



# The European Club Licensing Benchmarking Report

Financial Year 2011









## Foreword

Welcome to the fifth edition of the Club Licensing Benchmarking Report, which analyses and comments on the governance and financial development of European club football.

This year's edition is published amid another turbulent financial season and with UEFA committed to financial fair play.

Numerous football clubs, including some prestigious ones, have experienced severe financial difficulties, leading to top division clubs' aggregate losses increasing again.

In this context, the unanimous consensus among the whole football family on the financial fair play concept becomes key in order to face the anticipated financial distress that other clubs are expected to suffer in the future. Keeping costs under control and within sustainable limits is and will continue to be the clubs' biggest challenge.

Sustainability of the entire football sector is hence at the centre of the financial fair play philosophy, aimed at balancing revenues with expenses and at boosting investments for the long-term health of the game.

This report provides an in-depth analysis of the current situation, allowing national associations, leagues and clubs to benchmark their performance and all readers to better understand the context in which clubs across the 53 UEFA member associations operate. We are already starting to see the impact of the first phase of financial fair play with the level of overdue debts on transfers and employee payments reducing with each financial fair play assessment as clubs realise tough action is and will be taken. This is just the start of a long but necessary journey.

We would like to thank all member associations, leagues and clubs which provided their financial information and the whole club licensing network for their invaluable assistance.

We hope you will enjoy this edition.

A handwritten signature in blue ink, which appears to read 'Platini', written over a large, stylized blue oval graphic.

Michel Platini  
President of UEFA



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## Introduction

As in previous versions of the club licensing benchmarking report, this edition – covering the 2011 financial year (FY2011) – does not profile individual clubs but represents an analysis of European club football as a whole and of clubs playing in the 2012/13 UEFA club competitions (UEFA Champions League and UEFA Europa League), providing national associations, leagues and clubs with information for comparison.

The report is structured in three distinct sections comprising nine chapters. It includes familiar chapters such as [the competition profile of domestic club football](#) – with information on the size and structure of domestic championships, average attendances, attendance trends across Europe, and a comparison of football attendances across the globe – and the [financial profile of European club football](#) – analysing revenues and revenue streams, costs and, in particular, wages and transfer fees, operating and bottom-line net profitability trends, assets, liabilities (including debts), and level and trends in capitalisation.

In addition to these traditional chapters, this year's edition includes, for the first time, a full section focusing only on UEFA club football competitions and the competing clubs.

The report starts with [the competition profile of the UEFA Champions League and UEFA Europa League](#), which illustrates participation and turnover of clubs, on-pitch results compared with domestic championship results, attendances and licence refusals to clubs that qualified for the UEFA club competitions on sporting merit. We then focus on [the structural profile of clubs competing in the UEFA Champions League and UEFA Europa League](#), presenting, among other things, information on the number of full-time players and staff employed by clubs, stadium ownership and club legal forms. The first section of the report concludes with [the financial profile of clubs competing in the UEFA club competitions](#), describing the impact of UEFA prize money on clubs' income, and illustrating the financial results of clubs participating in the UEFA Champions League and UEFA Europa League, as well as how the clubs' financial results compare with the financial fair play break-even rule.

The financial information included in this report derives directly from third-party audited financial statements from 2011, most of which were finalised in 2012, and is sourced directly from clubs that submitted financial information to their national associations as part of the club licensing requirements.

Unlike all other reports that benchmark European club football data using aggregated figures provided by leagues, the underlying basis for this report consists of up to 170 separate line items per year per club from club financial

statements and their notes, followed up by more than 400 email queries and responses. In total, reaching back over eight years, the club database includes over 2 million items, thus forming an unrivalled basis for financial analysis of club football.

This year's report covers figures from the financial statements of 679 different top-division clubs from all 53 UEFA member associations, and covers an estimated 99% of all top-division revenues and costs. The production of this report was only possible thanks to the strong input and support of the national licensing managers, to whom we extend our thanks. There is no doubt that club licensing has had a huge impact in improving overall transparency in club football over the last ten years.

The current difficult economic context has increased pressure for clubs to control costs in response to revenue fluctuations. Despite this challenging environment, revenues have continued to increase (+3% compared with 2010), growth that has, however, been accompanied by a larger increase in costs and, in particular, player wages (+5% compared with 2010).

Not surprisingly, 63% of top-division clubs reported an operating loss and 55% a net loss. In aggregate, European top-division clubs reported a record net loss amounting to €1.7bn, half of which pertains to only ten clubs.

The control of player wages thus remains club football's greatest challenge. In the last five years, wages increased by 38%, absorbing alone the whole revenue increase amounting to 24% for the same period.

Implementing robust business strategies becomes key for clubs to be able to operate in line with the new financial fair play regulations and, in particular, the break-even rule that will be assessed for the first time starting in July 2013.

The 2011 financial figures analysed in this report are, consequently, the last "outside of the break-even scope". From FY2012, financial results will be assessed against the break-even rule. It is therefore time for the clubs to act quickly to strive for better wage management and to ensure sustainable long-term growth through investment that enables them to develop their revenue streams.

In this context, domestic licensing bodies also have to play an important role. Their vision, overall strategy and guidelines help to promote the implementation of good management practices by clubs. In the absence of a coordinated approach, clubs will see their opportunities reduced and struggle to remain competitive in a market that has become more and more global.





The current context of economic austerity certainly does not facilitate this task but has raised general awareness of the fact that action can no longer be delayed. The economic crisis has made access to liquidity more difficult in many European countries, and an increasing number of clubs are currently facing limited funding availabilities. Without a change in behaviour, the risk of clubs going out of business will increase, as will the risk of continuing low strategic investment levels reducing the overall quality and standards of facilities for future generations. Financial fair play encourages a shift in the use of funding from short-term spending to medium and long-term investments in all member associations, to avoid football becoming a competition among a small circle of clubs. The whole football family has unanimously approved the financial fair play concept that provides such a long-term vision. It has now to prove that it is acting together to achieve the set objectives.

**Andrea Traverso**  
Head of Club Licensing and Financial Fair Play

## UEFA club football competitions and the competing clubs

### Competition profiles

**53** The number and percentage of member associations with clubs participating in the UEFA Champions League/Europa League. **100%**

**375** The number of different clubs that have participated in the UEFA Champions League, UEFA Europa League and UEFA Cup in the last three-year cycle (left) and in the last ten years (right). **578**

**0.3** The average home goals advantage in UEFA Champions League group stage matches (left). The average home goals advantage of the same clubs when they play in their domestic league competitions. **1.6**

**13.4 million** The number of people attending the 2011/12 UEFA Champions League/Europa League matches (left) and the average stadium capacity utilisation for the UEFA Champions League group and knockout matches (right). **90%**

### Structural profile of clubs competing in UEFA club competitions

**30,000+** The number of full time equivalent staff employed by clubs competing in the 2012/13 UEFA Champions League/Europa League.

**76%** The proportion of clubs competing in the UEFA Champions League/Europa League which do not directly own their stadium.

**€4.8 billion** The total balance sheet value of all stadiums, training facilities and other fixed assets (left) owned by clubs compared with the transfer fees spent on current playing squads (right). **€6.9 billion**

**68%** The proportion of clubs competing in UEFA club competitions which are not based in a capital city.

## Financial profile of clubs competing in UEFA club competitions

The improvement in overdue transfer and employee payables reflected by this decrease between the first financial fair play assessment (June 2011) and the most recent assessment (September 2012).

**68%**

The strength in depth of UEFA's two main club competitions, illustrated by the number of clubs with revenue of more than €50million in the 2012/13 UEFA Champions League (left) and UEFA Europa League (right) group stages.

**22**

**21**

The estimated 2011 break-even deficit reported by clubs competing in the 2012/13 UEFA club competition season.

**€480 million**

UEFA competition revenue (prize money and ticketing revenue) as a percentage of the total revenue for the clubs participating in UEFA Champions League/Europa League.

**17%**

The percentage of clubs participating in the 2012/13 UEFA Champions League/Europa League that would have been exempt from the full break-even requirements on the basis of size.

**41%**

**46**

On the basis of a historical three-year simulation, the number of individual clubs (left) from different member associations (right) that would have reported a break-even deficit above €5million and hence been required under the break-even rule to at least recapitalise their balance sheet.

**22**



## European domestic club football

### Competition profile of domestic club football

**726** The number of clubs currently competing in domestic top-division club football in the 52 UEFA member associations, with clubs from Liechtenstein competing in Swiss leagues.

**42** The number of domestic top divisions that are based on the classical round-robin format, with all clubs playing each other two, three or four times in a season. The other leagues split into groups of clubs part way through the domestic season.

**20** The number of countries where teams from the top two divisions meet in play-offs for promotion/relegation.

**103 million** The Europe-wide domestic top-division league attendances in the last completed season (left) and the growth from the previous season (right).

**2.5%**

### People profile: coaches and players

**48%**

Job security as indicated by the proportion of top-division head coaches with contracts into at least the 2014 calendar year.

**1.5 years**

Job security as indicated by the average length of service of head coaches (left) across European clubs and the percentage of head coaches appointed within the last 12 months (right).

**55%**

**4.3 years**

Player job security as indicated by the average contract length concluded for the 50 biggest summer 2012 transfers (left) and the proportion with contracts into at least the 2017 calendar year (right).

**52%**



### Five-year financial trends

**5.6%**

The average annual growth in club income over the last five years (left) and the average growth of the EU economy during this period (right).

**0.5%**

**8.2%**

The average annual growth in TV income over the last five years (left) compared with the much lower average growth in gate receipts (right).

**0.7%**

**€2.4 billion**

The increase in wages between 2007 and 2011 expressed in euros (left) and as a percentage increase (right).

**38%**

**€3.1 billion**

The peak amount committed to transfers during the summer 2007 and winter 2008 windows (left) and the estimated amount spent in the last two transfer windows, winter 2011 and summer 2012 (right).

**€2.6 billion**

**€0.6 billion**

The aggregate losses reported by European top-division clubs in 2007 (left) and the aggregate losses reported in financial year ended 2011 (right).

**€1.7 billion**

## Europe-wide financial profile of club football

### Income figures

**€13.2 billion**

The aggregate revenues reported by European top-division clubs in 2011 (left) and the estimated revenue of European club football as a whole (right).

**€16.0 billion**

**77**

The record number of European clubs reporting revenues of more than €50 million, up from 73 clubs the year before.

### Profitability and losses

**€6.9 billion**

Player wages and associated costs incurred in 2011 (left) and the pay rise compared with the previous year (right).

**€330 million**

**65%**

The percentage of all European top-division club revenues paid in employee costs (left) and the percentage once net transfer costs are included (right).

**71%**

**€388 million**

The operating losses of European football clubs (left) and the final losses (right) once transfer activity, financing, divesting and tax are included.

**€1,675 million**





### Europe-wide financial position

**€18.5 billion**

The reported assets of the 733 European top-division clubs in FY2011.

**€21.8 billion**

The reported liabilities of the 733 European top-division clubs in FY2011.

The proportion of clubs whose auditors expressed "going concern" doubts (whether the club could still trade normally in 12 months' time), an increase from one in eight clubs the year before.

**1 in 7**

Percentage of clubs reporting negative net equity (debts larger than reported assets) - up slightly from 36% the previous year.

**38%**

The value injected into the balance sheets of clubs during the 2011 financial year, sufficient to cover 76% of net losses.

**+€1,279 million**





# Section 1

## UEFA club football competitions and the competing clubs





# 1

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## Competition profile of UEFA club competitions

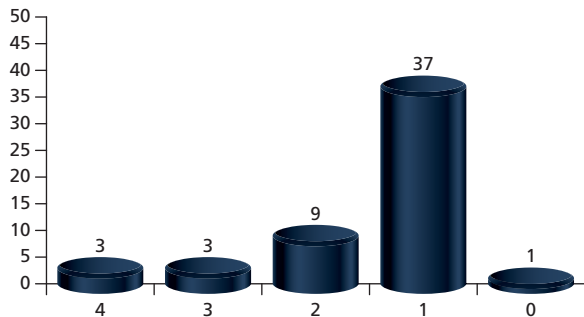
- Which countries are represented in UEFA club competitions?
- Is it the 'same old clubs' always competing in UEFA club competitions?
- How do UEFA club competition match results compare with domestic competition results?
- How many fans attended UEFA competition matches across Europe?
- How many and which clubs have had to give up their competition places?

## Q: 01. Which countries are represented in UEFA club competitions?

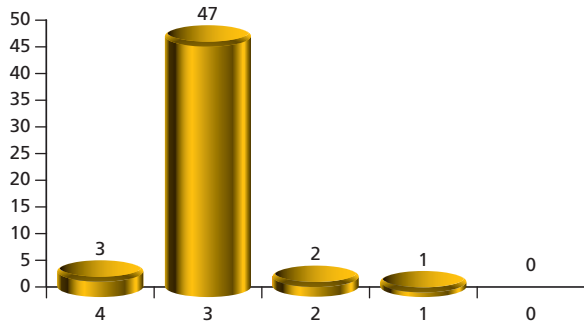
All\* UEFA member associations are represented in the UEFA Champions League and UEFA Europa League\*\*, thereby ensuring widespread participation across the two club competitions.

Each of the two competitions has unique qualities. The UEFA Champions League, being the flagship club competition, gathers the best of the best from across Europe, i.e. the exclusive participation of fewer clubs, as illustrated in the histogram below. This restriction ensures that only the top teams from each country are involved. On the other hand, the UEFA Europa League has a wider field of participants, with 50 associations represented by at least three teams. Therefore, this competition involves a special degree of drama and unpredictability, with top-of-the-table finishers and domestic cup winners vying for the title over the season.

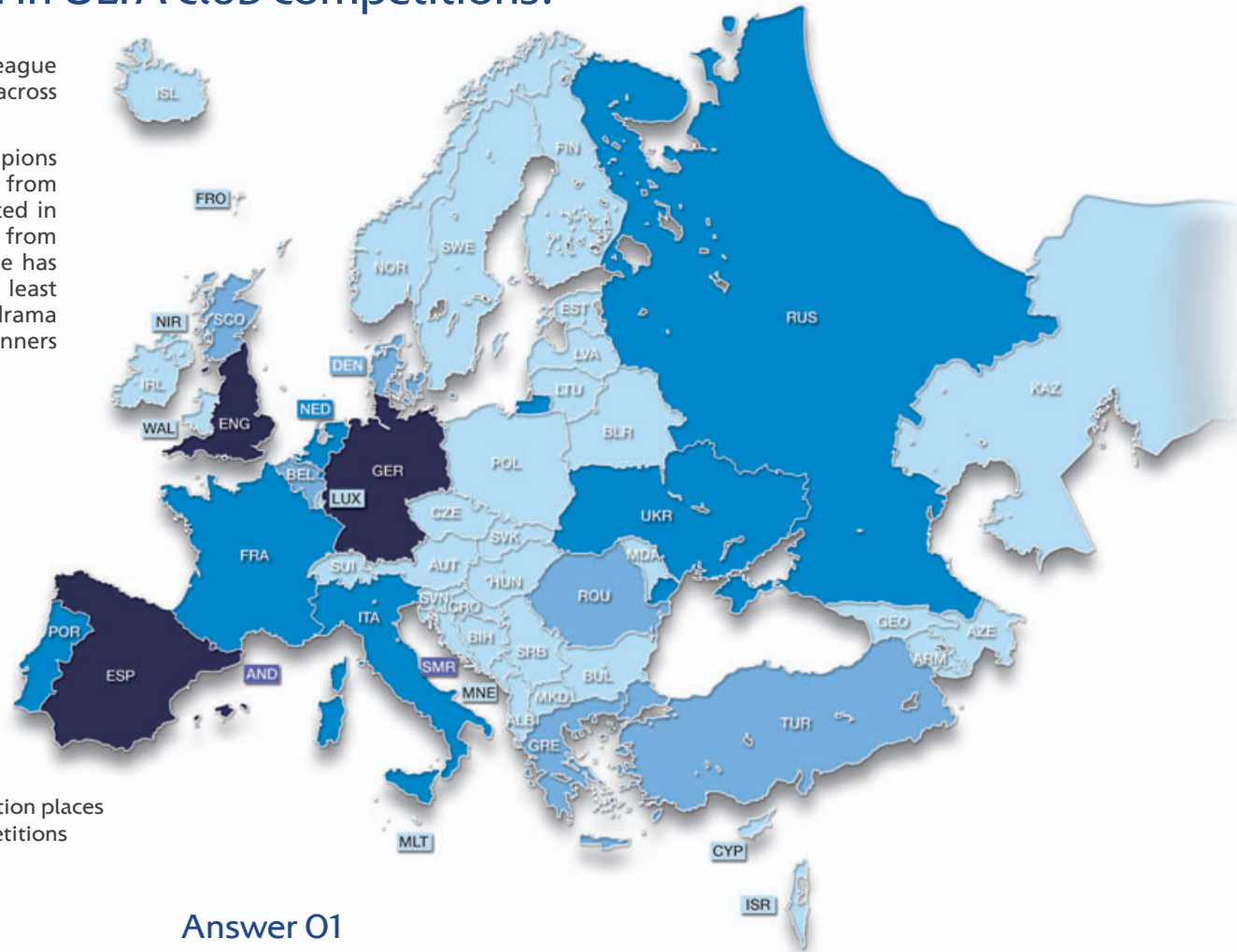
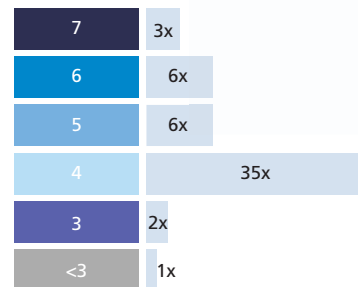
Number of places in UEFA Champions League 2012/13



Number of places in UEFA Europa League 2012/13



Number of qualification places in UEFA Club Competitions (2012/13):



### Answer 01

Two-thirds (35) of the 53 UEFA member associations have four clubs competing in the 2012/13 UEFA Champions League/Europa League and 50 of the 53 UEFA member associations have four or more. Thus nearly every member association has a substantial representation in European club competitions.

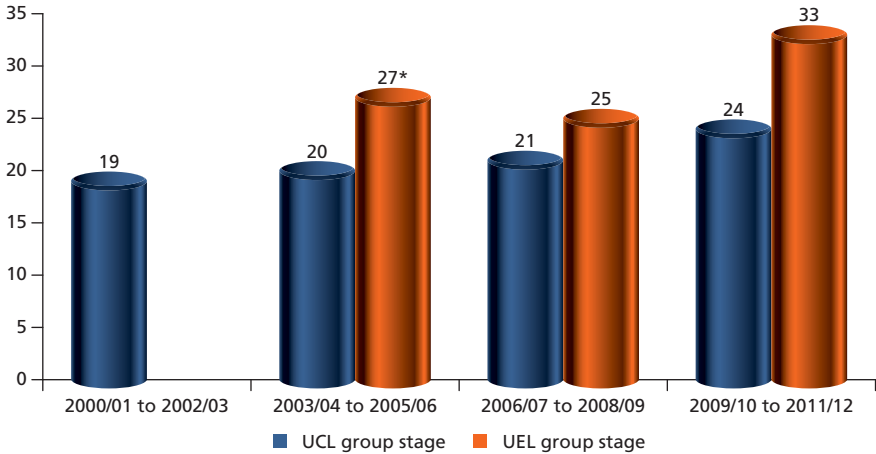
\*Only Liechtenstein does not have a guaranteed place in the UEFA Champions League as it does not operate a domestic championship, but only a domestic cup competition.

\*\*At the end of each season, UEFA compiles a performance table covering the five most recent UEFA Champions League and UEFA Cup/Europa League seasons in order to determine the number of places allocated to an association in each UEFA club competition.



# Q: 02. Is it the 'same old clubs' always competing in UEFA club competitions?

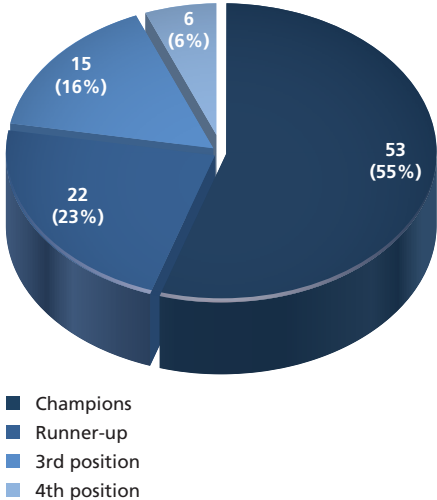
Number of different member associations represented in UEFA club competition group stages\*



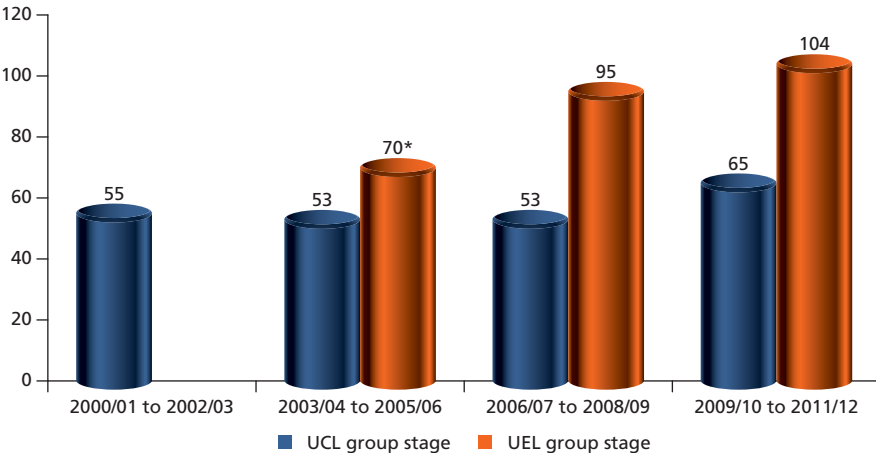
The charts on the left illustrate the healthy turnover of clubs participating in the UEFA club competitions from year to year. Since 2000, both competitions have increased both association and club representation. Higher turnover means more unpredictability, a wider European representation and more chances for different clubs to win UEFA's top club competitions.

The number of different clubs competing in the group stages of both competitions has also increased significantly. Note, however, that the mix of clubs is not additive as the clubs eliminated in the UEFA Champions League during the third qualifying round and play-offs, plus the third-placed group stage clubs, move into the UEFA Europa League. Therefore, some clubs will be in both the UEFA Champions League and Europa League during any one season.

UEFA Champions League group stage club make-up 2009/10 to 2011/12



Number of different clubs competing in the group stage\* of the UEFA Champions League or Europa League



## Answer 02

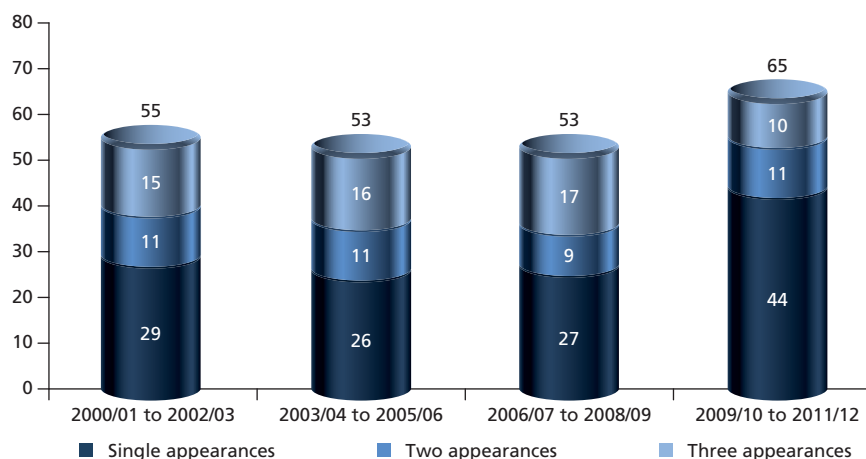
In the three-year cycle between 2009/10 and 2011/12, there were 24 of 53 (45%) different member associations represented in the group stages of the UEFA Champions League and 33 (62%) represented in the group stages of the UEFA Europa League. During this same period, there were 129 different clubs competing in the group stages of both competitions. In the UEFA Champions League group stage alone, 44 clubs made just one appearance between 2009/10 and 2011/12, and only 10 clubs appeared in all three seasons. Top-division champions represented 55% of the group stage, and runners-up accounted for 23% during this cycle which means that over 75% of the UEFA Champions League group stage consisted of top-two domestic finishers.

\*For the purposes of comparison, the UEFA Cup is not analysed between the 1999/2000 and 2003/04 seasons as it did not involve a group stage. Thus, in the 2003/04 to 2005/06 cycle, only two seasons are analysed for the UEFA Cup. Also, between 2004/05 and 2008/09, 40 clubs competed in the UEFA Cup group stage. Since 2009/10, the UEFA Europa League group stage has consisted of 48 teams.

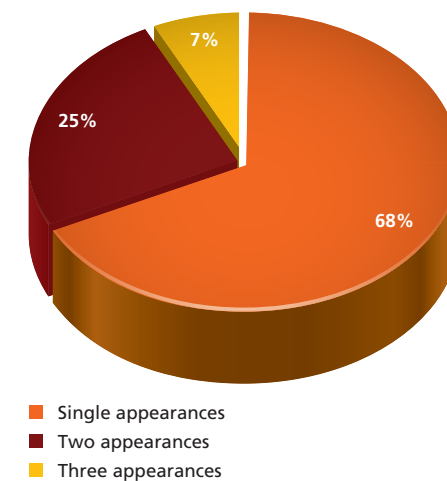
Contrary to popular belief, both the UEFA Champions League and UEFA Europa League have a healthy turnover of different clubs competing in the group stages. As illustrated below, between 2009 and 2012 there were 65 different clubs (68%) competing in the UCL group stage out of a total of 96\* club appearances. Of these, 44 (68%) made a single appearance in the UEFA Champions League group stage, which means only 21 (32%) clubs made repeat appearances. This is a significant increase over previous seasons and also dispels the notion that competing one year in the UEFA Champions League group stage leads to future participation.

Unlike the UEFA Champions League, the UEFA Cup did not have a group stage until 2004/05 and has altered in size over time. Initially, for the five seasons between 2004/05 and 2008/09, the UEFA Cup group stage consisted of 40 teams. The number of group stage participants in the UEFA Europa League increased to 48 in 2009/10. Thus, we present only the club make-up of the UEFA Europa League group stage for the last three-year cycle. In UEFA Europa League group stage, there were 104 different clubs (72%) out of a possible 144. Out of these 104 clubs, 71 (68%) appeared only once.

