	42,020	1	—	—	42,021
At 30 June 2006	53,273	1	116	14,375	67,765

The Group's property interests were valued at £42,340,000 as at 31 July 1998 by Drivers Jonas who acted as independent valuers. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors' Appraisal & Valuation Manual. The Stadium was valued on the basis of depreciated replacement cost; existing use value was adopted for other properties occupied for the purpose of the business and other properties were valued on the basis of open market value.

The net book value in the accounts of the properties, prior to the valuation, was £42,261,000. No adjustment to the net book value was made at 31 July 1998 because the difference was immaterial. Since 31 July 1998 £240,000 of the valued properties have been disposed of.

The Group has adopted the transitional rules under FRS 15 "Tangible Fixed Assets" and these assets have not been revalued since the last valuation.

All land and building additions since 31 July 1998 are included in the Balance Sheet at cost.

The Directors are not aware of any material change in value to the Group's properties.

13. Tangible fixed assets continued

Company	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Motor vehicles £'000	General plant and equipment £'000	Total £'000
Cost or valuation					
At 1 July 2005	5,713	1	116	11,773	17,603
Additions	—	—	—	681	681
At 30 June 2006	5,713	1	116	12,454	18,284
Depreciation					
At 1 July 2005	786	—	35	9,956	10,777
Charged in the year	133	—	23	784	940
At 30 June 2006	919	—	58	10,740	11,717
Net book value					
At 30 June 2006	4,794	1	58	1,714	6,567
At 30 June 2005	4,927	1	81	1,817	6,826
Cost or valuation comprises:					
At cost	3,914	—	116	12,454	16,484
At 1998 valuation	1,799	1	—	—	1,800
At 30 June 2006	5,713	1	116	12,454	18,284

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

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Cost	55,451	54,622	10,314	10,314
Depreciation	(12,182)	(11,257)	(6,075)	(5,893)
	43,269	43,365	4,239	4,421

14. Investments held as fixed assets

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

Shares	Cost and net book value £'000
At 1 July 2005	1,345
Additions	1,145
At 30 June 2006	2,490

During the year the Company acquired 100% of the shares of Star Furnishing Limited for consideration of £1,145,000. The consideration paid matched the fair value of the assets acquired, hence no goodwill arose as a result of the acquisition.

The net assets acquired were:

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Tangible fixed assets	288	912	1,200
Creditors	(55)	—	(55)
	233	912	1,145

The fair value adjustment relates to the uplift to the market value of the acquired properties.

At 30 June 2006, the Company had the following direct interests in the subsidiary undertakings noted below, all of which are registered and operate in England and Wales:

	Share class	Holding and voting rights
Tottenham Hotspur Football & Athletic Co. Limited – professional football club	Ordinary	100%
White Hart Lane Stadium Limited – provision of football entertainment	Ordinary	100%
Tottenham Hotspur Finance Company Limited – issuer of loan notes	Ordinary	100%
Paxton Road Limited – holds certain properties on behalf of the Group	Ordinary	100%
Stardare Limited – holds certain properties on behalf of the Group	Ordinary	100%
Star Furnishing Company Limited – holds certain properties on behalf of the Group	Ordinary	100%

Notes to the accounts continued

15. Stocks

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Stocks	775	395	775	395

Stocks comprise merchandising goods held for resale.

16. Debtors

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Trade debtors	17,628	10,082	116	38
Amounts owed by Group undertakings	—	—	35,993	58,341
Other debtors	113	409	135	334
Prepayments and accrued income	2,293	1,384	82	102
	20,034	11,875	36,326	58,815

Trade debtors above include £12,747,000 (2005: £4,305,000) in respect of the disposal of players' registrations. Trade debtors receivable after one year are £4,882,000 (2005: £1,502,000).

17. Creditors – amounts falling due within one year

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Bank loans (secured)	42	38	—	—
Other loans (secured)	272	251	—	—
Bank overdraft	—	—	—	10,386
CRPS liability	4,600	—	4,600	—
Trade creditors	7,290	7,461	1,317	838
Corporation tax	1,840	—	1,025	—
Other tax and social security	5,869	4,894	—	—
Other creditors	3,119	1,240	404	119
Accruals and deferred income	50,082	23,764	2,383	743
Amounts due to Group undertakings	—	—	377	19
	73,114	37,648	10,106	12,105

Trade creditors above include £5,226,000 in respect of the acquisition of players' registrations (2005: £6,362,000).

