

WE CARE ABOUT FOOTBALL



The European Club Footballing Landscape
CLUB LICENSING BENCHMARKING REPORT FINANCIAL YEAR 2008



Foreword



The concept of financial fair play that recently received the backing of the UEFA Executive Committee is at the top of UEFA priorities. This club licensing benchmarking report illustrates the reasons why the major football stakeholders have agreed there is a need for action, by highlighting that amid the record broadcast deals and revenues there are some increasingly clear warning signs.

The many clubs across Europe that continue to operate on a sustainable basis, and there are many as proved by this report, are finding it increasingly hard to coexist and compete with clubs that incur costs and transfer fees beyond their means and report losses year-after-year. While clubs' revenues have continued to rise, these have been entirely absorbed by the growth in costs undermining profitability and pushing many clubs to rely on debt or shareholder's contributions to finance operating activities. For the health of European club football, those many clubs that operate with financial discipline and sustainable business plans must be encouraged and this is why the entire football family requested and expressed full and unanimous support for the principles of financial fair play.

Club licensing, which covers an unprecedented 1300 top and lower division clubs across Europe is the perfect tool to drive this major reform into practice. In this context the promotion of benchmarking and transparency has become of key importance. This report aims at providing the widest and most accurate information available on club football from both a financial as well as a sporting perspective and we hope you will find it informative and useful.



Michel Platini
President of UEFA

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Financial Fair Play

On 15 September 2009 UEFA's Executive Committee approved the 'financial fair play concept' for the well-being of European club football. This followed the recommendations made in August by the Professional Football Strategy Council, which in turn had followed unanimous support by the UEFA Club Licensing Committee, UEFA Club Competitions Committee and approval by the European Club Association Board.

In conjunction with key stakeholders, UEFA is working to develop financial requirements to meet the approved objectives. These new requirements will be an enhancement to the current UEFA Club Licensing Regulations, such that the updated Regulations would comprise both the 'club licensing criteria' and new requirements from the 'financial fair play concept'.

The latter criteria aim to improve the long term sustainability and financial health of European club football, to encourage clubs to live with the revenues they generate, to stimulate spending on facilities and activities for the long-term benefit of clubs (investment in infrastructure and youth development activities) rather than shorter-term speculative spending, and to ensure clubs settle their liabilities on a timely basis.

These objectives reflect UEFA's view that it has a duty to acknowledge and consider the systemic environment of European club football in which individual clubs compete, in particular in respect of recent levels of inflation in the level of players' salaries and transfer fees. As this benchmarking study points out only a few clubs own their own infrastructure (stadium and training facilities) and in some notable recent cases stadiums are being sold to fund short term speculative spending on players. Many clubs reported repeated, and worsening, financial losses in their most recent financial statements and auditors expressed concern for the ability of 10% of top division clubs to continue as going concerns. The wider economic situation has created difficult market conditions for clubs in Europe. In particular, this has the potential to negatively impact revenue generation and create additional challenges for clubs in respect of the availability of financing, assets' investments and the assessment of going concern.

Taking all of the above into consideration, UEFA believes that action now is required to safeguard the future sustainability of European club football.

UEFA recognises that the development and implementation of financial fair play criteria presents a challenging task and that new rules need to be implemented over a certain time in order to provide national associations and clubs with the necessary time to learn and adapt to them. As such full implementation is foreseen only as from 2012/13.

Transparency

Objectives of benchmarking project*

Provide contextual information to enable better informed interaction between national/ international stakeholders (e.g. clubs, leagues, players, media, supporters, government or municipal authorities, UEFA etc.).

- Demonstrate transparency in European club licensing and encourage transparency in the wider world of football.
- Underline the positive contributions of club licensing, beyond its basic regulatory nature.
- Help national bodies to understand or confirm inherent differences and similarities that exist between member associations and their club football.
- Allow governing bodies and leagues to place the financial and structural development of their club football in the context of general football trends, in particular those countries with similar profiles.
- Provide information in benchmark categories that may help in identifying areas of relative weakness or underperformance.

Footnotes: * Benchmarking of club data is specified as one of the objectives of the UEFA club licensing system - Article 2 (g) of the UEFA club licensing regulations;

Context of the report

As previous versions of the club licensing benchmarking report, this report does not profile individual clubs but presents an analysis of European club football providing national associations, leagues and clubs with information to be compared. Information contained in this report, unless otherwise mentioned, is sourced directly from clubs that submitted audited financial information to their national associations as part of the club licensing requirements.

This year's report covers figures from financial statements of 655 or almost 90% of all top division clubs. Its production was only possible by the strong input and support of the national licensing managers to whom we extend our thanks.

The report is structured in five chapters that follow a brief section illustrating main highlights:

Chapter 1 - Club licensing profile and report scope:

it explains the scope of the report and the recent club licensing results.

Chapter 2 - Sporting profile of European club football:

it presents information on the size and structure of domestic championships; an overview of club legal forms; stadium ownership, and; average attendances and attendance trends across Europe.

Chapter 3 - Financial profile of European club football - 2008 income:

income split (broadcasting, advertising & sponsorship, gate receipts, and other income) and trends, the use and relevance of peer groups and; the link between financial resources and on-pitch success.

Chapter 4 - Financial profile of European club football - 2008 costs and profitability:

employee costs and other operating costs and trends; the impact of transfer accounting and activity on club financial results; the impact of financing and other non operating activities on club financial result and; operating and bottom-line net profitability.

Chapter 5 - Financial profile of European club football - 2008 assets, debts and liabilities:

it finishes the financial profile by looking at the balance sheets of European football clubs: type of assets, debts and other liabilities are screened. It provides information on how clubs are financed and on the level of capitalisation.

Highlights



Club licensing

1300+

The number of clubs undergoing club licensing in Europe in 2009

81%

The percentage of national associations (43 of 53) which have refused one of their clubs a UEFA club licence between 2004-2009

6

The number of clubs (from 5 separate countries) who qualified on a sporting basis for this years UEFA Europa League but were not granted licences

Domestic championship structures

The number of top divisions that have changed the number of participating clubs in the last 3 years.

17

The number of top divisions with two or more relegation places – a fundamental aspect of European sports model.

47

The number of top divisions clubs, from 13 countries, playing their domestic championship in summer months

157

105 Million

Popularity - Attendances

Reported attendances at top division European domestic championship matches in 2008/09 season

196

Clubs in top division that reported average league attendances over 10'000 per match

58%

Top divisions that reported falling attendances in 2008/09(2008s) compared to 66% that reported increasing attendances the previous year



Stadium ownership

Proportion of European top divisions clubs renting their stadiums from municipal or state authorities

65%

The number of top division clubs (83%) that do not directly own their stadium

608

Europe-wide financial results

654

€11.5 Billion

The number of financial statements on which the club-by-club financial analysis is based, covering an estimated 96% of all top division club revenues
– The widest financial study ever undertaken

The reported income of the 732 European top division clubs in 2008

10.6%

The like-for-like increase in European top division club income reported from 2007 to 2008

€12.1 Billion

The reported costs of the 732 European top division clubs in 2008

11.1%

The like-for-like increase in European top division club costs reported from 2007 to 2008

€578 Million

The aggregate losses of the 732 European top division clubs in 2008, increased from €515m the previous year

53%

On the one side the percentage of clubs 53% reporting break-even in 2008, on the other side the percentage 22% reporting significant losses [>20% income]

22%

Competitive balance

The spending advantage on wages & transfers that the 10 highest spending clubs had over the next 10 clubs

99%

The proportion of total Europe-wide broadcasting money generated by the 5 largest leagues

88%

The typical multiple of income enjoyed by the four largest clubs in each country compared to the other clubs in their domestic championship

3.9x

The domestic champions reported either the highest income and/or highest wages in half of the European leagues

1/2



Salaries

The reported employee costs (mostly playing staff) of the 732 European top division clubs in 2008

€7.1 Billion

The huge like-for-like increase in European top division club employee costs reported from 2007 to 2008

18.1%

The number of clubs spending above 100% of their revenue on wages

57

€20.0 Billion

€18.2 Billion

€5.5 Billion

€5.2 Billion

Europe-wide financial position

The reported assets of the 732 European top division clubs in 2008

The reported liabilities of the 732 European top division clubs in 2008

The reported level of bank debt and commercial loans of European top division clubs, of which

54%

Are from just 20 clubs

The reported balance sheet carrying value of stadium & other fixed assets, of which

64%

Are from the same 20 clubs. Indicating that bank lending is heavily connected to stadiums

35%

Percentage of clubs reporting negative net equity – Debts larger than reported assets

44%

Percentage of clubs reporting deteriorated net equity position compared to previous year (even after any new owner or investor funds committed)





Transfer fees

The amount of contracted transfer fees scheduled to be paid in more than a year,
35% of total transfer fees payable

€550 Million+

The net amount that 10 clubs have still to pay on transfer fees
(after taking away amounts owed to them on transfers)

€530 Million+

The aggregate net cost from transfer activity of ENG & ESP clubs in 2008

€385 Million+

The aggregate net income from transfer activity of FRA & NED clubs in 2008

€185 Million+



1

Club Licensing Profile & Report Scope

Raising standards: How widespread across Europe is the licensing of clubs?

How many clubs applied and were granted a licence to enter UEFA competitions?

Why were clubs refused licences?

Would a licensor ever refuse a licence to a UEFA competition qualified club?

How many clubs does the report cover?

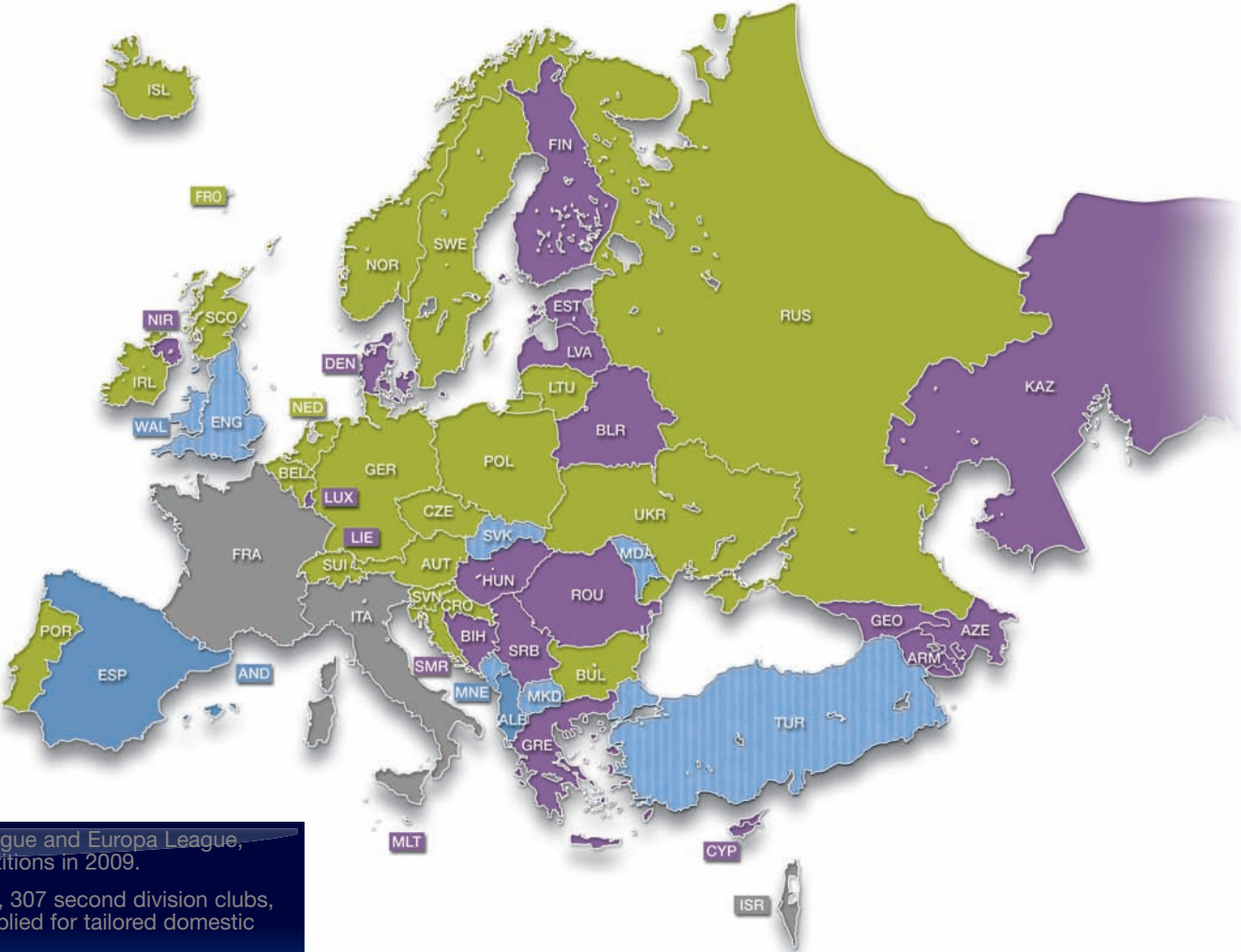
Domestic licensing system beyond top division	20x
Domestic licensing for top division	21x
Domestic financial control beyond top division	3x
No domestic licensing system	9x
No domestic system applied to date but planned within next 2 years	

Q: 01. How widespread across Europe is the licensing of clubs?

The seeds of the UEFA club licensing system sown by the UEFA Task Force back in 2000 and which flowered with the implementation of licensing for entrance to the 2004/05 UEFA competitions continue to grow and branch out across Europe. Whilst in theory the licence is used by ‘only’ 235 clubs to enter UEFA club competitions (UCL & UEL) each year, the number of clubs undergoing licensing, either full UEFA licensing requirements or domestic licensing, totals over 620 clubs. In addition, more than 700 clubs undergo more tailored national licensing rules and this will increase as a further 8 countries will implement licensing further at national level in the next 2 years.

The chart and maps illustrate how the licensing philosophy has taken hold across Europe.

Whilst licensing continues to raise standards across the length and breadth of European football in many important areas such as: audited financial reporting; budgeting; youth football; stadium and infrastructure quality and availability; transfer, tax and employee settlements; medical care, and; head coach qualifications, further important steps are currently being taken for the elite clubs that compete at the highest level, in the form of developing Financial Fair Play requirements. It can therefore be said for certain that the roots as well as the branches of the club licensing tree are further being strengthened.



Answer: 01

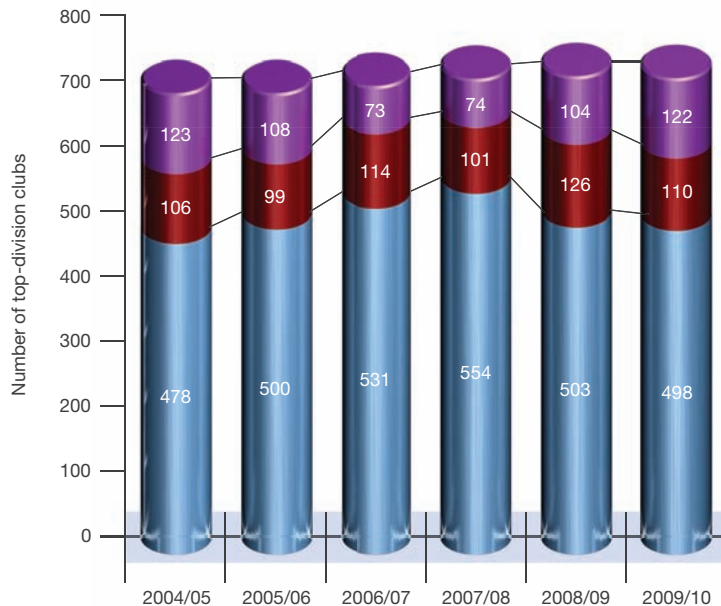
As well as all the 235 clubs entering the UEFA Champions League and Europa League, a further 373 clubs applied for a license to enter UEFA competitions in 2009.

This is only part of the picture, a further 101 top division clubs, 307 second division clubs, 186 third division, 70 fourth division and 72 women's clubs applied for tailored domestic licenses based on the same principles*.

In total 1'344 clubs underwent the push and pull of licensing, undoubtedly helping to raise standards in European club football.

Footnotes: * The number of clubs undergoing licensing by country included in Appendix 1.

Q: 02. How many clubs applied & were granted a licence to enter UEFA competitions?



License not applied for

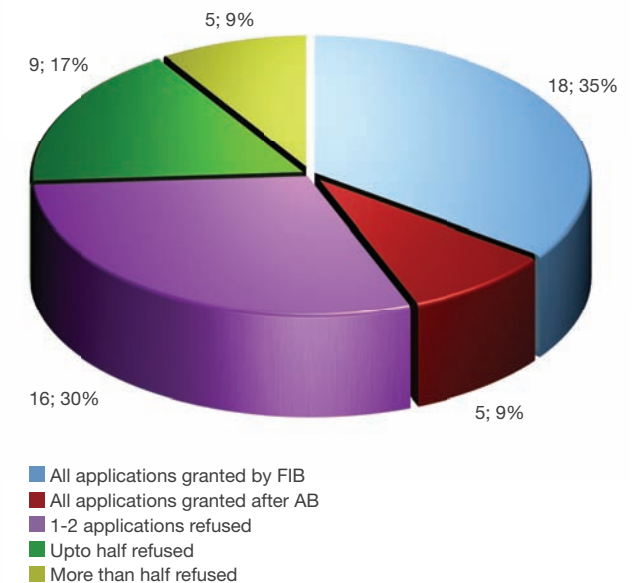
The number of clubs not applying for a license for UEFA competitions continued to increase to 122. This however is a positive statistic as it directly reflects the increase in stand-alone domestic licensing with lower ranked clubs applying for a domestic and not UEFA qualifying license.

Licenses refused

The fact that 110 clubs were refused licenses continues to underline the challenging nature of the requirements and this refusals figure remains above the 2007/08 level despite improvements by clubs, due to the harder licensing criteria requirements introduced in the previous cycle 2008/09.

When all 6 cycles are taken into consideration, a licence has now been refused by the vast majority of licensors (43 of 53). In the most recent cycle, the pie chart indicates that 30 countries refused a licence to one of its clubs with 14 (gold and green segments) countries refusing more than 2 clubs.

Licenses granted



Answer: 02

Although club licensing is a year round cycle, with communication and assessment of certain criteria performed throughout the year, the bulk of assessment takes place between March and May in respect of the UEFA competitions that start in June/July. When the 53 lists of licensed clubs were submitted to UEFA on 2 June 2009, 83% (608) of the 730 clubs playing in the top divisions of the 53 national associations had applied for a license for entering UEFA competitions in the 2009/10 season. Of these 608 applicant clubs, 82% (498) had been granted a license.

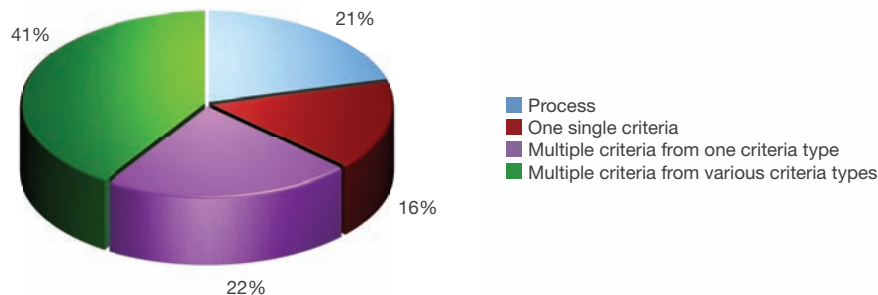
– clear evidence of the difficulties in meeting the stricter financial criteria implemented for the first time last season.

Q: 03. Why were clubs refused licences?

Feedback and transparency in the results of the licensing system is a key component in trying to build trust in the system. For the development and refinement of the licensing requirements it is also important that the reasons why clubs have been refused licences is known.

In some clear cut cases there is a single criteria failed and if this is a mandatory criteria then this alone leads to a refused licence, this was the case in 16% of cases (deep red in pie chart).

2009/10 Decisions by Description



Answer: 03

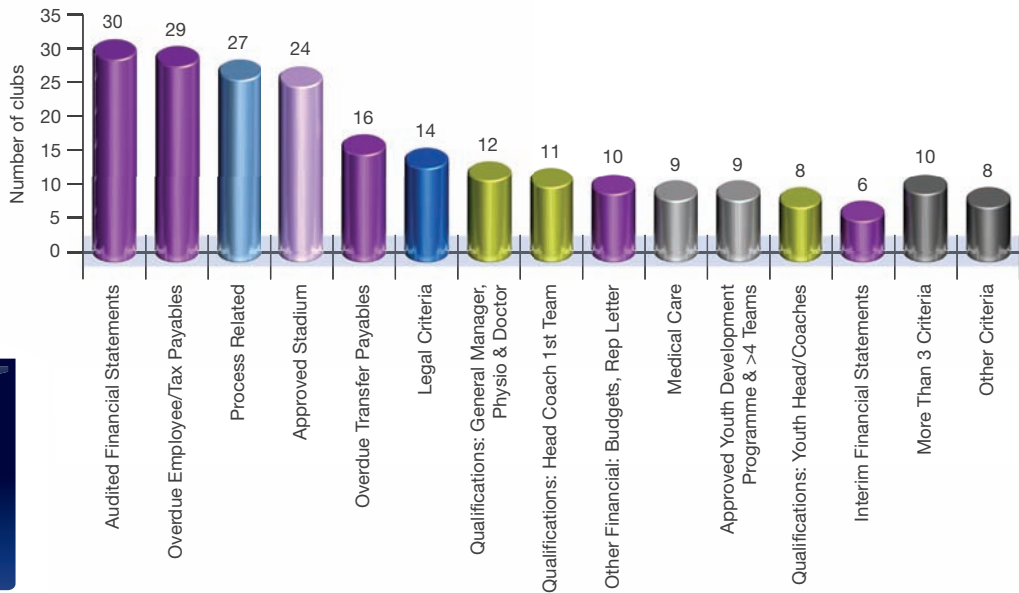
The 110 clubs ultimately refused licences were refused for a wide variety of reasons as the chart above illustrates. From the 223 reasons* given for failure, 40% were financial reasons (purple columns totalled 91) and 60% other reasons. The provision of annual financial statements to the satisfactory quality, detail and audit opinion required (30) and overdue employee and tax payables (29) were the two most common reasons but each represented less than 15% of the total reasons for refusal.

Indeed, the minority of refusals were for one criteria or criteria type alone, financial criteria were responsible alone for only 25 refusals with Stadium responsible alone for 8 refusals.

In most cases in 2009/10 clubs which were refused a licence have failed multiple criteria (purple or green in pie chart). The club licensing criteria can be divided into different categories: financial, infrastructure, sporting, personnel & administrative, legal, and process related. In 41% of cases (green), the refusal was due to failing criteria across different categories (e.g. Financial and sporting), whilst 22% of cases (purple) was due to more than one criteria but of the same type (e.g. multiple financial criteria). The remaining (light blue) 21% of refusals were due to process grounds, for example missing essential submission deadlines or simply not completing the licensing process.

In recent years UEFA has collected and analysed the reasons why clubs have been refused licences. Whilst the financial criteria (purple in column chart) have and will continue to have a high profile, particularly with the introduction of financial fair play criteria, it is clearly evident from the number of non financial reasons for licence refusal, that licensing is much more than just a set of financial rules. Hence UEFA refers to its club licensing system and not its financial control system.

Overview of reasons provided for 2009/10 season FINAL refusals

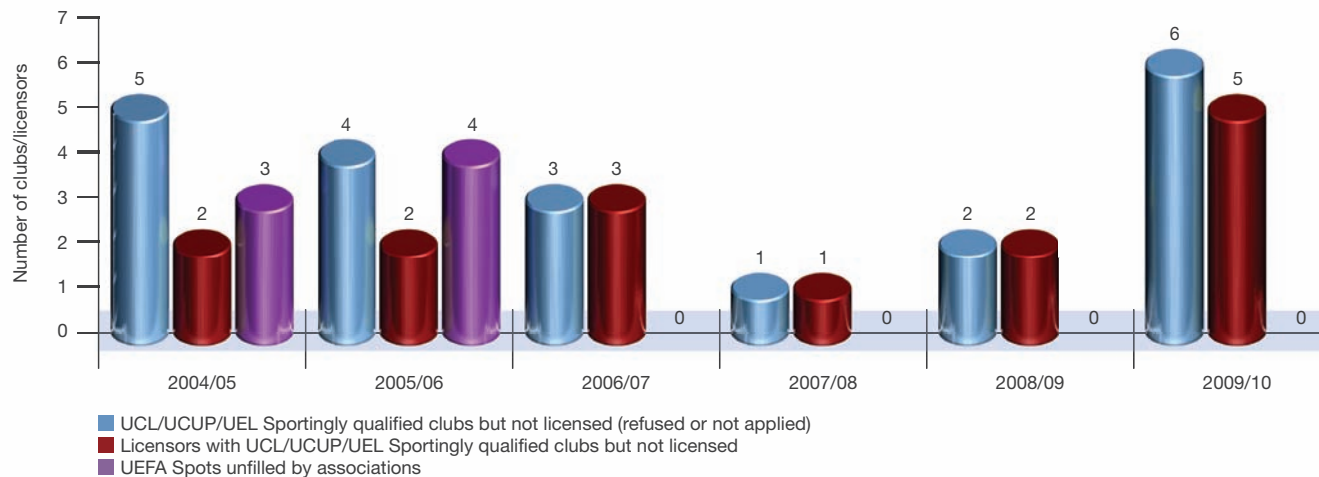


Footnotes: * When the 53 licensing departments submit their list of licensed clubs to UEFA each year, they indicate the reasons for license refusal. The responses either list up to 3 reasons for refusal or indicate that more than 3 criteria were failed.