Number of different clubs in UEFA Champions League group stage broken down by number of appearances

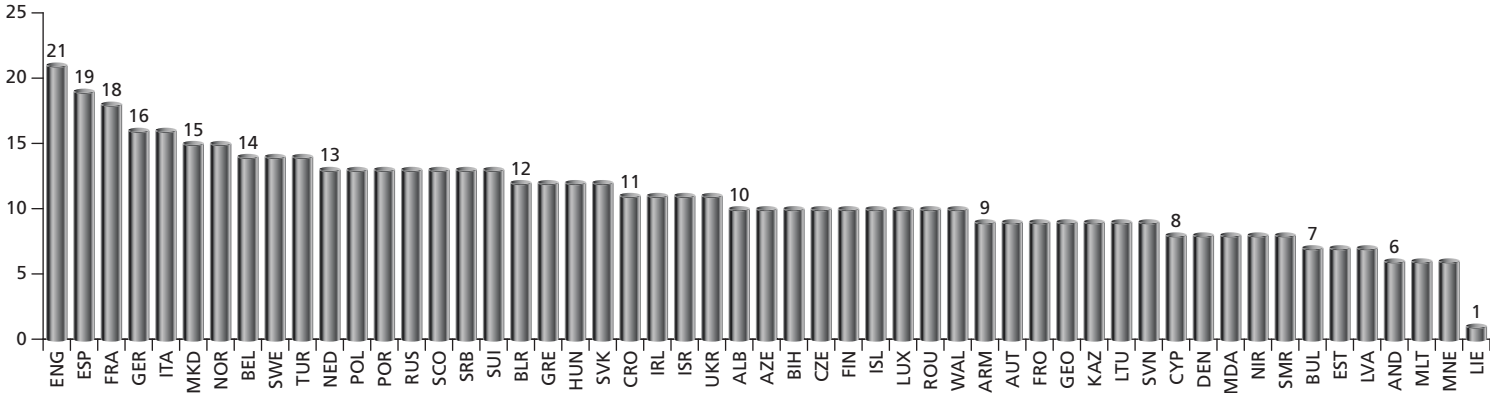


Proportion of different clubs in UEFA Europa League group stage broken down by number of appearances between 2009/10 and 2011/12

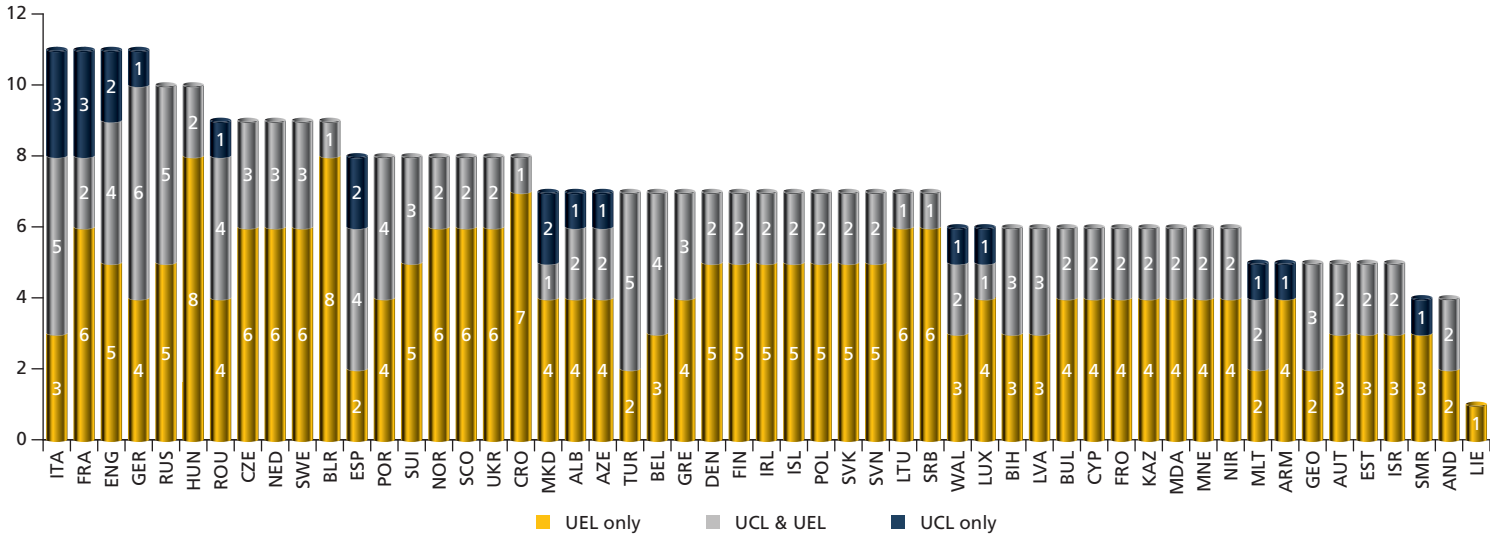


\*As there are 32 clubs competing in the UEFA Champions League group stage, over three seasons this means a potential mix of 96 clubs. Between 2009/10 and 2011/12 there were 44 single appearances plus 11 clubs with two appearances (22) and 10 clubs with three (30) which adds up to 96.

Number of different clubs participating in UEFA club competitions from 2002/03 to 2011/12



Number of different clubs participating in UEFA club competitions from 2009/10 to 2011/12



Over the past ten seasons, 578 different clubs have participated in UEFA club competitions\*\*, which is equivalent to 11 clubs per country on average. Examining the last three years (between 2009/10-2011/12), there were 375 separate clubs playing in either the UEFA Champions League or UEFA Europa League. Some clubs played in only one of the two, while others played in both. For example, in Italy three different clubs played in the UEFA Champions League only, three only in the UEFA Europa League, and five participated in both.

\*\*This does not include the UEFA Intertoto Cup.



## Q: 03. How do UEFA club competition match results compare with domestic competition results?

Competitiveness and unpredictability are key components of a successful competition, and the UEFA Champions League strives to epitomise these qualities. A comparison of goals\* scored by the same clubs in the UEFA Champions League and their matches in the corresponding domestic leagues demonstrates the difference in competitiveness. The average total number of goals scored in matches in both the UEFA Champions League (group stage and beyond) and in the domestic leagues is similar, which means just as many goals are being scored at both levels of competition. However, by examining the average goal difference per match in each competition reveals some disparity in competitiveness. Comparing these goal differences in games involving the same 32 teams playing in the UEFA Champions League and in their domestic championships reveals a smaller competitive “gap” between teams in the UEFA Champions League and those in the domestic leagues.

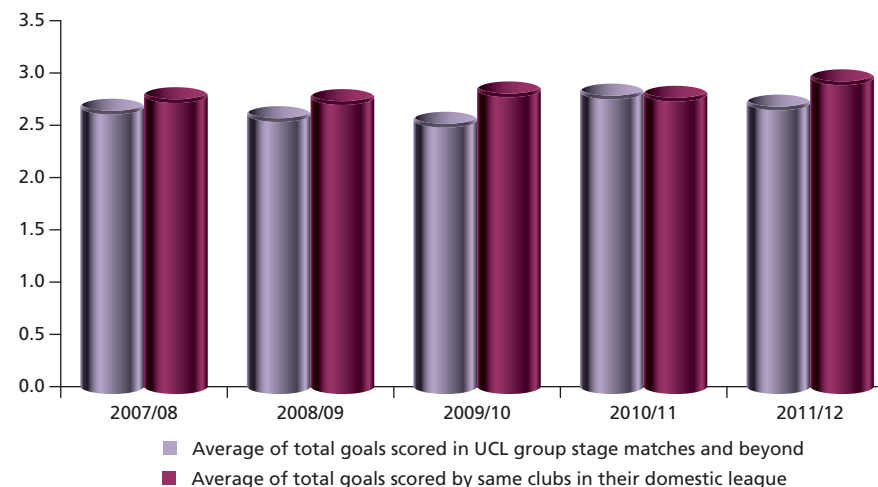
This result can be attributed to more than one factor. In the UEFA Champions League group stages, there are fewer matches, which makes each individual game all the more important – thus no team can afford costly mistakes. In the domestic top divisions, the competition consists of more matches, so one slip-up can be rectified more easily. Secondly, the UEFA Champions League also operates the “away goals” rule, which encourages the away team to play more attacking football, thus increasing the competitiveness. Lastly, by design, the UEFA Champions League pits top teams against one another, thus the quality of opposing teams will generally be higher in the UEFA Champions League than in the domestic top divisions, where there is a larger variation in club quality, which also has its own merits.

### Answer 03

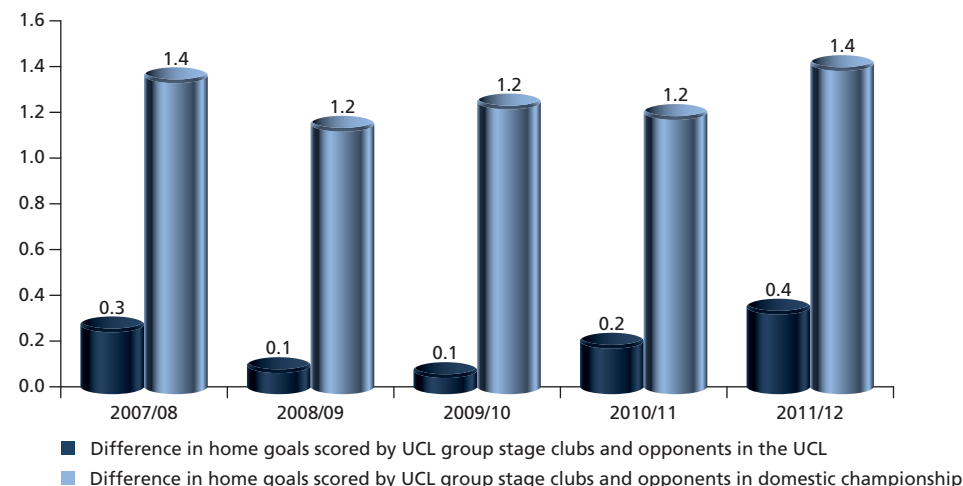
A comparison of on-pitch match results, shows a similar level of total match goals in domestic and UEFA Champions League group stage matches and beyond. However, the difference of goals scored between the home and away teams is much closer in the UEFA Champions League matches.

\*Goals scored by clubs competing in the UEFA Champions League group stages and beyond. Domestic goals scored were then calculated for the same clubs participating in the group stages for that season. The mix of clubs changes season by season.

Average goals in domestic and UEFA Champions League matches involving the 32 UEFA Champions League group stage clubs

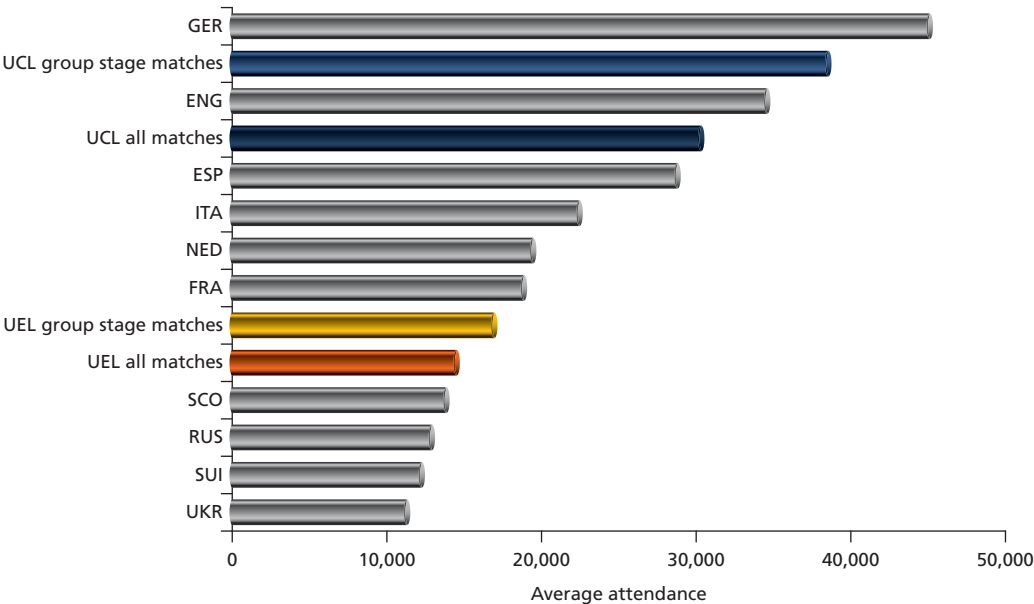


Difference between home and away teams in the UEFA Champions League group stage and domestic championships - home matches involving the 32 group stage clubs

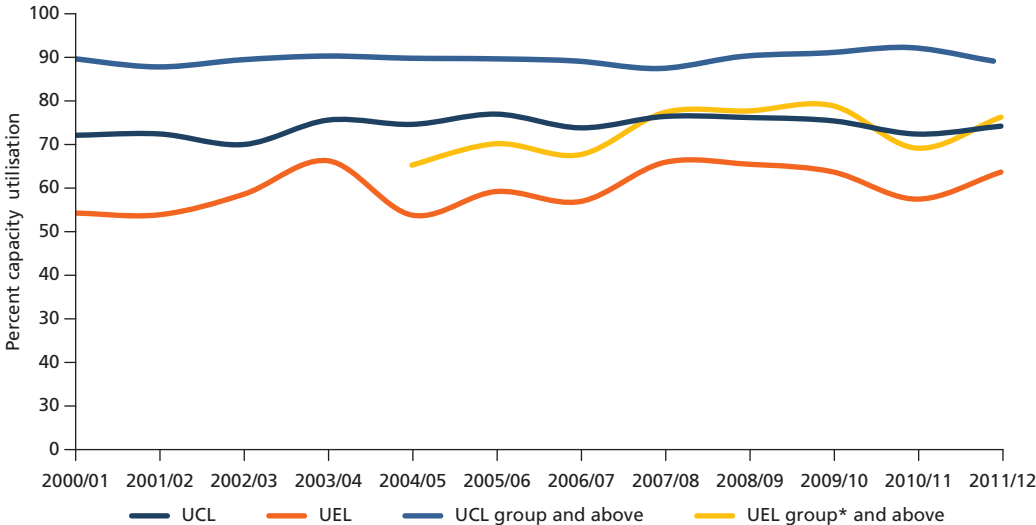


# Q: 04. How many fans attended UEFA competition matches across Europe?

Average attendances of UEFA club competitions relative to top ten domestic championship attendances in 2011/12



Percent of capacity utilisation for UEFA club competitions\*



Much like the top domestic divisions, attendances for UEFA club competitions have remained buoyant, even in the face of economic downturns. During 2011/12, attendances for top divisions in Europe totalled over 103 million spectators (See Question 23), an increase of 2.3% over 2010/11. Total attendance for UEFA club competitions in 2011/12 was approximately 13.4 million. Although the mix of clubs will have some effect year on year, the average attendance for the UEFA Champions League is on par with average attendances in larger top divisions, even given the reduced capacity of some stadiums due to stricter stadium and security requirements for UEFA club competition matches.

Due to competition structural changes, capacity restrictions and the wide mix of clubs over the years, a straightforward attendance trend for UEFA club competitions is not as accurate a measure of attendance fluctuation or growth. An examination of capacity utilisation (or percent of stadium filled) is a better indicator of the number of spectators drawn to UEFA club competition matches. Here the trend indicates a sustained level of attendance for the UEFA Champions League. Clearly, the level is higher for the group stages and beyond. Since the sample of clubs in the UEFA Europa League is larger, it will typically have a wider variation in club size, which should affect average attendances. However, the UEFA Europa League has experienced an increase in attendance during the past two seasons due to its increased appeal to a large population of fans and spectators.

\*For the purposes of comparison, the UEFA Cup is not analysed between the 1999/00 and 2003/04 seasons, as it did not have a group stage. Also, from 2004/05 to 2008/09, the UEFA Cup group stage involved 40 teams, whereas since 2009/10, the UEFA Europa League group stage has had a field of 48 participating teams.

## Answer 04

Compared with average attendances in the top divisions in Europe, the UEFA Champions League group stage attracts a large turnout of spectators. Across the whole competition, the UEFA Champions League average attendance is above that in Spain and Italy. Similarly, the UEFA Europa League draws more on average than the domestic championship in Scotland or Russia. Capacity utilisation is high in both competitions, especially in the group stages and beyond.

## Q: 05. How many and which clubs have had to give up their competition places?

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 licence to a club which in the end does not qualify for the UEFA Champions League or UEFA Europa League, but political pressure would make it difficult to refuse a licence to a club which has qualified. This perception can be refuted simply by looking at the evidence, the long list of clubs that qualified for the UEFA Champions or Europa Leagues (formerly UEFA Cup) on sporting merit but were refused access to the competition on licensing grounds.

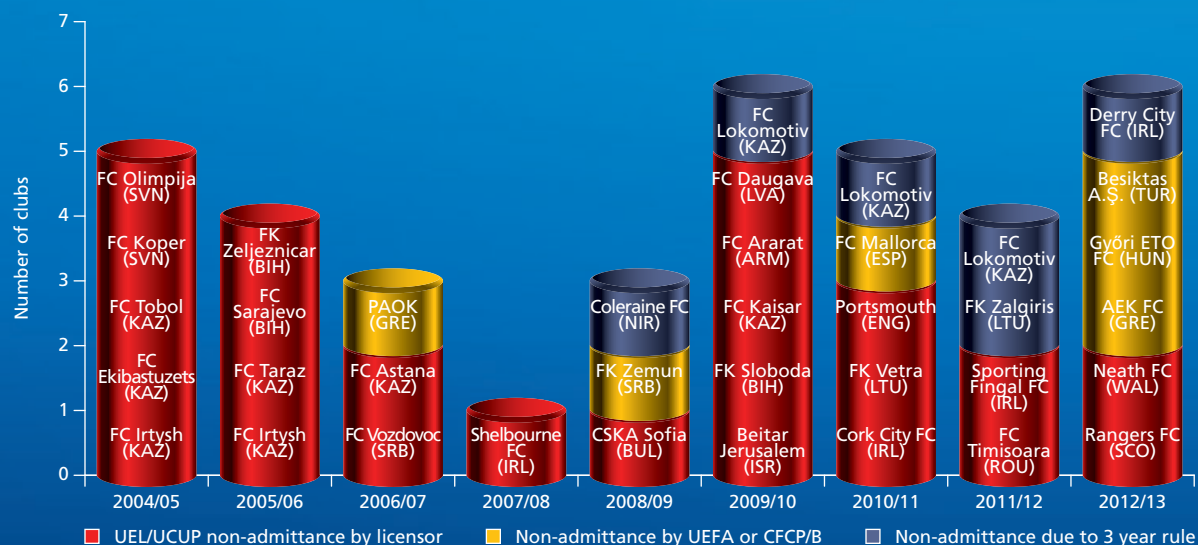
Once again, in 2012/13 six clubs that had qualified for the 2012/2013 UEFA club competitions on sporting merit, including one club (Rangers) that had qualified for the UEFA Champions League, were not granted access to the competition on club licensing and financial fair play grounds.

As indicated in the chart, the clubs were not granted competition access on a number of different grounds, including two clubs that were refused licences by the domestic licensing bodies for failing to meet financial criteria, and a third club that was not admitted because of the three-year rule, as a result of previous financial difficulties.

The introduction of the financial fair play criteria and the creation and operation of the Club Financial Control Body (formerly Club Financial Control Panel) have introduced an additional layer of compliance. For the first time a club (Gyori of Hungary) was refused access to a UEFA competition on the basis of a UEFA compliance visit.

In addition, also for the first time, a further two clubs (AEK and Besiktas) were refused access to the UEFA Europa League for breaching financial fair play overdue transfer payables criteria, as a result of investigations by the Club Financial Control Panel/Body\*.

Clubs not admitted to UEFA competitions on licensing or financial fair play grounds





### Answer 05

Every year, clubs which have qualified on sporting merit have not been able to participate because they have not had a licence. In total, 34 different clubs on 37 different occasions that have qualified directly\*\* for either the UEFA Champions League or UEFA Europa League on sporting merit have been prevented from taking part on licensing grounds, in addition to a further 28 clubs which qualified directly for the UEFA Intertoto Cup between 2005 and 2009. The last four seasons (2009/10–2012/13 ) have alone seen 21 separate cases from 15 different countries, including England and Spain, where clubs that qualified on sporting merit have not matched their on-field performance with off-field professionalism and been refused access to competitions for not meeting the minimum licensing or financial fair play requirements.

In addition, there were two firsts in 2012/13: the refusal of a club following a UEFA compliance audit, and the first time that clubs have been excluded for failing to meet the financial fair play requirements.



\*Under the new system, the Club Financial Control Body has two chambers, the investigatory and adjudicatory chambers, which are fully responsible for implementing the UEFA regulations. Under the previous system, the Club Financial Control Panel would investigate and propose sanctions to the general UEFA disciplinary bodies, which would assess the case and decide whether and what sanctions to apply. All three cases in the chart and text were assessed under the old system.

\*\*"Directly qualifying" clubs means clubs that qualify on account of their league ranking or cup performance. This excludes "indirectly qualifying" clubs that could have competed had they had a licence since a place became available to them due to a directly qualifying club not receiving a licence. In the case of FK Zemun of Serbia, this second division club applied to UEFA directly through the extraordinary admission procedures set out in the UEFA Club Licensing and Financial Fair Play Regulations but did not meet the licensing requirements set by the UEFA administration. Reference to the UEFA Europa League also includes its predecessor, the UEFA Cup (UCUP).



# 2

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## Structural profile of clubs competing in UEFA club competitions

- How many full-time players and other people are employed by these clubs?
- What stadiums and other fixed assets do these clubs own?
- In what legal form are these clubs organised?
- Which are the most prolific cities for these clubs?
- When are the financial reporting dates of these clubs?

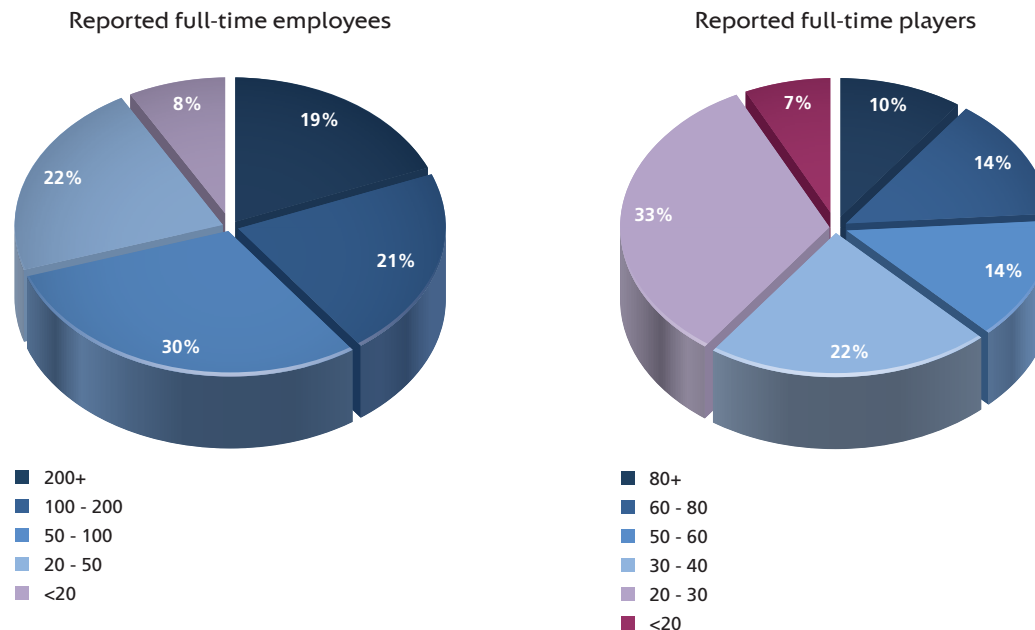


## Q: 06. How many full-time players and other people are employed by these clubs?

The pie chart (right) indicates the number of full-time equivalent (FTE) employees reported by football clubs\* participating in the 2012/13 UEFA club competition season in their 2011 financial statements. With eight out of ten clubs reporting their number of employees, we estimate that the 237 clubs competing in the 2012/13 competitions employed over 30,000 full-time staff in addition to the large number of part-time staff that football clubs normally employ (e.g. stewards and matchday staff).

The average number of FTEs was 141 but this increases to more than 200 if only clubs with stadium ownership are analysed and increases further again to 270 if just clubs in the UEFA club competition group stages are considered.

The second pie chart (right) indicates the number of full-time players reported by football clubs\* either in their financial statements or in other submissions to the national associations. The largest number of full-time players were reported by English and German clubs where their academy players are full-time, contributing to a total player number of more than 100. In light of financial fair play and the need to keep player wages and squad sizes in control, it should be noted that most clubs have first team squads of less than 30 players.



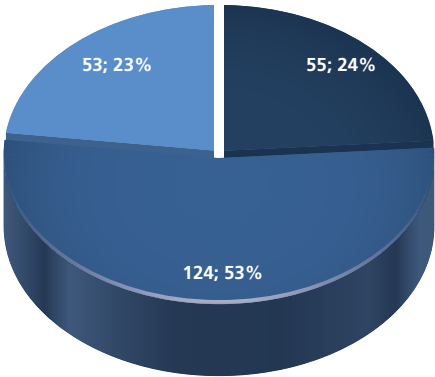
### Answer 06

Football clubs not surprisingly reported a wide variation in the number of full-time employees and number of players. 10% of clubs reported having more than 80 full-time players, including ten clubs reporting over 100 full-time players with large academy and development squads. If all staff are included, there were more than 30,000 full-time employees, at a club average of 141, and this includes 13 clubs with more than 450 full-time equivalent staff.

\* The football club in this context is the reporting entity or group determined for club licensing purposes for the clubs competing in the 2012/13 UEFA club competitions (UEFA Champions League & UEFA Europa League). The sample for reported full-time equivalent employees covers 173 of the 237 competing clubs, and is deemed representative of all the competing clubs allowing the aggregate figure of just over 30,000 to be extrapolated. The sample for the number of full-time equivalent players is smaller but still covers 133 clubs, reflecting the fact that this disclosure is less often a requirement.

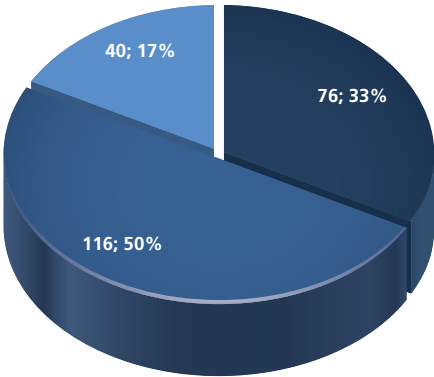
## Q: 07. What stadiums and other fixed assets do these clubs own?

Stadium ownership UEFA clubs



- Owned
- Municipal/state-owned
- Other party

Training facility ownership UEFA clubs



- Owned
- Municipal/state-owned
- Other party

The first pie chart (left) indicates the stadium ownership status of 232 of the clubs competing in the 2012/13 UEFA club competitions. The majority of clubs (124 clubs or 53%) reported that stadiums are owned by either the municipalities or the state, with just 55 clubs owning their stadium. The 53 clubs designated as “other party” include nine clubs where the stadium is owned by the parent company or club owner but not held within the football club\*; six clubs where the club has part ownership through a stadium operating company, as well as many clubs where the stadium is owned by the national association and used for national team matches.

It appears that stadium ownership has more to do with geography than resources, as only 27 of the 80 clubs that qualified and participated in the group stages own their stadium, and less than half of the 45 clubs with revenue in excess of €50m competing in the UEFA club competitions reported stadium ownership.

The second pie chart (left) indicates the status of ownership of principal training facilities and shows that, once again, around half (50%) are either owned by local municipalities or regional or state authorities. Direct club ownership of training facilities (33%) is slightly more prevalent than stadium ownership and was recorded by 76 competing clubs from 30 different countries. Once again, the proportion of ownership increases noticeably (53%) if only the 80 group qualifiers are considered.

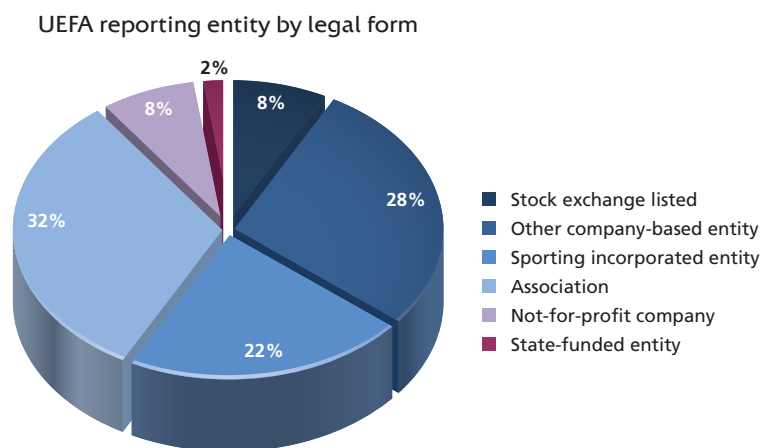
### Answer 07

The clubs competing in this year’s UEFA club competitions reported total fixed assets of €4,810 million in the most recent financial year (2011). To add perspective, this compares with 2011 annual wages of €4,986 million and transfer fees for players registered at the year end of €6,930 million. More than half of stadiums and training facilities used in this year’s UEFA club competitions are municipal or state-owned.

\* The football club in this context is the reporting entity or group determined for club licensing purposes for the clubs competing in the 2012/13 UEFA club competitions (UCL and UEL). The sample for stadium and training facility ownership covers 232 of the 237 competing clubs.