Accruals and deferred income include income in respect of season tickets and commercial sponsorships relating to future years.

18. Creditors – amounts falling due after more than one year

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Bank loans (secured)	1,852	1,895	—	—
Other loans (secured)	8,898	9,170	—	—
CRPS liability	9,200	—	9,200	—
Trade creditors	3,846	1,053	—	—
Other creditors	1,966	890	—	—
Grants (deferred credits)	2,264	2,307	12	24
	28,026	15,315	9,212	24

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

18. Creditors – amounts falling due after more than one year continued

Bank loans are secured by a floating charge over the Group's assets and on certain freehold properties. The bank loans are being repaid over 23 years, in equal quarterly instalments from September 2004. Interest will be charged quarterly on the outstanding amount of the loans, at a rate which tracks the Bank of England base rate. The bank loans are shown in the financial statements net of £32,000 of associated loan arrangement costs which are being amortised over the term of the loans.

Other loans above relate to the issue, at par, of £10,000,000 7.29% secured loan notes by the Group in November 2002. The loan notes were used to repay short-term debt and to fund the Group's general working capital requirements. These notes are repayable in equal annual instalments over 20 years from September 2003. The loan notes are secured against the White Hart Lane Stadium, and future gate and corporate hospitality receipts generated at the Stadium. At the Balance Sheet date £9,462,000 of the loan notes are outstanding. The loan notes are shown in the financial statements net of £292,000 of associated debt issue costs which are being amortised over the term of the loan notes.

The maturity profile of the Group's financial liabilities at the Balance Sheet date was as follows:

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Bank loans and overdraft				
In one year or less or on demand	42	38	—	10,386
In more than one year but not more than two years	45	41	—	—
In more than two years but not more than five years	154	140	—	—
In more than five years	1,653	1,714	—	—
	1,894	1,933	—	10,386
Other loans				
In one year or less or on demand	272	251	—	—
In more than one year but not more than two years	294	272	—	—
In more than two years but not more than five years	1,036	958	—	—
In more than five years	7,568	7,940	—	—
	9,170	9,421	—	—
CRPS liability				
In one year or less or on demand	4,600	—	4,600	—
In more than one year but not more than two years	4,600	—	4,600	—
In more than two years but not more than five years	4,600	—	4,600	—
In more than five years	—	—	—	—
	13,800	—	13,800	—
Total borrowings				
In one year or less or on demand	4,914	289	4,600	10,386
In more than one year but not more than two years	4,939	313	4,600	—
In more than two years but not more than five years	5,790	1,098	4,600	—
In more than five years	9,221	9,654	—	—
	24,864	11,354	13,800	10,386

18. Creditors – amounts falling due after more than one year continued

Following the implementation of FRS 25, as described in note 1, the liability component of the CRPS as at 1 July 2005 was £12,580,000. The maturity profile of this liability above reflects the earliest possible dates that the CRPS may be redeemed.

The key terms of the CRPS are detailed more fully in note 21 to the accounts.

Interest rate profile

The Group has no financial assets excluding short-term debtors, other than the sterling cash deposits of £34,581,000 (2005: £9,976,000) which are part of the financing arrangements of the Group. The sterling cash deposits comprise deposits placed on money market at call rates.

			Fixed rate borrowings		
Interest rate profile of financial liabilities (all sterling)	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Weighted average interest rate at year end %	Weighted average time for which rate is fixed Years
2006	24,864	1,894	22,970	10	17
2005	11,354	1,933	9,421	7	18

The floating rate borrowings are all denominated in sterling and are referenced to London Inter Bank Offer Rate (LIBOR) and The Bank of England Base Rate. The CRPS have been included as a fixed rate financial liability at the year end. The CRPS are redeemable from 31 January 2007 under the terms set out in note 21 at which time they will become a floating rate financial liability.