Q: 04. Would a licensor ever refuse a licence to a UEFA competition qualified club?

The previous analyses indicate that many clubs each year are refused a licence by their licensor, their national association or league. A commonly voiced criticism of the UEFA Club licensing system is that the national bodies are unlikely to refuse licences when it really counts, in other words it is fine refusing a license to a club which in the end doesn't qualify for the UEFA Champions League or UEFA Europa League, but political pressures would make it difficult to refuse a license to a club which has qualified. This perception can be refuted simply by looking at the evidence, the long list of UEFA competition qualified clubs refused a licence when they need it.

Overview of UEFA competition places foregone by clubs directly sportingly qualified but refused/not applied for license



FK SLOBODA
BIH 2009/10 UEL

FC DAUGAVA
LVA 2009/10 UEL

FC ARARAT
ARM 2009/10 UEL

FC KAISAR
KAZ 2009/10 UEL

FC LOKOMOTIV
KAZ 2009/10 UEL

BEITAR JERUSALEM
ISR 2009/10 UEL

FC CSKA SOFIA
BUL 2008/09 UCL

FC COLERAINE
IRL 2008/09 UCUP

SHELBOURNE FC
NIR 2007/08 UCL

PAOK SALONIKI
GRE 2006/07 UCUP

FC ASTANA
KAZ 2006/07 UCUP

FC VOZDOVOC
SRB 2006/07 UCUP

FK ZELJEZNICAR
BIH 2005/06 UCUP

FK SARAJEVO
BIH 2005/06 UCUP

FC IRTYSH
KAZ 2005/06 UCUP

FC TARAZ
KAZ 2005/06 UCUP

FC OLIMPIJA
SVN 2004/05 UCUP

FC KOPER
SVN 2004/05 UCUP

FC IRTYSH
KAZ 2004/05 UCL

FC TOBOL
KAZ 2004/05 UCUP

FC EKIBASTUZETS
KAZ 2004/05 UCUP

PLUS a further 28 clubs sportingly qualified for UIC

IN TOTAL 49 CLUBS FROM 25 COUNTRIES

Answer: 04

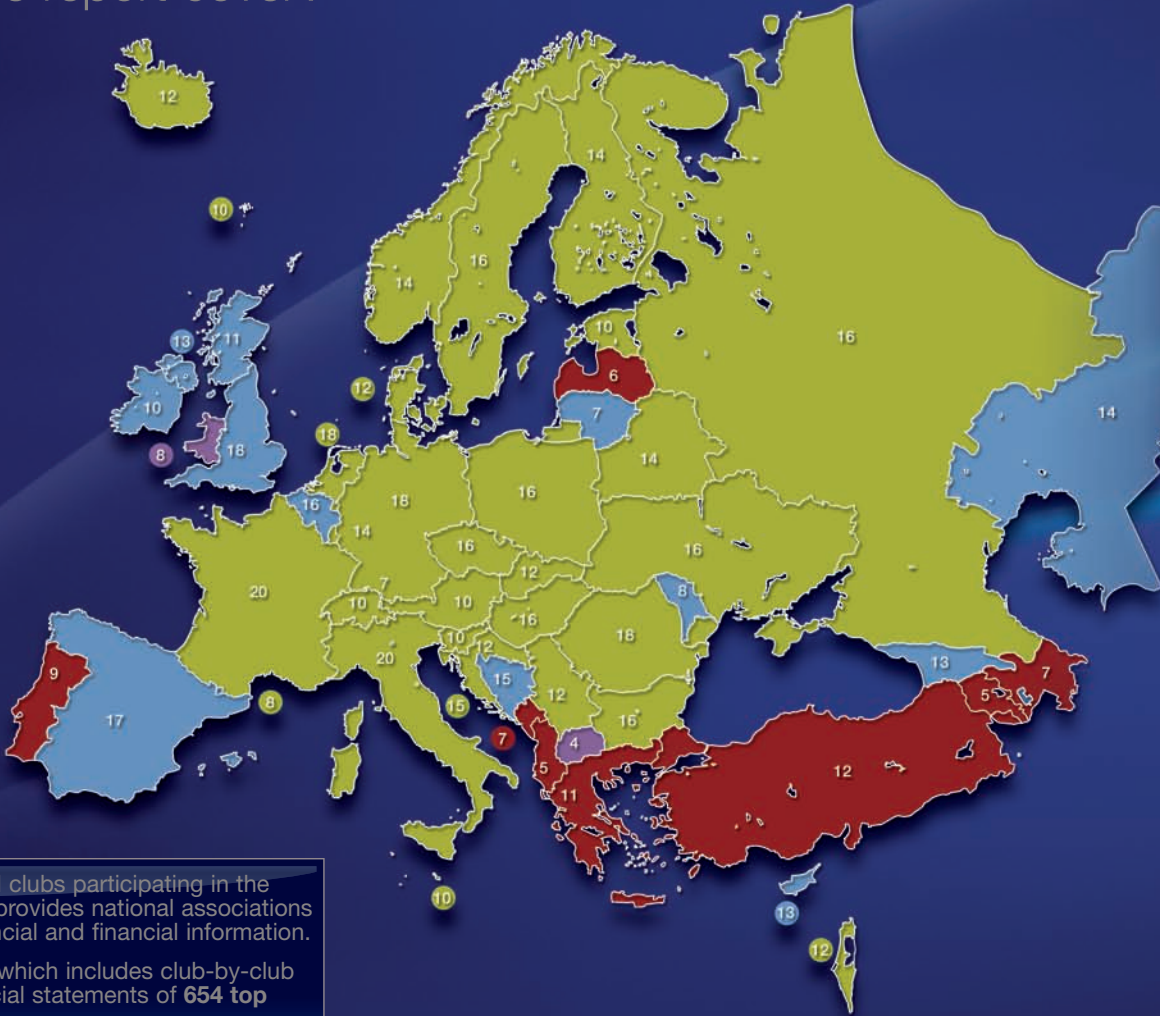
YES. Each and every year, clubs which have qualified on sporting merit have not been able to participate because they have not had a license. In total 21 clubs directly* qualifying for either the UCL or UEL on sporting merit were refused a license, in addition to a further 28 clubs which directly qualified for the UIC between 2005-2009 and were refused a license.

The most recent 2009/10 cycle saw a record number of 6 clubs from 5 countries refused access to competitions due to a lack of license.

Footnotes: * 'Directly qualifying' clubs means clubs that qualified due to ranking or cup performance. This excludes other clubs ('indirectly qualified') that could have competed if they had a license since a place reverted to them due to a directly qualifying club not receiving a license. In 2009/10 there were also 2 of these indirectly qualifying clubs refused licenses.

Q: 05. How many clubs does the report cover?

% and number of clubs covered* in financial analyses:



Answer: 05

The unique participation to the club licensing system (94% of all clubs participating in the European top divisions apply for UEFA and/or National license) provides national associations and UEFA the opportunity to collect a huge amount of non-financial and financial information.

The map on this page indicates the unique extent of this report which includes club-by-club profit & loss and balance sheet information from the 2008 financial statements of **654 top division clubs from all 53 national associations**.

This allows the opportunity for increased transparency the length and breadth of Europe, from the large divisions and their globally recognised clubs to smaller amateur clubs playing in the smaller national associations.

Footnotes: *For some analyses such as the estimated Europe-wide financial results, UEFA has performed a further tailored extrapolation to obtain best estimate of all 730 clubs.



2

Sporting profile of European club football

What is the most common size of domestic top divisions and recent trends?

How are the domestic championships structured?

How is promotion & relegation structured across Europe?

Which are the most common legal forms for clubs?

Which is the most common ownership profile of clubs?

What proportion of clubs own their stadium?

Where is municipal/state stadium ownership common?

How many fans attend domestic championship matches across Europe?

Are attendances going up or down across Europe?



Q: 06. What is the most common size of domestic top divisions and recent trends?

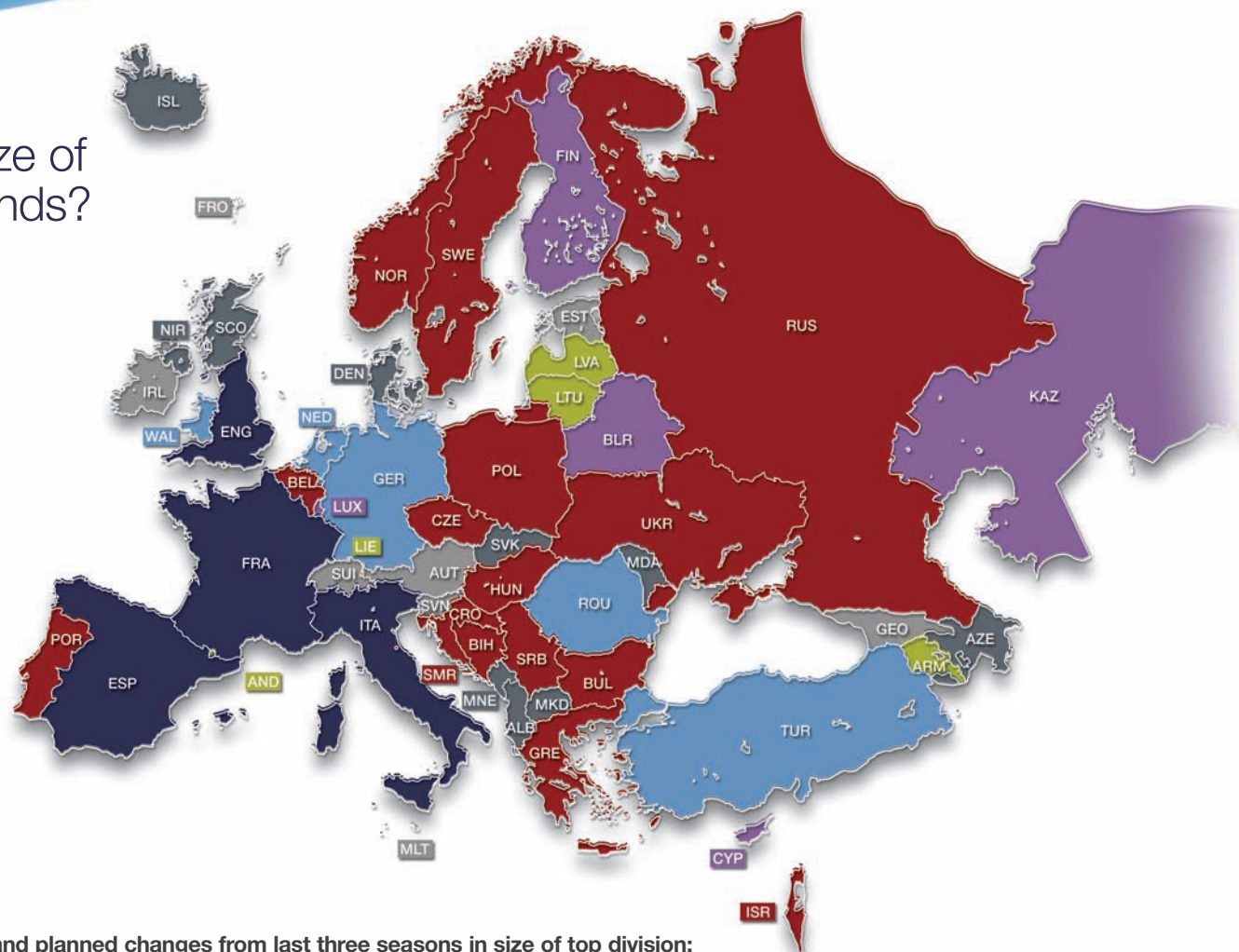
Answer: 06

In the most recent season, 2009 for those with summer championships and 2009/10 for those with winter championships, European top divisions range from 8 to 20 teams with **16 teams being the most frequent structure**. Indeed CRO, ISR, NOR, SRB & SWE have all recently increased to a 16 club top division. Size of population remains clearly a major factor in determining how many teams the top division can support. In addition commercial preferences and the history of top divisions can play a role.

In the 6 year period of licensing, the number of teams competing in the top divisions has risen from 707 to 732 and changed in 27 associations (see separate box). The upwards trend in division size has mainly been in the East with many smaller and newer championships' growing. Elsewhere traditional large western European divisions are more stable and in some cases have reduced (POR, IRL, NIR).

Number teams in top division
(S2009;W2009/10) & frequency:

20	4x
18	5x
15/16	16x
13/14	5x
11-12	9x
10	9x
<10	5x



Recent and planned changes from last three seasons in size of top division:

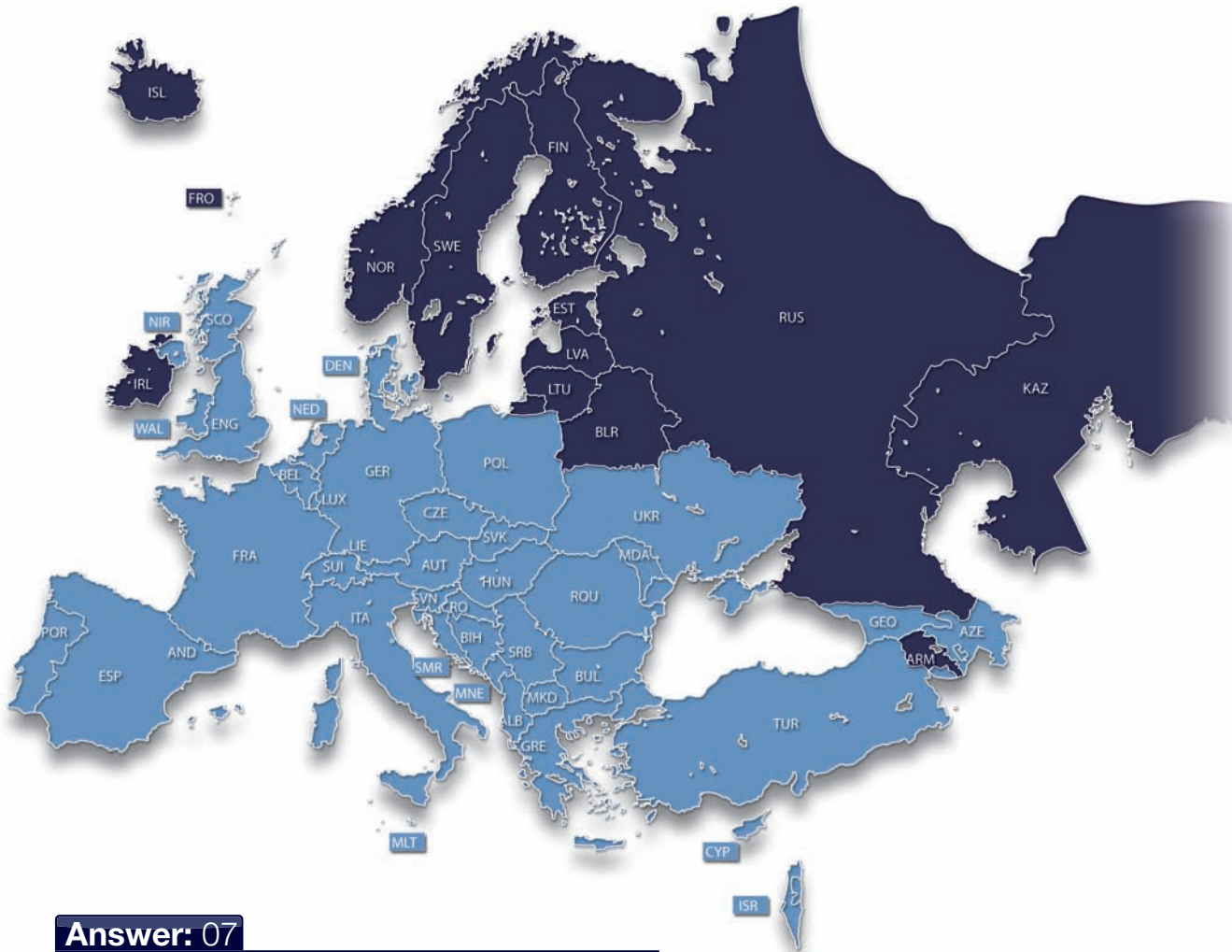
CRO: Increased from 12 (2008/09) to 16 (2009/10)
ISR: Increased from 10 (2007) to 12 (2008)
ISR: Increased from 12 (2008/09) to 16 (2009/10)
NOR: Increased from 14 (2008) to 16 (2009)
SRB: Increased from 12 (2008/09) to 16 (2009/10)
SWE: Increased from 14 (2007) to 16 (2008)
LVA: Increased from 8 (2007) to 10 (2008) and returned to 8 (2009)
BLR: Increased from 14 (2007) to 16 (2008) and returned to 14 (2009)
MDA & MKD: Increased from 11 (2008/09) to 12 (2009/10)

AZE: Decreased from 14 (2008/09) to 12 (2009/10)
BEL: Decreased from 18 (2008/09) to 16 (2009/10)
IRL: Decreased from 12 (2008) to 10 (2009)
LTU: Decreased from 10 (2007) to 8 (2008)
KAZ: Decreased from 16 (2008) to 14 (2009) & plan to decrease further to 12 (2010)
NIR: Decreased from 16 (2007/08) to 12 (2008/09)
GEO: Changes regularly (10x since 1991 formation) but decreased from 14 (2007/08) to 11 (2008/09) to 10 (2009/10)
WAL: Plan to decrease from 18 (2009/10) to 12 (2010/11)

As highlighted in last year's report, in addition to the countries above, the following also increased size between 2004-2007: ALB; HUN; ITA; LUX; ROU; POL; SVK whilst SVN and POR decreased the size of top division domestic championship. In addition some fluctuated +/-1 due to mainly licensing issues.

Footnotes: * Liechtenstein is shaded orange although a domestic championship is not run. The national cup determines the UCUP qualifying places.

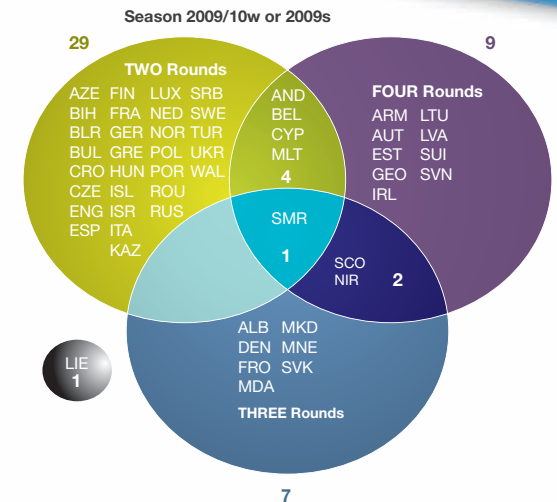
Q: 07. How are the domestic championships structured?



Answer: 07

Due primarily to seasonal weather conditions the 13 dark blue countries in the above map, 157 top division clubs, play their domestic championship during the summer season. All others play the traditional winter championship.

Championship staged during WINTER	40x
Championship staged during SUMMER	13x



Answer: 07

Championship Structures have developed in recent years. However **the conventional 2 rounds played home and away is still the most common structure used for 29 top divisions** in the current (2009/10w) or most recent (2009s) season. A similar traditional structure where each team plays each team 3 times is used in 7 divisions and where each team plays each team 4 times in another 9 cases, typically where there are 10 or less teams. Apart from LIE which has no domestic championship, the chart indicates that there are a further 7 top divisions that play an alternative from the conventional every team plays every team structure.

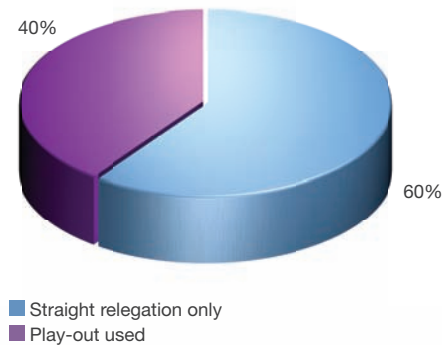
In SMR the teams are split into 2 groups at the start of the season and the top3 from each group enter playoffs after 3 rounds. In SCO & NIR there are 3 full rounds before the teams in the top and bottom half separate and play a final round against these clubs. The same idea is applied in AND, BEL, CYP, & MLT where instead there are 2 full rounds before the clubs are again separated according to position before 2 additional rounds. In the case of AND the split is top and bottom half, MLT the split is top 6 and bottom 4, CYP the teams will be split into three groups of 4 and in BEL half the points will be carried forward before the teams are split into the 'championship playoff' of top 6 teams and 2 further groups of 4 teams for the 'Europa League playoff'.

Q: 08. How is promotion & relegation structured across Europe?

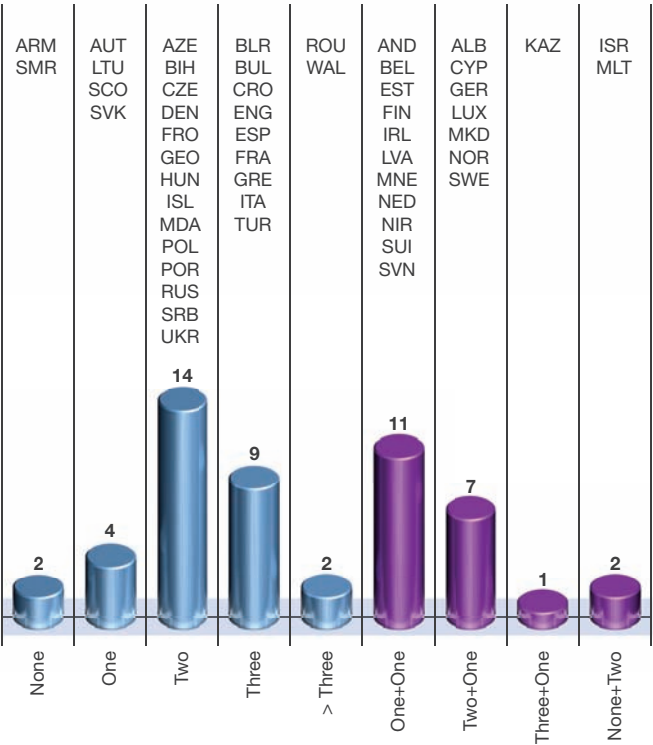
In addition to the size, structure and timing of the top domestic championships, there is also variation in the number of teams that will be relegated in 2009/10 (2009s) and in whether one or more of those clubs will be relegated through a play-out or whether the final ranking table alone determines the teams to be relegated. The Pie chart to the left indicates that 40% (21 of the 52) domestic top divisions utilise a play-out match or matches either between 2 lower ranked top division teams or against a club from the second division.

The chart below further indicates whether or not the domestic championship (top division) will utilise a play-out in 2009/10 (2009s) and also how many teams will potentially be relegated. The word ‘potentially’ is used because in several cases the play-out is not between two top division clubs but between a club from the top division and a club from the second division. The pie chart further indicates that 27 (51%) of the championships’ will have potentially 2 clubs relegated this season whilst a further 16 (31%) of championships’ will have potentially 3 teams relegated.

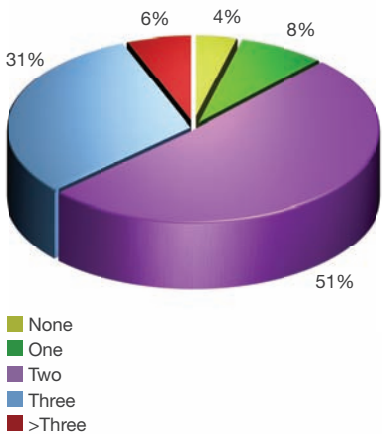
Use of play-outs for relegation



Relegation structure top divisions & use of play-outs



Maximum number of relegated teams

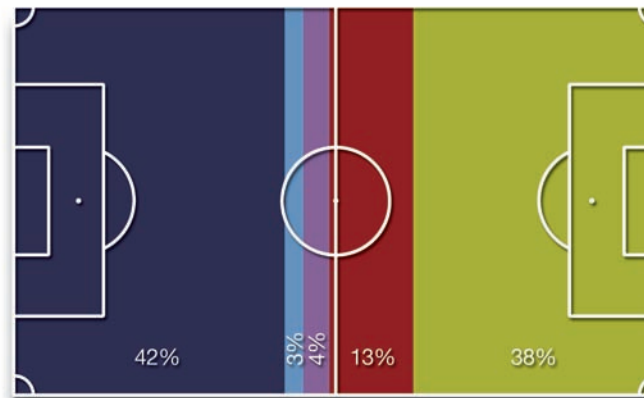


Q: 09. Which are the most common legal forms for clubs?

For licensing purposes the legal form adopted by football clubs is not relevant. Clubs are organized differently throughout Europe, depending on statutory regulations, national laws or on their specific business opportunities.

In some circumstances clubs are part of a bigger group managing also non football activities. In this respect the understanding of the group structure becomes key for a correct analysis of the club's financial situation.

In some associations it is common that clubs are multi sport associations running other national popular sporting activities (basketball, volleyball, hockey, etc.) alongside football.