## Q: 08. In what legal form are these clubs organised?

The pie chart (below) indicates the legal form of 235 of the clubs competing in this year's 2012/13 UEFA club competitions\*.



### Answer 08

Clubs competing in the 2012/13 UEFA club competitions include 17 stock exchange listed football clubs from ten countries and six state or regional-funded clubs from Serbia, Israel and Russia. The 22% of clubs identified as having a “sporting incorporated form” come from 16 countries where football clubs (and sometimes other sports clubs) are defined in a unique corporate form subject to specific laws. In total, 40% of clubs competing in the 2012/13 UEFA club competitions are structured as not-for-profit organisations or associations.

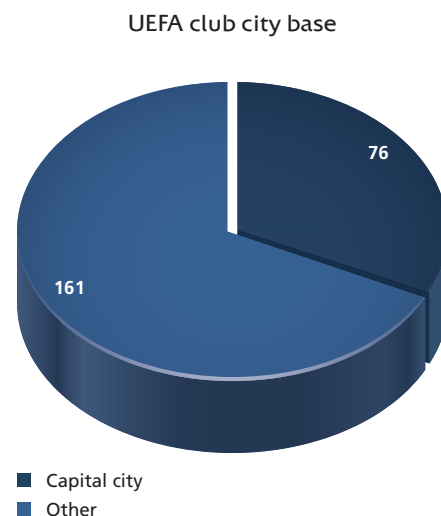
\* The football club in this context is the reporting entity or group determined for club licensing purposes for the clubs competing in the 2012/13 UEFA club competitions (UCL and UEL). Two qualified clubs are excluded due to lack of data (both were second division clubs that qualified through their domestic cup competition). The city analysis in Q:09 includes all 237 clubs participating in the 2012/13 UEFA club competitions. \*\* With the exception of Liechtenstein which had only one participant club in the 2012/13 UEFA club competitions.

## Q: 09. Which are the most prolific cities for these clubs?

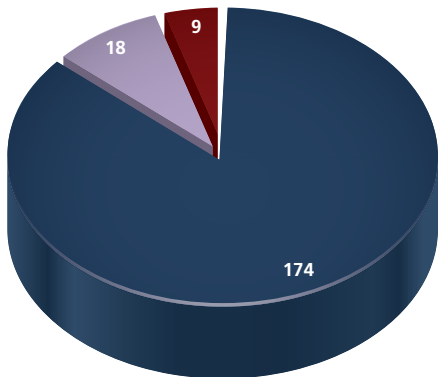
Club football has a long history that started in the industrial north and midlands of England and spread across Europe and the rest of the world in the late 19th and early 20th centuries.

Since the early days, certain economic, demographic and social changes have taken place, with increasing economic concentration in the cities of Europe, and capital cities in particular. Professional football clubs' success is based partly on their historic success and ability to develop players and based largely on their financial strength to pay wages and transfer fees.

An analysis of 237 of the clubs participating in the 2012/13 UEFA club competitions illustrates that the club football world is still relatively decentralised with more than two out of three clubs (68%) not coming from a capital city. The analysis of the clubs which reached the group stage yields virtually the same picture, with 69% of clubs from outside the capital city. Further analysis reveals that the 237 clubs come from 201 different cities, with only 27 cities contributing more than one club to the 2012/13 UEFA club competitions (see map).



City distribution of clubs in 2012/13 UEFA club competitions



- City with one team
- City with two teams
- City with three teams

City base of clubs in 2012/13 UEFA club competitions:

Three clubs	9x
Two clubs	18x



## Answer 09

The 237 clubs competing in the 2012/13 UEFA club competitions come from 201 different towns or cities across Europe. Club football power is still spread widely, with less than one in three clubs based in a capital city and with all member associations\*\* represented by clubs from more than one city. Indeed, only nine cities have three participants and only one city, London, has three clubs reaching the 2012/13 UEFA competition group stages.



## Q: 10. When are the financial reporting dates of these clubs?

The pie chart and map show the financial year-ends of 235 of the 237 clubs competing in the 2012/13 UEFA club competitions. The pie chart shows that almost two-thirds of clubs (66%) had a 12 month financial reporting period that exactly matches the calendar year (ends 31 December), while 30% of clubs had a financial reporting year ending in either May\* or June that approximately matches the sporting calendar. The map simplifies the financial year-ends into those with calendar or sporting financial year ends and shows that 12 countries (in dark blue) had clubs competing in the 2012/13 UEFA club competitions with a mixture of summer and winter financial year ends.

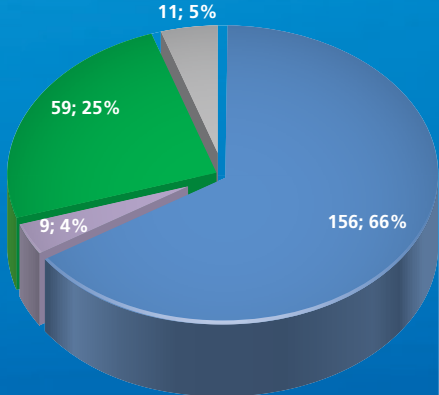


### Answer 10

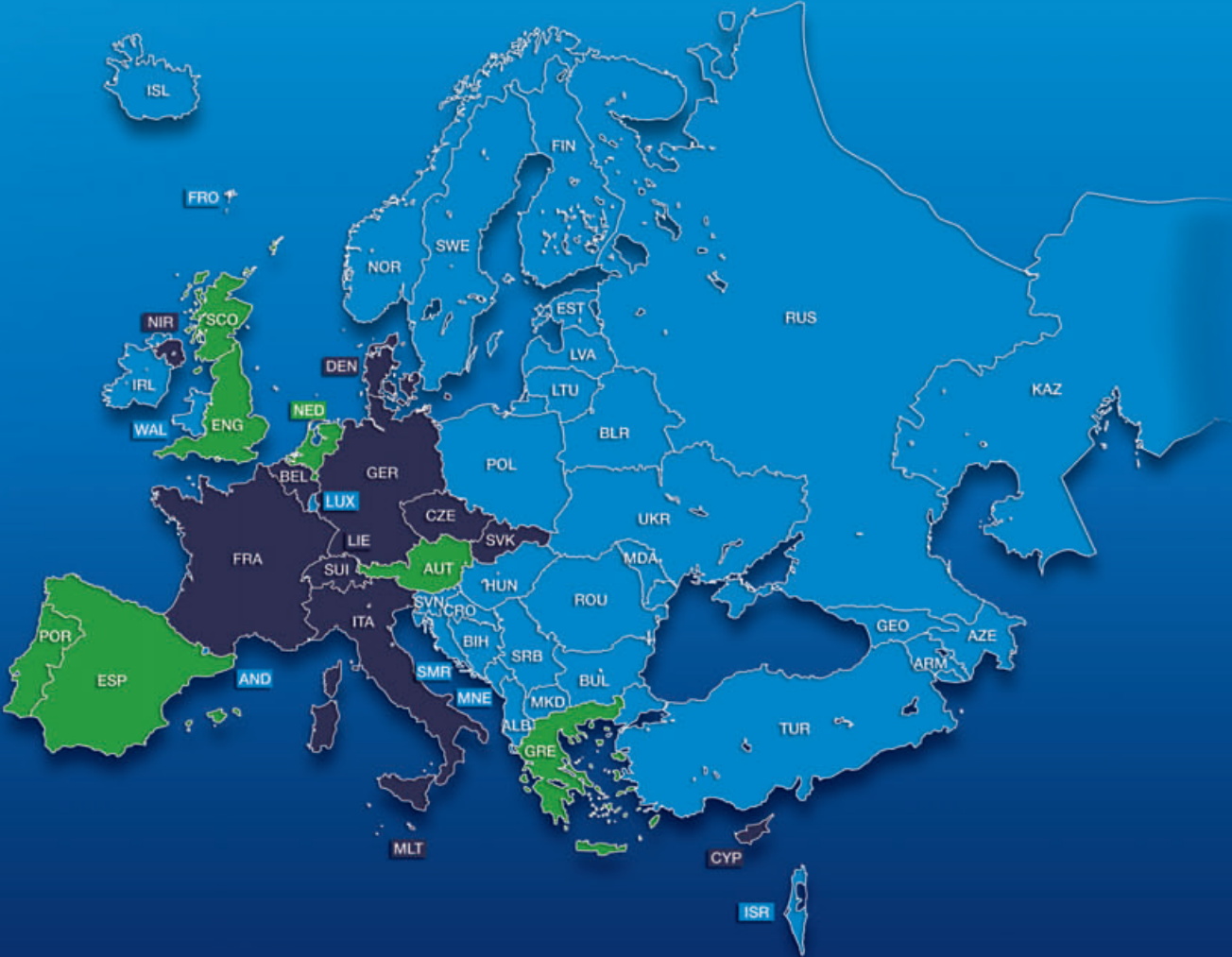
Two-thirds of the clubs competing in the 2012/13 UEFA club competitions report their financial position and results as at 31 December. Just seven countries had all their UEFA competing clubs reporting with a summer financial year-end, while 12 countries had clubs with a mixture of summer and winter reporting dates.

\* The pie chart includes clubs from Ireland, Wales and Finland that have their financial year-ends at 30 November and some clubs from Scotland and England that have their financial year-ends at 31 May. In order to highlight the countries whose clubs have a mixture of financial year-ends that either match the calendar year or sporting calendar, the map presents club financial year-ends in simplified form, with 30 November indicated as 31 December and 31 May indicated as 30 June. One club, Liverpool from England, will change its financial year-end from 31 July to 30 May in 2012 to bring it more into line with the sporting calendar.

Profile UEFA clubs' financial year-ends



- 31 December
- 30 November
- 30 June
- 31 May



Financial year-end UEFA participating clubs:

31 December*	34x
30 June*	7x
30 June/31 Dec	12x



# 3

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## Financial profile of clubs competing in UEFA club competitions

- What revenues, wages and losses did clubs report in FY2011?
  - How is UEFA competition money distributed and classified by clubs?
  - What proportion of club income does UEFA participation represent?
  - How do financial statement results compare with financial fair play break-even results?
  - What impact are the first stages of financial fair play having on clubs?
  - How many and which clubs will have to meet break-even requirements?
  - Where are participating clubs in relation to financial fair play break-even?
  - How many clubs would currently be required to prepare updated figures?
-



## Q: 11. What revenues, wages and losses did clubs report in FY2011?

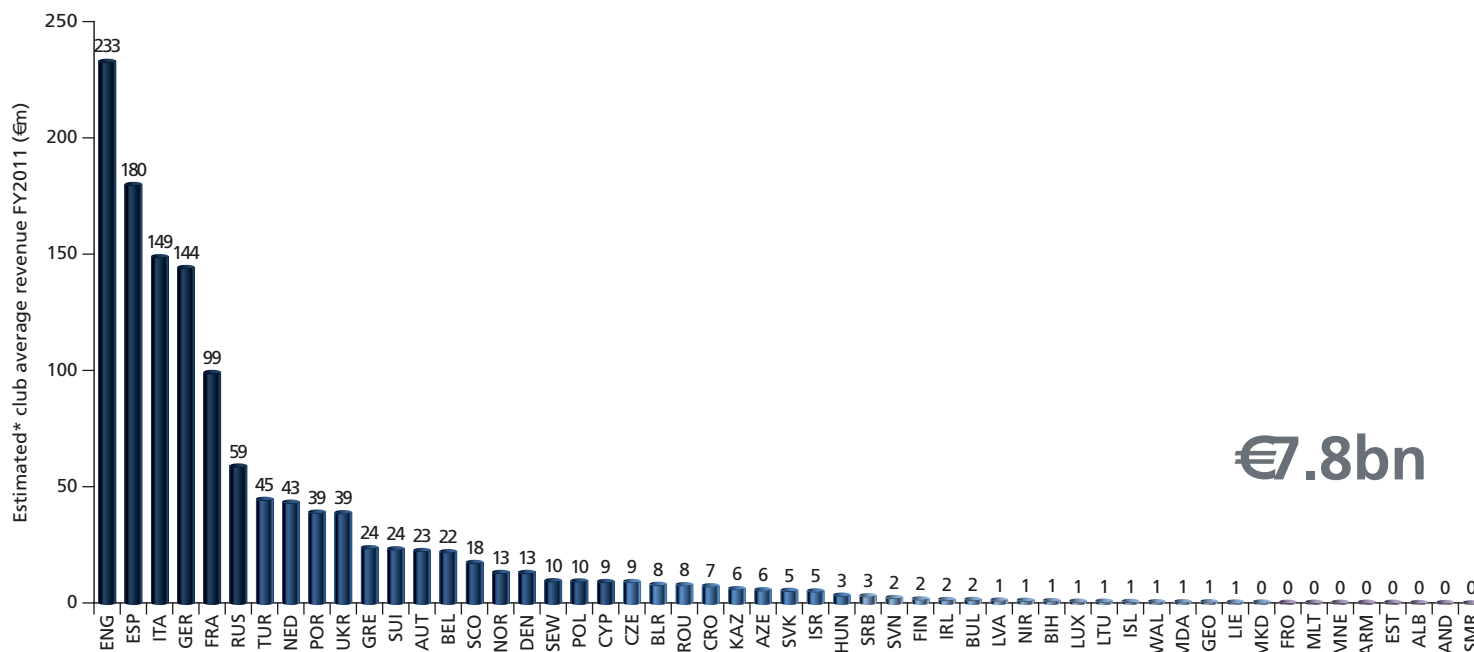
Last year's benchmarking report included, within the main Europe-wide financial review sections, various financial analyses relating to the 235 competing clubs and 80 group stage clubs. This year, as part of the first section of the report (the UEFA club football competitions and the competing clubs analysis), we specifically highlight the finances of the clubs participating in the 2012/13 UEFA club competitions (UEFA Champions League and UEFA Europa League). The first pages take a look at the usual key revenue, wage and profit analyses, highlighting the differences

across Europe. This is followed by a more specific analysis of how UEFA competition distributions impact on club finances and illustrating how traditional net profit reconciles to break-even results. Finally, we present the principal observations from the first two years of financial fair play on overdue payables and the results of a three-year historic break-even simulation performed on the financial results of clubs for FY2009, FY2010 and FY2011, the financial periods that predate the implementation of break-even analysis from 2013 onwards.

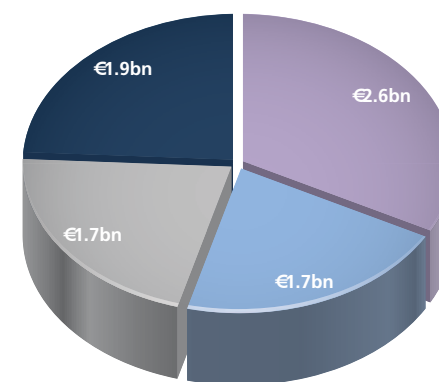
The 235 clubs competing in the 2012/13 UEFA club competitions reported €7.8bn in revenues in FY2011. While this is equivalent to an average of €33.3m per club, the column chart showing average revenue per competing club per country illustrates the significant financial differences between clubs from different countries. Club revenues of participating teams ranged from €480m to less than €100,000.

The average revenue of the 32 clubs competing in the group stages of the 2012/13 UEFA Champions League is €137m, while the average revenue of the 48 clubs competing in the group stages of the UEFA Europa League is €54m, reflecting, in part, the wider club base of the Europa League, as already highlighted in previous sections. In 2012/13, there are 22 clubs in the Champions League group stage with reported revenues of more than €50m, reflecting the strength in depth and competitiveness of both competitions.

Average FY2011 revenue of clubs competing in 2012/13 UEFA club competitions



€7.8bn



- Broadcasting
- Gate receipts
- Sponsorship
- Commercial & other

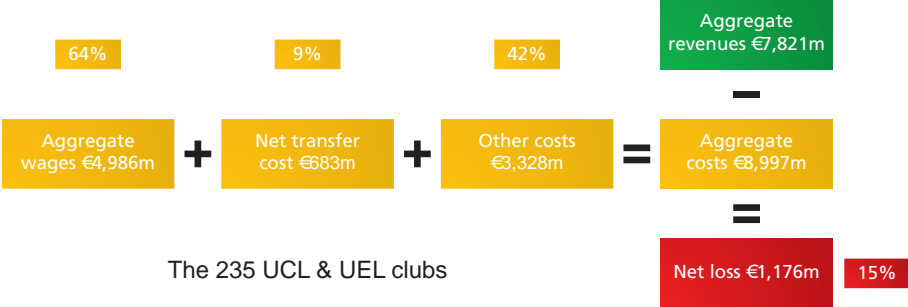
Rank 1 - 53

UEFA Q clubs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53
All clubs	1	3	4	2	5	6	7	8	9	10	16	13	12	14	11	17	15	18	19	23	24	25	20	27	21	28	26	22	29	32	30	31	33	34	39	36	42	40	44	38	46	35	41	37	43	45	47	50	48	49	51	52	53

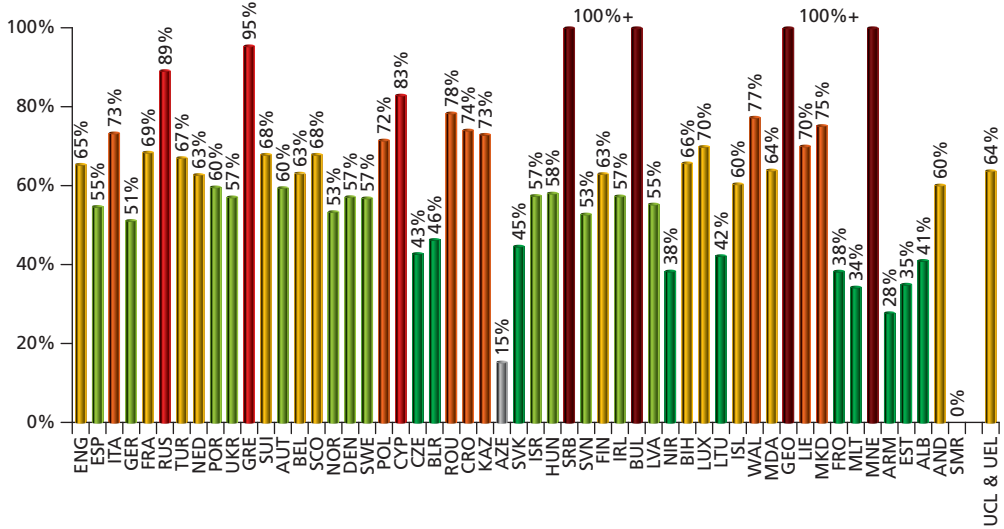
\* The number of clubs competing in the UEFA Champions League and UEFA Europa League has increased from 235 clubs to between 237 and 239 clubs in the new cycle (depending on whether title-holder qualifies). The finances of 235 of the 237 clubs in the 2012/13 competitions have been analysed, with just the data from two second division clubs (Cefn Druids from Wales and MTK Budapest from Hungary) not available.

Clubs competing in the 2012/13 UEFA club competitions reported aggregate employee costs of just under €5bn, equivalent to €21.2m per club and 64% of reported revenues. This is a similar ratio to the 65% presented in the Europe-wide analysis later in the report. The column chart on this page illustrates the key employee cost to revenue ratio of clubs competing from each country.

Clubs competing in the 2012/13 UEFA club competitions reported aggregate losses of just under €1.2bn in the financial year ending 2011, equivalent to an aggregate net loss margin of 15%, or €11.50 spent for every €10 of income.



Personnel cost ratio FY2011:  
clubs competing in 2012/13 UEFA club competitions



### Answer 11

The 235 clubs competing in the 2012/13 UEFA Champions League and UEFA Europa League reported revenue of €7.8bn, employee costs of €5bn and net losses of just under €1.2bn. The group stages of the competitions featured 22 clubs with revenue above €50m in the Champions League and 21 clubs with revenue above €50m in the Europa League.

## Q: 12. How is UEFA competition money distributed and classified by clubs?

The success of the UEFA Champions League and Europa League have led to increasing prize money distributions to clubs. The 2012/13 competition season represents the first year in a new three-year cycle and gross annual commercial revenues of €1.55bn are estimated\*, of which €1.27bn will be distributed to clubs (participating and non-participating) representing an increase of approximately 20%.

Given the relative size of the UEFA competition revenues for participating clubs (see next Q&A) and the differing accounting approaches in recognising these revenues, it is important to improve transparency on how clubs recognise their UEFA revenues. For FY2012 and beyond, the UEFA Club Licensing and Financial Fair Play Regulations\*\* require all clubs applying for a licence to separately disclose the revenues recognised from UEFA competitions. This continues the approach of improving the financial disclosures of European football clubs by specifying new minimum mandatory reporting requirements in each edition of the regulations, sometimes above and beyond what the national financial reporting requires. For example disclosures on amounts paid to agents, transfer balances and activity and specified player registration accounting policies have previously been introduced as mandatory.

In advance of the introduction of this new requirement, the UEFA Club Licensing and Financial Fair Play unit has performed a first detailed analysis of how and when more than 240 clubs classify their revenues. The recognition of a club's group stage prize money depends on whether the auditors allow the recognition of prize money when it is earned (e.g. group stage completed in December) or when it is paid. The auditors assess whether the risks and rewards have transferred. For the UEFA Champions League, this is relatively straightforward for the group stage fee and performance bonuses as these are paid in December\*\*\* together with 50% of the market pool. However, the most common approach is to recognise the remainder of the market pool, the balance of the group stage fee and any payments for knockout stages when they are paid and/or earned in the following calendar year. For the UEFA Europa League the treatment is similar, with the exception of the group stage performance bonus and market pool paid in January, and different recognition approaches for this prize money have been noted.

UEFA recognised this several years ago during the development of financial fair play and this is why break-even is always assessed over more than one financial period. What is clear and important for UEFA is that the accounting policy of each club should be consistent from year to year. For clubs with summer financial year-ends that mirror the competition season, all these cut-off issues are not relevant, and these account for 42 of the 80 clubs\*\*\*\* in the 2012/13 group stages. A detailed club by club analysis indicates that 79% of UEFA 2010/11 club competition prize money was reported in FY2011, with 21% reported in FY2010, and this is unlikely to change more than +/-5% from year to year, given the consistent mix and performance of clubs.

45%

Of clubs did not separately disclose any gate receipts from UEFA competitions but instead reported an aggregate figure for all ticketing income. Despite the allocation of some ticketing income (e.g. season tickets, debentures, or membership fees) between domestic and UEFA requiring some assumptions, a split of ticketing income is useful in identifying the impact of UEFA competition participation on club finances.

79%

Of UEFA competition money is included by clubs within broadcasting revenue, while 21% is included within commercial revenues.

61%

Of UEFA club competition payments (participating and non-participating teams) paid out between July and December compared with 39% paid out between January and June.

79%

Of UEFA 2011/12 club competition prize money expected to be included in FY2012 (first break-even period) with all 2012/13 prize money reflected in future break-even results.

\*The exact amount is not known until broadcaster rights fees have been collected in full. \*\* The UEFA Club Licensing and Financial Fair Play Regulations (2012 edition) Annex VI section C. \*\*\* UEFA prize money and payments are potentially subject to being withheld or retained for breaches of the financial fair play regulations. For example, the Club Financial Control Body retained certain prize monies of 23 clubs in summer 2012 as a conservatory measure until these clubs had been further assessed in late autumn 2012. \*\*\*\* While 42 of the 80 clubs that reached the group stages of the 2012/13 UEFA club competitions is equivalent to 53% of participants, their share of the total income of the 80 clubs was higher, at 66%.

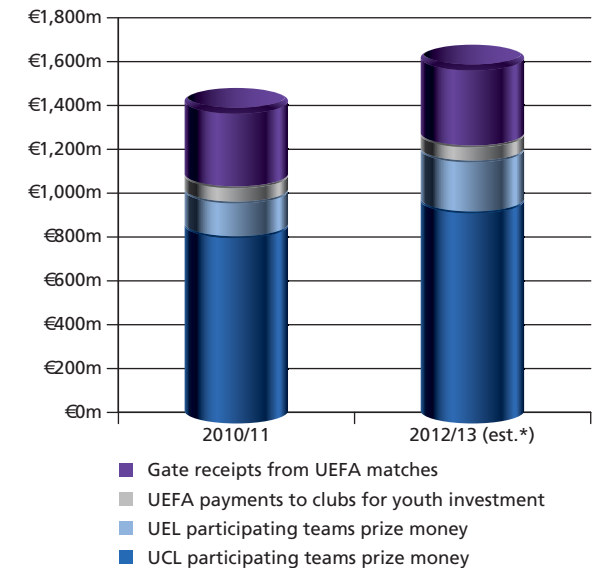
## Q: 13. What proportion of club income does UEFA participation represent?

The question posed requires considerable analysis and provides some interesting results. As already mentioned in the previous pages, thorough analysis is not possible without analysing each individual club, since in many cases the financial period cuts across two sporting seasons, the revenue recognition policies differ and clubs do not separate or allocate gate receipts between domestic and UEFA club competition matches.

The column chart provides a basic aggregate analysis of the club income generated by participation in UEFA club competitions in the 2010/11 and 2012/13 competition seasons. These two seasons are presented because 2010/11 most closely maps onto FY2011 that we are analysing in this report and 2012/13 is the first of three seasons in the new competition cycle\*.

To establish the proportion of club income that UEFA participation brings, prize money from group stage participation and solidarity payments for qualifying round participation have been added to reported gate receipts from UEFA matches\*\* for over 200 clubs. In addition to centrally paid prize and solidarity money and gate receipt revenue collected directly by the participating clubs, there is also an amount targeted at youth investment of roughly €70m paid centrally by UEFA from competition revenues and distributed by the national associations and/or leagues to their clubs. This amount is included in the column chart (grey) but by and large excluded from the club by club analysis shown in the pie charts and maps, since the majority of this revenue is distributed to non-participating clubs and usually reported as solidarity payments or subsidies from national bodies rather than UEFA income. In addition, other indirect revenues such as sponsor bonuses and non-centralised commercial and TV rights have not been included as they are not separately identifiable, hard to estimate, and unlikely to be of significant size compared with the €1.35bn in competition gate and prize money revenues reported in FY2011 by participating clubs.

The amount of UEFA competition prize money reported by clubs participating in UEFA club competitions in FY2011 was just over €1bn. In addition, we estimate that participating clubs generated an additional €340m in gate receipts from UEFA competition matches. In aggregate, direct income from UEFA competitions (prize money and gate receipts) represented 17% of total revenue for competing clubs. However as the pie charts and the map on the next pages illustrate, the relevance or relative size of UEFA competition income varies considerably.



\* The 2012/13 competition prize money is an estimate as the exact full amount of competition revenue is not known until all broadcaster rights fees have been collected. This tends to lead to additional payments of less than 4%. The forecast gate receipt growth is based on the known 2.5% attendance growth between the 2010/11 and 2011/12 UEFA competition seasons. \*\* The UEFA analysis includes 211 clubs that reported UEFA prize money income of €1,007m during FY2011 and includes 85 clubs that reported financial figures that reflected all or part of a UEFA competition group stage and/or UCL play-off participation. In some cases the prize and solidarity revenue splits were not provided in the financial statements but identified by UEFA during subsequent analysis. For clubs with a summer financial year-end the income is from the 2010/11 UEFA competition season. For most of the clubs with 31 December year-ends this will be UEFA income from the qualifying and group stages of the 2011/12 UEFA competition season, but for some clubs with a calendar financial year that reached the knock-out stages of the 2010/11 competitions the income will include part of the 2010/11 competition distributions and potentially part of both competition seasons. The combined UEFA competition revenue including gate receipts from UEFA matches is an estimate only for the 45% of clubs which did not separate out gate receipts from UEFA and domestic matches. The simulation has the following basis: The number of home matches played in UEFA competitions during each club's specific financial reporting period was calculated and divided by the number of competitive home matches played in total during the financial period. This ratio was then applied on a straight line basis to the total gate receipts reported in the financial statements to obtain a value of gate receipts from UEFA matches. Clearly this provides a rough estimation since some individual clubs have a higher or lower stadium occupancy for UEFA versus domestic matches and higher or lower average ticket price for UEFA versus domestic matches, some clubs may report gate receipt income from pre season tours within gate receipts and not commercial revenue, and some clubs may sell UEFA matches packaged together with domestic matches. However from observing ticket prices and attendances for both UEFA and domestic matches this approach is by and large considered to provide a good simulation basis for benchmarking purposes. The map threshold analysis amounts to 52 not 53 national associations as data for San Marino was not readily available.