Borrowing facilities

As at the Balance Sheet date the Group had the following undrawn committed bank borrowing facilities:

	2006 £'000	2005 £'000
Expiring in one year or less or on demand	15,000	15,000

Fair values

There is no material difference between the fair value and the carrying amount of the Group's financial assets or liabilities except as described below:

	2006		2005	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Other loans	9,170	9,417	9,421	10,283

Short-term debtors and creditors have been excluded from all disclosures.

Treasury policy

The Group's operations are currently funded through operating cash flow, loans, an overdraft and the net proceeds from the CRPS issue. The Group hedges its interest rate exposure by using fixed interest rate facilities where deemed appropriate. The Group is exposed to foreign currency exchange risk through its player transactions but manages its working capital inflow and outflow to minimise any material foreign exchange risk. The Group does not enter into instruments for speculative purposes. All treasury transactions are reported to and approved by the Board.

19. Provisions for liabilities

	Group £'000	Company £'000
Contingent transfer fees payable		
At 1 July 2005	2,021	—
Provided during the year	1,654	—
Crystallised during the year	(1,391)	—
At 30 June 2006	**2,284**	**—**
Deferred taxation		
At 1 July 2005	1,902	396
Charged to the Profit and Loss Account	134	104
At 30 June 2006	**2,036**	**500**
Total		
At 30 June 2006	**4,320**	**500**
At 30 June 2005	3,923	396

Deferred taxation has been provided as follows:

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Accelerated capital allowances	3,792	3,692	697	557
Discount on timing differences	(1,756)	(1,790)	(196)	(161)
	2,036	1,902	501	396

20. Called-up share capital

	Number	£'000
Authorised:		
At 30 June 2006 – ordinary shares of 5p each	**200,000,000**	**10,000**
At 30 June 2006 – CRPS of £78.10 each	**60,000**	**4,686**
At 30 June 2005 – ordinary shares of 5p each	200,000,000	10,000
At 30 June 2005 – CRPS of £78.10 each	60,000	4,686
		14,686
Allotted and fully paid:		
At 30 June 2006 – ordinary shares of 5p each	**92,908,896**	**4,646**
At 30 June 2006 – CRPS of £78.10 each	**58,800**	**4,592**
At 30 June 2005 – ordinary shares of 5p each	96,684,929	4,834
At 30 June 2005 – CRPS of £78.10 each	60,000	4,646
		9,520

During the year 3,776,033 ordinary shares, with a nominal value of £188,000, were purchased by the Company and subsequently cancelled.

21. Equity component of convertible redeemable preference shares

Following the implementation of FRS 25, as described in note 1, the equity component of the CRPS as at 1 July 2005 was £3,916,000. The redemption of 1,200 CRPS during the year for £690,000 resulted in a reduction of the equity element of the CRPS of £93,720.

The CRPS were issued on 23 January 2004 for consideration of £250 per share. The key terms of the CRPS are as follows:

- no dividend shall be payable until 31 October 2007 (in respect of the period from the third anniversary of issue to 30 September 2007) and thereafter will be payable annually on 31 October in respect of each twelve month period to 30 September at a rate of 1% above the HSBC Bank base rate;
- on 31 October 2007 and on each 31 October thereafter, the CRPS will be convertible into ordinary shares at the election of CRPS holders at the rate of 1,562 ordinary shares for each CRPS;
- the Company may serve notice of its wish to redeem all or any of the CRPS at any time, in which event CRPS holders may elect either to convert or redeem their relevant proportion of CRPS set out in the notice;
- on and after the date falling three years from the date of issue, CRPS holders will be entitled to elect to redeem their CRPS. Once the Company has received elections in respect of more than 50% in number of the CRPS, but not before, it will redeem all of the CRPS in three equal annual tranches on a pro rata basis;
- all of the CRPS still in issue will be redeemed in three equal annual tranches on a pro rata basis on the seventh, eighth and ninth anniversaries of the date of issue;
- the Company will only be obliged to pay dividends or redeem the CRPS on the dates above to the extent that it has sufficient distributable reserves lawfully to do so, otherwise it may defer payment until it is so able;
- the sum to be paid on redemption of each CRPS shall be the amount paid up on such share (including any premium), together with any arrears and accruals of, and interest on, the dividend payable in respect of such share, calculated to the relevant date of redemption;
- CRPS holders are entitled to one vote on a show of hands or, on a poll, one vote per ordinary share that would have been allotted to that CRPS holder had conversion taken place at that time at the conversion rate then applicable. CRPS holders may only vote on resolutions relating to: the winding up of the Company, a reduction in the capital of the Company or the rights attached to the CRPS, or when the Company has been in default, for a period of more than one month, of its obligations relating to the payment of a dividend or the redemption of the shares; and
- on a return of capital or winding up, CRPS holders have the right to receive, in priority to any other classes of shares, the amount of the paid up sum (including any premium paid) in respect of each CRPS on subscription, plus any arrears of dividend.