Answer: 09

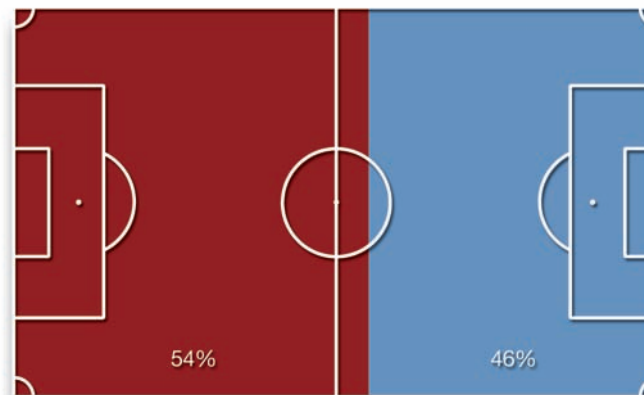
The legal forms and structures of clubs are becoming increasingly diverse although the chart below covering over 700 clubs summarises the types in use*. **Clubs are most commonly organized under the form of associations (42%), frequently as incorporated companies (38%)** and in some cases as stock exchange listed (4%), state owned (3%) or as specifically defined sporting incorporated companies (13%).

Clubs legal types

- Associations
- State funded entities
- Stock exchange listed
- Sporting incorporated entity
- Other company-based entity

Q: 10. Which is the most common ownership profile of clubs?

The ownership of clubs is rarely out of the news and in many cases lacks transparency. It is however important for governance and this is why the club licensing regulations require clubs to provide their group structure and disclose their ultimate controlling party to licensors.



Answer: 10

The majority 54% of top division clubs in Europe have an owner with majority control. This is further split as 24% with a single full owner, 30% with majority control but not full ownership, 31% with one or more significant shareholders (5-50%) and finally 15% with widespread control (all shareholdings < 5%). Further investigation indicates that the ownership structure was not strongly linked to regions (e.g. west/east/south/north Europe) but that majority control is more common in larger leagues than in smaller leagues.

Clubs control

- Majority control
- No majority control

Footnote: These figures are the same as those included in last years report. As an example of diversity, GER clubs include: Pure associations with/without a supervisory board e.V.; Joint stock companies AG; Private limited companies GmbH; Hybrids with elements of a limited partnership and a joint stock company GmbH & KgaA, including; one stock market listed company.

Q: 11. What proportion of clubs own their stadium?

Infrastructure remains one of the five categories of criteria in the club licensing system. The ownership or lease of stadiums and training facilities has a significant impact when analysing club football on a financial level and also at the political level where municipal or state authorities are able to exert more influence in club football in cases where they lease the stadium to the club.

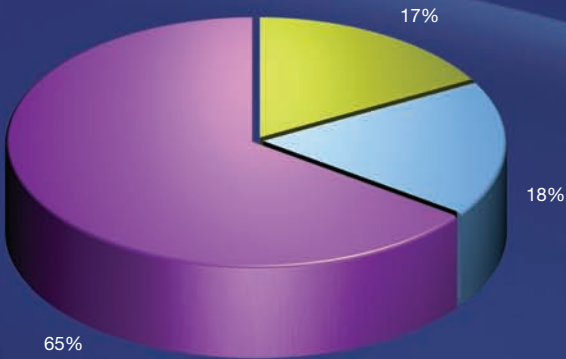
At the financial level, an owned stadium is typically one of the two major assets of a football club and any loans taken to buy, build or develop the stadium are often the major liability. For the profit and loss account, on the revenue side the ownership of the stadium allows clubs to fully exploit commercial opportunities at the stadium, be it retaining all matchday income, fully benefiting from advertising or sponsorship or developing other event based income streams such as conferences or concerts. On the cost side, the difference between stadium ownership (depreciation over typically 30-50 years and interest payments on financing of stadium) and stadium leasing (lease charges) depends on the lease terms available.

Answer: 11

Less than 1 in 5 top division clubs (17%*) directly own their stadium with ownership prevalent only in ENG, ESP, NIR, NOR & SCO.

The chart illustrates that direct stadium ownership is nonetheless widespread with between one and four top division clubs in each country typically owning their stadium.

This does not quite tell the full picture however, with some clubs either having partial ownership through direct investments in the stadium holding or operating company or indirect relationship through a related entity. These cases taken together with separate commercial entity ownership represent 18% of stadiums that are owned neither directly by the club nor by the authorities. These contracts with other parties are particularly common in CYP, GEO, GER, LIE, MLT, NED, NOR, SVK & POR.



■ Direct stadium ownership
■ Contract with other party
■ Contract with municipal or other authorities

Footnote: * 'Contract with other party' refers in most cases to a commercial entity that operates the stadium for football and other activities. There may be cases where the commercial entity is a related entity of the club.



MORE THAN FIVE clubs directly own stadium	5x
THREE/FOUR clubs own stadium	7x
TWO clubs own stadium	13x
ONE club owns stadium	11x
NO clubs directly own stadium	17x

Q: 12. Where is municipal/state stadium ownership common?

Answer: 12

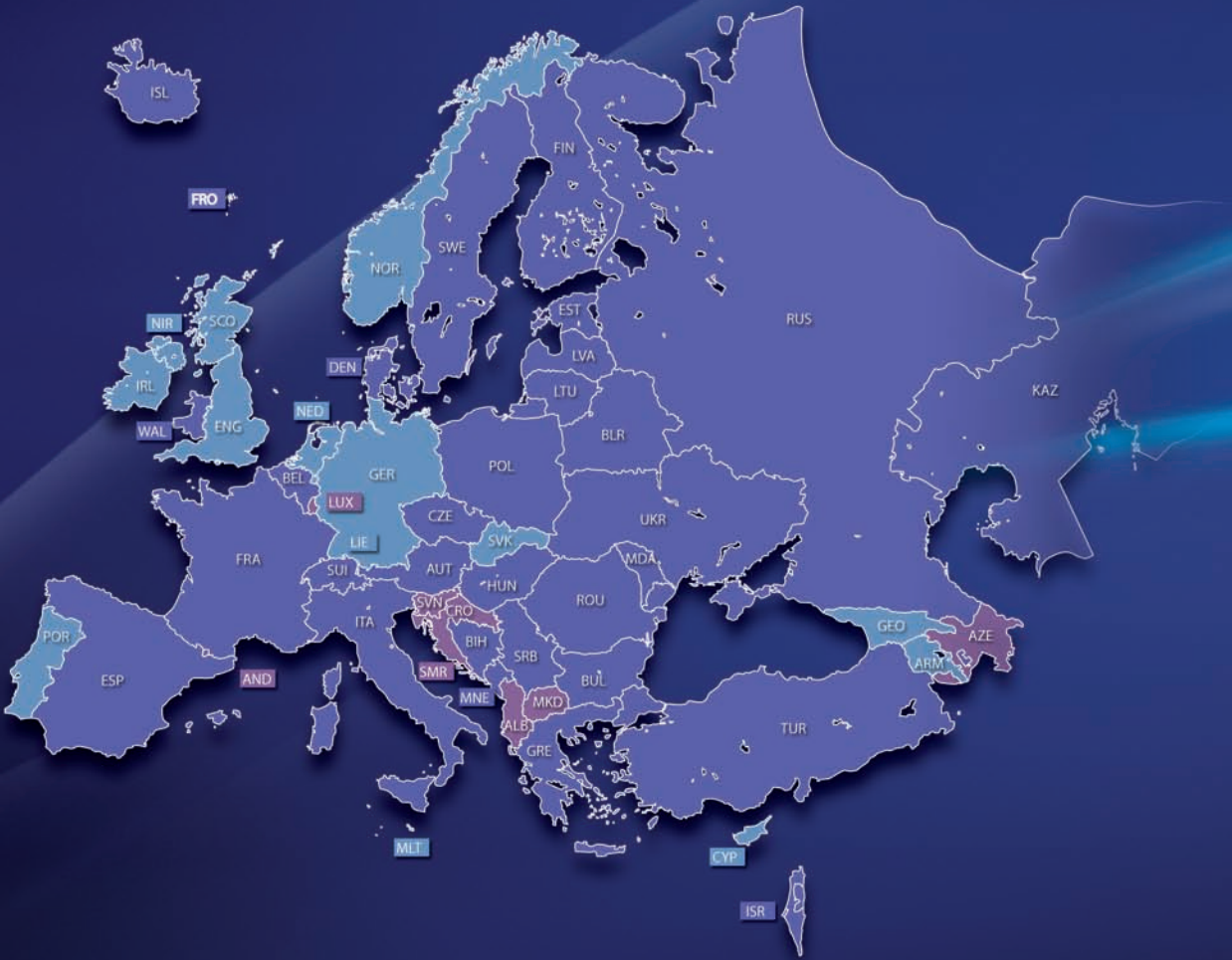
The answer is almost everywhere and particularly in the south and east of Europe. In total either all, or the majority, of stadiums are owned by municipal or state authorities in 39 of the 53 national associations.

Indeed in 8 of the countries all top division club stadiums are owned by the municipal or state authorities with this being particularly common in the Balkans.

In addition a further 31 countries have the majority of their top division club stadiums owned by the authorities.

ALL stadiums owned by municipal / state	8x
MAJORITY stadiums owned by municipal / state	31x
MINORITY stadiums owned by municipal / state	14x

Distinction majority/minority close: ESP 9/17; IRL 5/10; SVK 6/12





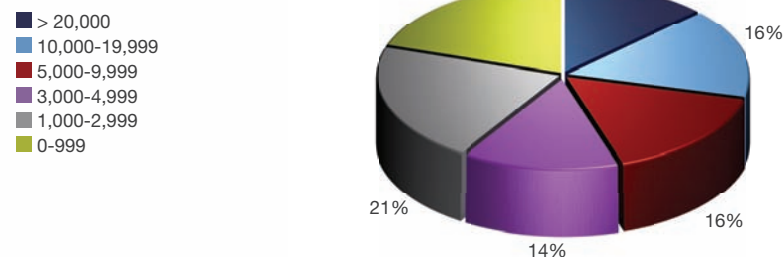
Q: 13. How many fans attend domestic championship matches across Europe?

GER (highest average) and ENG (highest aggregate) once more led the way in match day attendances. Obviously the number of spectators is heavily dependant on the capacity of stadiums, the match day experience offered by clubs and the tradition of attending matches.

The table indicates also the highest average club attendance against the average of all clubs in the division. This is a basic and rough comparative indicator of how widespread is the interest and stadium capacity across clubs in a division, illustrating that SCO & POR have the most concentrated match day attendance (highest club attendance 3.7x the average club attendance) and RUS, GER, NOR & AUT the least concentrated by this measure. The majority of leagues are between 2.0x and 2.5x.

The attendances by club by country are examined in more detail in section 3 of the report (peer group comparisons) but the pie chart indicates the average crowd profile of the top division clubs** across Europe. In summary there were 88 clubs (13%) which averaged a home crowd of more than 20'000 and a further 108 clubs (16%) which averaged between 10'000 and 20'000 per home match.

Average club attendance



Answer: 13

An estimated 105 million watched the 11'460 top division club matches during 2008/09 representing just over 9'000* fans per match.

NA	2008s (2008/09w)*				NA	2008s (2008/09w)*			
	Average league attendances	Total estimated league attendance	Largest club average attendance	Highest v average club attendance		Average league attendances	Total estimated league attendance	Largest club average attendance	Highest v average club attendance
GER	42'565	13'024'890	74'830	1.8	SRB	2'851	564'498	6'500	2.3
ENG	35'630	13'539'400	75'304	2.1	HUN	2'826	678'240	6'067	2.1
ESP	28'276	10'744'880	71'947	2.5	CYP*	2'738	596'884	7'239	2.6
ITA	25'045	9'517'100	59'731	2.4	FIN	2'636	479'752	4'516	1.7
FRA	21'049	7'998'620	52'276	2.5	BIH*	2'237	536'880	5'443	2.4
NED	19'789	6'055'434	49'014	2.5	IRL	1'796	355'608	3'267	1.8
SCO	15'545	3'544'260	57'761	3.7	BLR	1'715	411'600	3'700	2.2
TUR*	14'058	4'301'748	39'542	2.8	AZE*	1'564	284'648	6'948	4.4
RUS	13'334	3'200'160	21'700	1.6	MKD*	1'418	233'970	3'968	2.8
BEL	11'039	3'377'934	26'085	2.4	MLT*	1'418	187'176	n/a	n/a
POR	10'390	2'493'600	38'763	3.7	SVN	1'199	215'820	3'694	3.1
NOR	9'812	1'785'784	18'957	1.9	ISL	1'107	146'124	1'931	1.7
AUT	9'013	1'622'340	15'777	1.8	LTU	919	102'928	1'768	1.9
SUI	8'967	1'614'060	21'044	2.3	MNE*	912	180'576	3'735	4.1
DEN	8'814	1'745'172	20'038	2.3	MDA	813	134'145	1'693	2.1
SWE	7'787	1'868'880	15'535	2.0	NIR	813	195'120	2'218	2.7
GRE	7'622	1'829'280	25'371	3.3	LVA	533	76'752	1'327	2.5
UKR	7'574	1'817'760	15'387	2.0	ARM	466	52'192	1'468	3.2
POL	7'351	1'764'240	16'300	2.2	LUX	445	80'990	1'112	2.5
ROU	6'044	1'849'464	13'956	2.3	GEO	406	66'990	793	2.0
ISR	5'305	1'050'390	10'647	2.0	AND	400	32'000	n/a	n/a
CZE	4'668	1'120'320	11'971	2.6	WAL	290	88'740	742	2.6
ALB	3'463	685'674	4'950	1.4	EST	184	33'120	329	1.8
KAZ	3'310	794'400	6'387	1.9	FRO	n/a	n/a	n/a	n/a
CRO	3'074	608'652	9'471	3.1	LIE	n/a	n/a	n/a	n/a
SVK	3'009	595'782	5'547	1.8	SMR	n/a	n/a	n/a	n/a
BUL	2'862	686'880	5'967	2.1					
TOTAL						7'302	104'971'857	17'765	2.4

Footnote: * This Europe-wide top division match average of 9'152 is much higher than the figure in the table which indicates a much lower unweighted average of league average match attendance of 7'302. This is because more games are played by more clubs in high attendance leagues, for example there are 306 matches in ENG/ESP/FRA/ITA but less than half this number of matches in ARM/AND/ISL/LTU/LVA/MLT. ** Crowd data available for 681 clubs, in some cases the data is from previous season where no latest data is available.

Source: <http://www.european-football-statistics.co.uk/attn.htm> & National licensing managers. Figures cover 2008/09 for winter season and 2008 for summer season apart from CYP & MNE 2007/08 and TUR, MLT, MKD, BIH & AZE 2006/07. No reliable figures were available for FRO, LIE & SMR.

Q: 14. Are attendances going up or down across Europe?



Average match attendance
in top division (2008)

>20,000	5x
10,000 - 20,000	6x
5,000 - 10,000	10x
3,000 - 5,000	5x
2,000 - 3,000	6x
1,000 - 2,000	7x
<1,000	14x

Answer: 14

In last years report a map illustrated the trend in attendances compared to the previous year and a positive trend in more than 2/3 of the top divisions. Although the total number of fans attending matches increased in 2008/09w (2008s) the positive trend across Europe did not continue. Indeed only 16 of the 38 top divisions with comparable data witnessed further growth in attendances, in other words 58% of top divisions experienced lower average crowds. Anecdotal evidence from discussions with clubs suggest that average crowds in many but not all countries across Europe will be down again in 2009/10 (2009s). Compared to the previous year SWE & NOR fell below 10'000*, BLR fell below 2'000 and MNE, MDA & NIR decreased below 1'000.



3

Financial profile of European club football: Income

Why and how is Financial Transparency important for European football?

What are clubs' financial reporting dates?

How can relevant comparisons be made given clubs financial size differences?

How much income did European clubs report last year?

What has been the trend in income from year to year?

How do income levels vary across European top divisions?

How are the largest clubs spread across Europe?

In which country is the income most balanced between clubs?

How balanced are the player spending resources of the largest clubs?

How closely are financial resources linked to on-pitch domestic and European success?

Q: 15. Why and how is Financial Transparency important for European football?

Answer: 15

As already indicated, last year's report was the most ambitious attempt yet to present the European club football landscape. The financial data that supported the report together with the analysis presented in the report itself, plays a key role in the ongoing discussions regarding Financial Fair Play in European club football. Whereas previously the income, salary levels and profitability of clubs was available on an ad hoc basis, the club licensing benchmarking project was able to provide an in depth and broad picture of the financial state of club football. It was revealed that despite half the leagues reporting annual income growth of more than 10% and despite favourable economic conditions in 2007, a significant 47% of clubs were not able to cover their costs and break-even. Perhaps more worryingly 23% of all top division clubs reported 'significant' losses equivalent to more than 20% of income, in other words for every €5'000 of income there was at least €6'000 of costs. The huge discrepancy in the level of finances between countries and clubs was further highlighted with the largest 10% clubs reporting more than 67% of all revenue and paying 70% of all wages. Another important finding that influenced the discussions between clubs, leagues, national associations and UEFA, was that every one of the 53 top divisions had a club that managed to make a profit and nearly all (49 from 53) had at least one club report 'significant' losses – In other words this is Europe wide and not national specific, there are clubs living within their means and clubs failing to do this almost everywhere.

This increase in transparency has been extremely important as it has contributed to constructive and reasoned discussions based on fact rather than individual experience and speculation. There is little doubt that the increase in financial transparency has helped solidify the prevalent view amongst key stakeholders of the club game that something must be done about the current situation, which led to the leagues, represented by the EPFL, the clubs represented by the ECA, the players represented by FIFPRO (Division Europe) and UEFA unanimously approving the Financial Fair Play concept on 28th August 2009.

This year the report continues this work by providing more detailed and more in depth analyses of the financial year 2008. Club licensing is 6 years old and 6 years of financial data is available but in particular it is the standardised year on year, 2007 to 2008, club by club data that enables better transparency in this year's report. The approach taken in the non financial section of raising, and attempting to best answer, fundamental questions of interest is continued. Some of the new questions raised and answered this year include:

- How balanced are the spending resources of clubs?
- How closely are off-pitch resources linked to on-pitch domestic success?
- How and how consistently do clubs' account for player transfers in their books?
- How relevant are common profit measures for football clubs?
- What operating profits are clubs' generating?
- How do long-term assets and net debt compare across Europe?
- How large are transfer debts across Europe?
- Did club balance sheets strengthen or weaken?

Q: 16. What are clubs' financial reporting dates?

For the first time a thorough assessment of financial reporting dates of clubs across Europe has been undertaken. With the exception of 4 clubs that changed their financial reporting date during 2008 (and reported for either an 11 or 13 month period) clubs' financial statements cover a 12 month period. As the charts indicate these usually but not always match the timing of the sporting season. This can be for various reasons: historic reporting dates; tax reporting dates; timed to avoid the UEFA requirement for interim financial statements, or; to match other non football group companies of the club owner. Over a period of years the date of financial closing makes little difference to the aggregate financial results, although clearly from one season to the next, sporting success and large player transfers can make a considerable difference.

Answer: 16

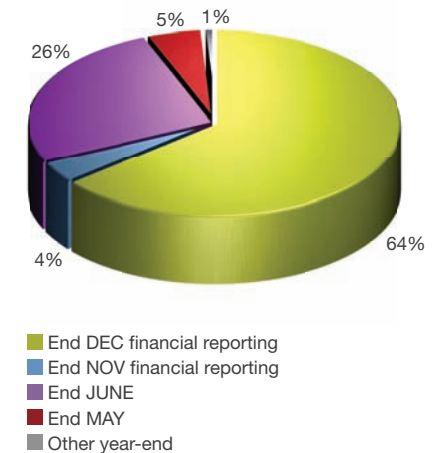
December 31st is the most common financial year-end used by 64% of top division clubs, including all ex-CIS and Baltic clubs, followed by June 30th used by 26% of clubs.

The financial year-end is consistent for all the clubs in the top division in 38 of the countries. Different year ends occur in: BEL, CYP, CZE, DEN, ENG, FIN, ITA, LIE, NIR, SCO, SUI, SVK, TUR, WAL.

The end effect is that 44% of clubs do not have their sporting and financial seasons aligned, in other words the financial figures reflect part of 2 sporting seasons.

Amongst the TOP clubs with revenue > €50m, 7 clubs had December financial year-end.

Financial year-ends



Q: 17. How can relevant comparisons be made given clubs financial size differences?

Answer: 17

With some difficulty! Whilst all clubs in the long run have to live within their means, the financial and regulatory environment in which they have to do this varies, as do the financial strategies for managing this. There are clearly massive differences in the scale of top division finances. It is therefore necessary to divide the divisions and the football clubs into smaller groups. In many cases we present not only country by country data but a split of clubs within each country.

This year the financial analysis includes Europe-wide trends, country by country data and a split of clubs within each country across a range of important financial measures. At times, peer groups of clubs and leagues are also referenced.

Using these peer groups firstly enables differences to be identified and highlighted throughout the report and secondly allows more relevant comparisons to be made between countries with similar sized clubs. UEFA licensing and financial experts typically use these type of more tailored peer group comparisons when meeting with clubs, leagues and national associations across Europe.

For this purpose five comparisons peer groups [Top, Large, Medium, Small & Micro] have been created and refer either to divisions or to clubs as presented in the chart to the right.

Peer groups divisions** refer to all the reporting clubs of a specific national association. Classification is based on the average income*** of all the clubs.

Peer group clubs**** is based on individual club's income regardless of the division they compete in.

The basis of the financial analysis

The financial information included in this report derives directly from third party audited financial statements from the financial year 2008 which provides considerable comfort as to the accuracy and completeness of the data*. For most analyses it has been possible to collect information covering the full sample of 654 clubs and 53 top divisions. In other cases, the full detail may not be available or considered robust and reliable enough to include in the analysis, in which case a slightly smaller sample of divisions and clubs is used and communicated.

Footnotes: * Despite the use of audited accounts and the specified financial disclosures required for UEFA licensing, accounting frameworks still differ between countries. For football clubs the accounting for registration of players, income recognition from competition participation or commercial contracts and the recording of signing-on bonuses and non salary player benefits are some of the areas where differences can occur. Work on identifying the different application of these main areas continues, but for now no adjustments have been applied. ** Reference to 'division' peer groups is used for ease of explanation rather than 'member association clubs' or 'average income of clubs in the top division'. For the peer group selection, an estimated average income figure has been used to cover any missing clubs. ***Average income for clubs belonging to TOP, LARGE, MEDIUM, SMALL and MICRO division is respectively of €50>, €5m-€50m, €1.25-€5m, €350K-€1.25m and <€350K ****Although the selection is based on income rather than sporting performance, in effect most of the clubs that regularly compete in the UCL are included in the 62 clubs that comprise the TOP club peer group, (60 actual figures and 2 estimated) whilst most of the clubs competing in the UEL are included in the 156 clubs that comprise the LARGE club peer group.

Peer group changes compared to previous year

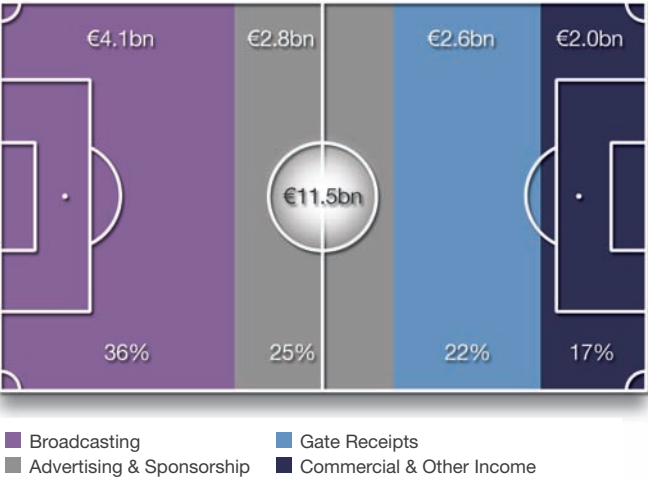
PEER GROUP	Peer group members - by association	2008 PG Size	2007 PG Size	Revenue by club	2008 PG Size	2007 PG Size
TOP	ENG ESP FRA GER ITA	5	5	€50M +	60****	63
LARGE	AUT BEL DEN GRE NED NOR POL POR ROU RUS SCO SUI SWE TUR UKR	15	12	€5M - €50M	193	156
MED	BLR CRO CYP CZE FIN HUN IRL ISR KAZ SRB SVK SVN	12	13	€1.25M - €5M	154	126
SMALL	AZE BIH BUL EST FRO ISL LVA LIE LTU LUX MNE NIR	12	10	€350,000 - €1.25M	121	109
MICRO	ALB AND ARM GEO MDA MLT MKD SMR WAL	9	12	< €350,000	126	132

To use a consistent approach to last year and to allow year by year development to be tracked, the thresholds of the five comparison peer groups have been kept the same***. Not surprisingly the 5 countries in the TOP peer group remain the same but there are some changes elsewhere. Firstly DEN, for which figures were not provided in 2007, is included in the LARGE PG and they are joined by POL & ROU whose clubs average over €5m revenue for the first time in 2008. Given that ROU clubs have been performing extremely strongly on the pitch in recent UEFA competitions as illustrated in last years on-to-off pitch comparison, the reported increase in ROU club financial resources is perhaps expected. The 'LARGE' PG has therefore expanded from 12 to 15 countries. Replacing POL & ROU in the MEDIUM PG are HUN & IRL whose clubs reported revenue increases in 2008 whilst BUL drop down to the SMALL PG and are joined by MNE, EST & FRO leaving just 9 countries in the MICRO PG.

The Peer Group Clubs have also changed with the additional 68 clubs compared to 2007 mainly included within the LARGE, MEDIUM & SMALL peer groups. A major part of the LARGE CLUBS increase is due to the addition of RUS clubs and likewise the KAZ clubs have increased the MEDIUM peer group size.

Answer: 18

The 733 clubs of the top division in each NA are estimated** to have generated over €11.5bn income in 2008 excluding transfers. Clubs from second and third divisions, (which generally do not undergo UEFA licensing and are not considered within this report) are estimated, using a sample of clubs financial statements and attendance data, to have generated a further €2.5-€3bn.