The first pie chart includes all clubs in the UEFA Champions League and Europa League and includes both those clubs that progressed to the group and knockout stages and those clubs that did not get beyond the qualifying stages. What is immediately clear is that the financial impact of UEFA participation compared with non-participation varies considerably between the 200+ clubs reporting, with UEFA competition revenue contributing less than 10% of overall revenue for at least 57 clubs and more than 50% of revenues for at least\*\*\* 27 clubs.

Considerable attention is generally paid to the large sums of prize money that Europe's most successful clubs receive when competing in the group stages of UEFA club competitions.

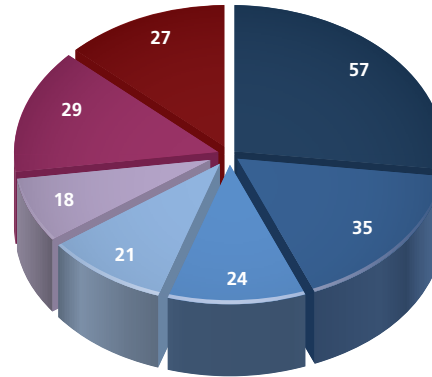
The next pie chart shows however another part of the story, with the financial importance of solidarity payments to clubs participating and knocked out in the qualifying rounds highlighted. These payments are considered as solidarity, as the commercial rights which generate competition revenues are based on the later group stages of the UEFA Europa League and Champions League and the Champions League play-offs.

These solidarity payments, combined with gate receipts for the UEFA competition matches contributed over a quarter of the total income for at least 44 clubs in FY2011.

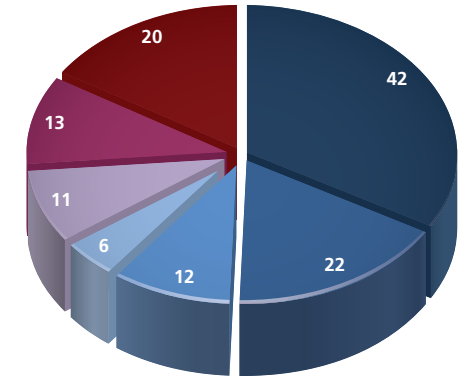
At the other end of the spectrum, it is also noticeable that if just the 41 larger clubs (revenue >€50m) competing in the UEFA Champions League or Europa League group stage are considered, then UEFA competition match revenue was in all cases below half the overall revenues and contributed in just seven cases above a quarter of overall revenues. Indeed for ten of the 41 larger group stage clubs, the UEFA competition income represented less than 10% of overall revenues.

This picture is considerably different for smaller clubs competing in the same group stages with UEFA competition match revenue contributing above a quarter of all revenues in more than half the cases (23 clubs from 44 clubs analysed).

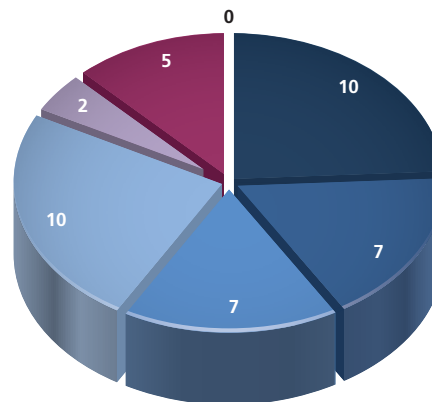
Revenues from UEFA matches as % of total revenue - all participating clubs



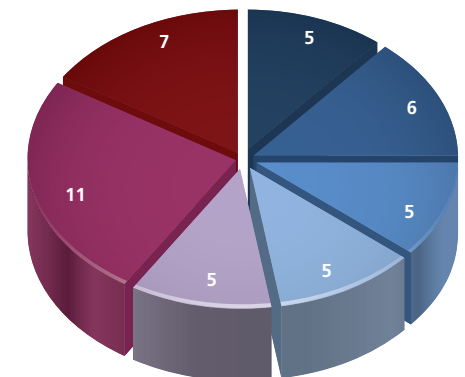
Revenues from UEFA matches as % of total revenue - qualifying stage clubs



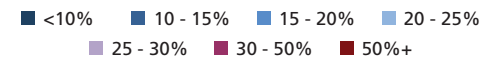
Revenues from UEFA matches as % of total revenue - group stage clubs with total revenue of more than €50m



Revenues from UEFA matches as % of total revenue - group stage clubs with total revenue of less than €50m



UEFA club competition revenue as a % of total revenues



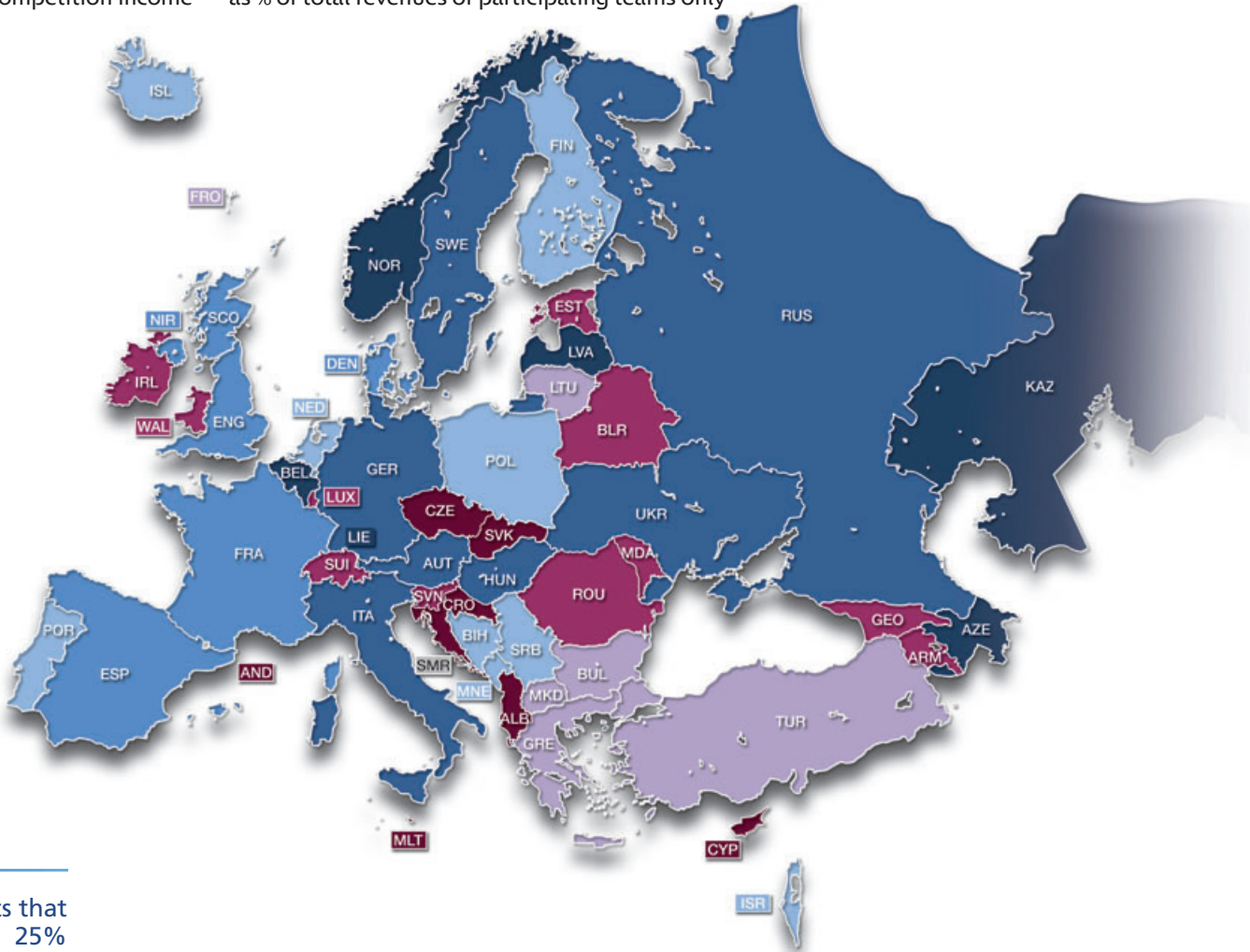
\*\*\* We state "at least" to reflect fact that the sample of 211 clubs is not the full number of clubs that include UEFA competition participation in their financial results, in practice this will be approximately 240 clubs (236/239 clubs depending on old or new competition cycle plus a small number of additional clubs which received group stage payments one year and did not qualify the following year).

The map presents the same ratio, the proportion of club's revenue from UEFA competition participation, but aggregates these figures by country for the clubs participating in UEFA competitions. The highest proportion of income (purple shades) from UEFA matches was reported by clubs in the lower income and central and eastern European countries. This map highlights the relative importance for the select clubs that qualify and participate in the competitions with income from UEFA matches contributing on average between 10% and 20% for the participating clubs in these larger countries.

UEFA club competition income\*\*\*\* as % of total revenues of participating teams only

Percentage of total revenue from UEFA club competitions FY2011

> 50%	7x
30% to 50%	11x
25% to 30%	6x
20% to 25%	9x
15% to 20%	6x
10% to 15%	7x
< 10%	6x



### Answer 13

The map provides a country by country perspective and highlights that income from UEFA competitions generates between 10% and 25% of participating club income in most of the higher revenue leagues but significantly more in many eastern European countries and lower revenue leagues. In particular large percentages occur where a club from a smaller or mid-revenue league has qualified for the UEFA Champions League group stage.\*\*\*\*\* (BLR, CRO, CYP, CZE, ROU, SUI, SVK).

\*\*\*\* It should be reiterated that the analysis presented here is purely financial and purely income-related and does not take into consideration the additional costs of hosting matches and bonuses paid to players and coaches. Nor does it take account of the important indirect benefits relating to the increased attractiveness of participating clubs to current and potential future playing staff. \*\*\*\*\* In this case clubs from Belarus, Croatia, Cyprus, Czech Republic, Romania, Slovakia and Switzerland.

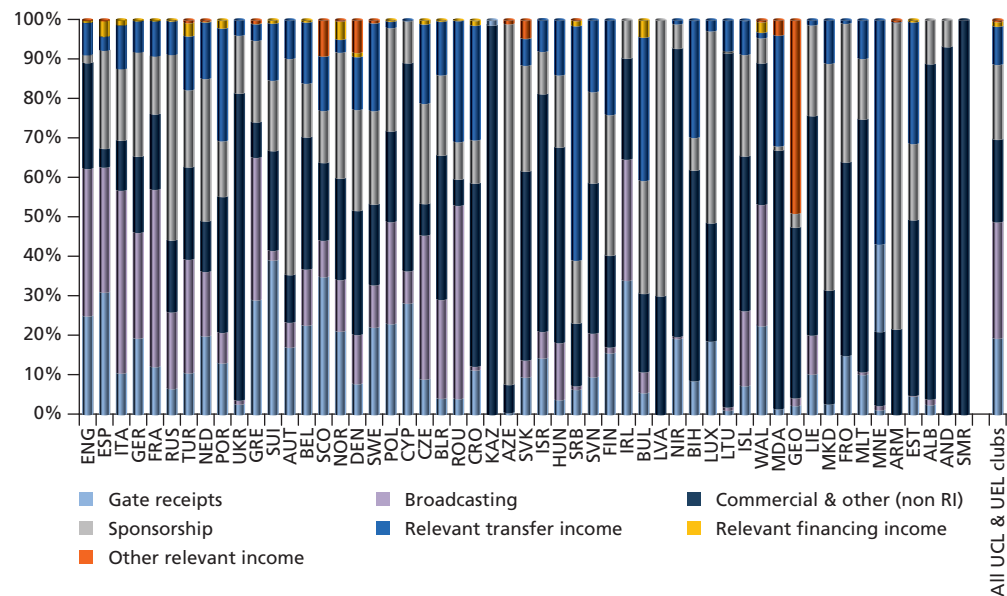
## Q: 14. How do financial statement results compare with financial fair play break-even results?

The underlying basis for the financial fair play break-even rules is that clubs should balance their costs with their revenues over a period of time. Previous UEFA benchmarking reports have laid bare the fact that during an unprecedented decade of booming football club revenues, football club owners have directed the vast majority of revenue to short-term spending, particularly on player salaries. During this decade, an relatively small proportion of revenues has been invested for the medium and long-term good of football clubs, such as investment in stadium and training facilities, youth development investment or investments that reflect the link between club and community. To encourage a shifting of revenue use and owner largesse from short-term spending to medium and long-term investment, UEFA and the other stakeholder contributors have defined the financial fair play rules to exclude certain costs and incomes from the break-even calculation. This page provides a picture for how the definition of relevant income compares with financial statement revenues and how the break-even deficit compares with financial statement net losses:

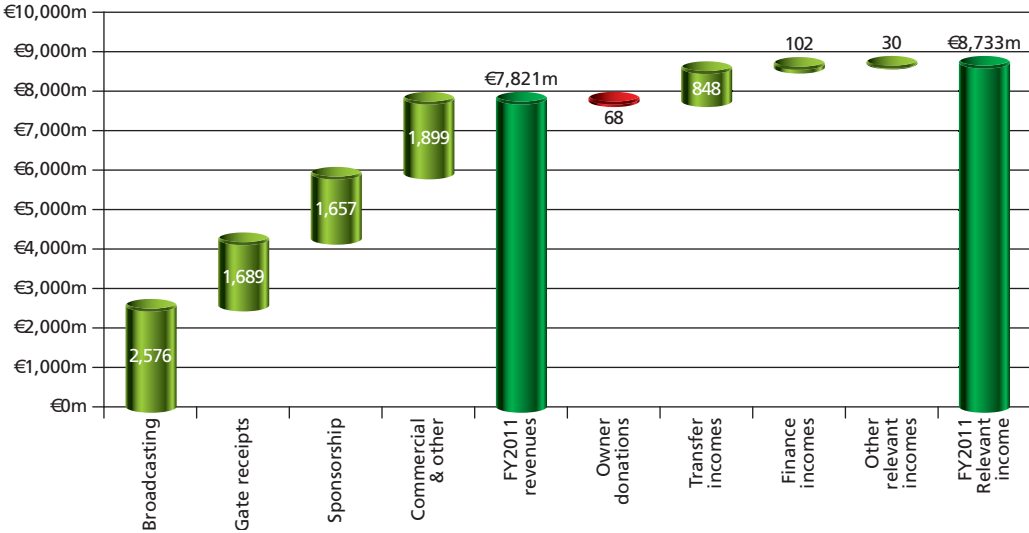
### Answer 14

Break-even relevant income tends to be larger than revenue as reported in most financial statements, with transfer profits and incomes on sale, included separately in relevant incomes. For the 235 clubs competing in 2012/13 UEFA Champions League and Europa League, the FY2011 reported revenues of €7.8bn compared with estimated relevant incomes of €8.7bn. Break-even deficits, calculated from relevant income less relevant expenses, tend (but not always) to be less than financial statement net losses reflecting, principally the exclusion of certain youth and asset investment costs. We estimate the aggregate €1,176m net losses in FY2011 were equivalent to €480 million of break-even deficits.

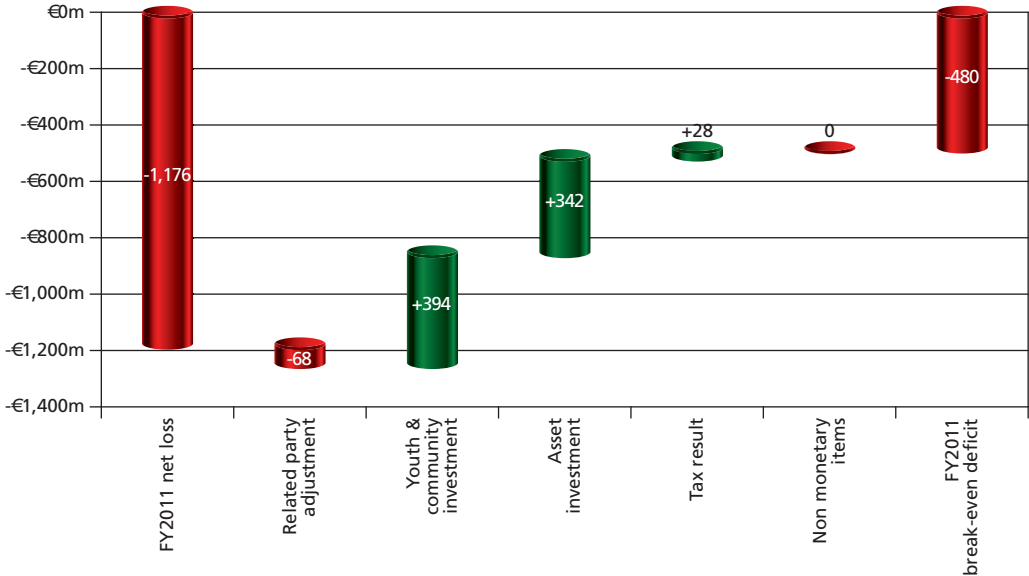
Break-even relevant income (RI) streams by country FY2011: clubs competing in 2012/13 UEFA club competitions



Bridge from revenue to estimated relevant income FY2011:  
clubs competing in 2012/13 UCL & UEL



Bridge from net loss to estimated break-even deficit FY2011:  
clubs competing in 2012/13 UCL & UEL





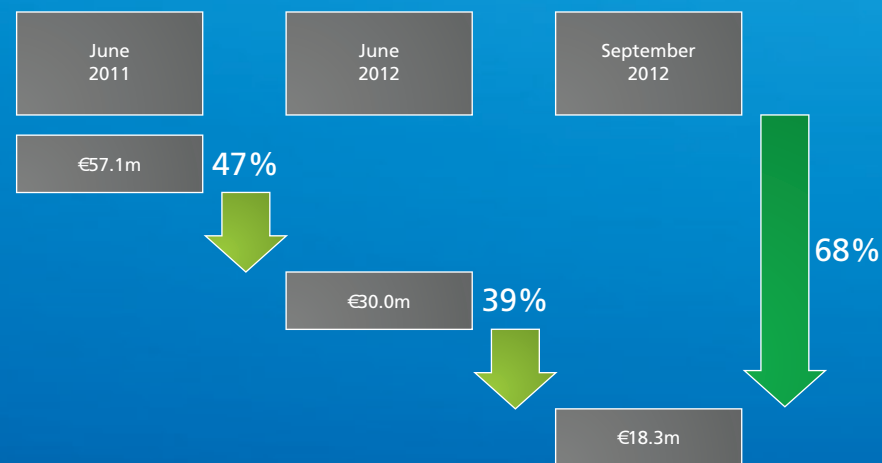
## Q: 15. What impact are the first stages of financial fair play having on clubs?

While clubs, supporters and other stakeholders eagerly await the introduction of the financial fair play break-even assessments from the summer 2013 onwards, some important parts of the overall financial fair play concept have already been implemented, with clubs assessed for overdue payable balances since the summer of 2011. The so-called enhanced overdue payables criteria, covered by Articles 65 and 66 of the UEFA Club Licensing and Financial Fair Play Regulations (edition 2012), are relevant for all clubs that qualify for UEFA club competitions and refer to overdue payables to football clubs as a result of transfer activities up to 30 June and 30 September each year and overdue payables towards employees and/or social/tax authorities at the same dates. These financial fair play criteria are called “enhanced” as they represent additional dates for the same tests performed for club licensing purposes on all applicant clubs at 31 December each year.

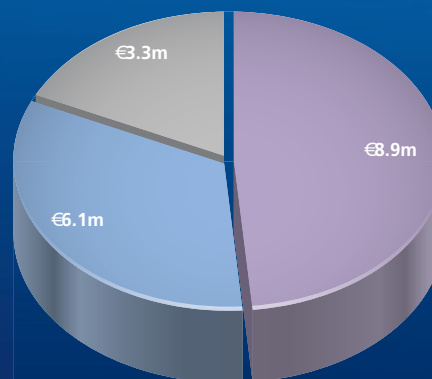
The importance of these criteria on both the proper conduct and fairness of competitions should not be underestimated. From a proper conduct perspective, the risks are clear if clubs play in club competitions without having paid their employees, in particular their coaching or playing staff. From a fairness perspective, it is also evident that clubs should not be allowed the advantage of performing in competitions using players whom they have not been able or willing to pay or to pay for. The knock-on effect to other clubs from transfer overdues can also be dramatic and we have observed cases where one overdue payment has led to many knock-on cases. While it is patently unfair that a club plays without any punishment for not having paid what it agreed to, on the other side, is also unfair that a club owed transfer money has to play in competitions without having the opportunity to reinvest funds from the agreed deal.

In the summer 2012, the Club Financial Control Body investigatory chamber took the conservatory measure of withholding competition funds from 23 clubs competing in the UEFA Champions League and/or UEFA Europa League on the basis of the 30 June assessment, preceding the application of full disciplinary measures by the Club Financial Control Body adjudicatory chamber following assessment of the 30 September overdues.

More information on cases is disclosed in UEFA’s annual bulletin on the Club Financial Control Body activities so here we restrict ourselves to an overall analysis of the trends and profile of overdue amounts since financial fair play was implemented.

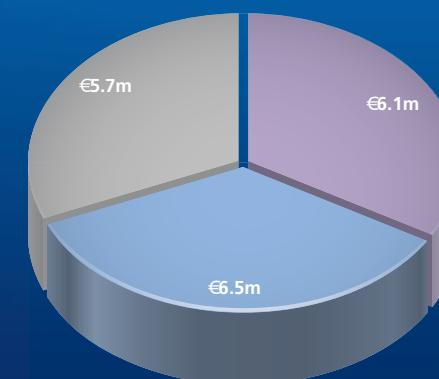


Overdue payable (OP) assessment 30 September 2012



- OP transfer
- OP employees
- OP social taxes

Overdue assessment 30 September 2012



- Less than one month
- One to three months
- More than three months



### Answer 15

The introduction of financial fair play has had a significant effect on the level of overdue payables of European clubs. The latest assessment at the end of September 2012 revealed an overdue balance of €18.3m, which is a 68% decrease compared to the first assessment at the end of June 2011. Clubs which have been punished with exclusion from UEFA competitions and/or fines and/or the withholding of UEFA competition prize money are discovering a new reality of financial fair play.

## Q: 16. How many and which clubs will have to meet break-even requirements?

On 27 May 2010, the UEFA Executive Committee approved the UEFA Club Licensing and Financial Fair Play Regulations (2010 edition) which included the financial fair play measures developed over the previous 18 months by UEFA together with all the stakeholders represented on the Professional Football Strategy Council (national associations, clubs, leagues, players' unions) and taking into account the views of other stakeholders such as supporters. Part III of the regulations, UEFA Club Monitoring, and the annexes provide more detailed requirements of the various financial fair play criteria.

Last year we presented a simulation based on historic club by club financial data which gave an idea of the scope of application of the club monitoring requirements\* and provided an indication of where clubs stood in relation to the break-even rule and in relation to the indicators which dictate whether clubs have to provide updated financial information.

This was the first time such a large Europe-wide assessment had been published and as we draw closer to the implementation of the break-even rules, we have repeated the exercise this year. In this report we have provided just some highlight aggregate figures. During 2012, a voluntary "soft implementation" exercise took place, with 38 clubs directly submitting detailed break-even data – however, for both confidentiality and full club-by-club consistency purposes, we have not used this information within the simulation in this section.

Once again, the results must be considered indicative for three main reasons:

First, the footnote (see next page), which explains the approach taken for the simulation, indicates the number of judgements required to perform the simulation. This does not necessarily mean the break-even calculation itself is overly complex; in fact, during its development it was decided to keep it as simple and as practical as possible. The footnote is so extensive because our reporting templates only cover the primary profit and loss, balance sheet and cash flow statements (approximately 150 line items) and not the detailed notes that add explanations and colour to these numbers and would usually determine the appropriate approach in these areas. Therefore, we have made some assumptions that may not hold true for all clubs within the simulation.

Second, the scope differs from the figures that will be assessed for financial fair play. The financial results in the simulation cover (in the majority of cases) three years, and while a three-year assessment will become the standard from the second year onwards, the very first financial fair play assessment will cover just two periods.

Third, there is a considerable difference in the timeframe of the simulated results and the first financial fair play results. A club's FY2009, FY2010 and FY2011 figures may be considerably different to the FY2012 and FY2013 figures that will be assessed for financial fair play. Indeed, this simulated data covers financial reporting periods that overlap with the very start of the approval of the financial fair play regulations and, hence, does not reflect the impact that the regulations will have on clubs' approaches to their discretionary spending (player wages and transfer fees) before and once the financial fair play assessment begins.

## Answer 16

All clubs participating in UEFA club competitions (237-239 under current competition formats) will require a licence granted by their licensor (in most cases the national association) as they do today.

In addition, all participating clubs, once granted a licence and access to the competitions, are now subject to financial monitoring by the Club Financial Control Body. This means that all participating clubs competing in the 2012/13 UEFA club competitions were monitored in summer 2012 to ensure that they had met their transfer payments and salary obligations to their staff. In addition, some clubs that triggered risk indicators were subject to additional monitoring in the autumn.

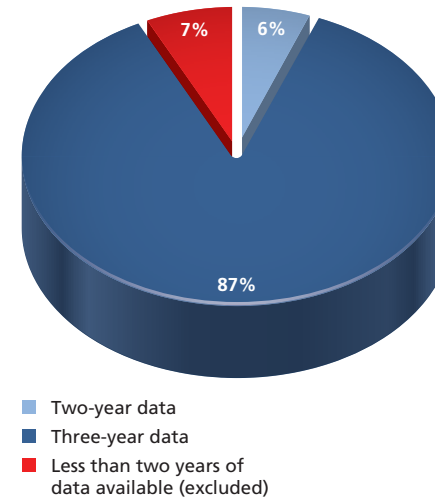
In the future, clubs above a certain size will also fall within the scope of the break-even rule, providing historic break-even information. The tables and charts indicate that 41% of the clubs in the 2012/13 UEFA competitions would have been exempt from the break-even requirements, but only two of the clubs that reached the knockout stage.

Those low-risk clubs that report a positive break-even result each year and pass other risk indicators will not have to provide any more information.

Those that breach a risk indicator will have to provide current information and also future financial information, including a future plan for compliance with the break-even calculation. The chart indicates that on this historic basis, even in the non-financial fair play environment, 79% of clubs competing in UEFA club competitions would either be exempt or definitely satisfy the break-even criteria.

Club selection	Year data		
	Sample size	Two year	Three year
ALL top division clubs	654	145	509
UCL/UEL qualifying clubs	220	14	206
UCL/UEL group stage clubs	77	4	73

Scope of simulation  
2012/13 UCL & UEL clubs



\* Basis for simulation: The simulation is based on historic financial figures drawn from reported financial statements which include data pre-dating the exact definitions of the break-even calculation set out in the UEFA Club Licensing and Financial Fair Play Regulations. We have excluded clubs where only one year's data is available (usually newly promoted clubs) since one year of data is not considered sufficiently representative or robust for the purposes of performing the simulation. The three reporting periods considered for the simulation, FY2009, FY2010 and FY2011, are in fact two or more years before the two reporting periods (FY2012 and FY2013) that will be the first when the break-even rule will be assessed as part of financial fair play. The simulation should be considered indicative only and in no way provides concrete conclusions, even of a historical nature, as sufficient detail is not available from the historic submitted data to calculate exactly the relevant income, relevant expenses and, hence, the break-even result. We set out a non-exhaustive list of items (and the approach taken for the simulation) where judgment has been required in the absence of detailed financial reporting notes and explanations, preventing definitive conclusions.

Relevant income – income transactions with related parties above fair value (no adjustments made for above fair-value contracts such as sponsorships except where an income item is defined as a donation, in which case it is excluded); excess proceeds on disposal of tangible fixed assets (replacement nature not known so profits and losses on disposal have all been considered in simulation); finance income (profit) (separation of interest revenue from foreign exchange gains/losses on non-monetary items not available, so all finance income/profits/losses considered in relevant income/expenses accordingly); non-monetary credits (existence not available, albeit upwards non-currency-related revaluations not normally expected, so no adjustments made); income from non-football operations (adjustments only made for incomes/expenses completely unrelated to the club, facilities or brand, information not available historically – therefore, other net non-operating income/expenses have been included in simulation as break-even revenues/expenses).