22. Reserves

Group	Share capital account £'000	Equity component of CRPS £'000	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and Loss Account £'000	Total £'000
At 30 June 2005	9,520	—	21,439	2,432	268	12,154	45,813
Re-classification of equity and liability elements of CRPS at 1 July 2005	(4,686)	3,916	(10,081)	—	—	(1,729)	(12,580)
At 1 July 2005	4,834	3,916	11,358	2,432	268	10,425	33,233
Loss for the financial year	—	—	—	—	—	(1,575)	(1,575)
Amortisation of revaluation reserve	—	—	—	(48)	—	48	—
Ordinary 5p shares redeemed during the year	(188)	—	—	—	188	(1,702)	(1,702)
CRPS redeemed during the year	—	(78)	198	—	94	(214)	—
At 30 June 2006	4,646	3,838	11,556	2,384	550	6,982	29,956

Company	Share capital account £'000	Equity component of CRPS £'000	Share premium account £'000	Other/ revaluation reserve £'000	Capital redemption reserve £'000	Profit and Loss Account £'000	Total £'000
At 30 June 2005	9,520	—	21,439	2,216	268	21,413	54,856
Re-classification of equity and liability elements of CRPS at 1 July 2005	(4,686)	3,916	(10,081)	—	—	(1,729)	(12,580)
At 1 July 2005	4,834	3,916	11,358	2,216	268	19,684	42,276
Loss for the financial year	—	—	—	—	—	(1,401)	(1,401)
Ordinary 5p shares redeemed during the year	(188)	—	—	—	188	(1,702)	(1,702)
CRPS redeemed during the year	—	(78)	198	—	94	(214)	—
At 30 June 2006	4,646	3,838	11,556	2,216	550	16,367	39,173

23. Reconciliation of movements in Group shareholders' funds

	2006 £'000	2005 £'000
Opening shareholders' funds	45,813	42,264
Re-classification of liability element of CRPS at 1 July 2005	(12,580)	—
	33,233	42,264
(Loss)/profit for the year	(1,575)	4,104
Ordinary 5p shares redeemed during the year	(1,702)	(654)
Amortisation of CRPS issue costs	—	99
Net (reduction)/addition to shareholders' funds	(3,277)	3,549
Closing shareholders' funds	29,956	45,813

Notes to the accounts continued

24. Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating (loss)/profit	(9,420)	71
Depreciation of tangible fixed assets	2,226	1,807
Amortisation of intangible fixed assets	12,499	12,741
Increase in stocks	(380)	(40)
Decrease/(increase) in debtors	204	(536)
Increase in creditors	28,488	7,103
Currency translation differences	33	—
Net cash inflow from operating activities	33,650	21,146

25. Reconciliation of net cash flow to movement in net debt

	2006 £'000	2005 £'000
Opening net debt	(1,378)	(110)
Re-classification of liability element of CRPS at 1 July 2005	(12,580)	—
Total net debt	(13,958)	(110)
Increase/(decrease) in cash in the year	24,605	(1,521)
Cash outflow from decrease in debt	320	286
Cash related decrease/(increase) in net debt in the year	24,925	(1,235)
Accretion of CRPS liability in the year (net of reduction of £259,000 due to redemption of 1,200 CRPS)	(1,220)	—
Other non-cash related increase in net debt in the year	(30)	(33)
Decrease/(increase) in net debt in the year	23,675	(1,268)
Closing net funds/(debt)	9,717	(1,378)