Footnotes: *Revenue is basically all income less the following investing and financing results: profits or income on transfer dealings; Gains or income on the sale of other assets; gains or income on sale of financial investments; financial interest; tax income or credits. These items are sometimes presented grouped together with costs and losses but also sometimes presented separately, hence for comparability reasons, revenue is preferable to a wider definition of income used in previous benchmarking reports.
** 'Estimated' because extrapolations used for the 10% of top division clubs not in survey (always lower ranked clubs who did not apply for UEFA licence). Estimate accurate to +/-1% as contains 96% actual and 4% extrapolated data. Extrapolations based on average club income outside largest 4 income clubs and manual adjustments where deemed necessary.
*** Commercial income includes conferencing & merchandising whilst other income includes donations, grants, solidarity payments, exceptional income and unclassified income. The split between commercial and sponsorship is not always clearly defined in some ENG, ESP & ITA clubs so the income streams should be considered indicative only.

Q: 18. How much income did European clubs report last year?

Firstly, as 'income' is used for many of the financial analyses, we should clarify what we mean by total income. What we are actually referring to is 'revenue', sometimes referred to as 'income from operating activities' or 'turnover'*. For the purposes of this report we refer to turnover and income interchangeably. Profits/income from transfers is usually a large and fluctuating figure and is not included but analysed separately as net transfer activity within the profitability analysis. Financial income, divestment and tax income is also excluded and included within the profitability analysis. 'Income/Revenue' should also not be confused with the term 'budget' common in Eastern Europe which looks at the financial resources available to the club including any non-committed owners contributions.

Revenue streams

The introduction two years ago of the second version of club licensing has allowed UEFA to introduce certain minimum disclosure standards in financial reporting to be met by all clubs seeking a licence. This has increased the potential to make better and more reliable comparisons between clubs within a country and also between countries. In particular clubs are required to split revenue into different 'revenue streams' providing an indication of the importance of different income types. Most clubs were not required to do so previously under standard financial reporting requirements which allow all revenue to be disclosed as one figure. Although revenue splits do not go as far as the commercial contract level and the distinction between sponsorship and commercial revenue in particular is not always clear***, we nonetheless believe the income stream requirement is an important step to increased transparency of football clubs.

In 2008 broadcasting income contributed 36% of the €11,500 million total Europe-wide top division income, with advertising & sponsorship 25%, gate receipts 22% and commercial & other income 17%***.

The importance of different revenue streams differs significantly between countries and this is analysed by country in section 3 of the report. The table below however clearly demonstrates this fact with the clubs of the TOP5 countries contributing 89% of total Europe-wide broadcasting revenue, 71% of gate receipt revenues compared to 69% of total revenue.

DIVISION PEER GROUP SHARE OF REVENUE STREAMS						
	BROADCASTING	SPONSORSHIP & ADVERTISING	GATE RECEIPTS	COMMERCIAL & OTHER	PEER GROUP TOTAL REVENUE SHARE	PEER GROUP SHARE OF CLUBS
TOP	88.1%	61.5%	70.4%	35.0%	68.5%	13.4%
LARGE	11.3%	32.5%	27.6%	51.6%	27.1%	31.0%
MED	0.5%	4.7%	1.7%	10.1%	3.5%	21.5%
SMALL	0.1%	1.1%	0.3%	2.6%	0.8%	19.9%
MICRO	0.0%	0.2%	0.1%	0.7%	0.2%	14.2%

Q: 19. What has been the trend in income from year to year?

Growth rates: “Like-for-like” & “€ growth rate” explained:

“Like-for-like” means restating 2007 comparison figures with the current €local currency rate – this provides a better understanding of each country’s trend and also the Europe-wide trend. “€growth rate” uses the original exchange rates for each period which can fluctuate, considerably in many cases between 2007-09 – this provides a better comparison of how relative spending has compared between countries, as their cross border spending power is influenced by the exchange rate at the time.

Although most of the highest income leagues (ESP, FRA, GER, ITA, POR & NED) report in €, club financial figures for the following influential leagues suffered from depreciating currencies:

ENG, SCO, WAL & NIR	15%	▼		
RUS	13%	▼	TUR	20% ▼
UKR	32%	▼	NOR	19% ▼
ROU	10%	▼	POL	13% ▼
SWE	15%	▼	SRB	10% ▼
ISL	45%	▼	SUI	11% ▲
CZE	8%	▲	KAZ	7% ▲

Answer: 19

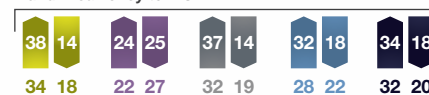
Total Europe-wide top division club income continued its strong annual growth by increasing an estimated* 4.8% from €11bn in 2007 to €11.5bn in 2008 again outpacing general inflation (Eurozone 1.6%). Although the headline growth appears less than the previous year growth of 9.0%, this is due to the weakening of many of the reporting currencies of clubs, particularly the Sterling (£) to Euro exchange rate which lost 15% of its value. In local currency terms underlying year on year income growth in local currency was actually 10.6% fuelled principally by the upgraded ENG & ITA broadcast deals. The other main revenue streams also grew in local terms, particularly Advertising & sponsorship and gate receipt revenues. In 2009 the strong growth of recent years is expected to slow due in part the economic turmoil but also because no major new broadcast deals will be upgraded in the TOP countries between the 2008 and 2009 financial years until ITA & GER the following financial year.

The reported financial figures for two of the TOP5 countries, ENG & ITA, included in full for the first time upgraded Broadcast contracts (55% & 26% increases). Broadcast income tends to move in large steps every 3-4 years rather than fluctuate like the other revenue streams.

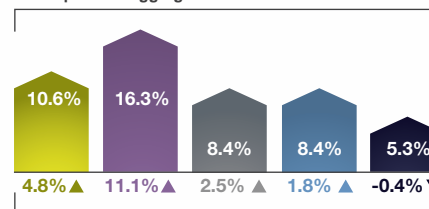
Total like-for-like revenue increased by 10.6%, going up in 38 top divisions¹ and down in 14. The largest increase came from ENG & ITA broadcasting which alone contributed a 5.8% increase to total revenue.

■ Total revenue
■ Broadcasting
■ Advertising & Sponsorship

Like-for-like local currency terms and € currency terms



Europe-wide Aggregate



Like-for-like local currency growth rate above the € currency growth rate

■ Gate Receipts
■ Commercial & Other Income

Advertising & sponsorship revenues increased in 37 and decreased in 14 top divisions¹. Strong growth of more than 10% was reported in 27 countries with ENG, GER, ITA & GRE contributing the biggest absolute growth. Overall Europe-wide growth was 8.4% or just 2.5% in € currency terms.

European gate receipts increased by 8.4% with again a mixed picture. Indeed gate receipts decreased in 18 of the top divisions reflecting the pressure on attendances illustrated earlier in section 1 of the report. The largest absolute revenue increases were reported in GER, NED & POR.

Commercial and other revenues**increased at the smallest rate of 5.3% in like-for-like terms and actually decreased by 0.4% in € terms in 2008. This may reflect the fact that much of the other income is in short-term discretionary donations, although these types of revenue were still up in 32 top divisions. Decreases in ITA, RUS & POR outweighed increases in ENG*** & UKR.

Footnotes: * 'Estimated' because extrapolations used for the 10% of top division clubs not in survey (always lower ranked clubs who did not apply for UEFA licence). Estimate accurate to +/-1% as contains 96% actual and 4% extrapolated data. Extrapolations based on average club income outside largest 4 income clubs and manual adjustments where deemed necessary.

** Commercial revenues includes conferencing & merchandising whilst other income includes donations, grants, solidarity payments, exceptional income and unclassified income. The split between commercial and sponsorship is not always clearly defined in some ENG, ESP & ITA clubs. ENG clubs typically allocate all revenue to match day (gate), broadcasting or sponsorship. The increase referred to is in property related income.

***Although disclosure generally consistent year to year there may have been some improvements in reporting that have influenced the results. The income stream analysis should be considered indicative only.

Q: 20. How do income levels vary across European top divisions?

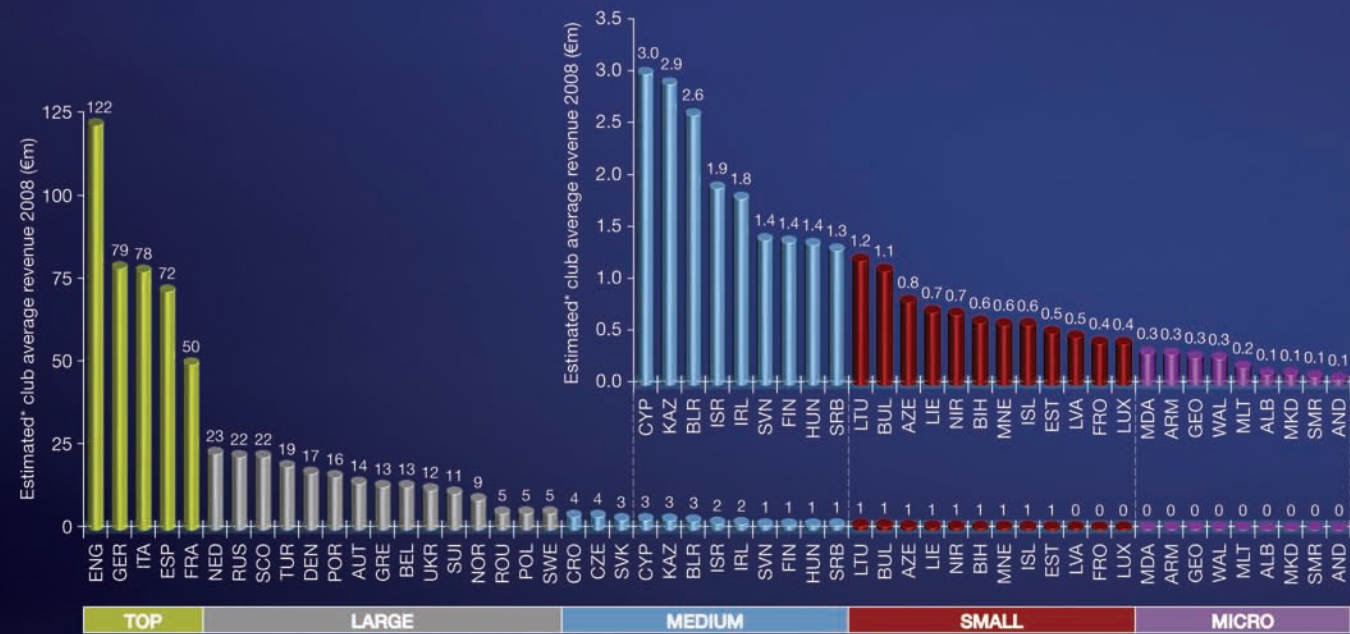
A number of factors dictate a club's ability to generate income. For clubs from the TOP & LARGE divisions the split of central revenues (broadcast, sponsorship), participation in European competitions, ownership of stadium, and ability to connect with fan base are key factors. For SMALL & MICRO divisions, other factors are often more relevant including whether the main sponsor supports the club financially through sponsorship contracts or by injecting capital in club. The end result is the same (e.g. wages are covered) but sponsorship contracts are included as income whilst capital injections are not. Differing spending power (national economy) also influences commercial and gate incomes.

Answer: 20

Club income is unevenly spread across the different top divisions. The clubs in the 5 largest income divisions (TOP) represent 13% of the 732 European top division clubs but generate 69% of the €11.5bn total European revenue (same as 2007).

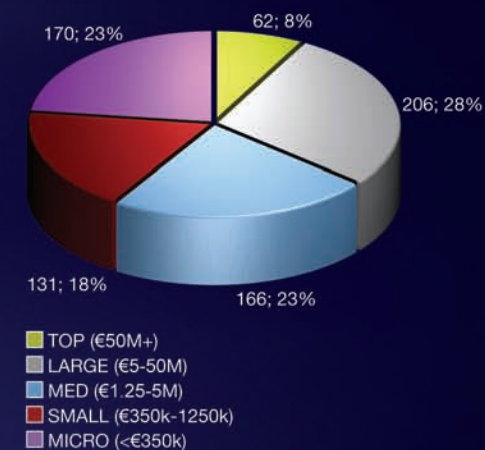
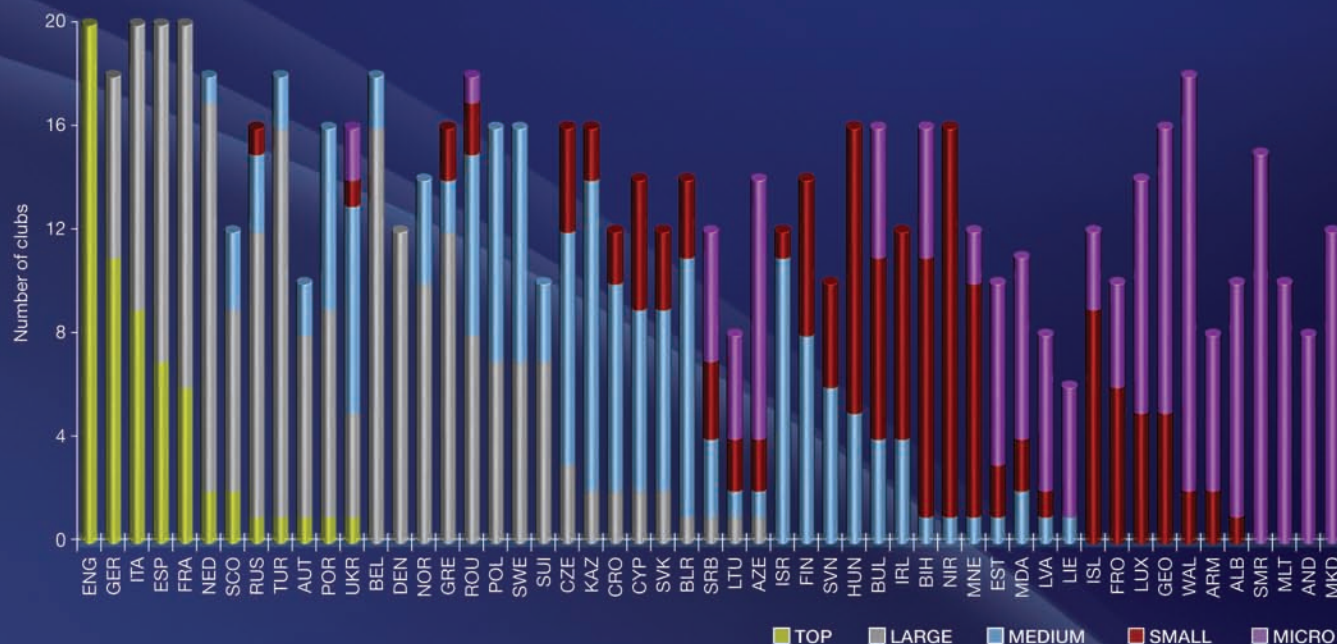
From the TOP peer group the average ENG club revenue is 5x the average revenue of the highest LARGE peer group league (NED), which in turn generated 5x the average revenue of the highest MEDIUM peer group league.

This underlines the need for using some financial peer groups (introduced previously in this report and colour highlighted here) when trying to make analysis.



Estimated because extrapolations used for clubs not in survey. Extrapolations based on average club income outside largest 4 income clubs and manual adjustments where deemed necessary. Note: ISR club figures were provided for 7 month interim period due to new financial reporting system and figures have been grossed up by 12/7 to provide a comparable 12 month period.

Q: 21. How are the largest clubs spread across Europe?



Although the largest clubs in Europe remain concentrated in the TOP5 leagues with 53 of the 62 clubs classified as TOP coming from ENG (20), GER (11), ITA (9), ESP (7) & FRA (6), there are nonetheless a further 9 other clubs from 7 different countries that reported revenues in excess of €50m during 2008. Looking at the club-by-club figures for 2 years, there is some clear consistency as to the make-up of this TOP group with 54 clubs reporting TOP revenues in both years. There were 17 clubs that reported revenues +/-10% either side of the TOP threshold in 2008.

There were an estimated* 170 clubs from 24 countries across Europe reporting revenues of less than €350k in 2008. This peer group represents 23% of all European top division clubs. Clubs in this peer group are usually semi-professional although some from less developed economies are fully professional. There are 15 countries where the majority of top division clubs were MICRO.

There were 206 clubs from 28 countries (24 in 2007) across Europe reporting revenues of between €5m and €50m in 2008. This group represents 28% of all European top division clubs. Due to the new TV deal and the relatively wide distribution of this money between clubs, for the first time ENG had no clubs in this peer group as they were all in the TOP peer group.

Footnote: * Most of the 81 non reporting clubs are those that finished low down the domestic ranking and were relegated, the charts above are a UEFA best estimate indicating a full sample of 732 clubs split between peer groups.

Q: 22. In which country is the income most balanced between clubs?

The next chart further presents income spread within the divisions by comparing the average income of the 4 largest income clubs to the average income of other clubs in each division. The colour of country code indicates their division peer group.

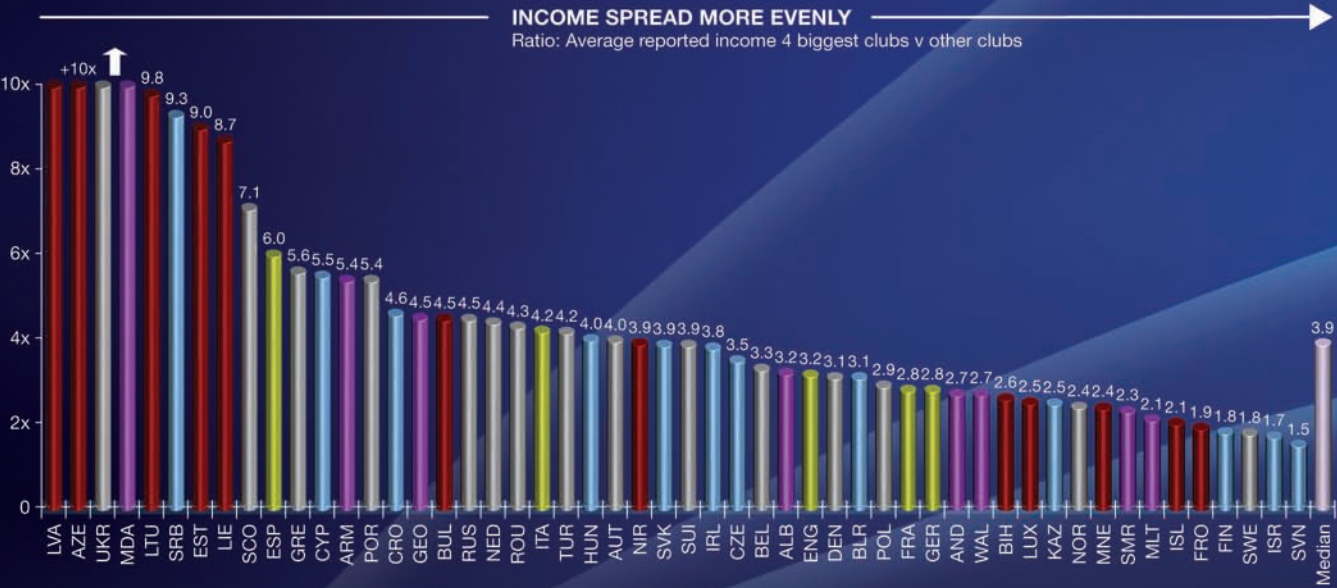
Comparing top 4 clubs income to other clubs income is just one of many measures that can be used to analyse financial balance. A similar measure using personnel costs and transfer activity rather than income can be more relevant where these expenses are covered more by their owner than by generated income. For our purposes income is the most simple base and provides the widest sample of 52 leagues*.

Answer: 22

In 2008 SVN overtook SWE as the most income balanced league with the average top4 club reporting income of just 1.5 times the average of other clubs in the division. The median** figure was 3.9x. At the other end of the scale this income ratio was more than 10x in AZE, LVA, MDA & UKR. The spread of each colour across the chart suggests that the overall financial size of the league is not a significant factor.

For the TOP divisions, the nature of broadcast rights distribution is the most significant factor with income in ESP and ITA where the largest clubs sell there broadcast rights individually, markedly less balanced than ENG, FRA & GER where rights are centralised.

Footnote: *The top4 v other club analysis covers 52 countries - Excluded is MKD as data for only 4 clubs was available, ** Median is the middle figure in a list from top to bottom.

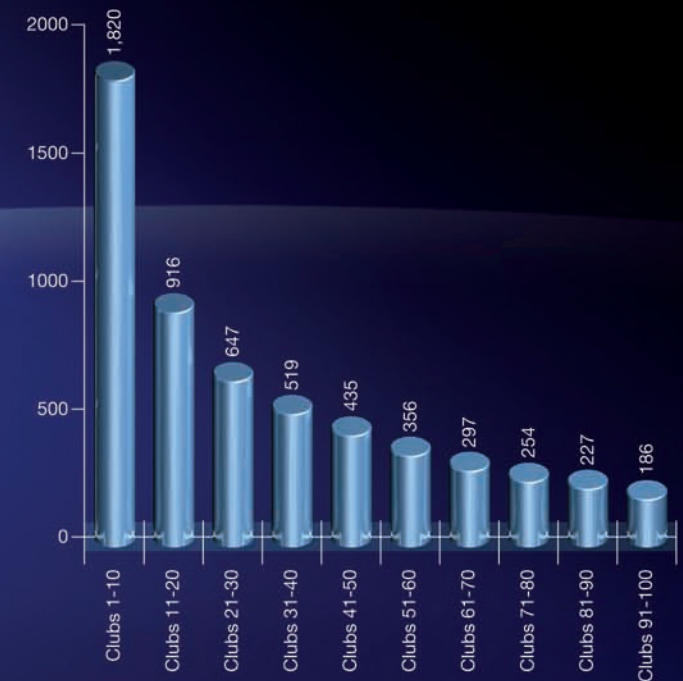


Q: 23. How balanced are the player spending resources of the largest clubs?

Answer: 23

The 10 clubs with largest spending power spent double the next 10 largest clubs on wages & net transfer costs. The difference between clubs narrows the further down the rank order with clubs 11-20 spending 42% more than clubs 21-30 who spent 25% more than clubs 31-40 who spent 19% more than clubs 41-50 and so on.

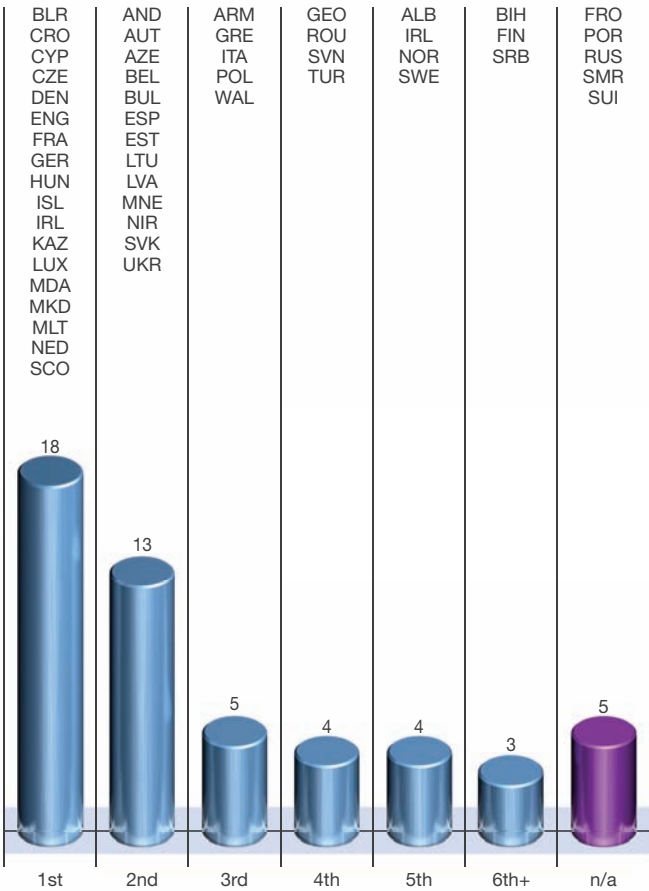
Reported employee wage & net transfer cost spread 2008 (€m)



Q: 24. How closely are financial resources linked to on-pitch domestic and European success?

In last years report a chart was presented indicating the strong link between on-pitch European competition success of a national associations' clubs and off-pitch financial strength. This has been updated and supplemented by analysis of on-pitch domestic league success and club financial strength. The chart to the left indicates where the highest earning (income) club finished in their domestic league whilst the chart to the right shows in rank order (e.g. between 1 & 53) the performance of each national association's clubs in UEFA competitions (UEFA 5 year country coefficient**) compared to the average income of the 4 largest clubs. A full scale study on this link between financial resources and results could be performed separately.