Relevant expenses (in addition to items and approach set out in relevant income paragraph) – finance costs and dividends (non-monetary nature of finance costs/losses not known so all finance costs/losses have been included in calculation, as have dividends which would be included within non-operating result); expense transactions with related parties below fair value (no information known and hence no upwards adjustments made in simulation); directly attributable youth development expenditure (detailed calculation necessary and financial disclosures of youth sector spending generally limited or non-existent so assumption included within simulation equivalent to 8% of total other relevant costs for clubs, with <€5m revenues and 4% of relevant expenses for clubs with revenues > €5m; this calculation based on knowledge of youth sector spending gathered from information supplied for UEFA solidarity distributions and disclosure of youth expenditure within UEFA benchmarking templates of more than 200 clubs; where youth sector costs disclosed, then removed and replaced by standardised simulation assumption); expenditure on community development activities (rarely historically disclosed despite being central to the concept of social and community importance of football clubs – no adjustment made as considered within the 8/4% youth expenses adjustment); finance costs attributable to construction of tangible fixed assets (this type of finance rare due to low club financed stadium construction - nature of finance charges/losses not known from reported data so no adjustment made in simulation); depreciation/impairment of tangible fixed assets (adjustment made in full and excluded from relevant expenses); amortisation of non-player intangible fixed assets (adjustment made in full and excluded from relevant expenses); tax expense (assumed that all reported tax expenses relate to taxable income/profit and hence excluded from relevant expenses for purposes of simulation – nature of tax income not known and to apply consistency on recognition/ non-recognition in carrying forward of taxable losses, all reported tax incomes are assumed to be non-monetary and have not been included in simulation).

Other factors – impact of exchange rates (exchange rates used in simulation are the most common year-end rates for each country applied to all clubs in that country rather than the average monthly rate differentiating for each club); players under contract prior to 1 June 2010 (for first break-even assessment period (FY2012) only, certain legacy costs arising on players will be considered – as this is not envisaged as an ongoing item and also as there are currently no figures for this, no adjustment has been made in the simulation); no other adjustments have been made in respect of "other factors". Break-even assessment – positive results from fourth and fifth years have not been considered due to insufficient detail.



## Q: 17. Where are participating clubs in relation to financial fair play break-even?

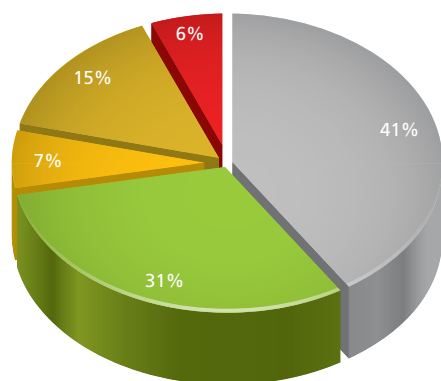
Financial Fair Play Terminology	
Complete Terminology	Abbreviation
Financial Fair Play	FFP
Break-Even	BE
Club Financial Control Body	CFCB
Relevant Income	RI
Relevant Expenses	RE
Acceptable Deviation	AD

The figures in this year's report cover three financial years, since all monitoring periods (apart from the first one in 2013/14) will eventually cover three financial years. While the second row, detailing the results of 220 of the 237 clubs which qualified for the 2012/13 UEFA club competitions, is perhaps the most relevant indication of the scope and number of clubs that will be assessed, the composition of UEFA participating clubs today and in 2013/14 is likely to vary, hence the reason for looking at the full sample of top-division clubs as well. The third row further narrows the selection down to the clubs which qualified for the group stages of the 2012/13 UEFA Champions League and UEFA Europa League (77 of the 80 clubs). All charts relate to the clubs that qualified for the 2012/13 UEFA club competitions. The UCL/UCL club analysis covers 220 clubs and excludes the remaining 17 clubs because there was only one out of three years data available.

The map provides an indication of the scope and reach of the break-even rule by taking all the clubs competing in 2012/13 UEFA club competitions and highlighting in orange the countries which had one or more clubs with simulated break-even deficits of more than €5m across FY2009, FY2010 and FY2011. If these pre-financial fair play results were replicated in the future and these clubs qualified for UEFA club competitions, then these 46 clubs from 22 countries would at least require contributions from equity participants and/or related parties covering their deficit, and some would breach the break-even requirements. During the 2009-11 period, just over half of these clubs did receive sufficient equity contributions.

In this year's simulation covering FY2009, FY2010 and FY2011, 14 of the clubs participating in the 2012/13 UEFA Champions League or UEFA Europa League reported cumulative break-even deficits in excess of €45m.

Break-even result FY2009, FY2010 & FY2011  
2012/13 UCL & UEL clubs



- Exempt
- BE surplus
- BE deficit €0m to €5m (within AD)
- BE deficit up to €45m (requires contributions)
- BE deficit >€45m (break-even not fulfilled)

Sample	Break-even historic (2 or 3 year) assessment					
	RI & RE <€5m	RI and/or RE >€5m	BE surplus	BE deficit €0m to €5m (within AD)	BE deficit €5m to €45m (requires contributions)	BE deficit >€45m (break-even not fulfilled)
	Exempt	Within the scope				
All top division clubs	335 51%	319 49%	170 26%	64 10%	65 10%	20 3%
UCL/UCL qualifying clubs	90 41%	130 59%	68 31%	16 7%	32 15%	14 6%
UCL/UCL group stage clubs	2 3%	75 97%	42 55%	5 6%	15 19%	13 17%

This number is higher than last year's simulation partly due to the mix of clubs that qualified for the two seasons' competitions and partly due to the fact that FY2011 losses were generally higher than FY2008 (which was included last year but now drops out of the three-year simulation)\*.

In this year's simulation, a further 32 qualifying clubs reported cumulative break-even losses of between €5m and €45m, necessitating equity investments/recapitalisation before the year-end of up to €40m\*\*. The total of 32 clubs, represents a slight increase on the 29 competing clubs that would have required capitalisation in the simulation performed last year (based on FY2008-2010).

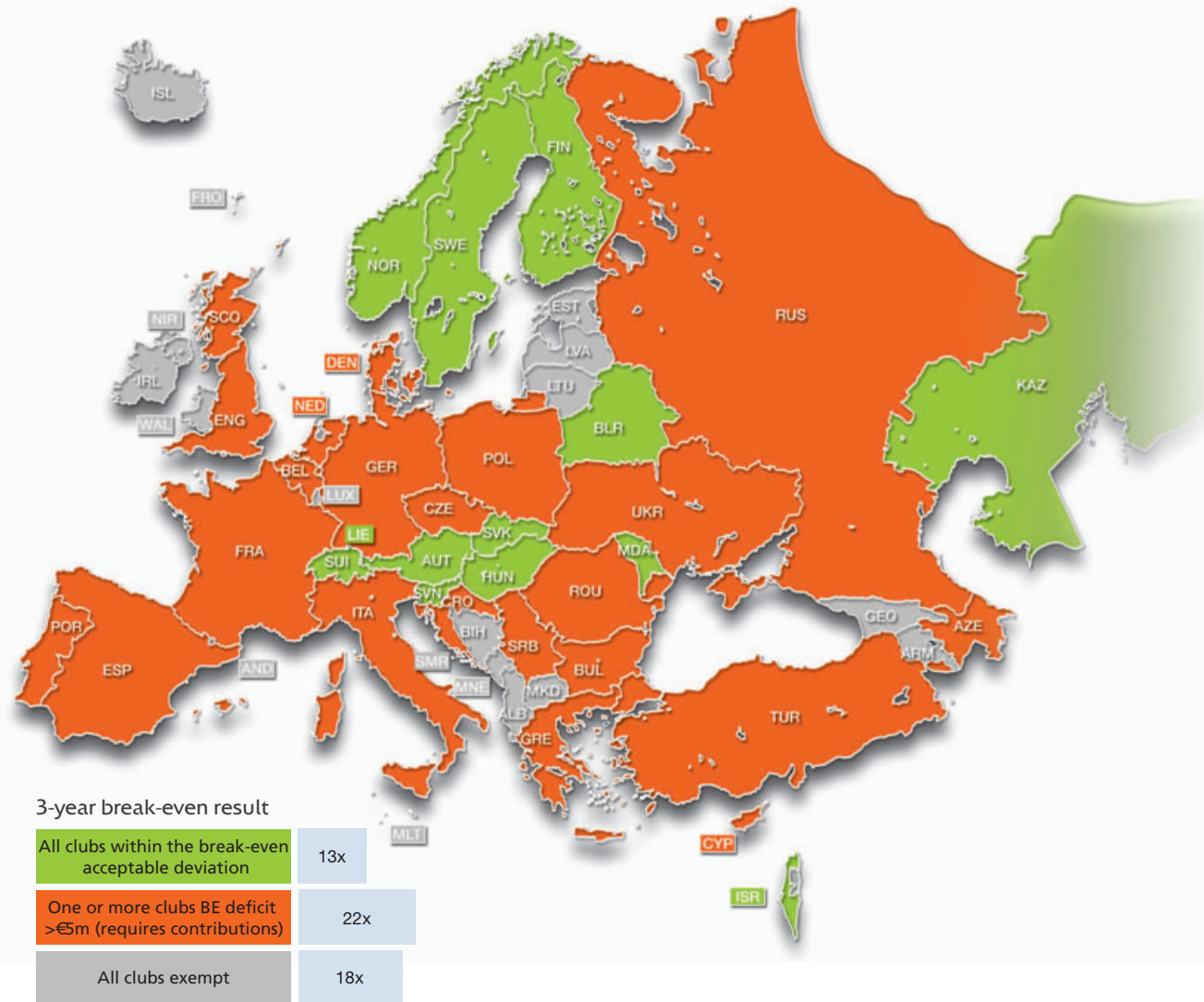
When equity contributions are taken into account in this year's simulation, sufficient equity contributions were recorded in 16 of the 32 clubs during the period and, hence, the break-even requirements would have been satisfied\*\*.

While the simulation period data will not be assessed for break-even purposes, the average player contract and commercial cycle mean clubs need to continue assessing the future impact of their contract agreements as these will certainly impact on the FY2012 and FY2013 financial results.

## Answer 17

In this year's simulation, covering FY2009, FY2010 and FY2011, 14 of the clubs participating in the 2012/13 UEFA Champions League or UEFA Europa League reported cumulative break-even deficits in excess of €45m and a further 32 clubs reported cumulative deficits of between €5m and €45m.

If replicated in future monitoring periods, 18 countries would have all their participating clubs exempt from the break-even assessment and a further 13 countries would have all their assessed clubs within the acceptable deviation.



\* If the simulation had been performed using a two-year rather than three-year financial period, as will be the case for the very first monitoring period, the number of clubs competing in the 2012/13 UEFA club competitions with a break-even deficit of over €45m reduces from 14 to 11 clubs, while the number of other clubs in excess of the acceptable deviation and hence requiring recapitalisation decreases from 32 clubs to 28 clubs.

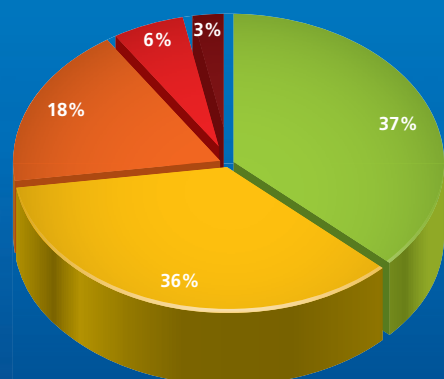
\*\* A detailed equity roll forward was not available for all the years for each club. References to "receive sufficient equity contributions" refer to positive movements in equity over the three-year period and could be non-injections such as post balance sheet adjustments; currency changes; reporting perimeter changes as well as actual capital injections.

## Q: 18. How many clubs would currently be required to prepare updated figures?

The new requirements introduced in the UEFA Club Licensing and Financial Fair Play Regulations go beyond the break-even rule and enhanced payables rules to also take a forward-looking approach. The requirements set out in Article 64 extend beyond the minimum future financial information historically required under club licensing to include a post-season financial forecast update, and require a plan for future compliance with the break-even requirements and the requisite information for this calculation.

Once again, the method is a risk-based approach using a series of indicators and some additional discretionary ratios to help the Club Financial Control Body assess risks and put recent financial fair play performance into context. Those clubs self-sustained by their operations and not triggering indicators will neither have to provide budgeted information nor have to provide current-year financial information.

Simulation - number of indicators breached by 2012/13 UCL & UEL clubs



- No indicators breached
- One indicator breached
- Two indicators breached
- Three indicators breached
- All four indicators breached

Requirement for current break-even data and updated/new forecasts (indicator = requires; ratio = may require)								
		Indicator 1	Indicator 2	Indicator 3	Indicator 4		Ratio 1	Ratio 2
Sample	Number of clubs	Going concern	Worse negative equity	BE deficit in one or both years	Overdue payables	One of indicators breached	Wages >70% revenues	Net debt >100% revenues
All top division clubs	654 100%	90 14%	135 21%	190 29%	n/a n/a%	407 62%	223 34%	92 14%
<b>UCL/UEL qualifying clubs</b>	<b>220</b> 100%	<b>33</b> 15%	<b>49</b> 22%	<b>83</b> 38%	<b>67</b> 30%	<b>139</b> 63%	<b>77</b> 35%	<b>51</b> 23%
UCL/UEL group stage clubs	77 100%	13 17%	13 17%	46 60%	16 21%	55 71%	24 31%	18 23%

\* For the indicator simulation, a sample size of 654 clubs was used, comprising only clubs that provided at least two years of financial figures from the last three years. The going-concern indicator is based purely on the year-end financial statements and does not include any review of audit opinion for interim financial statements. The break-even deficit indicator is based on the same calculations and assumptions as those applied in the previous break-even Q&A and excludes clubs that fall outside the scope of needing to provide full break-even data on the basis of size (Article 57(2) of the UEFA Club Licensing and Financial Fair Play Regulations). The overdue payables is based on the assessment made on 30 June 2012 and corresponds to those clubs with payables necessitating further information (e.g. indicator 4 breach) including some which after submitting further information were adjudged to have not breached the requirements.



### Answer 18

In total, 62% of European clubs (407 out of 654\*) breached at least one indicator and hence would have been required to provide additional information to the Club Financial Control Body, if sportingly qualified to UEFA club competitions, with regards to transfer and/or employee balances.

Looking just at the clubs that qualified for the 2012/13 UEFA club competitions, that figure was at a similar level, at 63% (139 out of 220), which would mean (if the results were repeated in future) that the 77 clubs competing in this year's UEFA Champions League and UEFA Europa League which did not breach any indicator would be exempt from providing any current break-even data and from providing updated future financial information, underlining the risk-based approach of financial fair play. The majority of clubs breaching indicators breached just one indicator, but there were 20 clubs that breached three or four indicators in the simulation.







# Section 2

## European domestic club football



# 4

## Competition profile of domestic club football

- What is the most common size of top divisions and what are the recent trends?
- What type of competition formats are used in domestic top-division club football?
- Where and how are play-offs and play-outs used?
- How many fans attended domestic championship matches across Europe?
- What are the attendance trends in domestic championship matches?
- How do European attendances compare with those around the world?

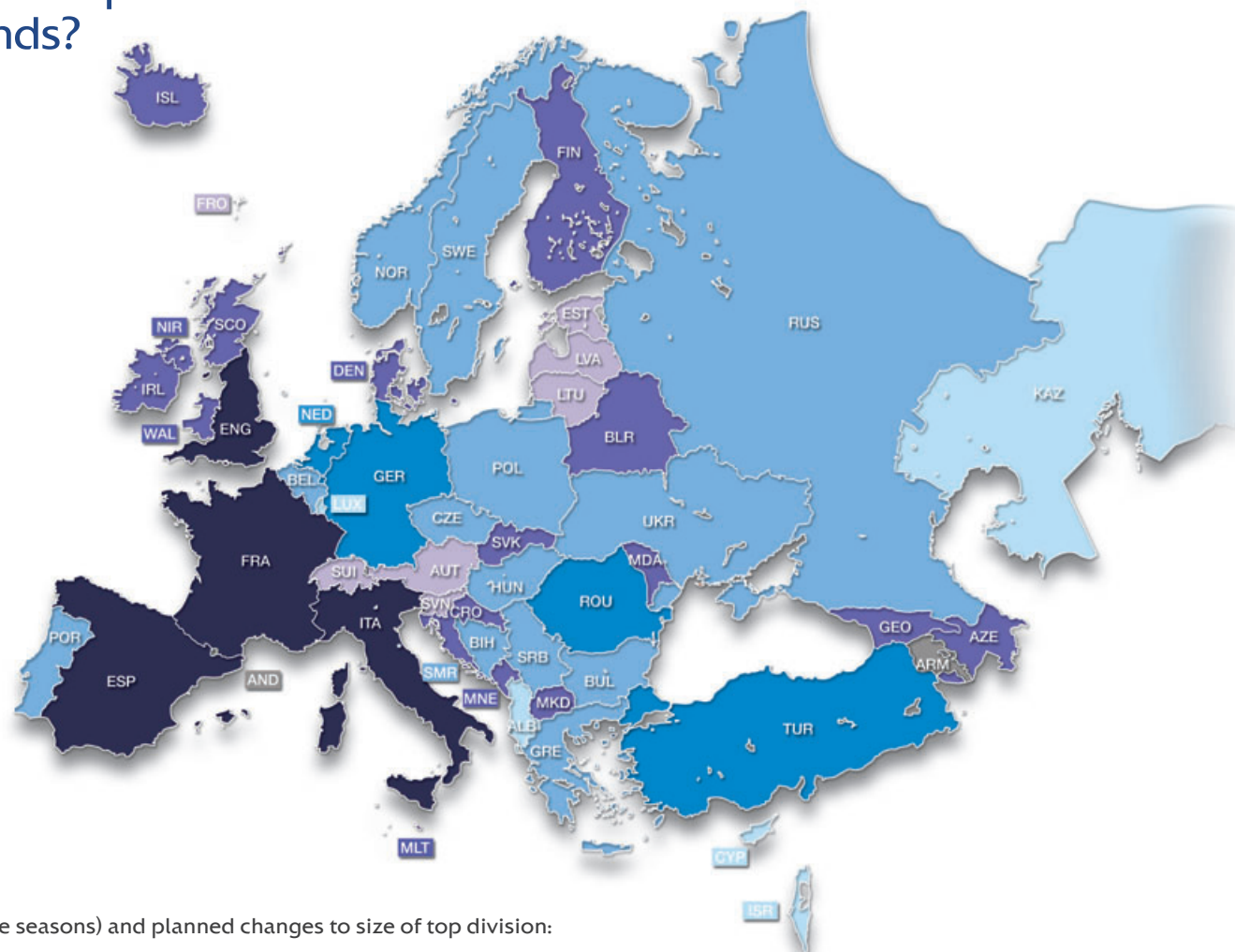


## Q: 19. What is the most common size of top divisions and what are the recent trends?

The map illustrates the number of teams in the top division of each UEFA member association, with 12 teams the most common, followed by a league of 16 teams. The table below illustrates the high level of fluctuation with more than a quarter of leagues changing their number of clubs in just the last three seasons. Indeed if we go back eight seasons, there are only 23 top divisions that have remained stable.

Number teams in top division (2012s - 2012/13w) & frequency:

20	4x
18	4x
15/16	14x
14	5x
11/12	16x
10	7x
<10	2x



## Answer 19

There is considerable fluctuation in the structure of European top divisions with the majority of countries having changed the number of teams competing in their top division in recent years. There is no clear trend with leagues increasing and decreasing in size in equal quantities. The most common number format is either 12 or 16 clubs.

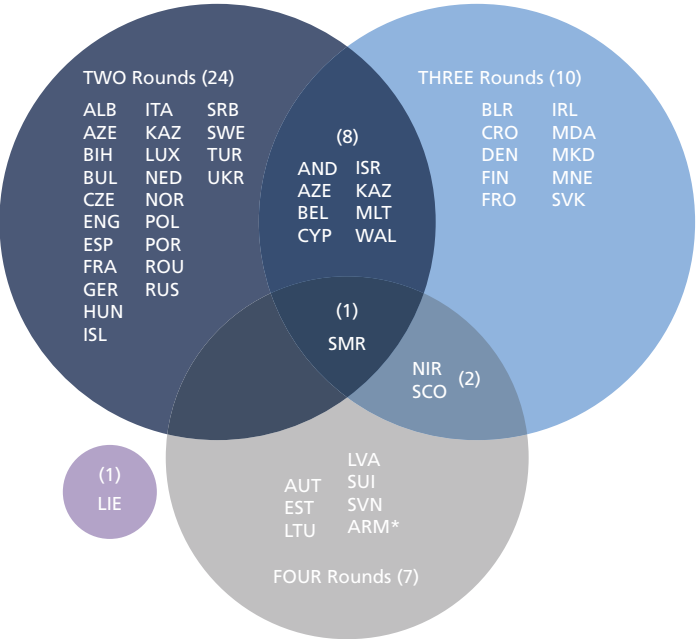
Recent (last three seasons) and planned changes to size of top division:

ALB: Increased from 12 (2010/11) to 14 (2011/12)  
 GEO: Increased from 10 (2010/11) to 12 (2011/12)  
 IRL: Increased from 10 (2011) to 12 (2012)  
 KAZ: Increased from 12 (2011) to 14 (2012)  
 LTU: Increased from 10 (2010) to 12 (2011)  
 LVA: Increased from 9 (2011) to 10 (2012)  
 MLT: Increased from 10 (2010/11) to 12 (2011/12)

BLR: Decreased from 12 (2011) to 11 (2012)  
 CRO: Decreased from 16 (2011/12) to 12 (2012/13)  
 FIN: Decreased from 14 (2010) to 12 (2011)  
 ISR: Decreased from 16 (2011/12) to 14 (2012/13)  
 LTU: Decreased from 12 (2011) to 10 (2012)  
 LVA: Decreased from 10 (2010) to 9 (2011)  
 MDA: Decreased from 14 (2010/11) to 12 (2011/12)

In addition to the top divisions above, the following also increased between 2004 and 2012: EST, ISL, LUX, MDA, NOR, POL, ROU, SRB, SVK and SWE, while AZE, BEL, KAZ, NIR, POR, SRB, SVN and WAL decreased in size. In addition, some fluctuated +/-1 due mainly to licensing issues.

# Q: 20. What type of competition formats are used in domestic top-division club football?



The accompanying chart illustrates the competition structures found across European domestic leagues for the 2012 summer season and 2012/13 winter season.

Domestic championships have experimented with various structures over the decades but the most common and convenient structure is the standard round-robin (playing each team once home and once away) used by 24 top divisions in the present season. A similar three-round structure is used in ten top divisions.

We can see from the map showing the number of clubs per league, that there are nine countries with ten or less clubs in the top division. In this case, a four-round double round-robin structure is often implemented, which is currently the case in seven top divisions. In the last two seasons, Albania, Azerbaijan, Belarus, Croatia, Finland, Georgia, Greece, Ireland, Kazakhstan and Lithuania (ten top divisions) changed their structure. Apart from Liechtenstein, which has no domestic championship, 11 top divisions play in alternative structures which are not founded on the classical round-robin structure.

In San Marino, the teams are split into two groups at the start of the season and then compete in play-offs. In Scotland and Northern Ireland, there are three full rounds before teams in the top and bottom halves play a final round within their half. In Andorra, Belgium, Cyprus, Georgia, Greece, Israel, Malta and Wales, there are two full rounds before teams split into various formats.

## Answer 20

The standard home and away round-robin format is the most common league format used. With the international match calendar and player health considerations dictating the available match dates, the number of clubs to some extent determines the league format, with three rounds of matches typically used in leagues of 12 clubs (33 matches) and four rounds of matches in leagues of ten clubs or less. Eleven European top-divisions use alternative formats, splitting up the clubs midway through the season.

\* This season, Armenia changed from a calendar year to an autumn-spring season, therefore playing a one-off six-round championship.

## Q: 21. Where and how are play-offs and play-outs used?

### Domestic play-offs for UEFA competition places

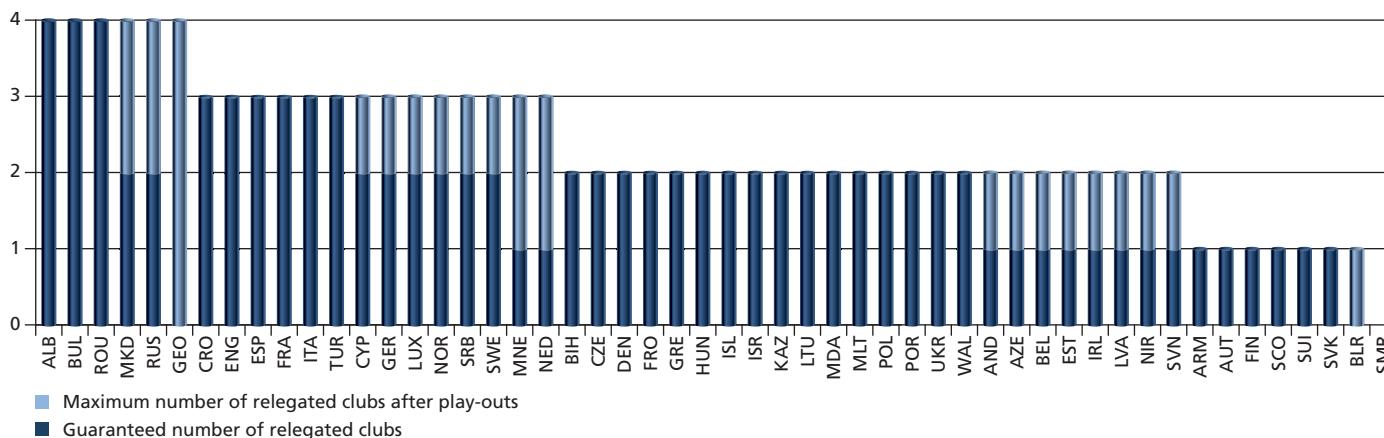
Having analysed how domestic championships are fundamentally structured, with 41 based on a round-robin structure and 11 breaking into groups during the season, we now examine how play-offs are used for UEFA club competition places and final domestic rankings. During the 2012 summer season and 2012/13 winter season, four domestic championships used play-offs, each with a different format. Probably the most complex play-off structure exists in Belgium, where teams initially play the standard home and away round-robin. After that, they divide into three groups (first six, next eight, last two), the first group plays for the title, for three guaranteed positions in the UEFA club competitions and for an opportunity to compete for the fourth place through the Belgium Europa League play-off. The second group is divided into two groups of four and the winners of each group play the Belgium Europa League play-off, with the winner progressing to play the fourth placed team from the first group for the final UEFA competition place. Meanwhile, in Greece, teams play the standard home and away round-robin before a post-season where the second to fifth teams play over two legs to determine

the UEFA competition participants. In the Netherlands, similar post-season play-offs take place with the fifth to eighth teams playing over two legs to determine the UEFA competition participants. In San Marino, the 15 teams are separated into two groups and play each member of their group in a standard home and away round-robin, but also play the teams in the other group once. After this group stage, the first three teams in each group qualify for the championship play-offs for the two to three available UEFA competition places.

### Domestic play-outs\*

The chart shows how relegation and play-outs are used in different domestic championships. These championships have experimented with various relegation structures over the years but the most common is that the last team(s) get relegated, a structure in use by 32 top-divisions in the present season. The number of teams relegated per championship varies from one country to another, the most common number of relegated teams being two, as applied in 24 domestic championships.