26. Analysis of movement in net debt

	At 30 June 2005 £'000	Re-classification of liability element of CRPS at 1 July 2005 £'000	At 1 July 2005 £'000	Cash flow £'000	Non-cash movement £'000	At 30 June 2006 £'000
Cash as shown on Balance Sheet	9,976	—	9,976	24,605	—	34,581
Debt due within one year	(319)	—	(319)	320	(4,943)	(4,942)
Debt due after more than one year	(11,389)	(12,580)	(23,969)	—	4,943	(19,026)
Loan issue costs	354	—	354	—	(30)	324
Accretion of CRPS liability in the year (net of reduction of £259,000 due to redemption of 1,200 CRPS)	—	—	—	—	(1,220)	(1,220)
	(11,354)	(12,580)	(23,934)	320	(1,250)	(24,864)
Net (debt)/funds	(1,378)	(12,580)	(13,958)	24,925	(1,250)	9,717

27. Commitments

The annual commitments under non-cancellable operating leases are:

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Land and buildings:				
Leases expiring within one year	25	—	25	—
Leases expiring within two to five years	75	135	75	135
Leases expiring in more than five years	—	—	150	150
	100	135	250	285
Other:				
Leases expiring within one year	—	2	—	—
	—	2	—	—
Capital commitments were as follows:				
Contracted	—	—	—	—
Authorised but not contracted	214	354	—	125
	214	354	—	125

28. Related-party transactions

The following paragraphs give details of all related-party transactions involving the Company and any of its subsidiary undertakings.

ENIC Group companies

Amounts totalling £19,709 (2005: £2,466) including VAT were incurred during the year by the Group on behalf of ENIC Limited and subsequently reimbursed by ENIC Limited during the year. At the Balance Sheet date £15,710 (2005: £nil) was due to the Group from ENIC Limited.

Amounts totalling £8,377 (2005: £26,308) including VAT were incurred during the year by ENIC Limited on behalf of the Group and subsequently reimbursed by the Group during the year. At the Balance Sheet date £nil (2005: £nil) was due from the Group to ENIC Limited.

Other

Companies of which P Z Kemsley is a director were invoiced £70,824 (2005: £300) including VAT for corporate hospitality services during the year. P Z Kemsley served as an Executive Director of the Group during the year. At the Balance Sheet date a sum of £37,600 (2005: £nil) including VAT was due to the Group from Rock Investments, a company of which P Z Kemsley is a director.

Rock Investments incurred a cost of £1,800 (2005: £nil) including VAT on behalf of the Group during the year and was subsequently reimbursed. No balance (2005: £nil) was outstanding at the Balance Sheet date.

E M Davies is currently chairman of Standard Chartered PLC although during the Group's financial year he served as chief executive officer of Standard Chartered PLC. During the year, the Group invoiced Standard Chartered PLC £425,892, (2005: £nil) including VAT for sponsorship and corporate hospitality services, including sponsorship of the Club's Korean tour. At the Balance Sheet date £nil (2005: £nil) was due to the Group from Standard Chartered PLC.

Except for the balances disclosed above, there were no other balances outstanding at the Balance Sheet date in 2006 or 2005. All of these transactions were at arm's length.

The fees paid to related parties with regard to Directors' emoluments have been disclosed in the Report of the Remuneration Committee on pages 33 and 34.

Notes to the accounts continued

29. Pensions

Defined contribution schemes

Certain staff of the Group are members of the Football League Limited Pension and Life Assurance Scheme. Others are members of a self-administered Group money purchase scheme. The assets of these schemes are held separately from those of the Group, being invested with insurance companies. The total pension cost charged during the year amounted to £173,000 (2005: £36,000).

Defined benefit scheme

The Group 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 2005 and indicated that the contribution required from the Group towards making good this deficit was £190,000 at 1 April 2006. The pension cost charged during the year relating to this deficit was £111,000 (2005: £nil). At the Balance Sheet date the Group's share of this deficit was £183,000 (2005: £135,000).