League position 2008 of highest income club



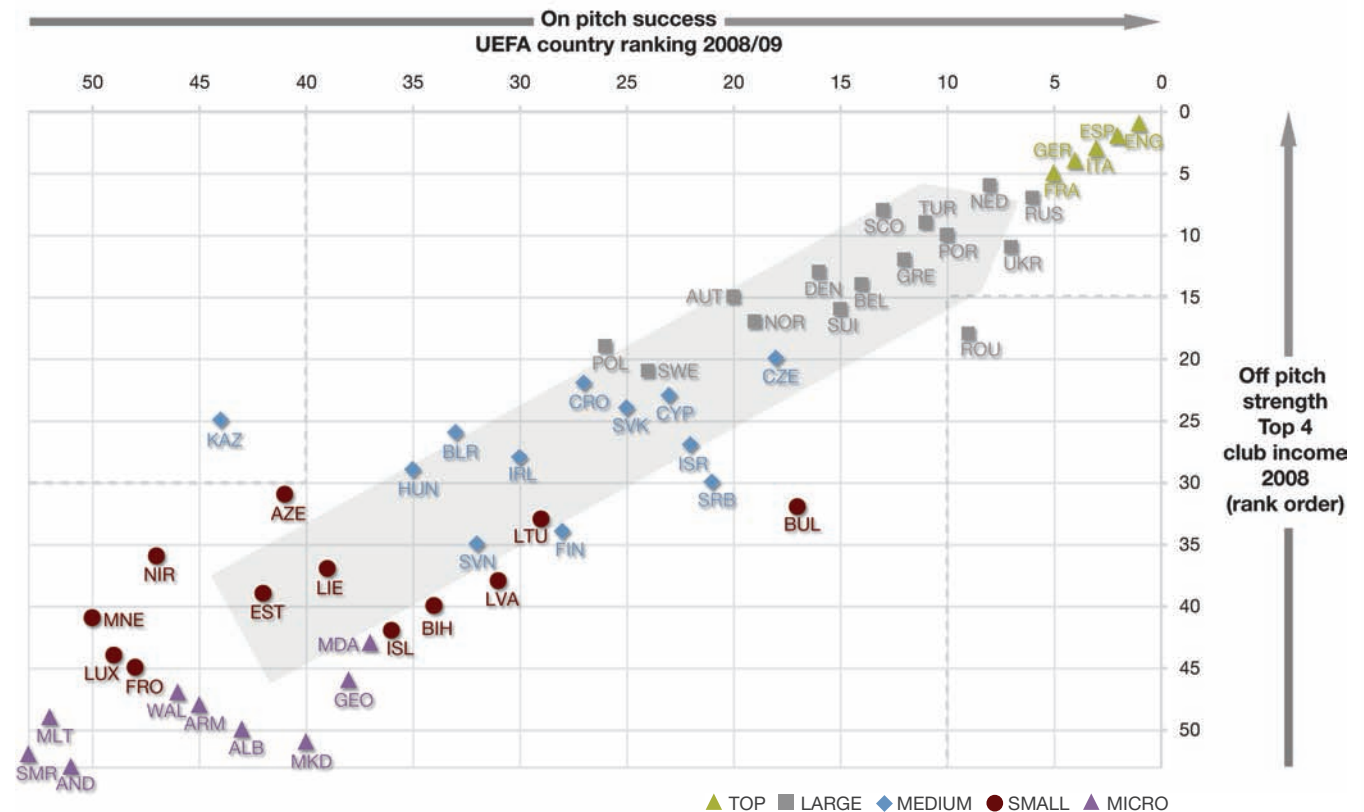
Footnotes: * The most relevant domestic championship year (2007/08; 2008; 2008/09) was taken for comparisons taking into account the timing of the season and the timing of the majority of clubs financial year ends in each country. For some countries with large central incomes distributed on the basis of domestic ranking the link may be two way, however the relative size of overall club income differences and central payments mean that the conclusions are still valid. **UEFA 5 year country coefficient 04/05 to 08/09. The R2 correlation coefficient based on the rank orders is 0.83.

The chart to the right ranks each NA for on-pitch success and off-pitch strength in rank order (e.g. between 1 & 53). The on-pitch success is ranked on the performance of each national association's clubs in UEFA competitions (UEFA 5 year country coefficient*) whilst the off-pitch strength is ranked using the average income of the 4 largest clubs**. This is indicated by the diagonal grey arrow showing a close correlation between the 2 rank orders***.

To no surprise, the answer is that financial resources are closely linked to on-pitch success.

This is indicated by the diagonal grey arrow showing a close correlation between the 2 rank orders***.

By this measure ROU clubs have performed better than expected with the UEFA ranking of 9 and average income ranking of 18. KAZ on the other hand have underperformed although 02/03 was the first season that KAZ clubs competed in Europe and there is an inevitable 'learning period'.



Footnotes: * UEFA 5 year country coefficient 2004/05-08/09. **The optimal fit would be to compare the income or personnel costs of clubs competing in UEFA competitions, however rank order of clubs linked to financial results was not provided for all the leagues – therefore the 4 largest income clubs have been taken – 4 being the average number of clubs competing in UEFA competitions. *** The R2 correlation coefficient based on the rank orders is 0.87.

Answer: 24

Once again our analysis illustrates the extremely strong link between financial resources and on-pitch success.

At a domestic level the table indicates that the club reporting the highest income in their domestic league finished in the top 2 of their league in 66% of cases analysed*, winning the championships in 18 countries and finishing runners-up in a further 13 cases. Looking at it from the other end, the domestic champions reported either the highest income or the highest employee costs in half the leagues.

The strong correlation between performance in European club competitions and the financial resources of clubs from a country are again strongly evident as indicated by the grey arrow in the scatter chart.

4

Financial profile of European club football: Costs & profitability

What did clubs spend their money on and how much did this increase?

How much money did clubs spend in wages?

How consistently do clubs account for transfers in their books?

How do transfers impact on profits across Europe?

How do financing, non-operating items & tax impact on profits across Europe?

Gross profit, Operating profit with and without transfers, EBITDA, EBIT, Profit before tax, Net profits -
how relevant are profit measures for football clubs?

What operating profits are clubs generating?

How profitable are Europe's TOP clubs?

What proportion of clubs are loss making?



Q: 25. What did clubs spend their money on and how much did this increase?

In the last section it was explained that the club licensing system has significantly increased transparency in the reporting of football clubs' income by introducing a requirement for disclosure of the different types of income. Likewise on the cost side, traditional financial reporting requirements often do not provide much visibility on clubs' operating costs. Again UEFA has used club licensing to require certain minimum (which are for some clubs additional) disclosures, such as the separation of transfer activity income & costs from other operating activities. Nonetheless the presentation of operating expenses varies enormously between different countries and legal forms, making comparisons difficult.

In addition it is often up to the clubs to choose how to split operating expenses (sales & marketing, youth football, fixed stadium, variable match day and training costs etc) and whether to split personnel costs by type (e.g. fixed salary, bonus, benefits in kind) and between categories of employee (e.g. player, coaches, administrative staff, directors).

The analysis in this report therefore concentrates on the more comparable high level split between employee costs, other operating expenses, specific non operating costs and net transfer activity, that is available for all clubs.

Answer: 25

The 732 clubs of the top tier division in each NA are estimated* to have incurred €12.1bn of expenses in 2008 which was 105% of the €11.5bn income and represents a 11.1% increase on restated 2007 spending levels. In summary once again all the increased revenue generated by clubs was spent plus some more.

The particular significance of employee costs for European club football is highlighted, absorbing 61% of all club revenues plus another 3% in net transfer costs. Indeed like-for-like employee costs rose by an incredible 18% in the year, with double digit growth in most of the major countries, outpacing the 10.6% like-for-like revenue increase. Elsewhere like-for-like operating costs rose by 11.8%, again exceeding revenue growth. Net non operating costs decreased with some large reported gains on fixed asset sales in ESP netted against costs. A reduction in the net transfer cost also helped limit the effect of the employee cost rise as seen later when we analyze profits.

'Employee costs' €7'054m include all types of payments (salaries, bonuses, benefits, social taxes, pensions) and cover all employees (players, technical staff, administrative staff). In most countries the financial reporting requirements do not require employee costs to be further broken down. Given their significance (€7.1bn/61% revenue) this would surely be useful. From those countries and clubs that do provide a split, the ratio was 85% player to 15% other staff costs. From those that further split player costs the ratio was 19% variable to 81% fixed player wages.

'Net transfer costs' €320m includes amortisation on past transfers (14.5% of income); Write-down of transfer values (0.4%); less, Net profits/losses on sale of player registrations during year (11.9% profit).



'Operating expenses' €4'397m are not split down further in a consistent way between countries or in most cases between clubs in those countries.

These expenses include cost of materials; match day expenses; sales & marketing; administration; Write-down of goodwill; depreciation & rent of facilities; youth football.

A Europe-wide detailed breakdown can not be given with much certainty since a split of more than half of operating costs is not disclosed. A best and rough estimate where costs have been split is that direct allocated youth football represented 3% of revenue and fixed assets, property and rent was equivalent to 6% of revenue.

'Non operating expenses' €327m include net finance costs (3.1% revenue); Net tax expense (1.0%); 11.1% increase on restated 2007 spending levels. In summary once again all the increased revenue generated by clubs was spent plus some more, less net profit on sale of non-player assets (1.6%).

Q: 26. How much money did clubs spend in wages?

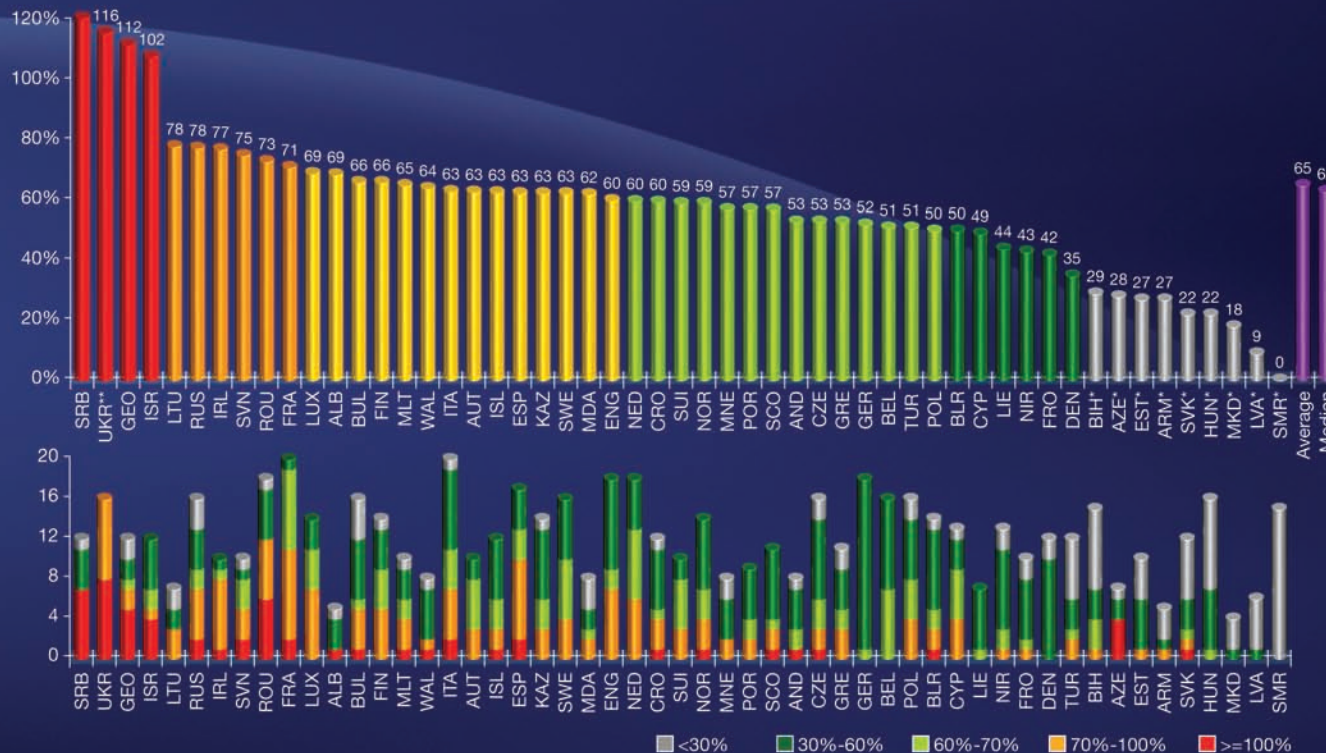
The charts below show the % of reported revenues paid out as employee costs, in total for each division (column chart), clubs by division (column chart below) and club-by-club across Europe (pie chart). Due to the significance of employee costs for football clubs, in particular player salaries, the ratio is regularly used as a key performance indicator by clubs. The amount paid to players in salaries is rarely directly available and hence tables presented in the media from time to time on 'the highest earners' are speculative estimates and to be taken with a pinch of salt. Generally all direct costs to the employer of employees, both player, technical and administrative staff are disclosed together and this is the value used below.

For the country by country analysis, at the bottom end SMR clubs (0%) are run on an amateur basis but for some of the other national associations there are still questions as to whether all employee costs are reported as such*, these clubs and divisions are shaded grey in the charts.

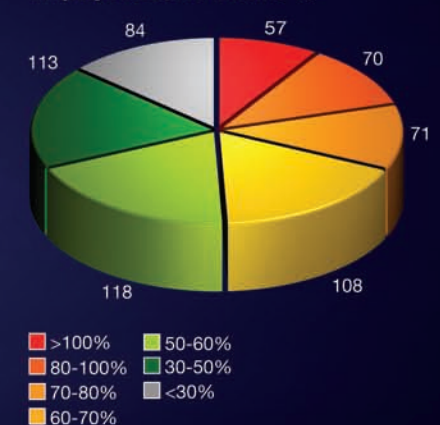
Answer: 26

Although there are only 10 divisions where the total ratio is more than 70%, there were 198 individual clubs (32%) that reported an employee cost to income ratio above 70%. Indeed among countries where we are confident of full employee cost disclosure, only BEL, DEN, GER & LIE had all their clubs reporting below 70%.

Almost half countries had a club report a clearly unsustainable employee cost ratio above 100%, 57 clubs in total.



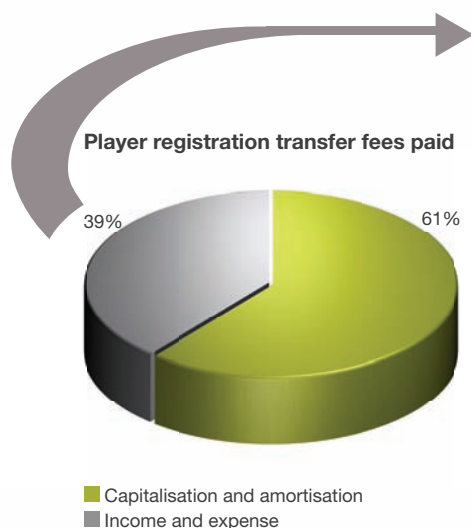
Employee cost to income %



Footnotes: * In certain countries (shaded grey in top chart) some or all clubs report a share of employee costs within operating costs. Usually this is 'signing bonuses' which are paid monthly but disclosed as 'operating costs' and on which social taxes are not paid. As the ratio is purely an indicator and not an exact science, there is no standard definition of what a 'high' employee costs ratio is, for the club-by-club we have taken 70%+ as a high ratio. ** UKR figures include net transfer activity which is part of reason for high ratio.

Q: 27. How consistently do clubs account for transfers in their books?

The transfer in and out of players (player registrations) can have a significant impact on the finances of all but the smallest clubs. Before presenting the impact that transfer activity had on leagues and individual clubs in 2008, we present below the methods adopted for putting transfers through the financial statements and explain in practice how this effects the financial results of a club. Although the report style is mainly chart based and keeps text to a minimum, here we make an exception with plenty of description since it is such an important and technical area and there are some surprising findings in the first time Europe-wide study has been performed.



- The majority of clubs in all TOP & LARGE leagues capitalise player transfer costs apart from RUS. 61% of European top division clubs capitalised their player registration costs in 2008.
- All TOP clubs over €50m revenue with the exception of the 1 RUS club capitalise player transfer costs.
- However, perhaps surprisingly, a total of 34 LARGE clubs expensed directly their player transfer costs from 14 different countries. These clubs come from the west and north as well as the east and south. The value of transfer incomes and costs recognised in this way totalled over €300m in 2008.
- Just over half MEDIUM, SMALL & MICRO clubs expense immediately their player registration costs.
- A small majority (55%) of TOP & LARGE clubs capitalised signing on bonuses whilst a smaller proportion 33% of MEDIUM, SMALL & MICRO clubs did likewise.

A majority (58%) of TOP & LARGE clubs capitalised transfer related agent fees whilst only 20% of MEDIUM, SMALL & MICRO clubs that disclosed their policy did likewise.

Accounting for transfer fees

The question of how to account for player values is the major item of contention regarding the financial statements of football clubs. The first question is whether to treat players as assets, in which case the transfer value is added to the balance sheet and the cost spread over the period of the players contract, or to treat players as an expense, in which case the player is not recorded as an asset but treated immediately as a cost. The first pie chart shows that **in Europe as a whole 61% of clubs treat players purchased in the transfer market as assets, whilst 39% do not and take the whole transfer fee as an immediate cost.** Some countries set out clear requirements whilst others allow different methods to be used and UEFA club licensing allows both methods whilst restricting the variations, for example players developed but not transferred-in cannot be valued and any player recorded as an asset must be taken to costs consistently over the period of the contract. This reflects the preferred method under International Financial Reporting Standards but leads to some obvious contradictions, for example this means that a home grown player like Steven Gerrard has no value within his clubs financial statements and also means that a year into his contract any player on a 4 year contract has already lost 25% of his asset value. We explore this further in the next chapter.

Examples of transfer fee accounting

Player A is signed by Club 1 for €80m on a four year contract. At the end of his third year, a bit older but still a good player, he is sold for €50m to Club 2. The left shows the impact on the financial statements if 'capitalise and amortise', the right shows if a club expenses directly.

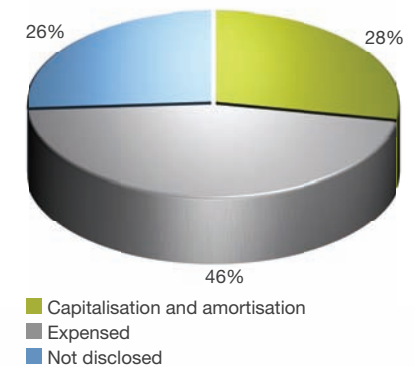
Club 1 €m	Y0	Y1	Y2	Y3
Asset value	80	60	40	20
Cost		(20)	(20)	(20)
Profit on sale		-	-	+30
Net activity		(20)	(20)	+10

Club 1 €m	Y0	Y1	Y2	Y3
Asset value	-	-	-	-
Cost		(80)	-	-
Profit on sale		-	-	+50
Net activity		(80)	-	+50

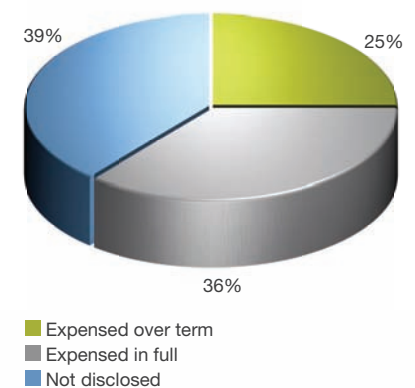
Accounting for agent fees and signing bonuses

Whilst our survey uncovered a surprising variation within countries of how the player transfer fee is recognised, the variation in policy for transfer related agent fees and signing-on bonuses is even greater. Whilst all clubs (with one exception) from the 5 TOP divisions capitalised the base transfer fees in the same way in 2008, signing bonuses and agent fees were treated differently and the policy not always disclosed. In total 28% of clubs disclosed that they capitalised direct transfer related agent fee costs, representing in turn 40% of those 300+ top division clubs across Europe that disclosed their policy. Similarly 25% of clubs, or again 40% of those 400+ clubs that disclosed their policy, capitalised signing-on bonuses.

Agent fees paid

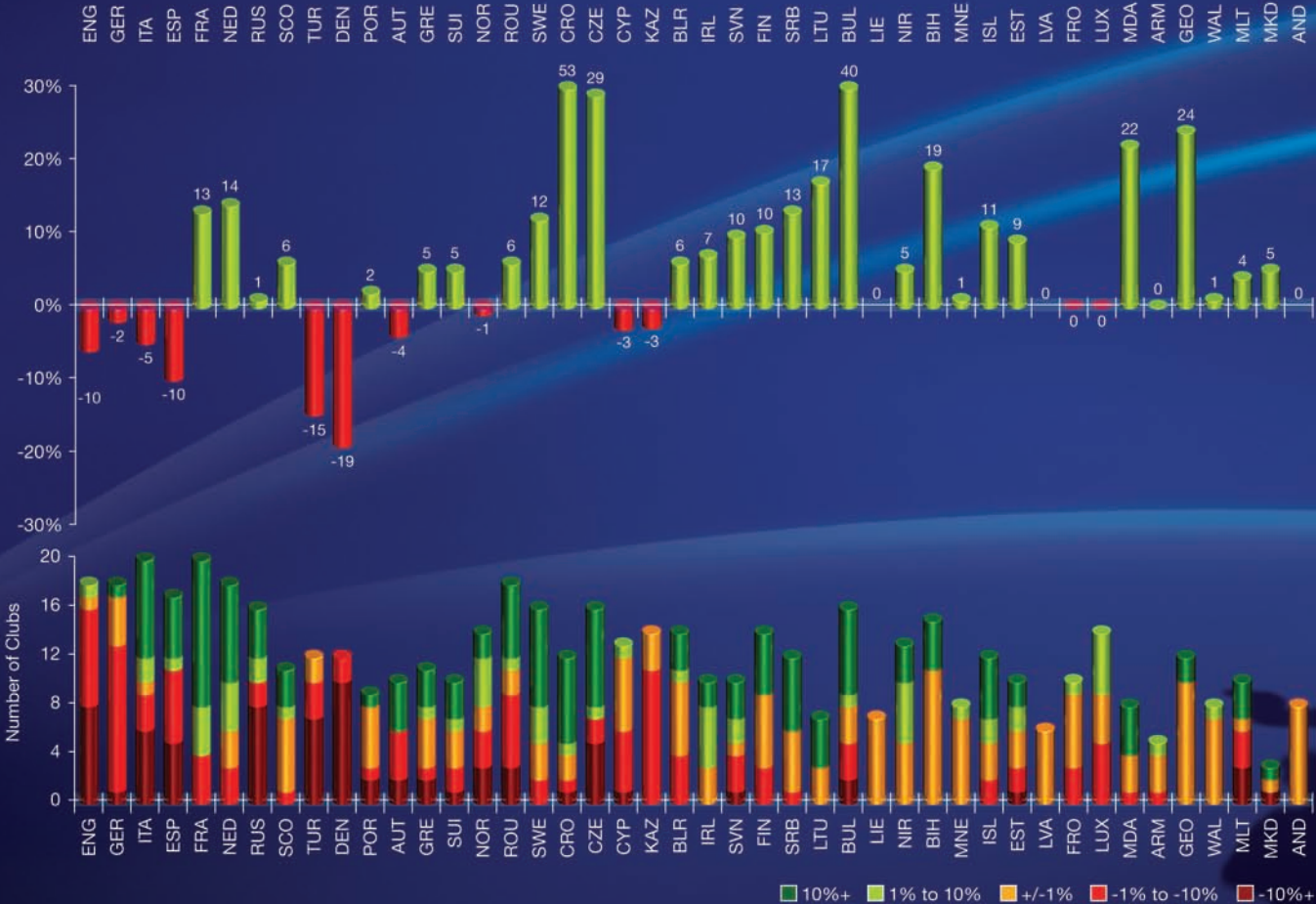


Signing bonuses paid



Q: 28. How do transfers impact on profits across Europe?

The column charts on this page show the net impact of transfer activity (past and present*) on reported results for the year, firstly in aggregate by country and secondly within thresholds by club by country. The pie charts to the right provides the Europe wide** picture by club grouped between thresholds, firstly for transfer activity and secondly for the combination of net transfer activity and employee costs as a % of revenue. This second measure will be used as an indicator within the Financial Fair Play project and measured over time can provide a good idea of a club's overall player strategy.

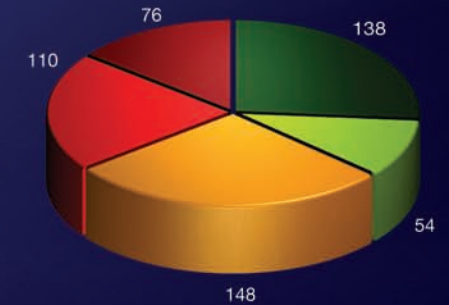


Footnotes: * 'Past and present' – As previously explained most of the clubs in the higher income leagues capitalise player registration transfer fees and therefore transfer fees paid in previous years impact on current years profits, hence we refer to 'past and present'.
** 'Europe-wide' – Due to inconsistency/incompleteness in reporting, the transfer analysis excludes: ALB, AZE, BEL, HUN, ISR, POL, SMR, SVK & UKR.



Net transfer activity as % of income

- 10%+
- 1 to 10%
- +/-1%
- 1 to -10%
- 10%+



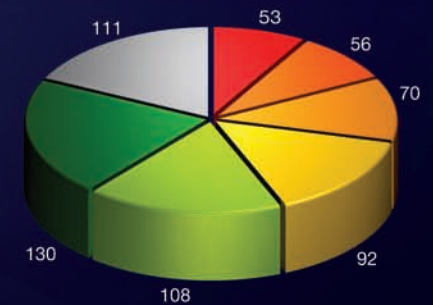
Answer: 28

The transfer system clearly acts as an important financial solidarity mechanism towards clubs in many mid and nearly all small income divisions. Transfers improved the bottom line profit margin by over 10% for 138 individual clubs and 14 aggregate divisions across Europe in 2008. Among larger leagues, transfers had a net positive effect on profitability for the majority of clubs in CRO, FRA, NED & SWE.

Once wages and transfers are combined below, 179 clubs (29%) reported costs in excess of 70% of revenue.

Employee and net transfer cost to income %

- >100%
- 80-100%
- 70-80%
- 60-70%
- 50-60%
- 30-50%
- <30%



Q: 29. How do financing, non-operating items & tax impact on profits across Europe?