Play-outs are used for different numbers of teams and in different types of format and include matches between clubs in the top division and the next division down in 20 countries. The most common play-out is when the last team in the top division gets relegated directly and the team that is second from bottom plays the runner-up in the next division down, while the champion of the second from top division is promoted directly. This type of play-out is conducted in Andorra, Azerbaijan, Estonia, Ireland, Latvia, Northern Ireland, and Slovenia. Something similar takes place in Belgium but first the bottom two teams in the top division play each other home and away to determine who is relegated directly, while the winner plays against the runner-up in the next division down. Another common play-out system is when the bottom two top-division teams are relegated directly, and the third team from bottom plays against the third placed team in the next division down, while the top two teams in the second from top division are promoted directly. This format is used in Greece, Luxembourg, Norway, Serbia and Sweden. A similar format is used in Montenegro and the Netherlands but with just the bottom team in the top division automatically relegated, while the second and third from bottom teams play-out against the teams that finish second and third in the next division. There are yet further play-out formats used in Belarus, Cyprus, Georgia, Macedonia and Russia.



\* The play-outs analysed are those taking place between top-division teams and those between teams in the top two divisions. Play-offs solely between second division teams for qualification for the top division have not been analysed but are included in the guaranteed number of relegated/promoted clubs shown in the chart.

## Answer 21

The number of teams relegated and promoted between the top two divisions each year varies according to the results of the play-outs and changes in the league structure from year to year. On the basis of the current season, the number of clubs relegated, subject to clubs meeting the necessary licensing requirements in each country, will vary between 94 and 121, which represents between 13% and 17% of the total top-division clubs. This is a key element of the European professional sports model pyramid.

## Q: 22. How many fans attended domestic championship matches across Europe?

According to the latest figures, the 2011/12 winter and 2011 summer seasons appear to indicate a resurgence in top-division football attendance figures. Total attendance grew a healthy 2.5% from 101 million to 103 million spectators in 2011/12.

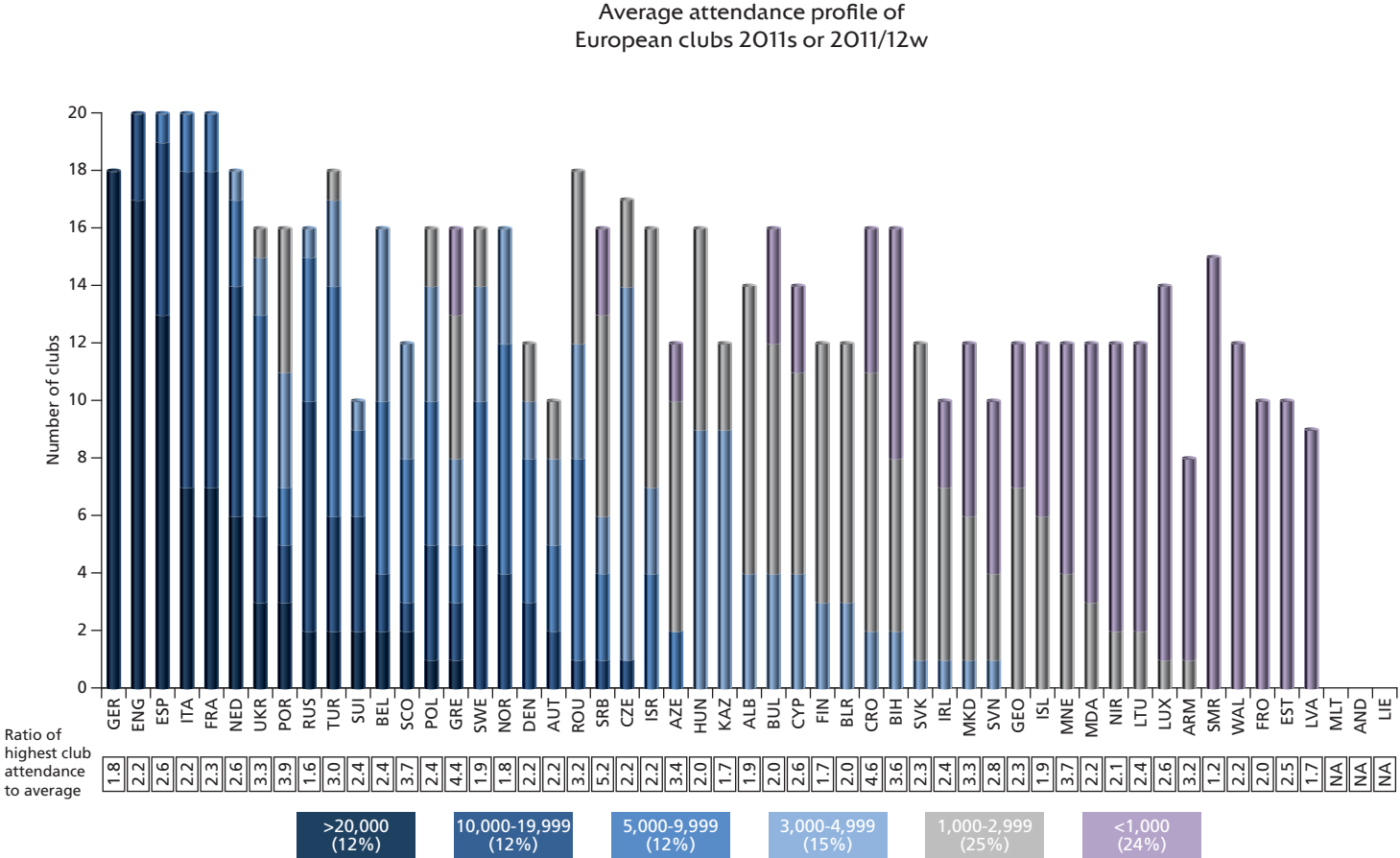
Germany is again top of the attendance table in both average matchday attendance and cumulative league attendance. A strong 5.7% increase enabled this achievement. The Netherlands had the fifth highest average attendance, at just under 20,000, displacing France, although the stadium investment in the build-up to UEFA EURO 2016 is likely to reverse this trend. Growth was not just limited to larger top divisions. The top divisions in Armenia, Estonia, and Montenegro all experienced average attendance growth over 20%.

Nearly half of all top division clubs (48%) attract an average of less than 3,000 spectators, which is the same as in 2009/10, and over one third (39%) draw more than 5,000 fans.

The ratio of the highest club average attendance against the league average illustrates the concentration (or distribution) of spectators among clubs in a division. Russia, Finland, Iceland and Kazakhstan have more even distributions, whereas one or two clubs dominate the competition in Serbia, Greece and Croatia.

### Answer 22

For the 2011/12w and 2011s season, over 103 million fans attended domestic club championship matches in Europe. This is an increase over 2010/11, driven primarily by growth in Germany, Hungary, Serbia and Ukraine. It was a resurgent season, with attendances climbing back towards the volumes experienced in 2008/09.



Source: <http://www.european-football-statistics.co.uk/attn.htm>, [www.soccerway.com](http://www.soccerway.com) and national licensing managers. Figures cover the last completed season.



## Q: 23. What are the attendance trends in domestic championship matches?

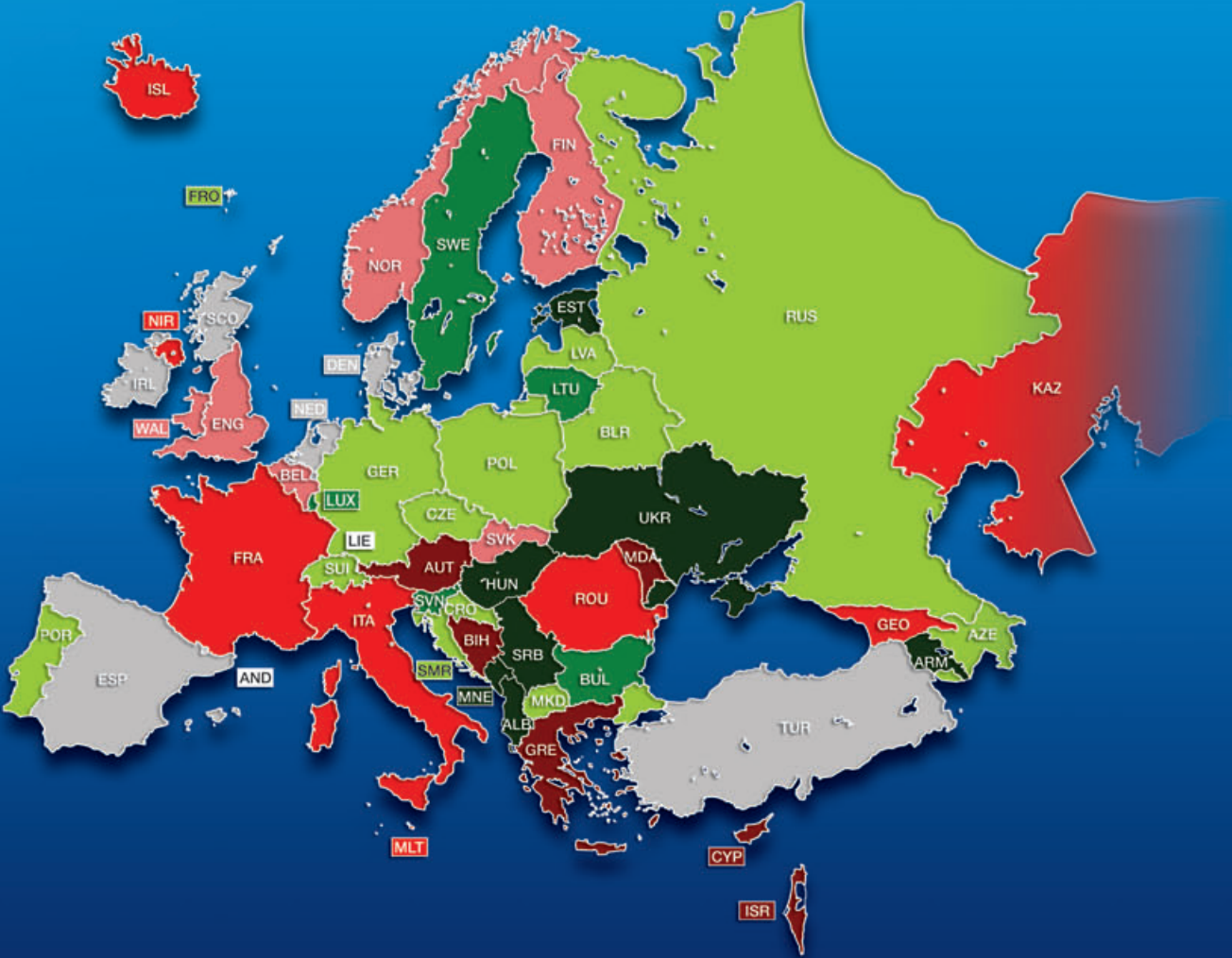


### Answer 23

Increased attendance figures were recorded in 2011/12 (winter)/2011 (summer) in 31 of the 51 top-divisions (61%) with comparable data, while 20 (39%) decreased. In a reverse from recent seasons, the attendance trend became positive again. Among the “big five” divisions, only Germany and Spain had increased attendances (5.7% and 2.0% respectively), while Italy, France and England declined (-7.6%, -4.4% and -2.0% respectively). Ukraine especially reported a large increase (+23%) off the back of new or modernised stadiums planned for UEFA EURO 2012, however there were also strong increases in Serbia (55%), Hungary (49%) and Albania (30%) thanks mainly to newly promoted clubs.

Average match attendance trend from 2010s/2010/11w season to 2011s/2011/12w season

>+20%	7x
+10% to +20%	5x
+3% to +10%	13x
+3% to 0%	6x
0% to -3%	6x
-3% to -10%	8x
<-10%	6x
Unknown	2x



Source: <http://www.european-football-statistics.co.uk/attn.htm>, [www.soccerway.com](http://www.soccerway.com) and national licensing managers. Figures cover the last completed season (2011/12 winter season and 2011 summer season). No reliable figures were available for AND and LIE.

## Q: 24. How do European attendances compare with those around the world?

While football is known as the “world’s game”, how do match attendances in other continents and nations compare with those in Europe? The map illustrates the average attendances in certain selected leagues where data is readily available along with the largest average club attendance. For comparative purposes, we have also indicated the highest average attendance in Europe. Clearly, the success of Major League Soccer in the United States has now generated enough interest to gain a foothold among other top US professional sports and attendances in Mexico rival those of top divisions in Europe. Top divisions in Asia demonstrate respectable levels but will also surely grow as those leagues develop and continue to attract star players. There is also room for growth in South America, and the investment in stadiums for the FIFA World Cup in Brazil in 2014 will certainly act as a catalyst there.

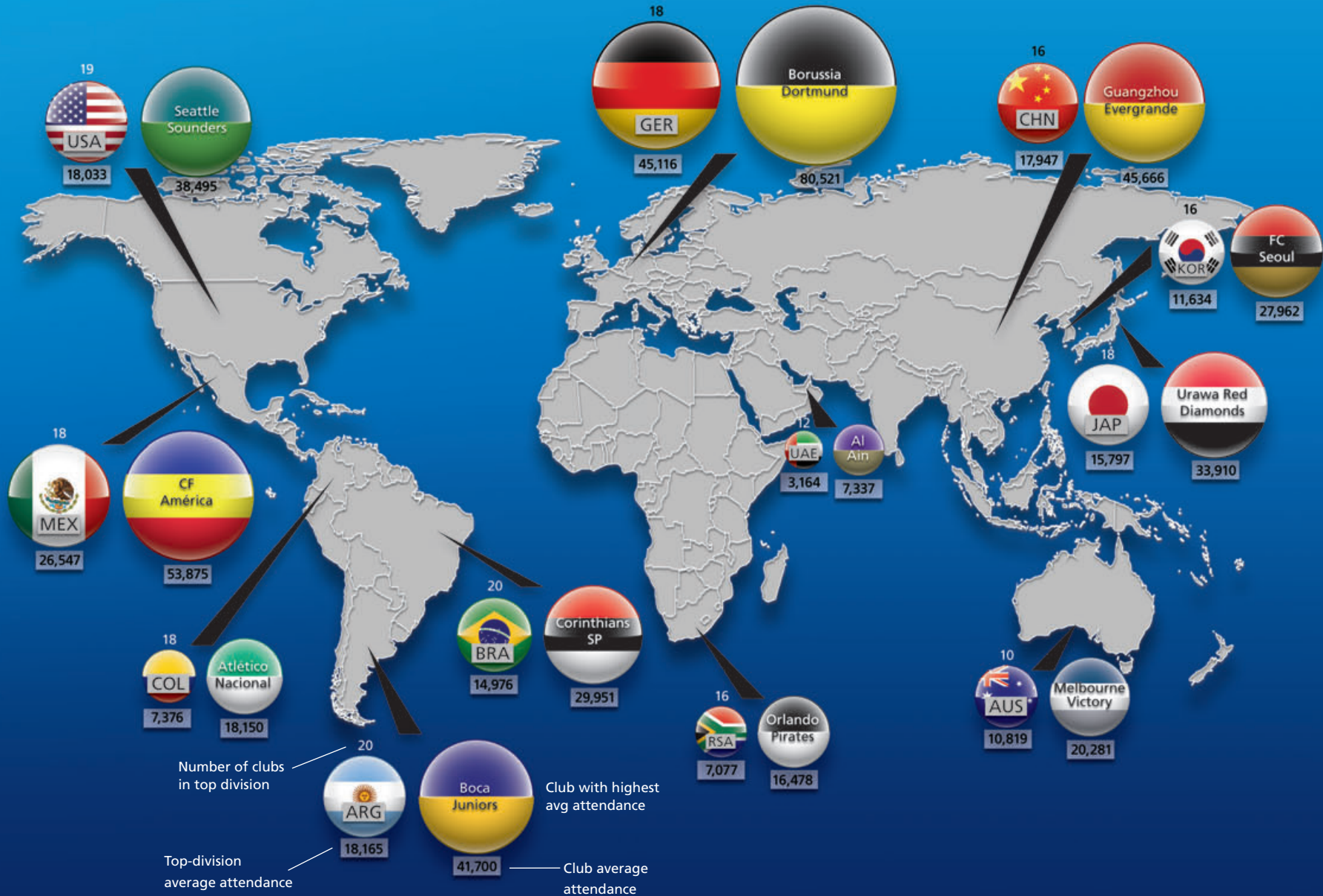
The concentration of attendances is not too dissimilar from that in European divisions. The top clubs across the world are generally attracting spectators between 2x and 2.5x of the division average.

### Answer 24

Average and total club attendances in Europe are still the highest in world club football. Nonetheless, healthy attendances are reported in various spots across the world, with the Mexican average of over 26,000 only exceeded by Germany, England and Spain. Indeed CF America’s average attendance ranked it in the top ten in world terms, while Guangzhou ranked 20th and Boca Juniors and Seattle ranked in the top 40 average club attendances in the most recent completed season.











# 5

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## People profile: coaches and players

- Job security – what are the contract profiles of club head coaches?
- Job security – what are the service profiles of club head coaches?
- What are the profiles of European clubs' top players?

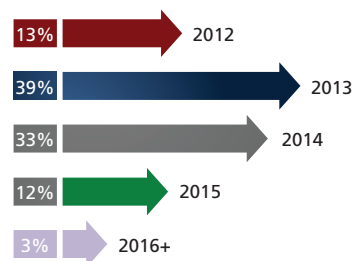
## Q: 25. Job security – what are the contract profiles of club head coaches?

The arrow chart illustrates the year when the contracts of head coaches expire\*. The chart below shows the proportion of club head coaches with contracts until 2014 or beyond\*\*.

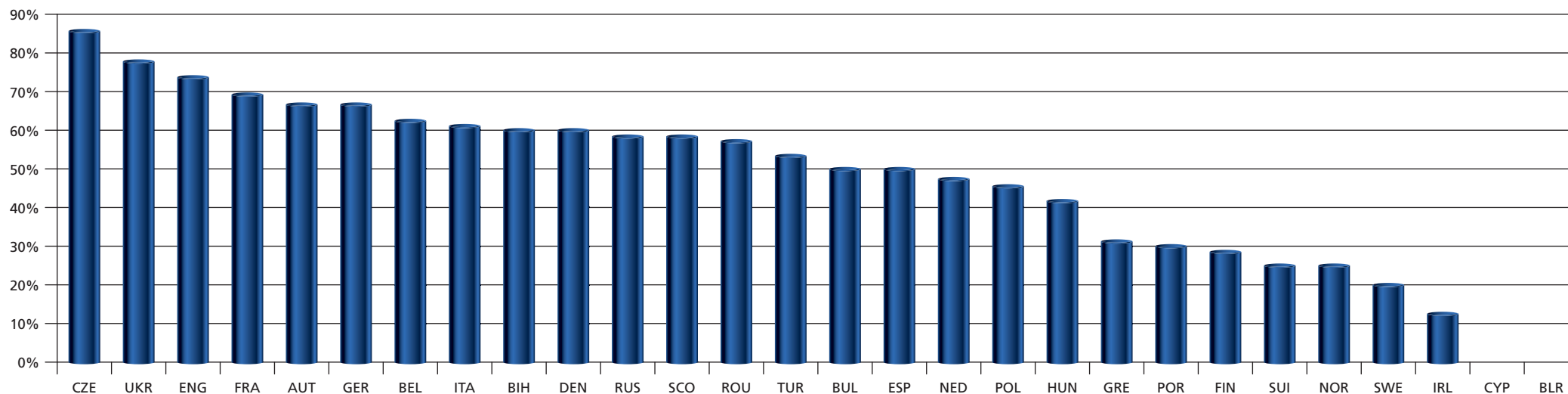
### Answer 25

Employment contracts do not expire until at least 2014 for just under half (48%) of head coaches. This varies between countries, with many countries over 60%, including England, France and Italy.

When do current head coaches contracts end



Proportion of club head coaches with contracts until 2014 or beyond



\*This contract expiry date analysis covers the widest available sample covering 341 top-division head coaches but excludes head coaches from the following countries: Andorra, Azerbaijan, Armenia, Estonia, Faroe Islands, Iceland, Liechtenstein, Lithuania, Latvia, Moldova, Montenegro, Northern Ireland, San Marino and Wales due to lack of information. All contract expiry date values are based on data extracted from [www.transfermarkt.de](http://www.transfermarkt.de).

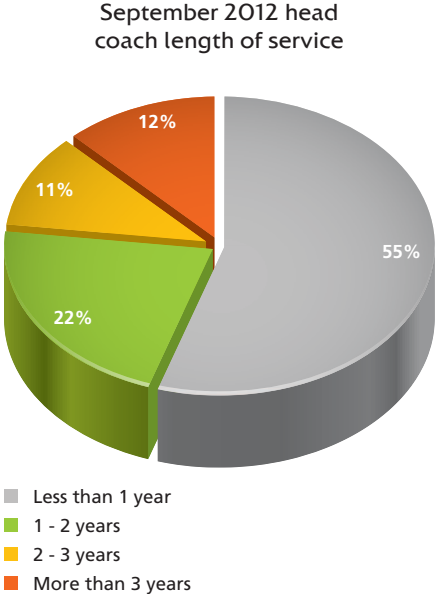
\*\*The proportion of club head coach contracts analysis covers only those countries where the contract dates are known for at least five head coaches, covering 314 top-division head coaches from 28 countries.

# Q: 26. Job security – what are the service profiles of club head coaches?

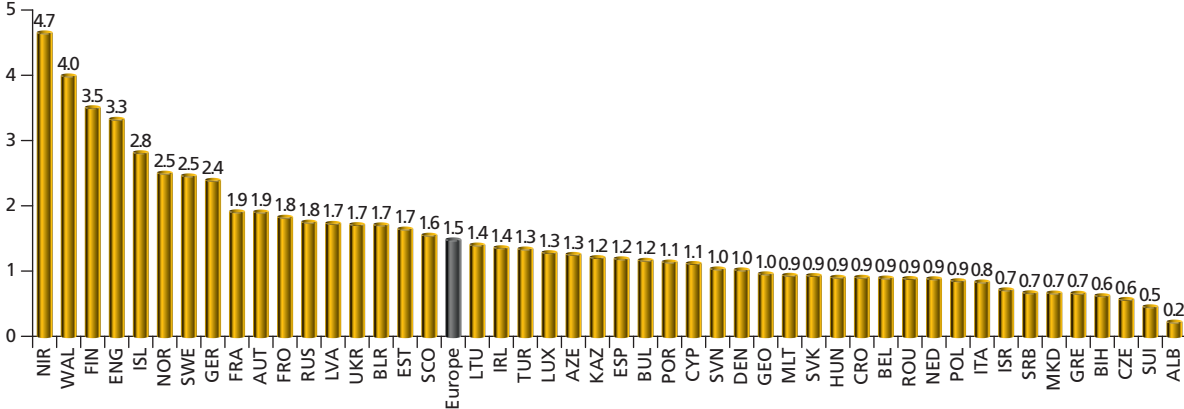
The column chart on the right illustrates the average length of service of club head coaches as measured in September 2012\*. The European average was 18 months but the average length of service differs considerably across Europe.

The seven most stable countries for head coaches, as measured by average length of service, are all from the British Isles and Nordic countries, where the average ranges from between 4.2 years in Northern Ireland to 2.5 years in Sweden.

At the other end of the scale, there were 17 leagues where the average length of service was less than one year.



Average length of service of head coaches (years)

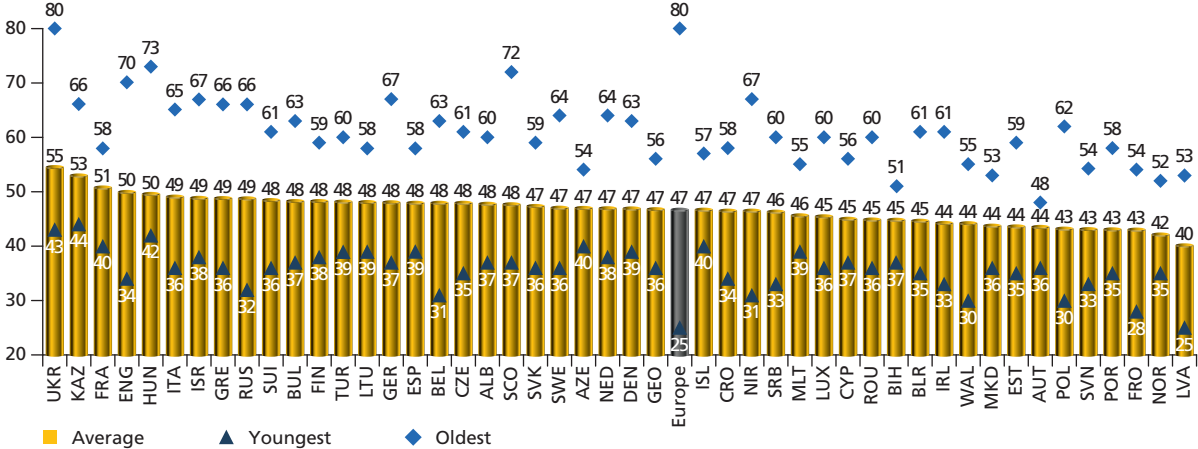


The column chart on the left illustrates the age profile of club head coaches as measured in September 2012. The European average was 47 with head coach ages ranging from 25 to 80 years.

The highest average was recorded in Ukraine, where the average coach age was 55 years, while the youngest average age of 40 years old was recorded in Latvia.

The good news for either young or old head coaches is that the range differs considerably in every country, as shown by the diamonds and triangles for each country, with all countries apart from Austria having at least one head coach over 50 and all countries apart from three (Ukraine, Kazakhstan and Hungary) having at least one head coach aged 40 or younger.

Average, youngest and oldest head coaches (years)



## Answer 26

While contract profiles suggest that head coaches have better than expected job security, analysis of the actual length of service of current head coaches underlines that many leave or are sacked mid-contract, with the average length of service 18 months and 55% of coaches in place for less than 12 months.

\*The average length and age of head coaches presents the picture at one moment in time (September 2012), as well as changes over time, and includes interim coaches. Analysis based on data from www.transfermarkt.de covering 633 head coaches from top-division clubs in 47 countries (excludes Andorra, Armenia, Liechtenstein, Moldova, Montenegro and San Marino as data not readily available).



## Q: 27. What are the profiles of European clubs' top players?

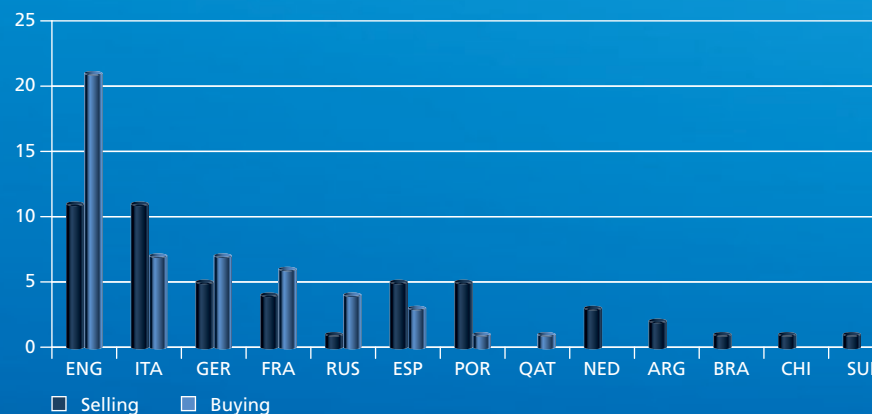
We have analysed the top 50 summer 2012 transfer deals by value, which covers transfer deals of €10m and above. In the column chart\*, we analyse country by country, the profile of the selling and buying clubs involved in these 50 transfers. The selling clubs were widespread with 45 separate clubs from 12 different countries involved. The buying clubs were more concentrated with 28 clubs from just eight countries involved. Further analysis reveals some interesting facts, with English clubs involved in almost half of all the top 50 transfers, responsible as the buying club in 21 of the top 50 transfers and involved as the selling club on an additional\*\* three transfer deals. The rise of Russian clubs is hinted at, with four of the top 50 transfers heading to Russia, and this is without including transfer activity from the January 2012 window, when Russian clubs were involved in the two highest-value deals. For the first time in recent years, Spanish and Italian clubs sold more top 50 transfers than they bought, with Italian club buying down from 12 in the previous year to seven in the summer of 2012 and Spanish club buying down from seven in the previous year to just three in the summer 2012.