30. Contingent liabilities and assets

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

Under the terms of certain contracts for the purchase of players' registrations future payments may be due 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 £7,878,000 (2005: £5,333,000).

Under the terms of certain contracts for the sale of players' registrations future receipts may be receivable from third parties, dependent on the success of the team and/or individual players. At the Balance Sheet date the maximum contingent asset was £2,446,000 (2005: £1,100,000).

31. Post Balance Sheet events

Since the Balance Sheet date the following events have occurred:

B Assou-Ekotto was bought from Lens
D Dervitte joined from Lille
D Berbatov was bought from Bayer Leverkusen
D Zokora was bought from St Etienne
Mido was bought from AS Roma
P Chimbonda was bought from Wigan
S Malbranque was bought from Fulham
S Kelly was sold to Birmingham City
M El Hamdaoui was sold to Willem II
D Marney was sold to Hull City
M Carrick was sold to Manchester United
A Reid was sold to Charlton

Including Football League levies, the uncontingent net costs of these transactions amounted to approximately £18,890,000.

The contingent liability from these transactions amounts to approximately £1,815,881 and the contingent asset amounts to approximately £6,450,000.

Five-year review

	June 2006 £'000	June 2005 £'000	June 2004 £'000	June 2003 £'000	June 2002 £'000
Turnover	74,141	70,550	66,324	66,506	65,033
Operating profit before football trading and depreciation	4,587	14,619	11,453	13,686	11,415
Depreciation	(2,226)	(1,807)	(1,718)	(2,658)	(2,175)
Operating profit before football trading	2,361	12,812	9,735	11,028	9,240
Amortisation of registrations and other football related income and expenditure	(11,781)	(12,741)	(10,924)	(18,692)	(13,918)
Profit/(loss) on disposal of intangible fixed assets	12,299	5,632	(381)	1,329	6,308
Profit/(loss) before interest and taxation	2,879	5,703	(1,570)	(6,335)	1,630
Net interest payable	(2,261)	(793)	(894)	(783)	(684)
Profit/(loss) on ordinary activities before taxation	618	4,910	(2,464)	(7,118)	946
Taxation	(2,193)	(707)	(178)	693	(479)
Profit/(loss) on ordinary activities after taxation	(1,575)	4,203	(2,642)	(6,425)	467
Other finance costs in respect of non-equity shares	—	(99)	(50)	—	—
Retained (loss)/profit	(1,575)	4,104	(2,692)	(6,425)	467
Net assets					
Intangible fixed assets	30,264	31,348	25,053	17,019	27,741
Tangible fixed assets	49,762	49,105	48,219	46,845	46,306
Net current liabilities*	(20,008)	(17,423)	(12,730)	(14,611)	(30,722)
Total assets less net current liabilities*	60,018	63,030	60,542	49,253	43,325
Provisions and creditors – amounts falling due after more than one year	(30,062)	(17,217)	(18,278)	(18,015)	(5,662)
Net assets	29,956	45,813	42,264	31,238	37,663
Basic (loss)/earnings per share	(1.7p)	4.2p	(2.6p)	(6.3p)	0.5p

* Including portion of provisions for liabilities falling due within one year.

Notice of annual general meeting

Notice is hereby given that the 22nd Annual General Meeting of Tottenham Hotspur plc will be held at Bill Nicholson Way, 748 High Road, Tottenham, London N17 0AP at 2.00pm on 29 January 2007 for the following purposes.

As ordinary business:

1. To receive the Directors' Report and the audited Accounts of the Company for the year ended 30 June 2006.
2. To receive, approve and adopt the Report of the Remuneration Committee for the year ended 30 June 2006.
3. To re-elect as a Director Matthew Collecott, who retires by rotation and, being eligible, offers himself for re-election.
4. To reappoint Deloitte & Touche LLP as auditors to the Company and to authorise the Directors to determine their remuneration.

As special business:

To consider and, if thought fit, pass resolutions 5 and 9 below as ordinary resolutions and resolutions 6, 7 and 8 below as special resolutions.