The column charts on these pages show the net impact of financing, non-operating and tax activities on reported results for the year, firstly in aggregate by country and secondly within thresholds by club by country. The pie chart to the right provides the Europe wide picture by club grouped between thresholds, for financing/non operating/tax items as a % of revenue. For all these analyses net finance costs (interest receivable and payable in respect of cash balances, financial assets and liabilities) have been added to gains or losses from sale of any non-player assets, tax expenses or incomes and other unusual or irregular non operating items.

Answer: 29

Financing and non operating activity had a significant impact (+/->5% income) on 157 or 25% of the clubs in the reporting sample. This underlines that any attempt to assess financial performance of clubs should look at all costs/incomes that a club must cover.

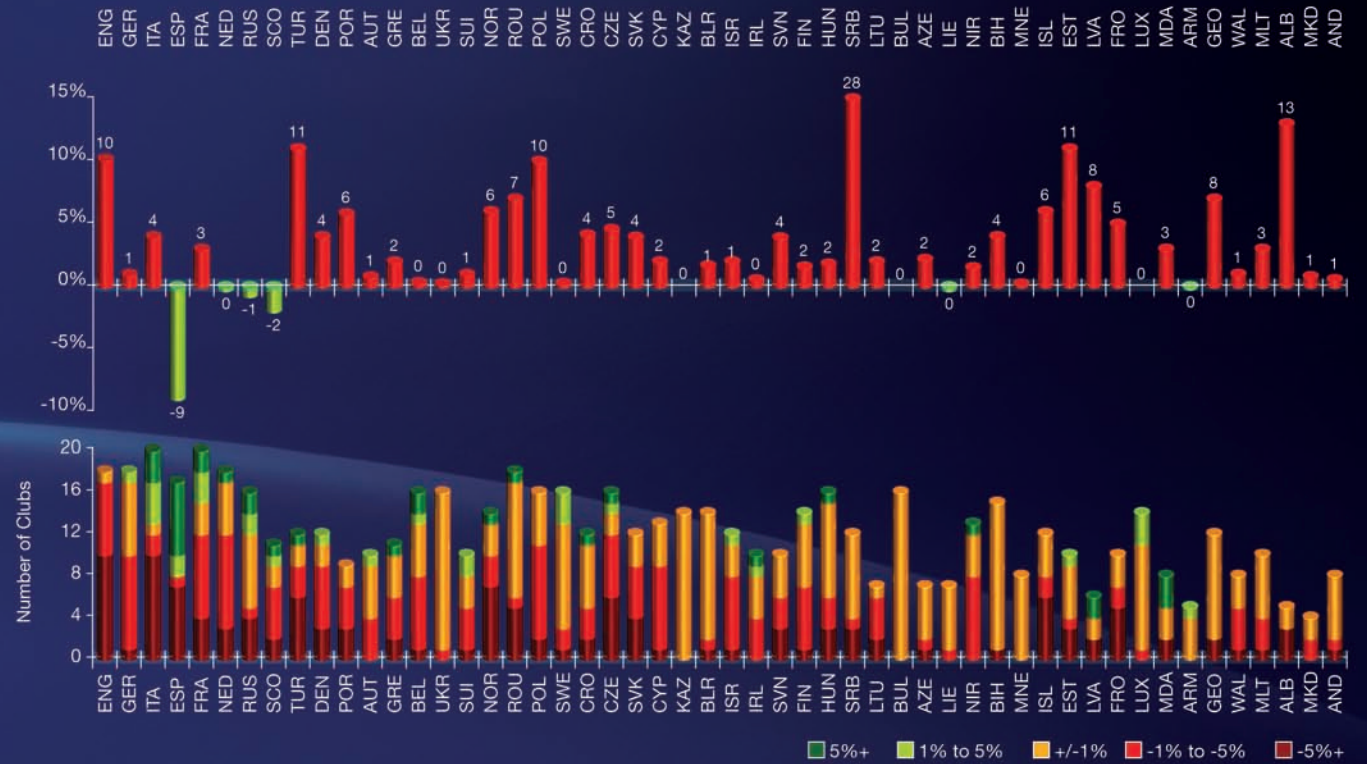
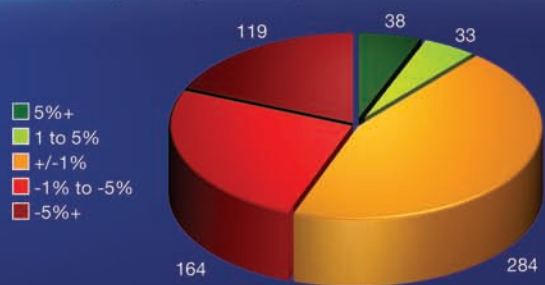
The prevalence of reds compared to greens in all the three charts indicates that typically the netting of costs/incomes, gains and losses on financing and non-operating items yielded a net cost that had to be absorbed in the results of clubs.

The large net income/gain reported by ESP is mainly due to €165m of reported gains from sale of some assets of 3 clubs. The large aggregate net loss from these items in ENG is largely due to €220m of net finance costs, of which 60% comes from the 2 recent leveraged buy outs.

Whilst the cases of significant club incomes/gains were split fairly evenly between asset disposal, finance, tax and other non-operating incomes, the significant net expenses/losses were mainly financing costs (65% of cases) and tax expenses (20% of cases). Finance costs are looked at again when we later analyse European club debts.



Net non-operating, financing and tax as % of income



Q: 30. Gross profit, Operating profit with and without transfers, EBITDA, EBIT, Profit before tax, Net profits – how relevant are profit measures for football clubs?

Despite football clubs often taking the form of a company or group of companies including a small and decreasing number being quoted on stock markets, the maximisation of direct financial returns (profits), is apart from a few notable exceptions, rarely the main objective of clubs and their owners. Whether owners are seeking political legitimacy, increased status, indirect financial benefits, or simply philanthropic pleasure, the strategy generally translates to “Being as successful on the pitch as possible whilst ensuring the continued existence of the club.” This is important to bear in mind when analysing club costs and when looking at profitability, since break-even may be considered a positive financial result for a football club as opposed to a poor waste of resources in a ‘normal’ business. This however does not stop a bewildering array of profit measures and key performance indicators being used by football clubs, as measures extracted from the annual reports of 4 clubs and quoted below illustrates.

Answer: 30

Bottom-line net profit or profit before tax measured over a period of time are the most relevant measures for assessing the underlying financial performance of a club, in other words whether a club operates on a sustainable basis within its long term means. Whilst disclosure of incomes and costs and hence profits varies between countries, the net profit is available for all clubs. **Further assessment of ‘operating profit before player trading’, excluding transfer activity and before investing, financing and tax can indicate the profits made available by the clubs core football activities for transfer activity and financing.** This measure is very popular in the financial statements of football clubs. **Finally profitability or cash-flow measures commonly used by analysts in the wider world, such as EBITDA* or free cash-flow, are of use principally as a benchmark for assessing the potential price of a club.**

Footnotes: * Transfer activity includes depreciation or impairment on players as well as profits or loss on sale of those players. Where transfer fees expensed in year of acquisition then result is simply income less costs. ** In some cases we suspect that certain types of employee cost (e.g. signing on bonuses) have been reported as other types of expense, hence some of the low club and division ratios (<40%) but high ‘other operating costs’.

“Total income”

Can include financial income and transfer income/profits
- In common use but difficult to compare with clubs that report net profit rather than income.

“Revenue”

Income from ordinary operations but excluding profits or losses on player or other asset sales, non operational incomes and financial income. Main income measure used in this report.

“Gross Profit”

Revenue less sports materials and merchandising goods - Relevant for a manufacturing company but of no use for football clubs.

“EBIT”

Short for ‘Earnings (profits) before Interest and Tax’ - Includes all incomes and costs except removes the effect of different financing structures and tax rates for comparison purposes.

“Profit on ordinary activities”

Same as Operating profit

“EBITDA”

Short for ‘Earnings (profits) before Interest, Tax, Depreciation & Amortisation - Removes the effect of different financing structures, tax rates and accounting items, indicating the ability of a club to service its debts
- can be misleading for football clubs as amortisation on player spend excluded but profits on player sales included.

“Operating Profit”

Similar to EBIT, excluding financing and tax, but also excludes non-operating income/costs and profits/losses on sale of players and other assets.

“Operating Profit before player trading”

For clubs the accounting amortisation on bought players is often a large amount, and is considered more an investment than a cost. Hence many clubs report operating profits excluding player transfer costs (as well as financing costs, non-operating costs, divesting gains/losses and tax.

“EBITDAR”

Same as EBIT but also excludes (one-off) Restructuring - not common and same drawback as EBITDA.

“PBT”

Short for Profit Before Tax - can be useful for comparisons as removes different profit tax rates and different approaches to deferred taxes. However not a true non-tax comparison as taxes on players and products/services are often larger for football clubs and are included within employee or operating costs and hence not adjusted for.

“PAT: Profit after tax”

This is the ‘bottom-line’ after all incomes and costs. It does not represent the net cash that has come in and does not include money invested/raised or paid out to the club owner(s) - these are reflected in balance sheet and cash flow statements.

We strongly believe that operating profit before player trading is a better benchmark for football clubs than statutory reported operating profit and EBITDA. Top division European clubs reported €1.7bn of statutory operating losses in 2008 which at face value appears disastrous but is misleading due to the influence and disclosure of transfer activity within the financial statements. Statutory profits/losses only include effectively half the picture with

the costs on inbound transfers included (spread out over contract period) but profits/losses on outbound transfers reported after the statutory operating profit line. EBITDA effectively does the opposite, showing the better half of the picture, including the profit side from player sales but excluding the amortisation (cost) from player acquisitions. Due to the aggressive nature of straight line amortisation and the zero value attributed to players brought up at the

club, nearly all clubs report income statement profits rather than losses on outbound players, our analysis shows this was the case for 56 of the 59 TOP clubs that capitalise players. So whilst €1.6bn of costs associated with inbound transfers are taken into account for statutory operating profit, €1.3bn of profits on outbound transfers are excluded. We therefore analyse operating profit before (excluding) player transfers and net profits.

Q: 31. What operating profits are clubs generating?

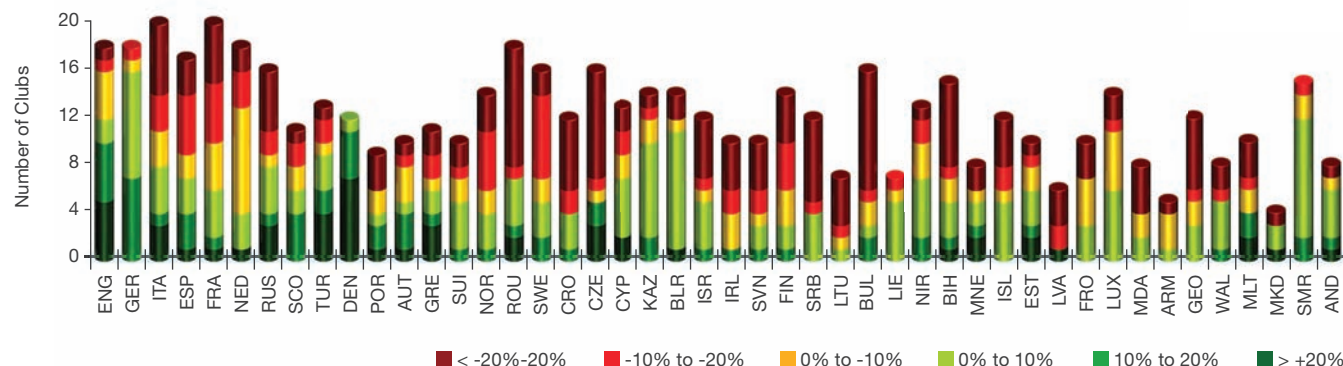
The charts below present the most complete Europe-wide analysis of football club operating profits yet undertaken. To some extent the level of a club's operating profits dictates how much transfer activity and financing costs can be absorbed. We say 'to some extent', because the operating profit is for a 12 month period only, whilst club strategy covers a longer period, and also because a club can sometimes source additional money if club owners or other finance providers commit money.

Answer: 31

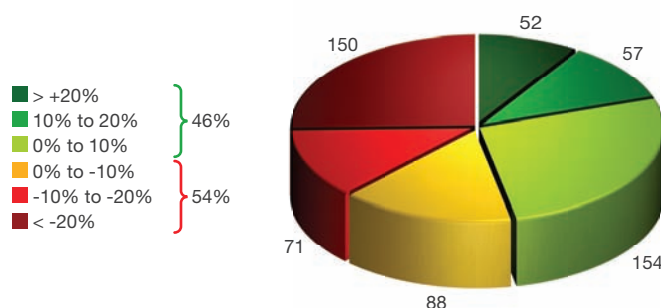
Top division European clubs reported* operating profits (excluding player trading) of approximately €100m in 2008.

54% of European top divisions clubs* reported operating losses in 2008, an increase from 51% in 2007. Analysing in more detail, the size of club does have an influence on football operating losses with a lower proportion 34% of the TOP clubs (revenue > €50m) compared to 50% MEDIUM (revenue €5m-€50m) clubs and 59% of smaller clubs (below €5m revenue). Nonetheless the fact that at least 20 of the TOP clubs reported operating losses totalling €344m indicates that many of the largest European clubs underlying core business did not generate the operating profits in 2008 for transfer or financing items. The profitability of the TOP clubs is looked at further on the next page.

In contrast to the bottom-line net result, analysed next, the majority of clubs in ENG in particular reported strong operating profits. Amongst the larger countries no GER and only 1 ENG club generated significant operating losses (>20% margin – dark red) compared to 6 ITA, 5 FRA, 5 RUS and 3 ESP clubs.



Operating profit before player trading as % of income

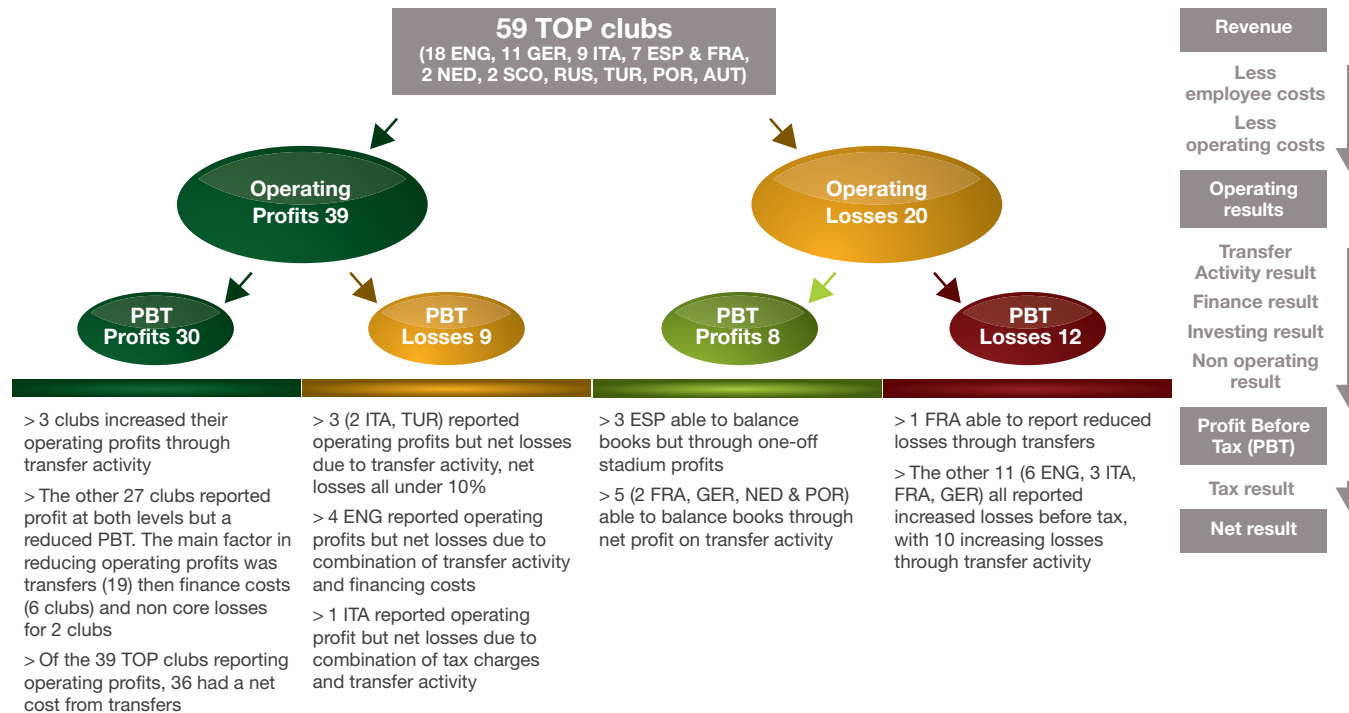


The pie chart indicates that the most common operating performance is an operating profit margin of between 0% and +10% of income, this was reported by 154 clubs. Last year we highlighted that all countries, with few exceptions, included both clubs reporting bottom line profits and significant losses. The column chart on this page confirms that this is also the case at the operating profit level with green (operating profit) and dark red (significant operating losses) common to the majority of countries.

Footnotes: * Due to inconsistency/incompleteness in reporting of transfer activity, the operating profit analysis excludes: ALB., BEL, HUN, POL, SVK & UKR clubs. The sample in pie chart and column chart is therefore 572 clubs from 47 top division leagues. The 'Europe-wide' aggregate estimate of just under €100m operating profits reflects both this sample (€127m operating profit) and a total estimated figure generated by modeling each missing league knowing PBT and clubs missing from data survey.

Q: 32. How profitable are Europe's TOP clubs?

As indicated last year, the proper and full assessment of the results of an individual club's financial strategy requires a longer term review over a period of time. However the income statement provides a picture as to the financial performance over 12 months, and underneath we have analysed and summarised the financial performance in 2008 of all* the TOP clubs with income >€50:



Footnotes: *From the 62 clubs reporting revenue of more than €50m in 2008, the 2008 flow chart analyses 59 clubs with one UKR club excluded as operating profit split not complete and 2 ENG clubs which were not in the survey because of late filing of accounts.

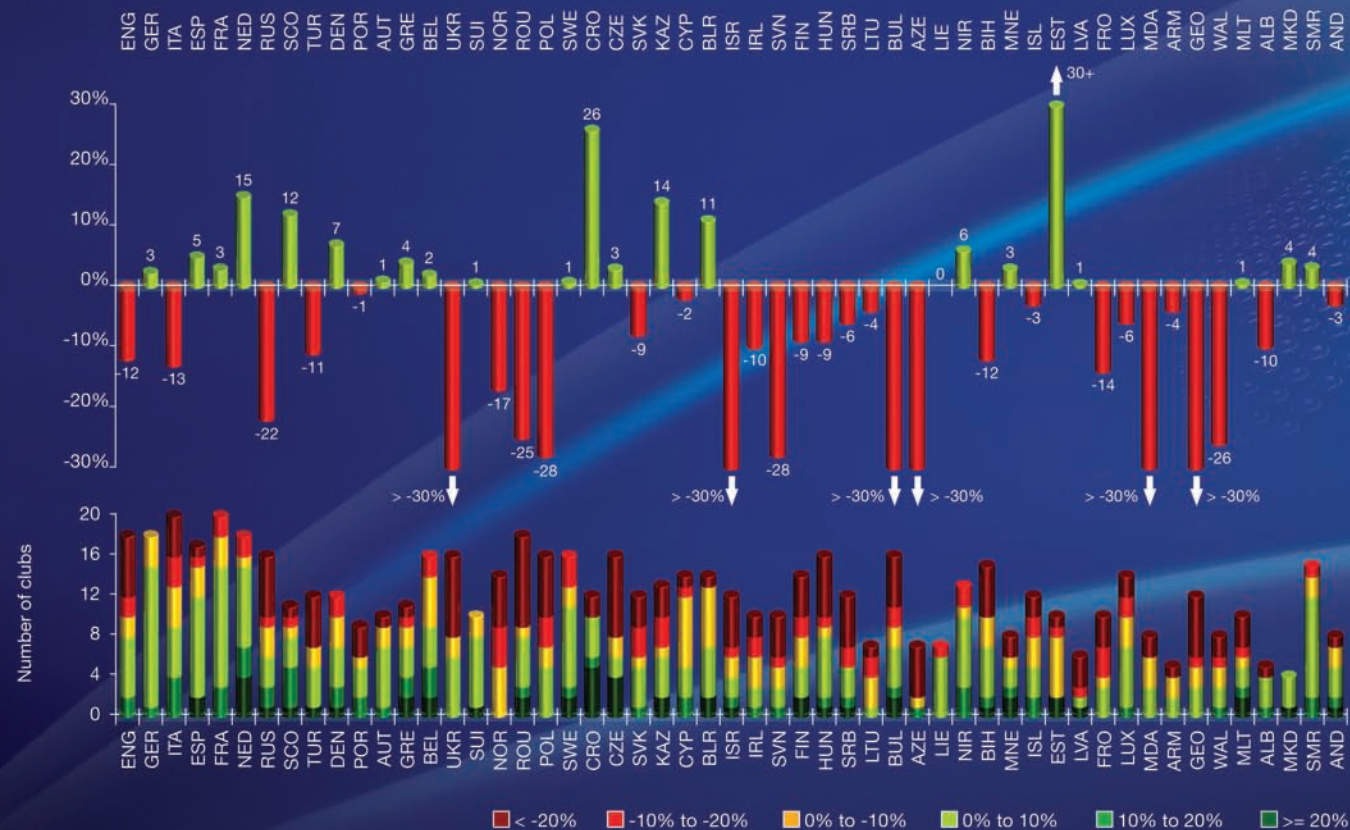
Q: 33. What proportion of clubs are loss making?

The charts on this page show reported 2008 Net profit for 654 top division clubs across Europe. In aggregate top division clubs reported aggregate losses of €578m in 2008.

Answer: 33

Just under half European top division clubs, 47%, reported net losses in 2008. 37% of larger clubs (TOP & LARGE) and 55% of smaller clubs (MEDIUM, SMALL & MICRO) reported net losses.

Nearly half of the clubs that reported losses, 22% of all clubs, reported losses that were significant, equivalent to more than 20% income. Smaller clubs were more than twice as likely to report significant losses than larger clubs*.

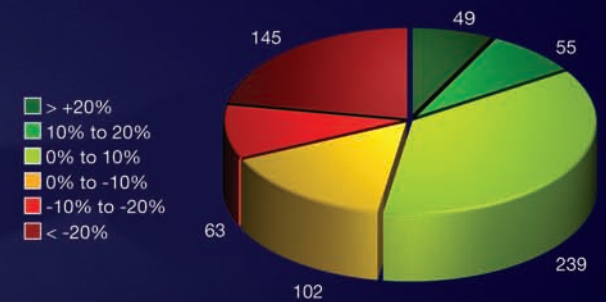


Footnotes: * Profit/loss analyses presented relative to income, in absolute terms the size of losses and profits would be higher for larger clubs. The figures for the 654 clubs represent 90% of all European top division clubs – Most of the missing data is for clubs who did not apply for licenses, often as a result of finishing low down the domestic rankings – The actual proportion of loss making clubs may actually be higher once these clubs are included given their poor sporting performance.



The 10 most profitable clubs reported €323m in 2008. At the other end of the scale 20 Clubs reported net losses of €735m.

Net result as % of income





5

Financial profile of European club football: Assets, debts & other liabilities

Debt....in debt....net debt....secured debt....liabilities...going concern - what does it all mean?

What type of assets and liabilities have clubs reported?

How do the amounts of long term assets and net debt compare across Europe?

Player asset values: under or over valued?

How are clubs financed: spotlight on transfers?

How are clubs financed: spotlight on tax & social liabilities?

How many clubs reported negative equity?

The bottom line - Did club balance sheets strengthen or suffer in 2008?

Q: 34. Debt....in debt....net debt....secured debt....liabilities...going concern - what does it all mean?

The discussion of 'debt' in football clubs has never been as prominent as it has been in the last 2 years. Whether it is talk of "premier league clubs having net debt of €3.1bn**" or one third** of European top division clubs being "in debt" or clubs being in debt***, it can be very difficult to decipher what the wider situation actually is and what the main issues are with 'debt' for football and individual football clubs. We first try and differentiate between these phrases and then set out a more concrete picture of European football clubs' finances through analysing their balance sheet and cash flow statements.

Answer: 34

In practice, the term 'football club debts' has been used in many different ways with a great deal of flexibility, references range from the very broad, totalling all liabilities that a club has, to the narrow definition of debt financing either including or excluding interest free owner loans. For our purposes we use the following definitions:

'Debt' – "Amounts owed to people or organisations for funds borrowed." Within this definition we include interest free owner or related party loans, sometimes called 'soft loans'. This is estimated to total €7.7bn.

'Net debt' - takes the debt figure and removes any cash balances or liquid assets and is estimated to total €6.3bn

'Liabilities' – "All financial obligations, debts, claims, and potential losses."**** Company balance sheets include Assets on one side and Liabilities on the other side with the difference equalling Net Equity ('positive net equity' if recorded assets exceed recorded liabilities and 'negative net equity' if assets are less than liabilities). Liabilities include: 'Payables', amounts outstanding on bills for products and services received (e.g. invoices for rent); 'Accrued expenses', the same but where no bill has yet been received (e.g. wages earned by staff to be paid at end of month); 'Provisions', estimate of probable losses arising from previous actions (e.g. ongoing legal case against club), 'Deferred income', payments received for work not yet done (e.g. season ticket revenue for future matches). Total liabilities are estimated at €18.2bn for top division clubs.