In the arrow chart we can observe that over half (52%) of the top 50 transfer contracts were for five seasons and the average contract length of the players involved in the top 50 summer 2012 transfers was 4.32 years. Clearly, clubs continue to want to protect their players residual transfer market value and with 44 of the 50 players, 27 years old or younger, we would not expect in this top 50 the type of short-term deals which are common for older and less-valued players.

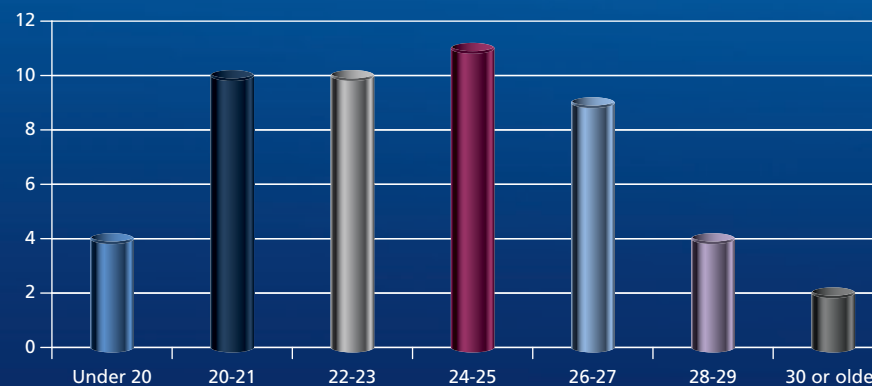
The pie chart illustrates the premium placed on attacking players, with strikers and attacking midfielders responsible for the majority of high-value transfers.

\* All transfer values in chart are based on data extracted from the partner information provider [www.transfermarkt.de](http://www.transfermarkt.de) which, in most cases, is based on publicly reported transfer values supplemented by best estimates. UEFA has not checked every value and is not in the position to do so, but has performed a sanity check on a sample of reported transfer values. We believe the accuracy is good enough for indicative benchmarking analysis but should not be relied upon for any other purposes. \*\* English clubs were both the buying and selling club in eight transfer deals. In addition they sold to clubs outside England in three other transfer deals, in total, as per the chart, English clubs were the selling club in 11 of the 50 transfers.

Selling and buying countries of top 50 transfers

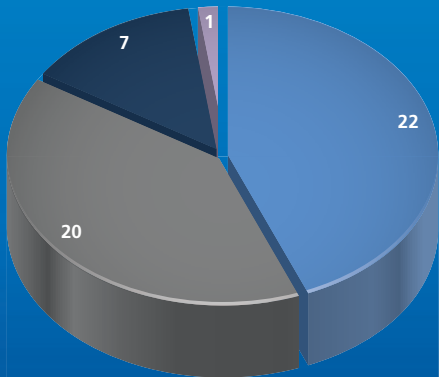
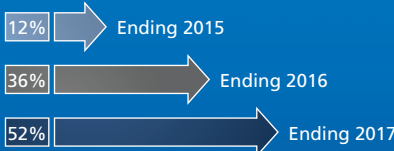


Age of top 50 players transferred





Player contract period of summer 2012 top 50 transfers



- Striker
- Midfield
- Defence
- Goalkeeper

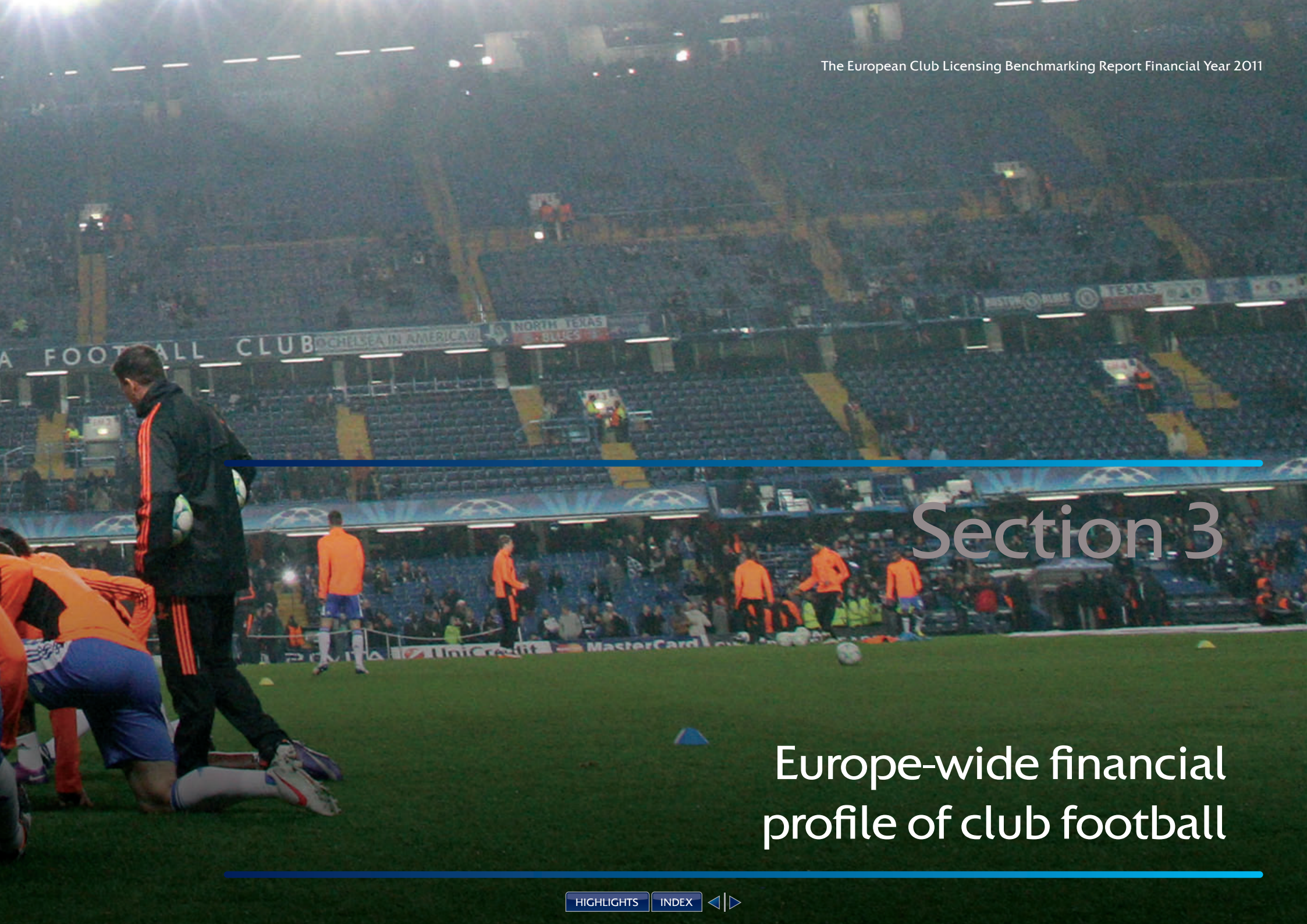
### Answer 27

In the last transfer window 46 of the top 50 worldwide transfers by value involved a European selling club and 49 involved a European buying club. The average contract length was 4.32 years with just over half of deals involving a five-season contract.









# Section 3

## Europe-wide financial profile of club football





# 6

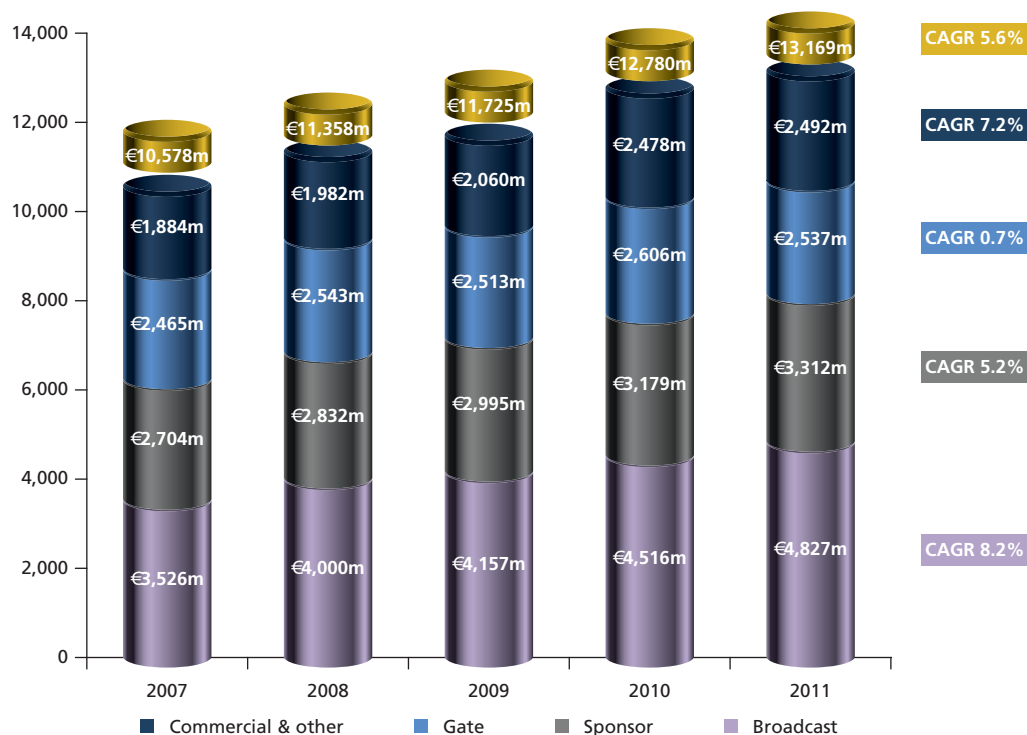
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## How has club football weathered the economic storm (the five-year financial trends)?

- What has happened to club revenues over the last five years?
- How has transfer activity fluctuated across Europe in the last five years?
- What has happened to wages and transfer costs over the last five years?
- Is it just the 'wealthy' clubs making ever larger losses?

## Q: 28. What has happened to club revenues over the last five years?

Evolution of Europe-wide top-division revenues FY2007-FY2011 (€m)



\* Average in this context refers to the compound average growth rate between FY2007 and FY2011. Figures presented are at historical exchange rates (this has changed from last year's report and the use of historical rates reflects the fact that under financial fair play break-even, historical rates will be applicable). \*\* This rate refers to GDP growth across 27 EU economies taken from the Eurostat database. \*\*\* 'Meltdown' for the purposes of this Q&A would be a 50% decrease in income during the five year period (see map).

In this year's report we have continued analysing trends on a rolling five-year period which coincides with five years (2007-11) of economic stagnation in European economies, with average\* growth of European economies\*\* of just 0.5%. Despite a slowdown in club football growth rates in Europe in the last year, during the same 2007-11 period aggregate club revenues have increased by an average\* revenue growth of 5.6% per year.

The principal driver of revenue growth has been broadcast and commercial revenues, which have increased at a compound average growth rate (CAGR) of 8.2% and 7.2% respectively. The noticeable exception is gate receipt revenues, which have increased by an average rate of just 0.7% and, after a small decrease this year, are actually now at a slightly lower level than in 2008.

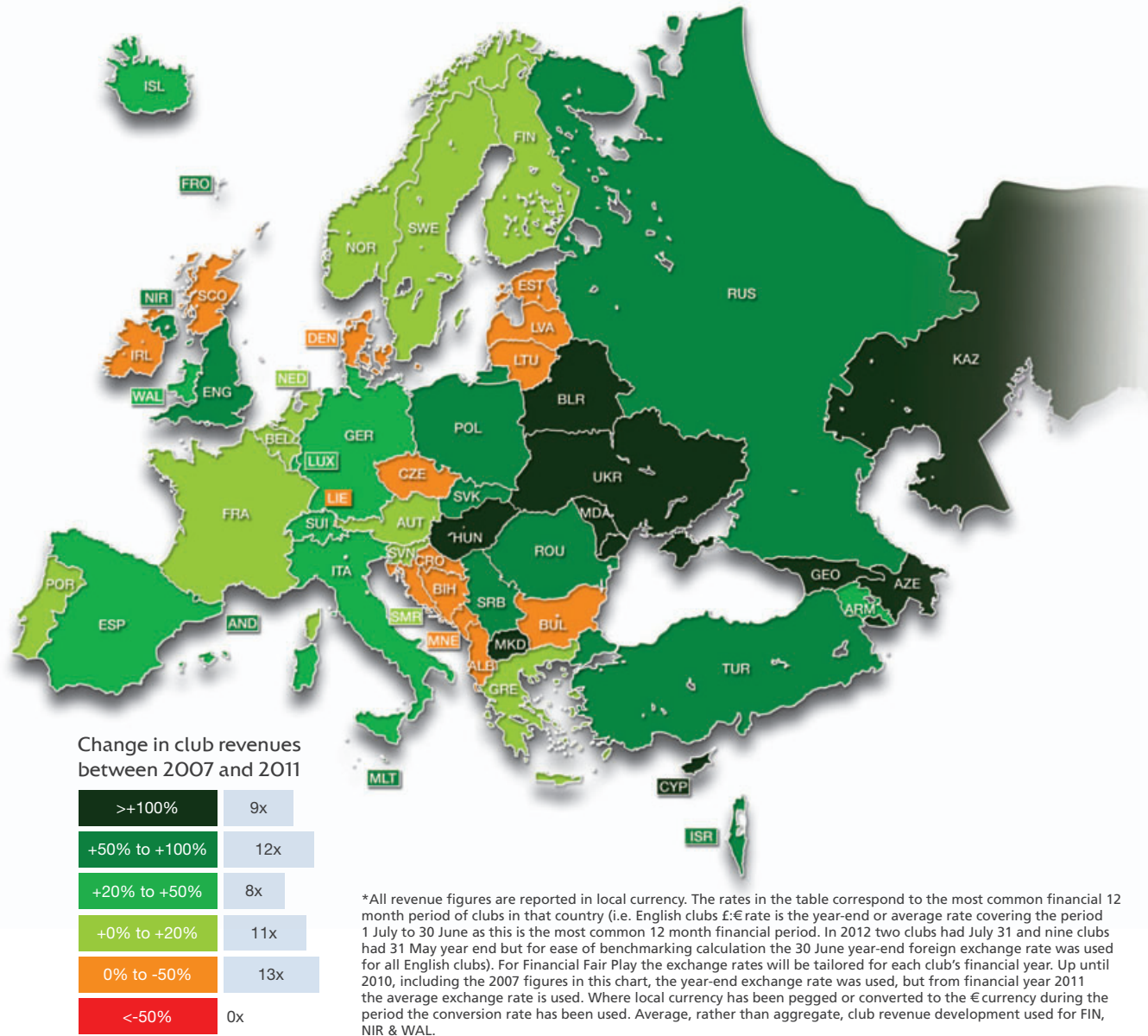
The map gives an overview of how aggregate club revenues (in like-for-like domestic currency terms) have changed between the financial year 2007 and 2011. Some care should be taken in drawing conclusions as the trend is affected by a number of factors. The following is a non exhaustive list of factors that can influence the five-year trend: change in number of clubs within the league (i.e. a reduction from 18 to 12 will often increase the average revenue and decrease the aggregate figure); for countries where UEFA competition participation money makes up a significant proportion of overall revenues, the trend can be significantly affected by the comparative UEFA competition progress in the two years.

### Answer 28

Football club revenue has prospered during the turbulent economic period of the last five years, with club revenue growing in 40 of the 53 top divisions at an aggregate rate of 5.6% a year and 24% over the whole period. All 52 of the European top-divisions have avoided a "meltdown"\*\*\* in income although aggregate club revenues in a number of the Balkan and Baltic countries in particular have shrunk during the five-year period.

While the map provides the revenue trend in domestic currency terms, the depreciation or appreciation of local currency against the Euro between 2007 and 2011\* can have a significant effect (see exchange rate table) on cross-border comparisons. For example, while Icelandic clubs have increased revenue in domestic currency, the trend would be negative if translated into euros.

Currency	FY2010* to FY2011	FY2007* to FY2011	FY2011 to FY2012*
BLR	-45% ▼	-55% ▼	-33% ▼
ISL	-5% ▼	-43% ▼	1% ▲
UKR	-6% ▼	-32% ▼	8% ▲
TUR	-12% ▼	-27% ▼	1% ▲
NIR	-7% ▼	-22% ▼	7% ▲
WAL	-1% ▼	-22% ▼	7% ▲
SRB	3% ▲	-22% ▼	-10% ▼
ENG	-6% ▼	-21% ▼	1% ▲
SCO	-6% ▼	-21% ▼	1% ▲
ROU	1% ▼	-15% ▼	-5% ▼
ARM	-7% ▼	-14% ▼	1% ▲
ALB	-3% ▼	-12% ▼	1% ▲
POL	-4% ▼	-12% ▼	-2% ▼
RUS	-1% ▼	-12% ▼	3% ▲
SVK	0% =	-11% ▼	0% =
HUN	0% =	-11% ▼	-4% ▼
KAZ	-4% ▼	-7% ▼	7% ▲
MDA	-3% ▼	2% ▲	6% ▲
NOR	0% =	3% ▲	4% ▲
SWE	0% =	3% ▲	3% ▲
ISR	-6% ▼	10% ▲	1% ▲
AZE	-4% ▼	13% ▲	9% ▲
CZE	3% ▲	17% ▲	-2% ▼
SUI	7% ▲	34% ▲	2% ▲
LIE	2% ▲	36% ▲	1% ▲





## Q: 29. How has transfer activity fluctuated across Europe in the last five years?

In the last five years, transfer spending\* of European clubs has been on a downwards trend. The chart below includes data for estimated transfer spend over recent years split between the summer and winter transfer windows and covering the 24 most active top-divisions in Europe. A thorough five-year review of transfer activity requires us to look back over an extended period because financial results for the five-year period are heavily impacted by transfer spending that preceded this period, due to the fact that transfer costs are spread over the period of the transfer contract. For the sake of completeness, activity in transfer periods that extend beyond that covered in the financial reports of 2011 have also been included up to the summer 2012 transfer window.

For the avoidance of doubt the summer and winter analysis has been presented on the basis of seasons rather than calendar years, hence 2011/12 refers to the summer 2011 and January 2012 transfer windows.

Over the eight seasons analysed, covering eight summer and winter transfer windows, the winter transfer spend was equivalent to 18% of total transfer activity whilst the summer transfer spend accounted for 82% of spend.





### Answer 29

Transfer spending peaked in the summers of 2007 and 2008 at just over €2.5bn, with overall transfer spending (summer and winter) approximately €500m lower in the last three and a half seasons. The FY2008 and FY2009 financial results benefitted significantly from these transfer activity trends, with low transfer costs (legacy of relatively low transfer spend 2004-2006) and high transfer profits (triggered by relatively high transfers in 2007 and 2008). The same timing difference effect has negatively affected club financial results in FY2010 and FY2011, with lower profits (slowdown in transfer level 2009-2011) and higher costs (legacy of relatively high spend 2007-2008). It remains to be seen how the transfer activity as represented by the last grey (January 2012) and yellow dots (summer 2012) will be reflected in FY2012 and/or FY2013, which will be the first periods subject to financial fair play break-even assessment.

\* Transfer spend and sales are estimated as the data is not based on data from financial statements as elsewhere in this report. Transfer values in this analysis are as provided per UEFA partner [www.transfermarkt.de](http://www.transfermarkt.de) and include estimates where transfer values are not disclosed by clubs. Transfer values include assessment of most likely contingent payments and transfer sales may include some amounts payable to third parties. Transfer spend is lower than as reported in financial statements as the financial statements normally also include agent and other costs associated with the transfer cost. The transfer season data analysed corresponds with the most common sporting season (i.e. 2010/11 is summer 2010 and January 2011) – this will therefore not correspond exactly with the financial season for clubs with January to December financial periods. Selected transfers in major leagues sanity checked by UEFA against known values and aggregated figures deemed accurate to +/-5%, enabling an answer to the Q&A to be reached.

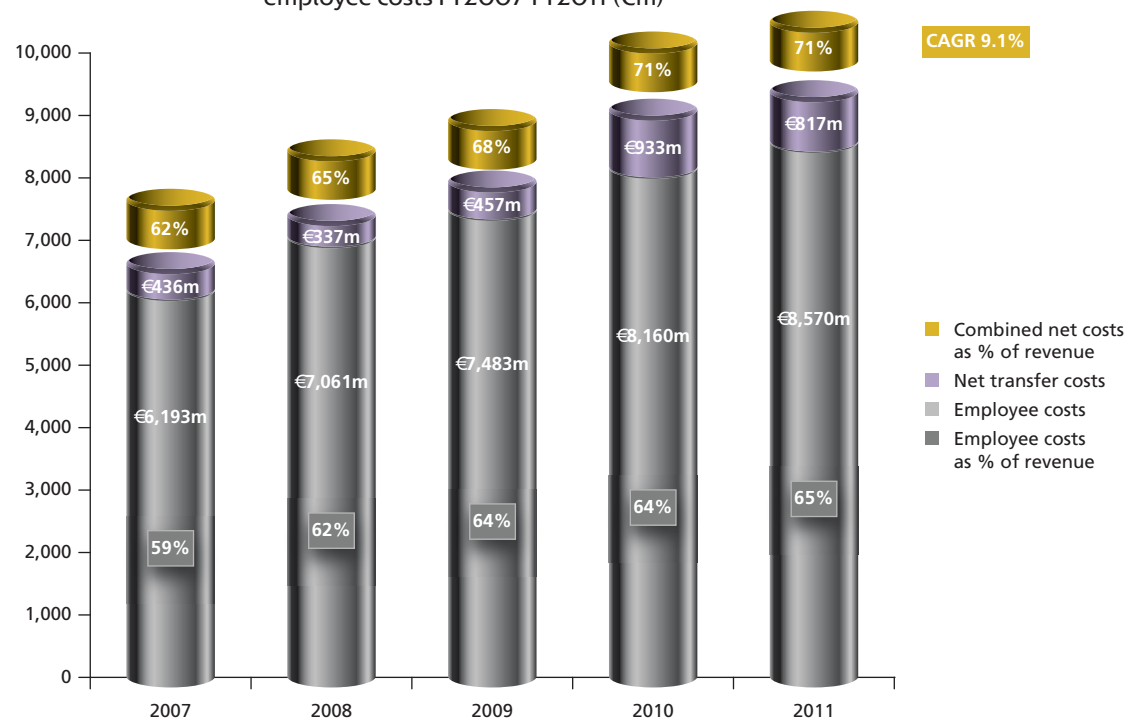
## Q: 30. What has happened to wages and transfer costs over the last five years?

The last five years have seen a rapid and well documented increase in wages, with overall employee costs increasing by 38% between FY2007 and FY2011. As a result, the key cost ratio of wages to revenue has increased from 59% to 65%, and the key ratio impacting on bottom-line results, the combined employee and net transfer costs to revenue ratio, has increased from 62% to 71% during this period. What this means is that the previously documented €2.6bn revenue increases between FY2007 and FY2011 have not been enough to cover the €2.8bn increase in combined employee and transfer costs, with a €200m shortfall, and this is before adding the €1bn increase in other operating and financing costs during the period.

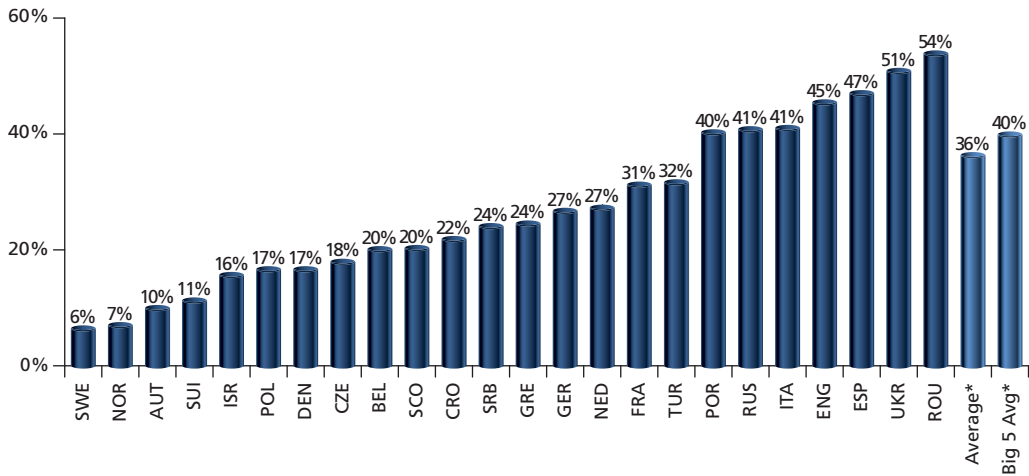
### Answer 30

While European clubs have successfully increased their revenues by 24%, the cost base of football clubs has increased at a faster rate, with employee and net transfer costs, in particular growing fast. Wages have increased by 38% from €6.2bn to almost €8.6bn, and if we combine the net costs of wages and transfers, then the increase in these costs was 43%.

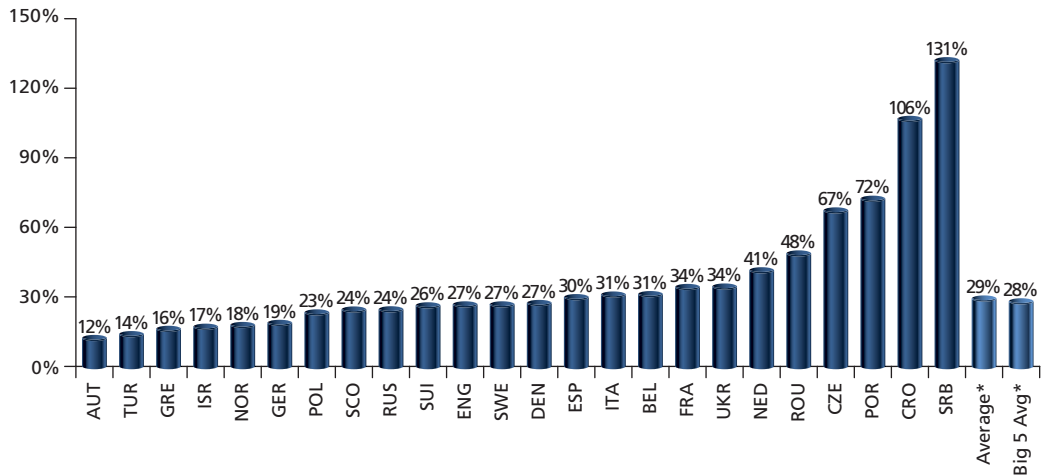
Evolution of Europe-wide top-division combined employee costs FY2007-FY2011 (€m)



Estimated transfer spend as % of wages:  
5 years 2006/07 to 2010/11



Estimated transfer sales as % of wages:  
5 years 2006/07 to 2010/11



Transfer activity was analysed in detail in last year’s benchmarking report (chapter 7, pages 90-107), in particular the methods and timing of how clubs account for transfers, and we are not repeating this level of detail in this year’s report. The charts above are simple comparisons of estimated transfer spending and transfer sales\* by clubs in the 24 top-divisions leagues, which are most active in terms of transfer activity. Both charts plot transfer activity relative to “wages” (employee costs) reported in 1,800+ financial statements for the five-year period from FY2007 to FY2011.

This illustrates, firstly, the relative size of transfer spending against the largest single cost category of club football (player and non-player wages and associated costs), and secondly, the relative importance of transfer activity for clubs across different leagues. While transfer sales could also be plotted against revenue, we have used wages in both cases, to allow transfer spend to be compared with transfer sales.

The estimated transfer spend chart highlights that, with the exception of Romania and Ukraine, transfer spending during the period has been less than half the spending on wages. The weighted average transfer spend across the 24 leagues was 36% of wages, which means wages were almost three times the transfer spend. This is no doubt a significant level, but provides some perspective, given that, these days, 24-hour rolling news is common during transfer window periods.

A number of factors influence the relative transfer activity to wage spend between countries, including the proportion of home-grown players used within leagues (wages but not transfer

fees are paid to/for home-grown players) and the player profile of club signings (experienced players nearing the end of their career often warrant high wages and lower transfer fees). The chart includes estimated figures, so should be considered a benchmark only, but clearly demonstrates that Swedish, Norwegian, Austrian and Swiss clubs spend on average, much less of their player\*\* budget on transfer fees (transfer spend 6-11% of wages) compared with the average (36%). Among the most active, clubs from Germany bought players with transfer fees equivalent to 27% of wages over the five-year period, compared with clubs from Spain, England, Italy and Russia (41-47%).