Ordinary resolution

5. THAT the Directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act"), to exercise the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £5,354,555 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 15 months from the date on which this resolution is passed, whichever is the earlier, and provided further that the Company may before such expiry make an offer or agreement which would or might require relevant securities of the Company to be allotted after such expiry and the Directors may allot such relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired. This authority shall replace the similar authority granted to the Directors at the Company's Annual General Meeting on 25 November 2005, which is hereby revoked with immediate effect.

Special resolutions

6. THAT, subject to the passing of resolution 5 above, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the general authority conferred on the Directors by resolution 5 up to an aggregate nominal amount of £5,354,555 as if section 89(1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the date falling 15 months from the date on which this resolution is passed, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.
7. THAT, subject to the passing of resolution 9 below, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:
   (A) the maximum number of ordinary shares hereby authorised to be purchased is 13,927,044 (representing 14.99% of the issued ordinary share capital of the Company);
   (B) the minimum price which may be paid for each ordinary share is 5p (nominal value);
   (C) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the AIM Appendix to the Daily Official List of The London Stock Exchange for the five business days immediately preceding the day on which the ordinary shares are contracted to be purchased;
   (D) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 31 December 2007, whichever is earlier, unless such authority is renewed prior to such time; and
   (E) the Company may make a contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may purchase its ordinary shares in pursuance of any such contract.

Notice of annual general meeting continued

As special business continued:

Special resolutions continued

8. THAT, subject to the passing of resolution 9 below, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Act) of convertible redeemable preference shares of £78.10 each in the capital of the Company ("preference shares") provided that:

   (A) the maximum number of preference shares hereby authorised to be purchased is 8,814 (representing 14.99% of the issued preference share capital of the Company);

   (B) the minimum price which may be paid for each preference share is £78.10 (nominal value);

   (C) the maximum price which may be paid for each preference share is an amount equal to 105% of the average of the middle market quotations for a preference share as derived from the AIM Appendix to the Daily Official List of The London Stock Exchange for the five business days immediately preceding the day on which the preference shares are contracted to be purchased;

   (D) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 31 December 2007, whichever is earlier, unless such authority is renewed prior to such time; and

   (E) the Company may make a contract to purchase its preference shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may purchase its preference shares in pursuance of any such contract.

Ordinary resolution

9. THAT the conditional waiver granted by the Panel on Takeovers and Mergers of any requirement under Rule 9 of The City Code on Takeovers and Mergers ("City Code") for ENIC International Limited and/or any of its concert parties (within the meaning of the City Code) to make a general offer to shareholders of the Company as a result of the market purchase by the Company of any ordinary shares pursuant to the authorisation granted by resolution 7 above be and it is hereby approved.

By Order of the Board

M J Collecott
Company Secretary

Registered Office:
Bill Nicholson Way
748 High Road
Tottenham
London N17 0AP

Registered in England and Wales
with company number 1706358

8 December 2006

Explanatory notes on resolutions 5, 6, 7, 8 and 9

Resolution 5

The Companies Act 1985 provides that the authority of the Directors to allot relevant securities is subject to the approval of shareholders in general meeting. Accordingly, an ordinary resolution, resolution 5, as set out in the Notice of Annual General Meeting, will be proposed to authorise the Directors to allot 107,091,104 of the authorised but unissued ordinary shares of the Company. This resolution, if passed, will mean that the Directors would have authority to allot up to 107,091,104 ordinary shares (representing approximately 117% of the current issued ordinary share capital of the Company). Your Directors believe that the ability which this resolution would give them to allot ordinary shares without further recourse to shareholders in general meeting would be in the best interests of the Company and its shareholders as a whole. The Directors have no present intention of issuing any part of the authorised but unissued ordinary share capital of the Company. This authority will expire at the conclusion of the next Annual General Meeting or, if earlier, 15 months from the date of the passing of the resolution.