Liabilities are referred to as short or long-term with short-term being 12 months from the financial year-end.

'Going Concern' - "The ability and intention of a company to continue trading at least 12 months". Of nearly 500 reviewed year-end and interim club audit reports, one in ten had an emphasis of matter or qualified audit opinion regarding going concern.

Footnote: *Source - <http://www.guardian.co.uk/football/2009/jun/03/english-premier-league-debt>. ** Source: UEFA benchmarking report 2008 .
*** Source: <http://www.independent.co.uk/sport/football/news-and-comment/football-debt-spiralling-out-of-control-says-triesman-954089.html> **** IFRS International Financial Reporting Standards definition is "A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits." ***** Source: Kop Football (Holdings) Limited financial statements 2007.

To assess the significance of a club's liabilities, it is essential to consider not only the amount of liabilities but also many other aspects (see the non-exhaustive list of examples below), some general and some football specific, which is why the explanatory notes and commentary to a good set of financial statements include a lot of detail:

Type of liability/debt: Clearly season ticket money received in advance is not in itself a bad thing and yet is it recorded as a liability as the accountants consider the cash received as not yet being fully earned until the matches take place. This is a liability but not a debt that will have to be paid back.

The (secured) assets of a club: A financial loan on its own can often be linked to an asset or set of assets, so considering 'debt' without considering the assets is not particularly meaningful. Generally for the lender a debt secured against assets is less risky leading to better interest rate terms for the club. The clubs with the most assets are more likely to be able to attract finance from debt providers.

Maturity of debt: As a general rule long term debts should be matched to long term assets and vice-versa with short term items. The full picture of the timing of debt repayment and payments due on other liabilities together with the financial resources available for the clubs is needed to assess the risk of debt default or overdue liabilities. This is why club licensing requires the submission of budgets.

Differing accounting treatments: As we demonstrated earlier in the report when recognising player signings, different accounting treatments may be applied. For example some clubs record significant deferred tax assets in their balance sheet to reflect the theoretical future benefit from previous losses (which can be set off against future profits to be tax free), whilst other accounting jurisdictions only allow these assets if it can be proved that future profits are likely. Recently a large European club recognised a €60m equity increase when less than €2m had been raised, under its accounting jurisdiction the €58m would be reversed only when the subscription term officially ends.

Unrecognised assets and liabilities: The Net equity/Net assets should not be confused with value of a club. Part of the reason is that as a general rule accountants do not allow assets to be included unless their value can be accurately estimated. Some of the principle assets of a club such as: a loyal supporter base; reputation/brand, membership/access rights to lucrative competitions; home grown players, are not included within balance sheet assets, since they are extremely difficult to value despite them unquestionably having a value. These unvalued 'assets' tend to be greater for larger clubs. As an example***** when Liverpool changed ownership in 2007, the balance sheet net equity of €53m was estimated to have a fair value of €197m and in addition the new owners were prepared to pay an extra €73m ('goodwill').

Q: 35. What type of assets and liabilities have clubs reported?

Answer: 35

Top division clubs reported just over €20'000m of balance sheet assets in 2008 and €18'200m of liabilities netting to positive net equity/net assets of €1'800m*.

The type of assets and liabilities reported by clubs differ considerably between countries. 67% of assets were reported as long term (> 12 months) in nature.

The pie charts broadly group the reported assets and liabilities of European top division football clubs. This grouping is possible because UEFA club licensing requires certain minimum disclosures, particularly concerning players on both transfer amounts payable and receivable and capitalised player values. As part of licensing these items are verified to detailed player by player tables for every club.

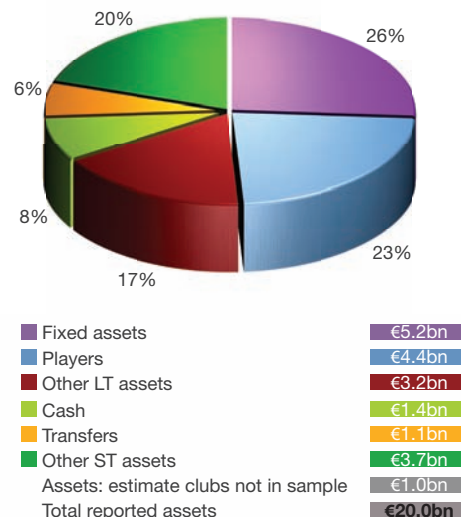
Net bank and third party commercial debt totalled just over €4bn (bank loans €5.5bn less cash balances €1.4bn). Bank and commercial debt of some level was reported by 69% of clubs,** although the 20 clubs with largest external net debt accounted for the vast majority €3'370m. These 20 clubs came from 9 countries with ENG (7 clubs) and ESP (5 clubs) both prominent.

The broad split of liabilities reveals that owner or related party loans exceeded €2.2bn but this represented only 13% of overall liabilities. The net amount owed to owner or related parties was just under €2bn and 42% of clubs reported balances with owners and related parties.

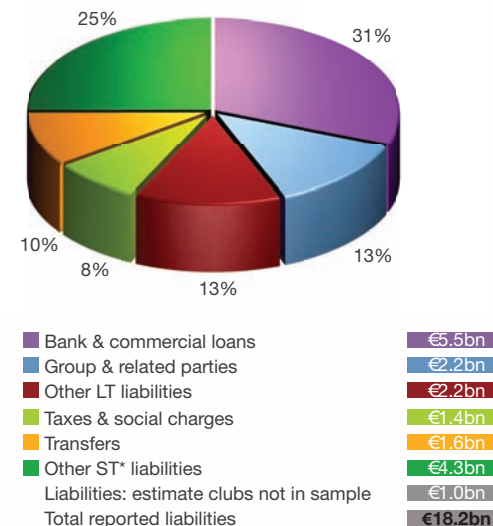
The largest asset category was fixed assets, over €5.2bn most of which was owned stadium and training facilities. This probably understates the total level of infrastructure as an unknown share of the €3bn+ of 'other long term assets' are part investments in the company owning the facilities and many older stadium facilities have been depreciated to zero value in the balance sheet.

Since only 17% clubs directly own their stadium outright, it is not surprising that fixed assets are highly concentrated with 20 clubs reporting €3'332m of fixed assets. These clubs also reported €2'996 of bank debt illustrating the clear link between long term assets and debt levels further highlighted later.

Assets By Type



Liabilities By Type



Footnote: *Balance sheet profile taken from 631 reporting clubs. Reported assets of €19'009m compare to simulated Europe-wide top division assets of €20'015, reported liabilities of €17,130 compares to simulated Europe-wide top division liabilities of €18'155.

** This figure is almost certainly higher as some clubs did not present a full split of liabilities.*** Amounts payable do not match amounts receivable for numerous reasons: (1) Net transfers owed to clubs outside Europe, primarily Brazil & Argentina (2) Net transfers to 2nd divisions (3) Timing of year ends of clubs vary (4) Amounts payable to non club companies with economic rights to player transfers (5) In some cases the split of liabilities into transfer amounts not known., notably some ENG, RUS, SCO & UKR clubs.

Outstanding amounts payable on transfers totalled more than €1.6bn*** and these are analysed in more detail on the next pages.

Tax & social charge liabilities totalled €1.4bn and these are analysed in more detail on the next pages.

Q: 36. How do the amounts of long term assets and net debt compare across Europe?

Earlier in the report the vast differences in scale of club revenues between countries and within countries was illustrated. We can see from the analysis of Long term assets and Net debt that the differences are even greater when it comes to the balance sheet.

As pointed out previously the size of a club's liabilities or debt is just one of many factors to be considered when assessing risk. The immediate reaction that 'debt' is dangerous must be tempered with some perspective. In certain high profile cases for example, the debt has been placed in the club because the club is profitable, considered low risk and hence can support interest payments on the financing.

One thing is clear, the level of bank and commercial debt is strongly connected to the size of the asset base, with long-term debt typically linked to stadium ownership. In some cases this is because new debt is used as the most efficient and available source of funding for a new stadium development (e.g. Arsenal), but in others it is because the already built assets provide security for commercial lenders who may not offer financing without this long term asset.

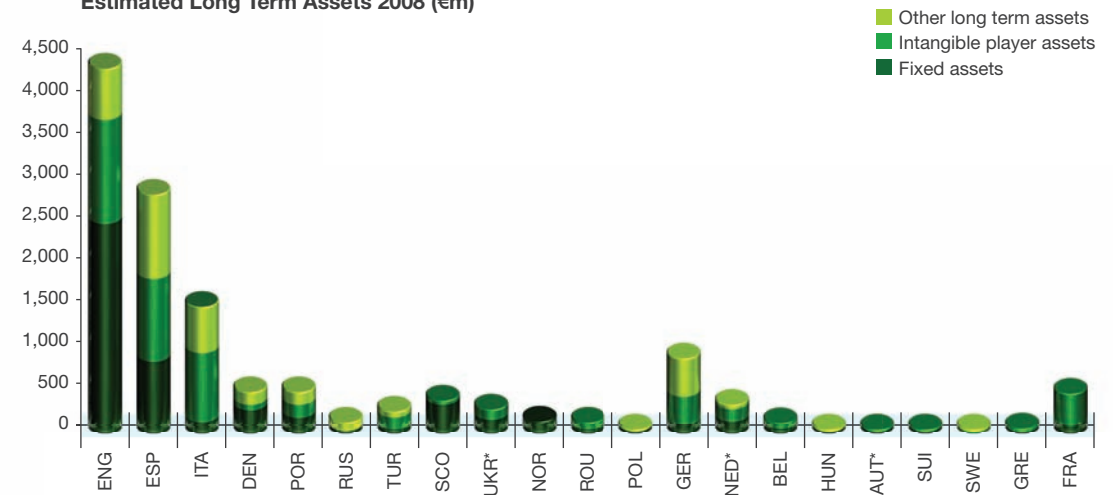
Owner or related party loans are also common, sometimes with no or nominal rates of interest. Whether these are transformed into equity sometimes depends on the tax environment and any minimum equity rules in force in a country.

When concerns are expressed about the growing level of debt, it is therefore important to differentiate between debt allocated to resources (investments) and debt used to provide a short term spending advantage.

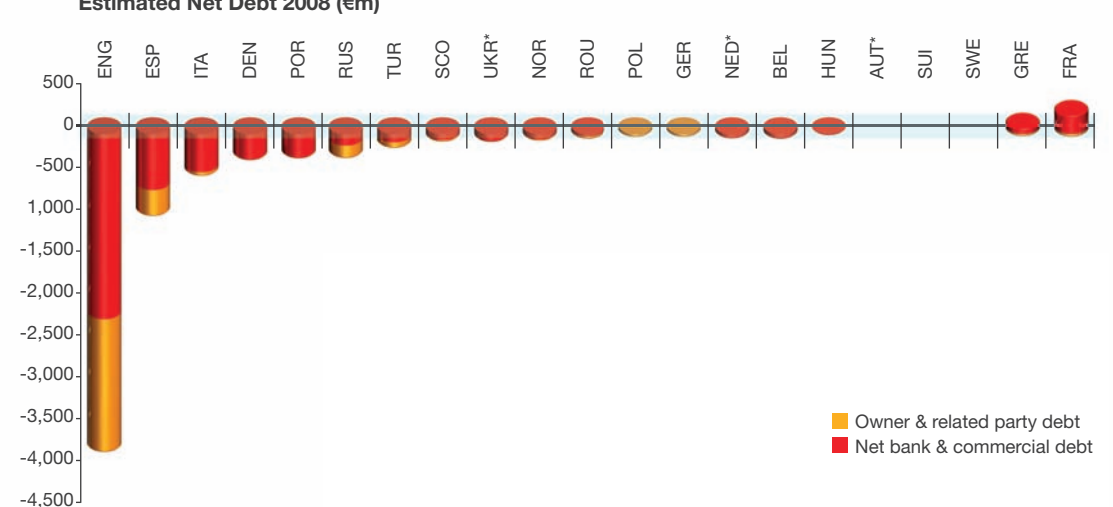
Answer: 36

Both fixed assets and net debt are highly concentrated in certain clubs and countries. ENG clubs, where stadium ownership is the norm, contain on their balance sheets an estimated 48% share of the total value of European balance sheet fixed assets and 56% of Europe-wide net commercial debt. Just over half of this commercial debt has been placed into the club (or at a holding company level) recently as a result of leveraged buy-outs, so far acting principally as a burden rather than to support investment or spending.

Estimated Long Term Assets 2008 (€m)



Estimated Net Debt 2008 (€m)



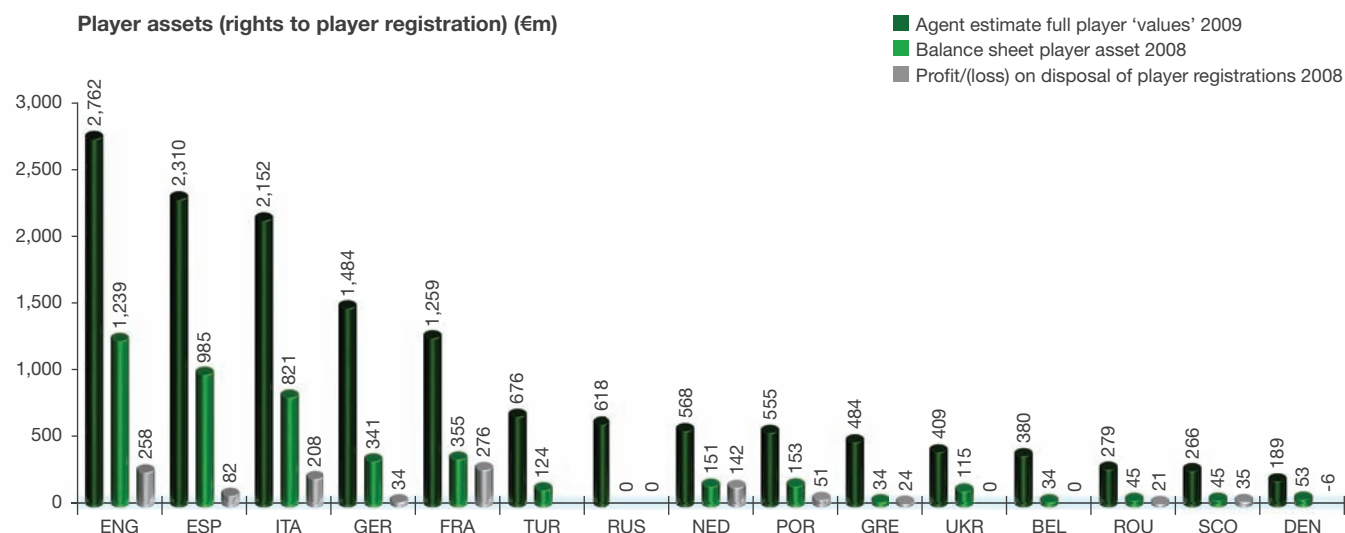
Q: 37. Player asset values: under or over valued?

Earlier in the report we discussed the accounting for players and the different impact on the profit & loss account of capitalising and amortising or directly expensing the costs. We make no excuse for returning to this subject since it has a key impact on the balance sheet of football clubs and needs to be considered when discussing a club's asset base and net equity in particular. The total values in the financial statements of ALL top division clubs and just the 62 TOP clubs (>€50m turnover) relating to player registrations are set out in the table. This is the first time a FULL Europe-wide picture has been attempted and there are some interesting conclusions.

Answer: 37

The reported figures in financial statements confirm what we would expect from our intuitive understanding of the transfer system and conservative accounting rules, that **players' values in balance sheets are understated compared to the 'market value.'** Of the 58 TOP clubs for which we have full data, 56 received transfer fees in excess of the balance sheet value at time of sale of their player(s), whilst only 2 clubs reported a net loss. In total these clubs reported a difference (profit) of €712m. **The undervaluation is relatively higher for smaller clubs** which tend to develop and sell more home grown players and are more likely not to capitalise players on the balance sheet in the first place (annual profit or net income equivalent to 0.63x total player asset value compared to 0.22x for TOP clubs). The TOP clubs taken together also reported a net loss on player activity (profit/loss on sale equivalent to 0.58x depreciation/impairment charge) whilst other clubs (below €50m income) reported a net gain on player activity (ratio 1.71x).

Player assets (rights to player registration) (€m)



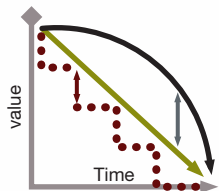
Whilst downwards revaluation (impairment) is required, upwards revaluation of players is not permitted. Nor is the valuation of home grown players. Finally the capitalisation on balance sheets of new increased remuneration terms to secure player contract extensions is also not permitted. These are all major factors in why the 'market value' of players is in general underestimated in club balance sheets.

So if players as a whole are undervalued compared to their market price then by how much? Due to the series of complex interlinking factors that dictate a transfer 'market' price (see box), any figure provided is extremely subjective. Certain agent web sites (e.g. www.transfermarkt.de) provide a comprehensive set of subjective player by player estimates which total €16.2bn for top division clubs*** rather than the €4.4bn reported in club balance sheets although this assumes there is a willing buyer and seller at 'market price' for all players. If we use some broad brush assumptions that the average contract of both transferable & home-grown players is 3.5-4 years and that the 2008 balance sheet and net profit are repeated over the course of this cycle, then this produces an estimate of total 'player (registration rights) value' mid way between the 2 columns in the column chart.

Simplified representation transfer value of purchased player:

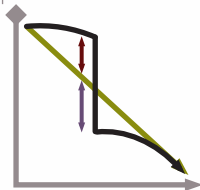
Transfer fee charged over contract period (e.g. 4 yrs) – annual depreciation charge

'Market value' reduces slowly in first years and then accelerates when player nears free transfer status. If player sold whilst 'market value' is above 'book value' then a profit recorded for the difference.



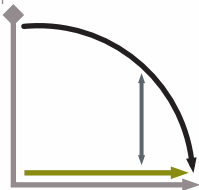
Simplified representation transfer value of player with serious injury:

Same basis but 'Market value' decreases below 'book value' as player suffers serious injury or loss in market value, impairment charge booked.



Simplified representation home grown player from start of employee contract.

No book value or depreciation charges and any transfer fee agreed when sold yields a profit.



Player item	TOP clubs	OTHER clubs	ALL clubs	TOP % of ALL
Player Assets (nbv*)	3'301	1'060	4'361	76%
Depreciation charge	1'191	374	1'565	76%
Impairment charge	32	13	45	71%
Profit/(loss) on sale**	712	663	1'375	52%
Indicative ratios:				
Years Asset to Charge:	2.77x	2.83x	2.79x	
Net profit on sale to balance sheet nbv:	0.22x	0.63x	0.32x	
Net profit on sale to depreciation/impairment:	0.58x	1.71x	0.85x	

'Market value' depends on a number of factors, concrete and soft, measurable and non-measurable, some relating to a player's characteristics, some to his contractual characteristics and some to the club characteristics of the clubs involved. This makes it extremely difficult to model accurately. A non-exhaustive list of contributing factors include:

Player characteristics: Age, experience, Injury record, playing position(s), 'reputation', desire to represent new/current club,

Contractual factors: Time remaining time on contract, buy-out clauses, expected/current remuneration & signing bonus, agent fee structure, start/end of transfer window, significant legal cases (e.g. Bosman/ Webster)

Club factors: Number & type interested clubs, buying power, 'need' to sign, 'need' to sell, other activity in transfer window, availability of alternative players, promises made & loan/buy preferences

Player impairment charges totalling €45m were disclosed by 44 clubs including 9 of the TOP 60 clubs. Impairment therefore had a far less significant impact on financial results than depreciation.

Footnote: *Player asset nbv (net book value) is purchase price less accumulated depreciation (amortization) and any impairment charges. ** Profit/(loss) on sale includes for the analysis above the difference between transfer income and costs where clubs do not capitalize players in their balance sheet. Figures in table are for sample of 600+ clubs which is estimated to cover more than 95% of top division transfer activity. ***Transfermarkt estimate is taken from website Dec 2009 whilst financial figures are for financial year 2008 although timing difference not believed to make significant difference to accuracy.

Q: 38. How are clubs financed: spotlight on transfers?

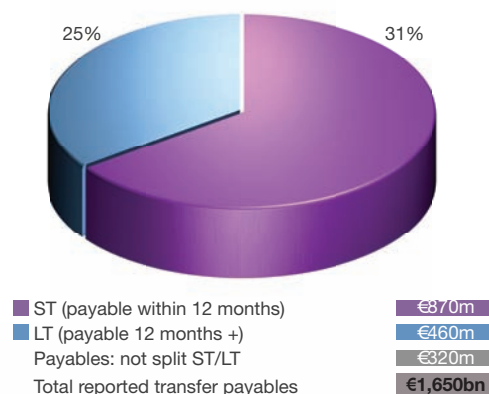
Every club undergoing club licensing is tested each year for overdue transfer payables. The settlement of these debts is considered of particular importance since non or delayed payment beyond the terms agreed can have a knock on effect to more than the clubs directly involved since a club not receiving budgeted cash may have to in turn delay payments. Club licensing requires separate disclosure of transfer amounts receivable and payable although this data has not always been included in the financial data survey submitted to UEFA*. In addition the size of the transfer payables reported in financial statements can be influenced by the timing of the financial year-ends compared to timing of transfers, in particular where a large transfer is completed but not paid shortly before the year-end. It should also be noted that transfer payables are in most cases not overdue but in line with the payment schedule agreed between the respective clubs.

The chart opposite just includes countries where the transfer payable is known to be more than 5% relative to annual income*. The net transfer receivable for MKD and CRO have also been included to indicate the potential importance of prompt transfer debt settlement for some clubs, with the net amount owed to MKD and CRO clubs being equivalent to 49% and 57% of annual revenue respectively.

Footnote: Transfer payables information not available for all clubs, generally those clubs that do not provide transfer split in financial statements but provide them in separate audited documents for licensing criteria purposes (RUS, SCO, most UKR, some ENG, GER & TUR).

** Non exhaustive assessment indicates at least 1 ENG, 3 ESP, 1 ROU & 1 ISR club.

Transfer Payables



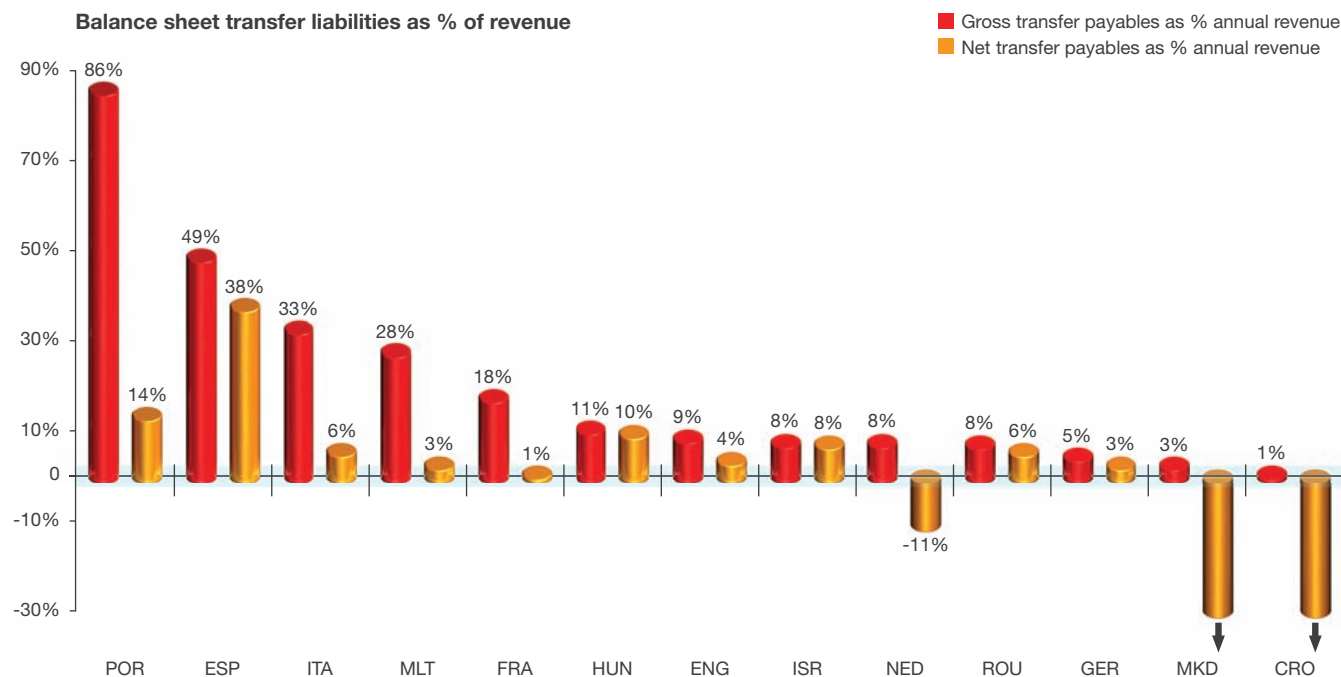
Answer: 38

The pie chart indicates that 35% of the reported outstanding transfer liabilities are long term, scheduled to be settled beyond 12 months. This ranges from 28% POR to 45% ESP clubs. In total we estimate that more than €550m of transfer fees are scheduled to be paid in over a year.

In general ITA & ESP clubs most commonly use extended transfer payment terms with 7 each of the 20 Highest reported* transfer debts. Although the ability to assess the risk of future non payment is only possible with a full forward looking review performed at national level, there were at least 6 clubs** whose net transfer payables balance was equivalent to more than 6 months total revenue.

Half of all reported* transfer debts were from 13 individual clubs although this concentration would be less if all clubs were included. In total 10 clubs had €530m outstanding to pay on transfer fees (after taking away amounts owed to them on transfers).

Balance sheet transfer liabilities as % of revenue



Q: 39. How are clubs financed: spotlight on tax & social liabilities?

The charts below highlight all the countries where the average proportion of liabilities due to tax authorities exceeds either 10% of all liabilities or 10% of revenue. The high figure in ESP is partly due to the existence of high deferred tax liabilities caused by timing differences, these are liabilities that will arise in the future rather than current tax 'debts' to be paid.

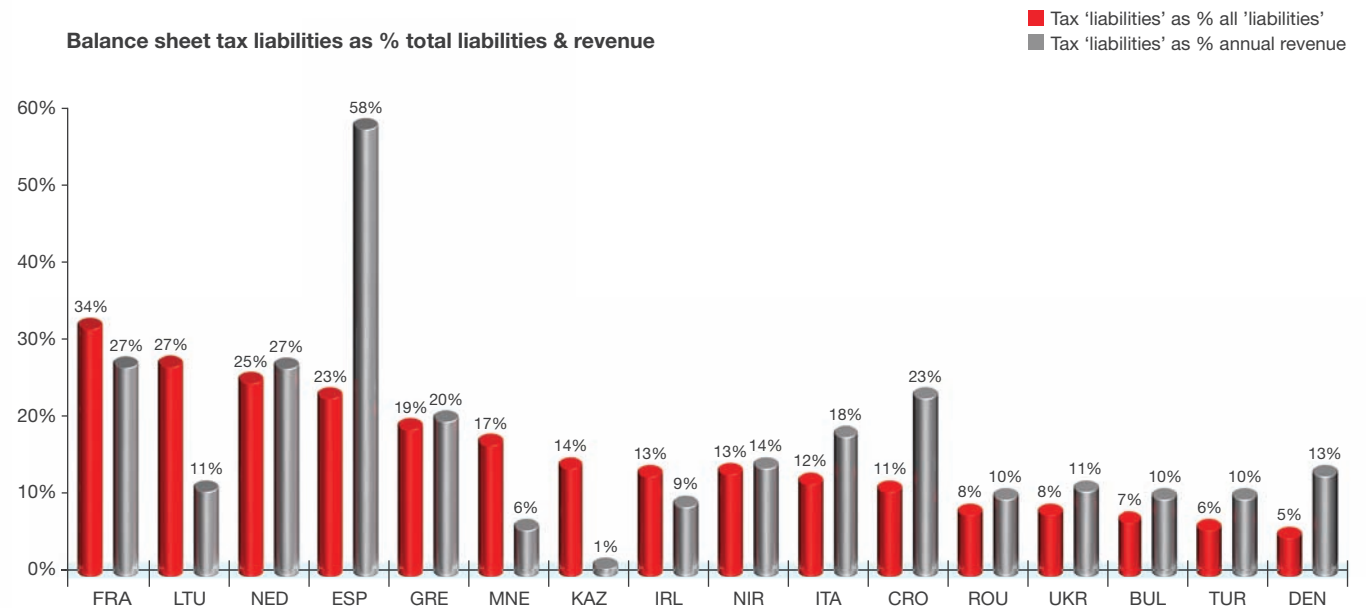
Answer: 39

The level of debts to authorities is of particular relevance as the political nature of these debts (compared to ordinary trade & commercial debts) can lead to problems building up. Club licensing has strict rules on tax payables connected to wages but not other authority debts such as stadium rent. There does not appear to be any strong link between the size of league and reliance on this debt source.

Authorities debts are less than 10% of overall debts in the majority of countries.

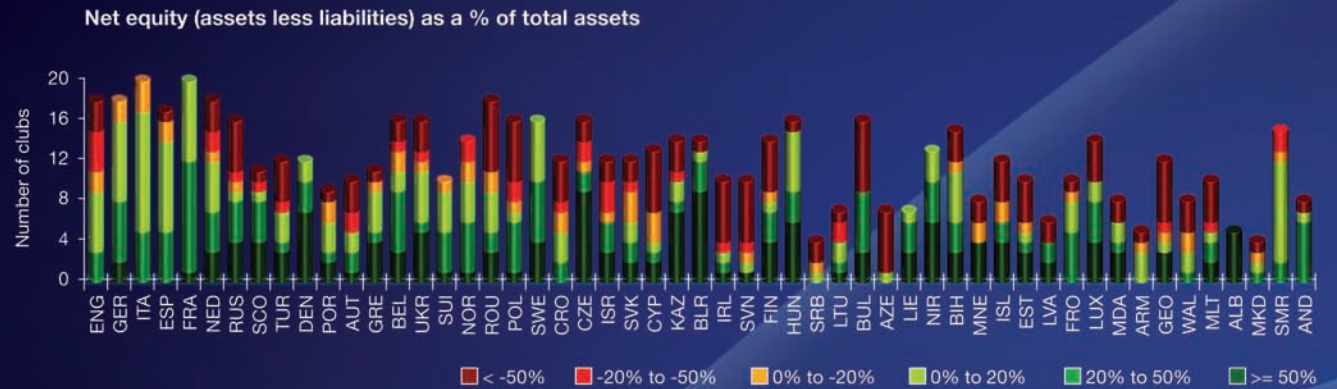
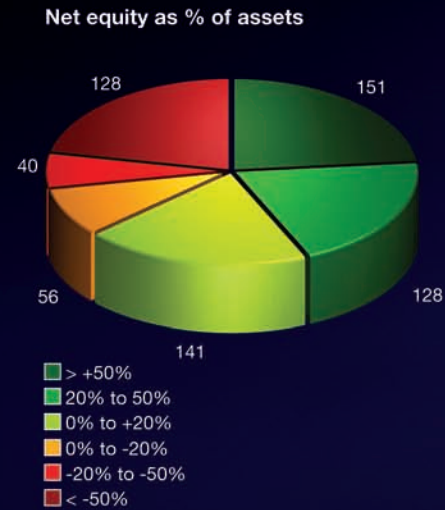
Nonetheless tax liabilities are more than 10% of overall liabilities in 30% of clubs and equivalent to more than half a years income in 16 clubs including 11 TOP or LARGE sized clubs.

Balance sheet tax liabilities as % total liabilities & revenue



Footnote: Balance sheet tax liabilities were analysed for 631 top division clubs from all countries excluding SMR. Tax liabilities include tax bills and deferred tax liabilities. Deferred tax liabilities represent future tax liabilities resulting from temporary differences between the value of assets or liabilities in balance sheet and tax accounts and timing differences between the recognition of gains and losses in financial statements and tax accounts.

Q: 40. How many clubs reported negative equity?



Answer: 40

The simple answer is that 224 or 35% of clubs reported negative equity (assets less than liabilities) in their balance sheet in 2008. This included top division clubs from 47 different countries and also included 15* of the 60 TOP clubs. As illustrated previously the underlying value of some of these clubs may be higher than the net equity reported due to the conservative and prudent nature of accounting valuations. Nevertheless weak balance sheets when combined with ongoing losses and/or negative cash flows can be dangerous. Of the 224 clubs reporting negative equity, 155 also reported losses in the year.

Footnote: Net equity was analysed for 644 top division clubs from all 53 countries.

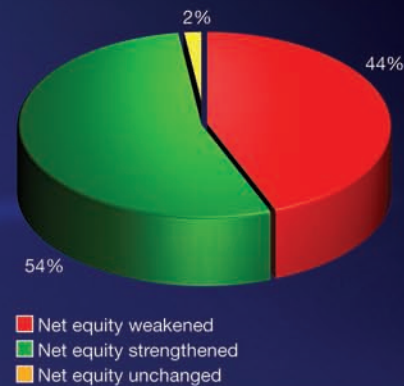
Q: 41. The bottom line – Did club balance sheets strengthen or suffer in 2008?

Answer: 41

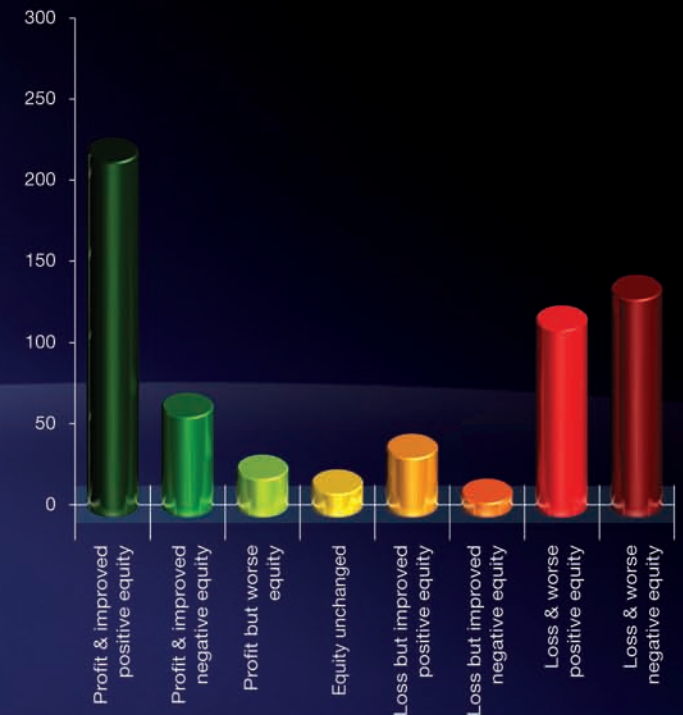
Football clubs, especially clubs in less developed economies, often rely on their owner(s) to keep the club finances balanced. In some cases this may be through contracted sponsorship but in many cases this will be in the form of ad hoc capital injections, to cover losses and liquidity shortfalls. The movement in net equity of a club reflects the financial profit/loss of the year plus any capital distributions or commitments.

Our analysis indicates that 44% of clubs had their balance sheet position deteriorate during 2008.

Change in net equity 2007-2008



Net equity position & movement



Footnote: Net equity movement was analysed for 621 clubs from all countries except DEN & POL. Due to absence of prior year figures the number of clubs analysed here in the 2 year comparison differs to the number of clubs in the previous one year net equity analysis.

Appendices

APPENDIX 1: Club Licensing 2009/10 season

APPENDIX 2: Average attendance profile by country

APPENDIX 3: Sources, terms, objectives, disclaimer



APPENDIX 1: Club Licensing 2009/10 season.

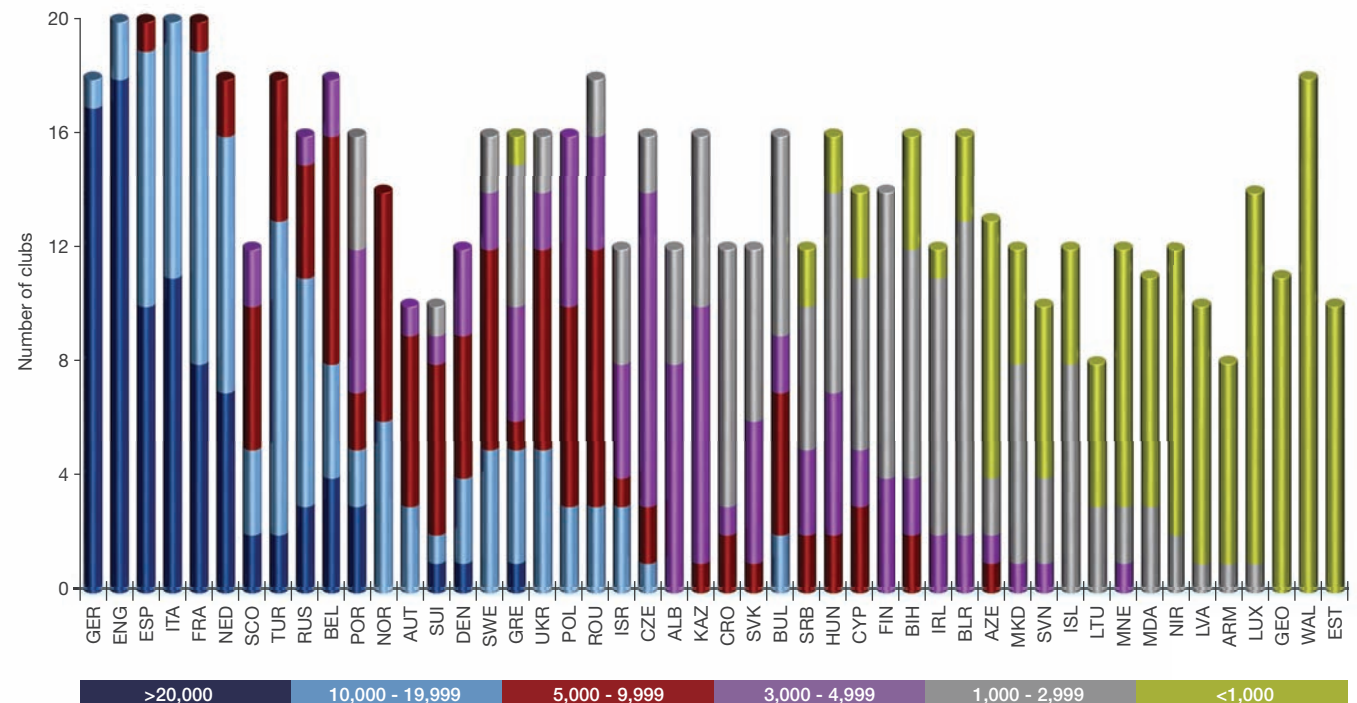
“The table provides further detail to Q&A’s 1&2 by providing a full breakdown by country and level of the number clubs that underwent club licensing procedures across Europe for the 2009/10 season”.

Licences for 2009/10 season	UEFA	Additional clubs applying for DOMESTIC license					UEFA and/or DOMESTIC
National Association	1st div. UEFA	1st div.	2nd div.	3rd div.	4th div.	female	Total
ALB	6	6					12
AND	8						8
ARM	5	3					8
AUT	10		11	8			29
AZE	9	5					14
BEL	15	3	19	12			49
BIH	16						16
BLR	13						13
BUL	6	10	30				46
CRO	11	1	15	15			42
CYP	11	3					14
CZE	16		16				32
DEN	12						12
ENG	15						15
ESP	18						18
EST	5	5					10
FIN	4	10					14
FRA	20						20
FRO	10		6				16
GEO	4	7					11
GER	18		18	17	54	48	155
GRE	16						16
HUN	11	5					16
IRL	4	8	12	5			29
ISL	12		12				24
ISR	10	2					12
ITA	20						20
KAZ	13	1					14
LIE	7						7
LTU	9		10				19
LUX	14						14
LVA	4	6					10
MDA	11						11
MKD	10						10
MLT	7	3					10
MNE	12						12
NED	15	3	20				38
NIR	10	2					12
NOR	7	7	16			12	42
POL	16		18	32			66
POR	10	6	16				32
ROU	17						17
RUS	16		20				36
SCO	12		10	10	10		42
SMR	15						15
SRB	9	3					12
SUI	8	2	16	16			42
SVK	12						12
SVN	10		9	27	6		52
SWE	13		16	16		12	57
TUR	18						18
UKR	16		17	28			61
WAL	12						12
TOTAL	608	101	307	186	70	72	1344

APPENDIX 2: Average attendance profile by country

“The chart provides further detail to Q&A 13 by indicating spread of club attendances by top division.”

Average attendance profile european clubs 2008/09W & 2008S



Source: <http://www.european-football-statistics.co.uk/attn.htm> & National licensing managers. Figures cover 2008/09 for winter season and 2008 for summer season apart from CYP & MNE 2007/08 and TUR, MLT, MKD, BIH & AZE 2006/07. No reliable figures were available for FRO, LIE & SMR.

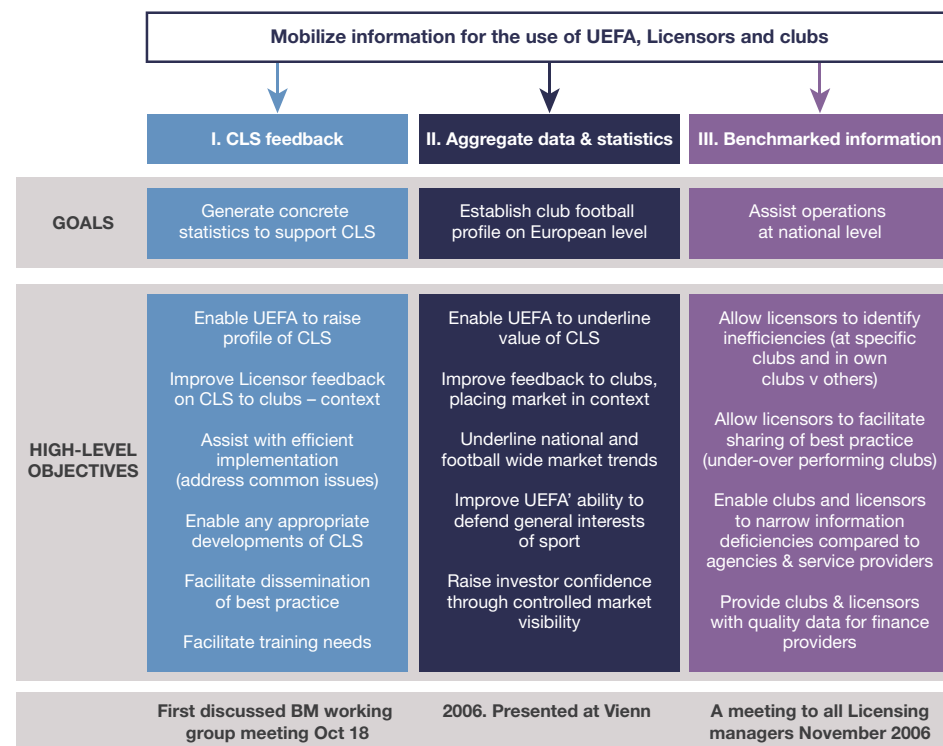
APPENDIX 3: Sources, terms, objectives, disclaimer

	Data sources
Underlying source of financial analysis	<p>Unless otherwise stated in the report footnotes or elaborated further underneath in this appendix, the financial figures used in the review have been taken directly from figures submitted by clubs within the club licensing cycle covering the UEFA club competition season 2009/10. These figures refer to the financial year ending in 2008, in most cases 31 December 2008. The figures have been extracted from Financial statements prepared either using national accounting practices or International Financial Reporting Standards and audited according to International Auditing Standards. The licensor in each country has extracted figures from the submitted financial statements and completed a standardised template issued by the UEFA club licensing unit.</p> <p>With the exception of checking the fundamental soundness of the information, UEFA has not sought to verify the figures provided by the licensors to the source financial statements or get more detailed explanations as to survey responses.</p>
Standardised 2009 UEFA template: Rationale	<p>Financial statement disclosures and accounting policies and interpretations of these policies differ tremendously within and between countries. This makes the comparison of financial data extremely challenging and hence the use of a standardised template to improve comparisons. The definition of items in this template takes into account the following: (a) A minimum level of financial disclosure is specifically included in the UEFA licensing regulations and hence should be available for all clubs, this forms the base for template; (b) To this base is added some additional financial disclosures, beyond the UEFA defined minimum and hence available in some but not all cases, which are considered relevant and able to increase transparency (e.g. split of personnel costs between playing staff and other staff and also between social charges and base remuneration; split of income source between UEFA and national competitions; split of investing cash flows between player transfer payments/receipts and longer term fixed asset investments or sales); (c) From year to year template changes are kept to a minimum as licensors get used to the template and also to assist with year on year comparisons; (d) A limit is placed on the level of detail included in the template to stop the exercise becoming too time consuming for licensors.</p>

	Explanation of sources
Coverage of financial data	<p>In some cases the national licensor has not received financial statements from all their top division clubs. As explained in the body of the report when answering questions 1-3 this is because certain clubs did not undergo club licensing during the year. In general the number of clubs included is set out in the report body question 5 map. However UEFA has sought to use the most accurate and meaningful figures available so for certain analyses the sample may be smaller, for example if a club provided an audited income figure but did not include data on income streams.</p> <p>Although many clubs outside the top division also undergo domestic licensing and submit audited financial statements, this benchmarking report restricts itself to top division clubs.</p>
Club-by-club financial data	<p>In all cases club-by-club figures were provided. In some cases these were provided on an anonymous basis. Disregarding whether the figures were provided anonymously or by name, UEFA does not include any club names in the report – the purpose of the report is to review European club football rather than to assess individual football clubs.</p>
Europe - wide analysis & peer group selection [analyses 12-15, 20]	<p>The submitted data covering 655 clubs was used to make extrapolations for the remaining 75 European top division clubs. The general approach was to use the average income of smaller clubs from each division (excluding the 4 largest income clubs) to calculate the estimated Europe-wide total and the peer groups. This best but not perfect approach reflects the fact that the missing clubs not included in data submission are always the lower ranked clubs and usually these also have lower finances, an assumption validated by many countries which submitted financial figures in conjunction with finishing league position. Some author adjustments were applied to MKD (only 4 clubs in sample and 3rd largest deemed to be most representative and used for extrapolation).</p> <p>Although in some cases the actual average income may differ, the Europe-wide total is unlikely to differ by more than +/-1% as the estimations are on smaller clubs. In addition the composition of the division peer groups should also be accurate.</p>

Definition of terms used in report	
Average clubs	References to 'average' club (e.g. average club revenue) is the aggregate figure of the division divided by the number of clubs. Where analysis is in percentage terms, this is therefore the weighted average (average of totals rather than average of each clubs %).
Benchmarking	<p>Benchmarking refers to collaborative benchmarking using information (i) directly prepared or supplied by clubs for the purposes of obtaining a club licence (ii) obtained from utilising the knowledge held within the extensive network of licensing managers and their staff at each of the 53 national associations (iii) held by the UEFA club licensing unit or elsewhere within the UEFA administration.</p> <p>Benchmarking in the narrow context of this report does not refer to the ranking of countries or target setting but rather to increasing basic transparency and knowledge of club football in financial and other licensing areas. The objectives as set out in the report introduction. In the general club licensing context the UEFA benchmarking project also has the wider objectives of the sharing of best practice between national associations on licensing matters and the enabling of better informed decision making by national and international football stakeholders. It complements the benchmarking of national associations themselves and their operations (UEFA TEP Top Executive Programme & KISS Knowledge and Information Sharing Scenario programme).</p>
Club licensing system/ CLS	This refers to the system, based on the observance of minimum criteria set out in the club licensing regulations, that leads to the granting or refusal of licences to clubs. The holding of a licence is a prerequisite to access to UEFA competitions (competition regulations).
Countries/ Divisions/ Leagues	Refers to clubs from a UEFA member association. All member associations operate their own league with the exception of Liechtenstein whose clubs compete in the Swiss leagues. The member associations of UEFA are not all countries as defined by the United Nations. Some such as England, Northern Ireland, Scotland and Wales are constituent countries of United Kingdom. One other, the Faroe Islands is an autonomous region of the kingdom of Denmark. The three letter codes used are the UEFA codes which differ in some cases to the IOC or ISO code (Latvia, Romania & Slovenia).
Currency	The template supplied to and received from licensors included a column for translation to Euro currency. Where this foreign exchange translation was not prepared by the licensor, UEFA applied exchange rates from OANDA website (most common financial year end mid rate exchange rate used for balance sheet and also for profit & loss account). Where clubs have varying financial year end dates, the most common date was used.
Income/ Revenue	Income (either average or total) as presented throughout the report excludes income from player transfers (which are analysed separately) and excludes gains on sale of investments and other assets, interest income, foreign exchange gains, tax credits and other unusual or irregular non-operating income. There may be some cases where the last type of income has not been disclosed as such and hence included within the revenue/income figure. On occasions references are made to revenue but for the purposes of this report the two are the same.
Income/ Revenue Streams	Term used to break down revenue (income) into smaller components. This report refers to Broadcast income (TV, radio, paper and internet rights from national & UEFA matches. In some cases this may also include TV related prize money).
National Associations/ NA's	NA's refer to the 53 UEFA member associations through which the club licensing system is structured. References to NAs in text include the three member associations who have delegated or part delegated the management of licensing on a national level to the league (AUT, GER, SUI). In the peer group slide the logo is that of the licensor to reflect this.
Peer groups/ PG's	Used to aid comparison. For this report two peer group analyses have been used: Club and 'division' peer groups. For the division peer group the average club in the division is taken for comparisons.
Typical figure	This is the non technical term for median figure. It represents the middle figure from a group (eg peer group of 9 leagues, the median will be the figure from the 5th highest league)
UEFA country ranking/ coefficient	The basis for the UEFA rankings is the performance of teams in the European Cups during a five year period. During that period each team gets two points for a win and one point for a draw. From 1999 on these points are halved for qualification matches. Reaching the group stage of the Champions League yields three bonus points (from 1996-2004: 1 point). As of the 2004/05 season teams qualifying for the first knock-out round of the Champions League are awarded with an extra bonus point. The UEFA coefficients are calculated by taking an average, based on the total number of points divided by the total number of teams of each country.

Objectives of club licensing benchmarking



Author's note: This version of the report includes a small number of updates from the original English language printed and pdf report. The adjustments are all purely typographical by nature, with neither figures nor text meanings changed.

Disclaimer

This review has been based on figures supplied to UEFA by licensors (national associations or leagues). This data has not been verified or checked to the source financial statements by UEFA for its accuracy. The document has been written in general terms, to provide context only and therefore should not be relied upon to cover specific situations. The report sets out some of the difficulties in comparing data and information extracted from financial statements but the difficulties' are not set out as an exhaustive list. The report is addressed to national associations (or leagues where the league is the licensor) and is not intended to be utilised or relied upon by any other parties. No rights or claims towards UEFA can be derived from this document and its contents.

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