Resolution 6

The Companies Act 1985 also provides that any equity shares issued wholly for cash must be offered to existing shareholders in proportion to their existing holdings. This requirement may be modified by special resolution of the shareholders. A special resolution, resolution 6, as set out in the Notice of Annual General Meeting, will be proposed to give the Directors' authority to allot equity shares for cash other than on a pro rata basis. If this resolution is passed, your Directors will be authorised to issue up to 107,091,104 ordinary shares (representing approximately 117% of the current issued ordinary share capital of the Company) without being obliged to offer existing shareholders the opportunity to subscribe for all or some of those ordinary shares. In particular, your Directors would have discretion to allot and issue those ordinary shares to such persons (who may include some but not all of the Company's existing shareholders) and at such prices and on such other terms as the Directors in their absolute discretion may determine. Your Directors believe that the Company needs to be in a position to issue ordinary shares for cash on such terms as your Directors may from time to time believe to be in the best interests of the Company without being required to seek consent for such an issue from the Company's shareholders in general meeting. Accordingly, your Directors believe the flexibility which this resolution would grant them to be in the best interests of the Company and its shareholders as a whole. This authority will expire at the conclusion of the next Annual General Meeting or, if earlier, 15 months from the date of the passing of the resolution.

Resolutions 7, 8 and 9

An explanatory Circular in relation to the subject matter of resolutions 7, 8 and 9 is enclosed with this Notice of Annual General Meeting. Resolution 9 will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code. ENIC International Limited has agreed to abstain from voting on resolution 9.

Notice of annual general meeting continued

Information for shareholders

How to vote

Only those shareholders on the Register of Members 48 hours before the time of the Annual General Meeting (the "Meeting") are entitled to attend and vote at the Meeting. A shareholder shall be entitled to cast votes in respect of such shares as is registered in his or her name at this time. Changes to entities on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

Any such shareholder is entitled to appoint a proxy to attend instead of him or her. A proxy need not be a shareholder of the Company. A proxy cannot ask questions and can vote in a poll only and not on a show of hands.

A proxy voting form for the Meeting is enclosed with the Annual Report and Accounts. To be valid, a duly completed proxy voting form must reach Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the Meeting.

Shareholders who returned completed proxy voting forms may still attend the Meeting instead of their proxy and vote in person if they wish. In the event of a poll in which the shareholder votes in person, his/her proxy votes will be excluded.

Documents

Any documents stated to be available for inspection in the Annual Report and Accounts or the enclosed Circular may be inspected during business hours at the offices of the Company's solicitors Olswang, 90 High Holborn, London WC1V 6XX (weekends and public holidays excluded) and will also be available for inspection at the place of the Meeting from 10.00am on the day of the Meeting until the conclusion of the Meeting.

Who may attend?

Only shareholders or their proxies or corporate representatives are entitled to attend the Meeting. No-one else will be admitted.

Please bring to the Meeting the attendance card attached to your Form of Proxy. You will be asked to show it at the entrance and not bringing it with you could delay your admission. Shareholders may also be required to provide proof of identity.

On admission you will receive a voting card in exchange for your attendance card.

If you have been appointed as a proxy, please make this fact known to the admission staff who will direct you to the appropriate desk.

Security

There will be security checks at the entrance to the venue. To speed admission, it would be helpful if you did not bring briefcases or large bags. Cameras, mobile phones, lap top computers or tape recorders will not be allowed into the Meeting.

Asking questions at the Meeting

During the Meeting, the Chairman will give shareholders or corporate representatives (not proxies) the opportunity to ask questions on the Resolutions proposed at the Meeting which are set out in the Notice of Meeting.

About the Meeting

At the Meeting, you will be asked to vote on the Resolutions which are set out in the Notice of Meeting and therefore it would be helpful if you bring the Annual Report and Accounts and the enclosed Circular to the Meeting.

Smoking

Smoking will not be permitted in the auditorium.

TOTTENHAM HOTSPUR
125 YEARS 1882-2007

Throughout 2007 and into the new season, the Club will be launching a range of events and activities to enable supporters, players past and present, shareholders, staff and other stakeholders to celebrate 125 Glorious Years of Tottenham Hotspur Football Club.

Tottenham Hotspur plc
Bill Nicholson Way
748 High Road
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www.tottenhamhotspur.com