The estimated transfer sales to wages chart also highlights some key differences between clubs across Europe. The fact that transfer fees on the sale of player registrations (“transfer sales”) exceeded the total amount of wages paid during the five-year period by Serbian and Croatian clubs clearly underlines the financial importance of transfer activity for these clubs. Simple analysis of wage to turnover ratios, which by common definition, omits transfer incomes, could therefore be misleading when analysing many of these clubs. Five-year data for Portuguese clubs shows a slightly lower transfer sales to wages level of 72%, but is nonetheless much higher than the average of 29% and, hence, demonstrates the importance of transfer activity within their financial strategy. The Czech and Dutch clubs, are on aggregate also clearly net sellers, with transfer sales significantly higher than transfer spend.

\* The term “Spend” is used to differentiate transfer data on all transfers between summer 2006 and January 2011 sourced from the website, from transfer “costs”, which are disclosed within financial statements and spread over time. Most new players, later have their player registrations resold and so transfer signings are often considered investments rather than costs. \*\* The term “Player budget” is used to aid understanding, although it is technically not accurate as the charts include “wages” and associated costs for all employees. UEFA’s analysis of disclosed employee costs from 190 representative clubs indicates that, on average 83% of “employee costs” are players and 17% for management and other staff (see FY2010 benchmarking report, page 69).



## Q: 31. Is it just the ‘wealthy’ clubs making ever larger losses?

The first column chart indicates the cumulative story of the five-year period, with net European top-division club losses increasing every year due to escalating costs and particularly discretionary spending on wages and transfers. Indeed, if we look at the financial years 2008–2010, almost €1bn was added to the top-division net losses. Over this period, the net loss margin increased from 5.8% to 12.7% of revenues, which, in simple terms, means that European clubs on aggregate spent roughly €9 for every €8 of revenue in 2010 and 2011.

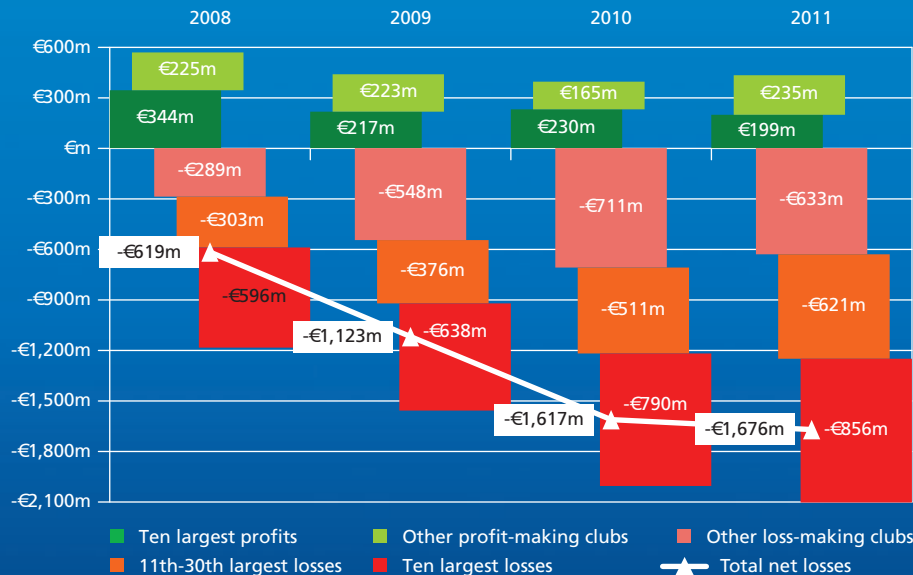


\* The total net losses figure in the chart with club groupings differs slightly from the aggregate Europe-wide net loss figures indicated elsewhere in report as these aggregate figures include UEFA-simulated data for missing clubs.

Most people with an interest in football will be aware of some of the significant losses reported by certain high-profile clubs in recent years. From the last four years of benchmarking reports, it is also apparent that approximately a quarter of European top-division clubs have reported “significant” losses from spending €6 for every €5 of revenue. However, this anecdotal and statistical evidence does not fully explain the trend in club losses.

By tracking the reported financial results of more than 600 clubs each year for the last four years and segmenting clubs according to their financial results from the largest losses to the largest profits (clubs reporting ten highest losses; the next 20 loss-making clubs; other loss-making clubs; the ten most profitable clubs, and; other clubs reporting profits) we are able to see clearly that the increased losses over recent years are coming from all categories of clubs. While the cumulative result of the ten largest loss-making clubs has increased by €260m, supporting the anecdotal evidence documented in media coverage, the losses of the next 20 clubs have more than doubled, increasing by more than €300m, with the remaining loss-making clubs following suit.

In other words, the cost pressure, in particular the wage pressure, has taken its toll on all categories of club, from the “top-end spenders” all the way down. Even the cumulative profits (often transfer-generated) of profit-making clubs have decreased from €569m in FY2008 to €434m in FY2011\*.



### Answer 31

Whilst commercial and broadcast income growth have bolstered clubs during the last five years, an inability to control costs in a competitive environment has led to severe inflation of club losses during the period. Aggregate losses have increased by over €1bn and analysis shows that these increased losses are not just at the “top-end” of Champions League clubs with the top international stars, but reported by all club segments.



# 7

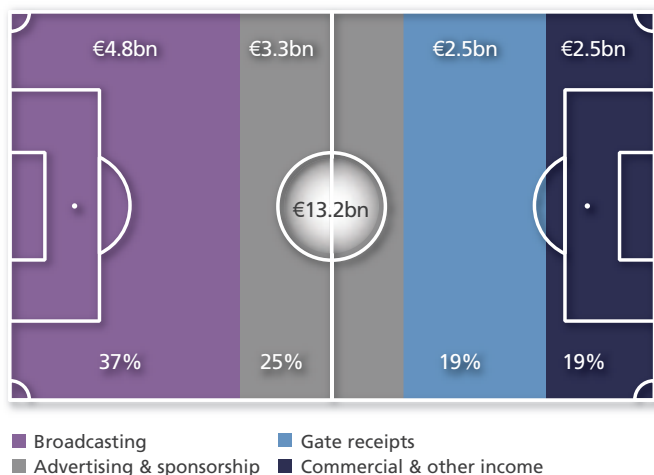
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## Financial profile of European club football: revenues

- How much and what types of revenue did European clubs report last year?
- What has been the revenue trend from year to year?
- How do revenues and revenue streams vary across Europe?
- How are the largest clubs spread across Europe?



## Q: 32. How much and what types of revenue did European clubs report last year?



As in previous reports, we principally refer to “revenue”, which is sometimes also known as “income from operating activities” or “turnover”\*. 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 are also excluded and included within the profitability analysis. “Income/revenue” should also not be confused with the term “budget”, commonly used in eastern Europe to mean the financial resources available to a club, including any non-committed owner contributions.

The revision of the UEFA Club Licensing Regulations three years ago, allowed UEFA to introduce certain minimum disclosure standards in financial reporting to be met by all clubs applying for 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 revenue types. Most clubs were not required

to do so previously under standard financial reporting requirements, as the commercial contract level and the distinction between sponsorship and commercial revenue in particular is not always clear\*\*, we nonetheless believe the revenue stream requirement is an important step towards increased transparency in football clubs.

In FY2011, broadcast revenue accounted for 37% of the estimated €13,169m total Europe-wide top-division revenue, with advertising and sponsorship accounting for 25%, gate receipts 19% and commercial and other revenue 19%.

The aggregate Europe-wide broadcast revenue figure somewhat masks, however, the picture at national level, with the five largest revenue leagues (top five) each reporting €500m+ of broadcast revenue and only one other league (Turkey) reporting more than €100m+ of revenues from this source. Indeed, excluding these six leagues, the proportion of broadcast revenue was only 13% in FY2011.

The importance of different revenue streams differs significantly between countries, as shown later in this report.

### Answer 32

Between them, the 734 top division clubs in Europe are estimated\*\*\* to have generated just under €13.2bn in revenue in FY2011, excluding transfers. Clubs in the next two divisions below (which generally do not undergo UEFA licensing and are not considered in this report) are estimated – using a sample of club financial statements and attendance data – to have generated a further €2.8–3.0bn.

\*Revenue is equivalent to all income less the following investing/divesting, financing and tax gains: net profits or income on transfer dealings, net gains or income on the sale of other assets, net gains or income on the sale of financial investments, gross or net financial interest and other financial income, net gains or income from non operating activities, 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 the wider definition of income used by some clubs and reports.

\*\* Commercial revenue includes conferencing and merchandising, while other revenue includes donations, grants, solidarity payments,

exceptional revenue and unclassified revenue. The split between commercial and sponsorship is not always clearly defined by some English, Spanish and Italian clubs, so the revenue streams should be considered as indicative only. Although disclosure is generally consistent from year to year, there may have been some improvements in reporting that have influenced the results.

\*\*\* “Estimated” because extrapolations used for the 7% of top division clubs not surveyed (always lower-ranked clubs which did not apply for a UEFA licence). Estimate accurate to +/-0.5% as contains 99% actual and 1% extrapolated data. Extrapolations based on average club revenue outside largest four revenue clubs and manual adjustments where deemed necessary.

# Q: 33. What has been the revenue trend from year to year?

“Like-for-like” growth rate and “€ growth rate”:

“€ growth rate” uses the original exchange rates for each period, which can fluctuate, considerably in many cases between FY2007 and FY2011. 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. This is the growth rate we use in the report this year unless stated otherwise since club financial results will not be readjusted in the break-even assessment to reflect currency rate changes.

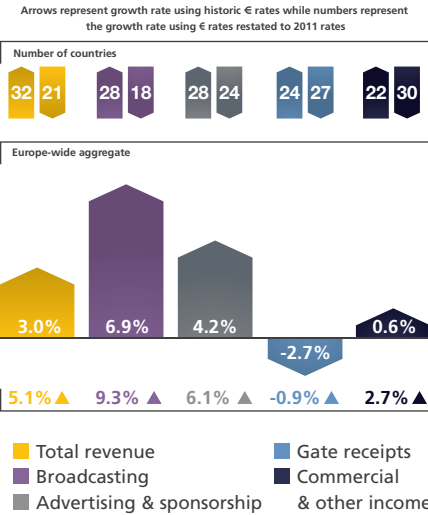
“Like-for-like” means restating FY2010 comparison figures with the FY2011 € local currency rate. This provides a better understanding of each country’s trend in its local currency.

## Answer 33

Total Europe-wide top-division club revenue continued to grow, but at a slower rate than in recent years, increasing by an estimated 3.0% from €12.8bn\* in FY2010 to €13.2bn in FY2011, once again outpacing economic growth (eurozone 1.8%). Once again, the economic conditions were most clearly present in club gate receipt revenues, which decreased in € terms by 2.7% between FY2010 and FY2011.

Total revenue increased by 3.0%, going up in 32 top divisions (30 in the previous year) and down in 21. In local currency terms, the increase was slightly higher, at 5.1%. Among the 20 wealthiest leagues, only Germany\* and the two UEFA EURO 2012 host nations, Ukraine and Poland, reported revenue increases of more than 10%. See next Q&A for country by country trend.

As broadcast income in the top five leagues is either centralised or concentrated in a few clubs, it tends to move in large steps every 2–4 years rather than fluctuate like the other revenue streams. Despite little increase in the UEFA broadcast revenues due to FY2010 and FY2011 being mid-cycle, there was still an increase of 6.9%, boosted by double digit increases from clubs in England, Italy, Turkey and the Netherlands.



In some cases the number of increasing and decreasing trends totals to less than 53 countries. This is because there are either zero revenues or no revenues disclosed.

Advertising and sponsorship revenues increased in 28 and decreased in 24 top divisions. Strong growth of more than 10% was reported in 20 countries, including England, where sponsorship rights remain particularly buoyant. Overall, the Europe-wide growth trend was consistent with previous years.

As documented in the five-year review, European gate receipts continue to be under pressure, with a reduction of 2.7% in € terms (0.9% reduction in local currency terms). For a second year in a row, gate receipts fell in more countries than they rose. Increases of more than 10% year-on-year were recorded in Russia, Ukraine, Poland and Romania (the last three helped by new stadiums built for hosting UEFA competitions).

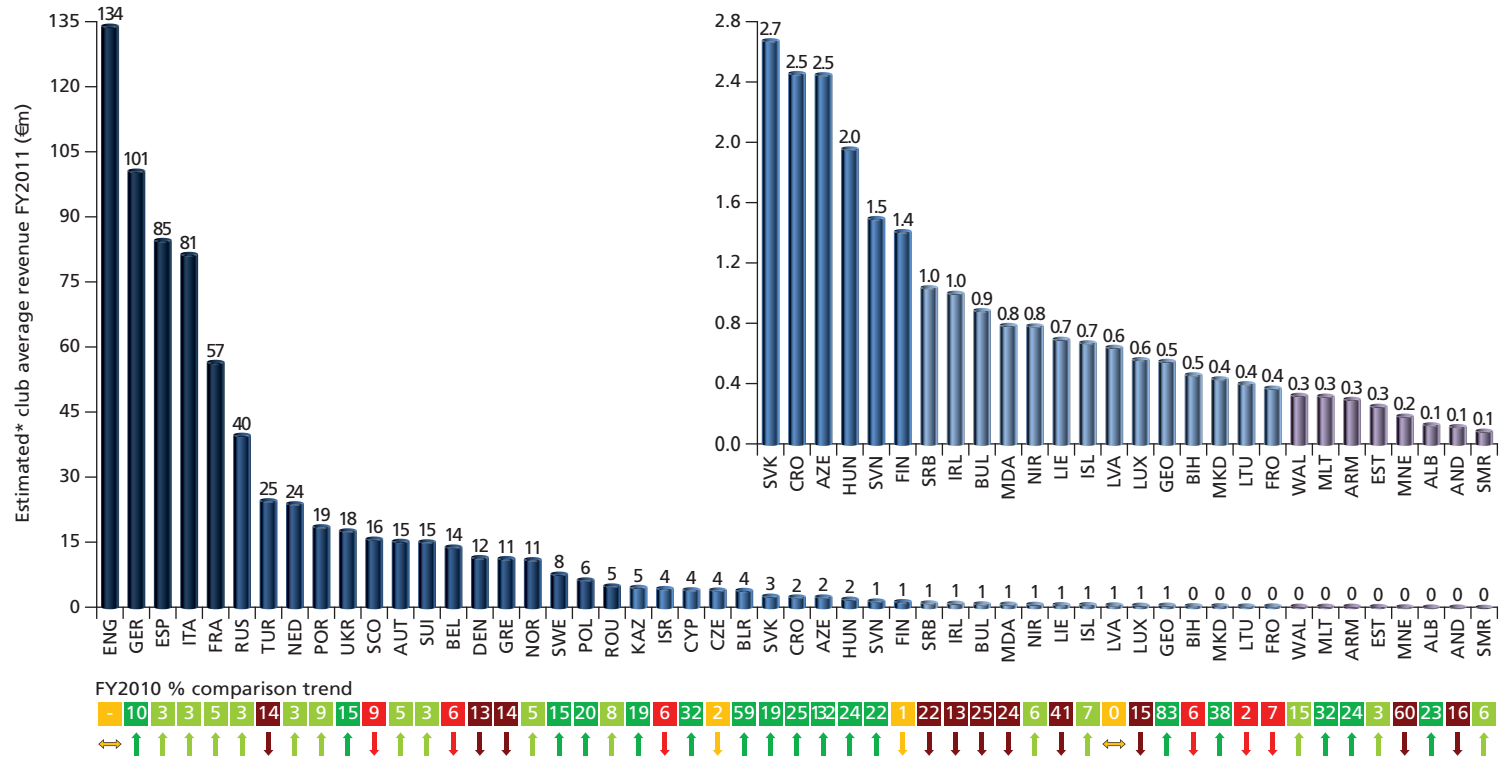
Commercial and other revenues\*\* increased 0.6% in € terms. As noted in previous reports, these revenues tend to fluctuate the most within and between divisions, since much of the other revenue is in short-term discretionary donations. The year-on-year comparison was heavily effected by the winding down of Arsenal property income from the development of their old stadium. Indeed, excluding this factor would lead to a 6.9% increase in this revenue stream. Increases in German\* commercial and other operating revenues were the single biggest driver of commercial and other income growth.

\* The German revenue increase was partly due to the expansion of the financial reporting perimeter of some German clubs between FY2010 and FY2011, which in particular, brought the club share of some stadium operating companies within the reporting perimeter and increased revenues and costs accordingly (bottom-line profits were not affected as the share of net profits/losses was already reflected in results in FY2010).

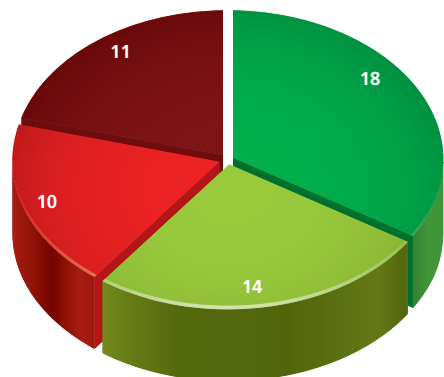
\*\*Commercial revenues include conferencing and merchandising as well as €215m of UEFA competition prize money, while other revenue includes donations, grants, solidarity payments, exceptional revenue and unclassified revenue. The split between commercial and sponsorship is not always clearly defined in some English, Spanish and Italian clubs. English clubs typically allocate all revenue to match day (gate receipts), broadcasting or sponsorship.

## Q: 34. How do revenues and revenue streams vary across Europe?

A number of factors dictate a club's ability to generate revenue. For clubs from the top five and "large" divisions, the split of central revenues (broadcast, sponsorship), participation in UEFA competitions, stadium ownership, and ability to connect with the fan base are key factors. For "small" and "micro" divisions, other factors are often more relevant, including whether the main sponsor supports the club financially through sponsorship contracts or by injecting capital into the club. The end result is the same (e.g. wages are covered), but sponsorship contracts are included as revenue while capital injections are not. In addition, for consistency purposes, income or profits from transfers are not included in revenue but analysed separately net of transfer costs. We will see later that these amounts can be relatively large, especially for medium-sized clubs. Differing spending power (national economy) also influences commercial and gate revenues.



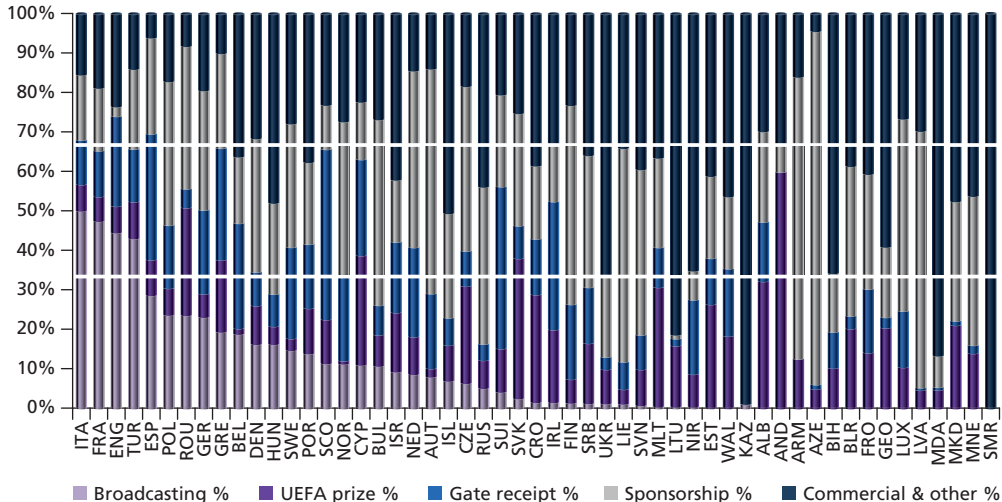
Like-for-like country trend  
FY2010-FY2011 in average club revenues



- Revenue increase 10%+
- Revenue increase 0 - 10%
- Revenue decrease 0 - 10%
- Revenue decrease 10%+

\* "Estimated" because extrapolations used for some countries for clubs not surveyed (always lower-ranked clubs which did not apply for a UEFA licence). Extrapolations based on average club income outside the top four income clubs and manual adjustments where deemed necessary. Figures estimated for Albania and Montenegro accurate to +/-20% due to small sample size of less than half of top division clubs and accurate to +/-10% for Serbia (9 of 16), Portugal (5 of 16) and Turkey (14 of 18).

Revenue streams by country FY2011  
with UEFA prize money identified separately



The revenue stream chart sets out the proportion of aggregate club revenues generated in each country by revenue type. For the first time in a benchmarking report, we have been able to separate out the UEFA competition prize and solidarity money from the broadcasting or commercial revenue streams so that the remaining broadcasting % refers entirely to domestic competitions.

Domestic broadcasting (mainly TV) contracts generated just under 50% of revenue for Italian clubs and more than 40% for French, English and Turkish clubs in FY2011. Elsewhere, the proportion of aggregate club revenues from domestic broadcasting was less than a third but still considerable (more than 20%) for Spanish, Polish, Romanian, German clubs, but less than 10% for clubs in 35 top divisions.

Even at first glance, the chart clearly demonstrates the wide variety of revenue models between clubs in different countries. On the one hand, there are a number of countries where clubs generate about two-thirds of their revenues from broadcasting and matchday receipts from domestic and UEFA competitions (mauve, purple and light blue) and one third from sponsor, commercial and other revenue types, namely English, Spanish, Italian, Greek, Scottish, Turkish, French and Cypriot clubs.

At the other end of the scale there are many countries (approximately half) where sponsorship, commercial and other revenues, including donations and subsidies (grey and dark blue), make up two-thirds or more of total club revenues and these include most of the east European countries and many of the countries with lower club revenues.

In the middle, there is a third group of countries, where revenues are balanced between these two general revenue groups. These include some countries which received a larger relative proportion of revenue from UEFA prize money, including Czech, Slovakian, Croatian, Maltese, Andorran and Albanian clubs) and other countries (typically wealthy), including German, Belgian, Swiss and Dutch clubs, where revenues are balanced by type.

### Answer 34

Average club revenue varied from €134m in England to €100,000 in San Marino, illustrating the differences across European top-division football, with the combined revenues of the 38 English and German clubs exceeding the combined revenues of all 636 clubs from outside the traditional largest five leagues.

Revenue streams also differ considerably across Europe with TV markets and gate receipts in particular varying considerably in size and relative importance between countries.



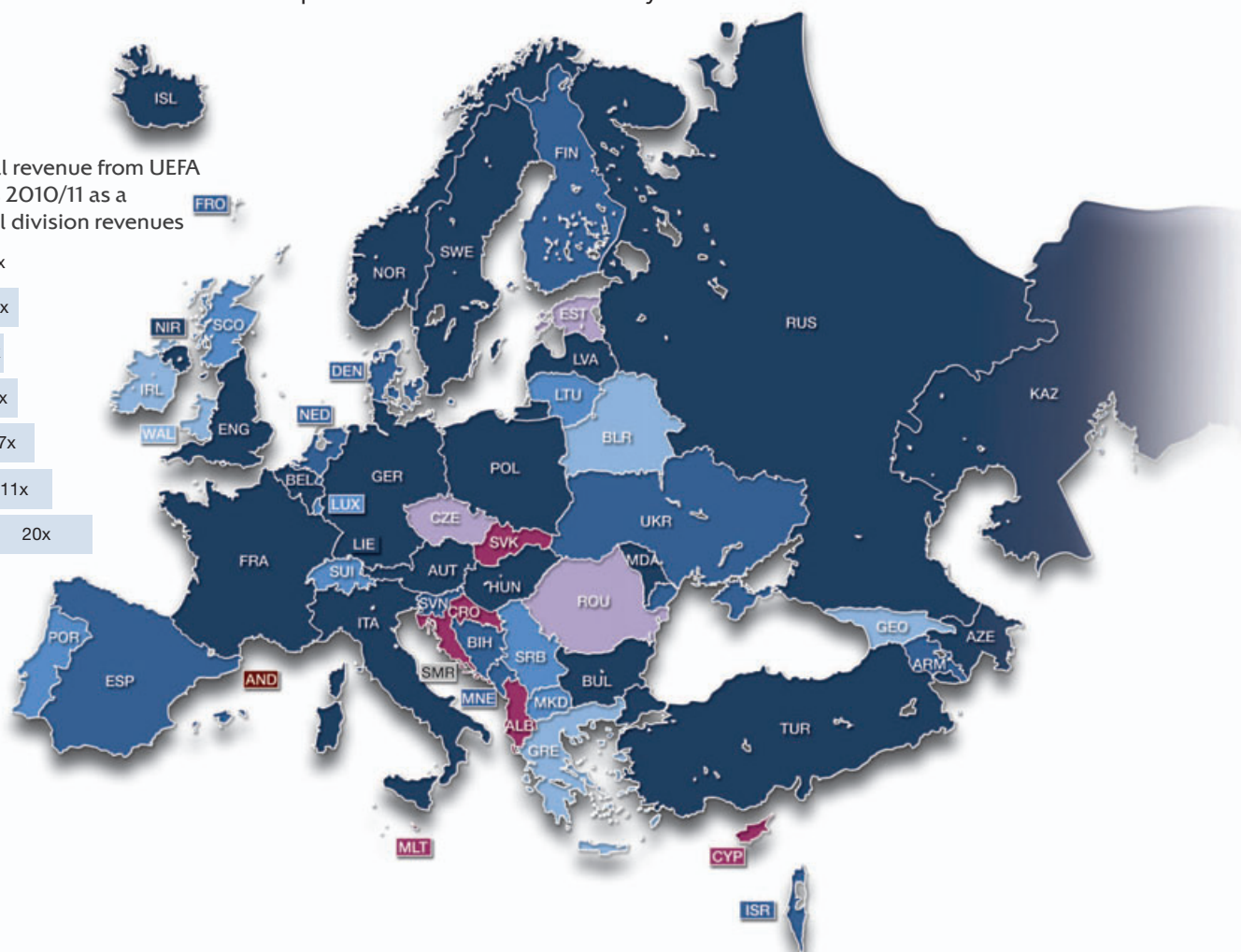
UEFA club competition revenue\* as % of total top-division revenues in each country

The map on this page expands on the revenue stream analysis by combining the UEFA competition prize and solidarity money (centrally paid by UEFA and identified in the column chart) with gate receipts from UEFA competition matches (collected directly by clubs), and compares this revenue to the aggregate total revenues reported by all clubs in each top division during the FY2011. This is the same basis as used during chapter three of this report but this time we analyse UEFA competition revenue against total league revenues (including clubs not participating in UEFA club competitions during FY2011).

Relative to overall club revenues the map highlights that UEFA match revenue contributed less than 10% of total revenue in 20 leagues and between 10% and 20% in a further 18 leagues. The highest proportion of revenue (purple shades) from UEFA matches was reported in the lower revenue leagues with UEFA match revenue contributing over half the total revenues in Andorra. High percentages are also reported in some eastern European countries. We would anticipate that these percentage contributions from UEFA matches will fluctuate from year to year depending on the sporting success of participating clubs.

Percentage of total revenue from UEFA club competitions 2010/11 as a proportion of total division revenues

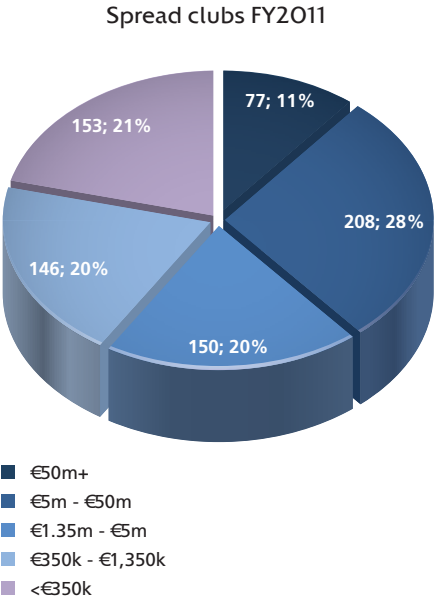
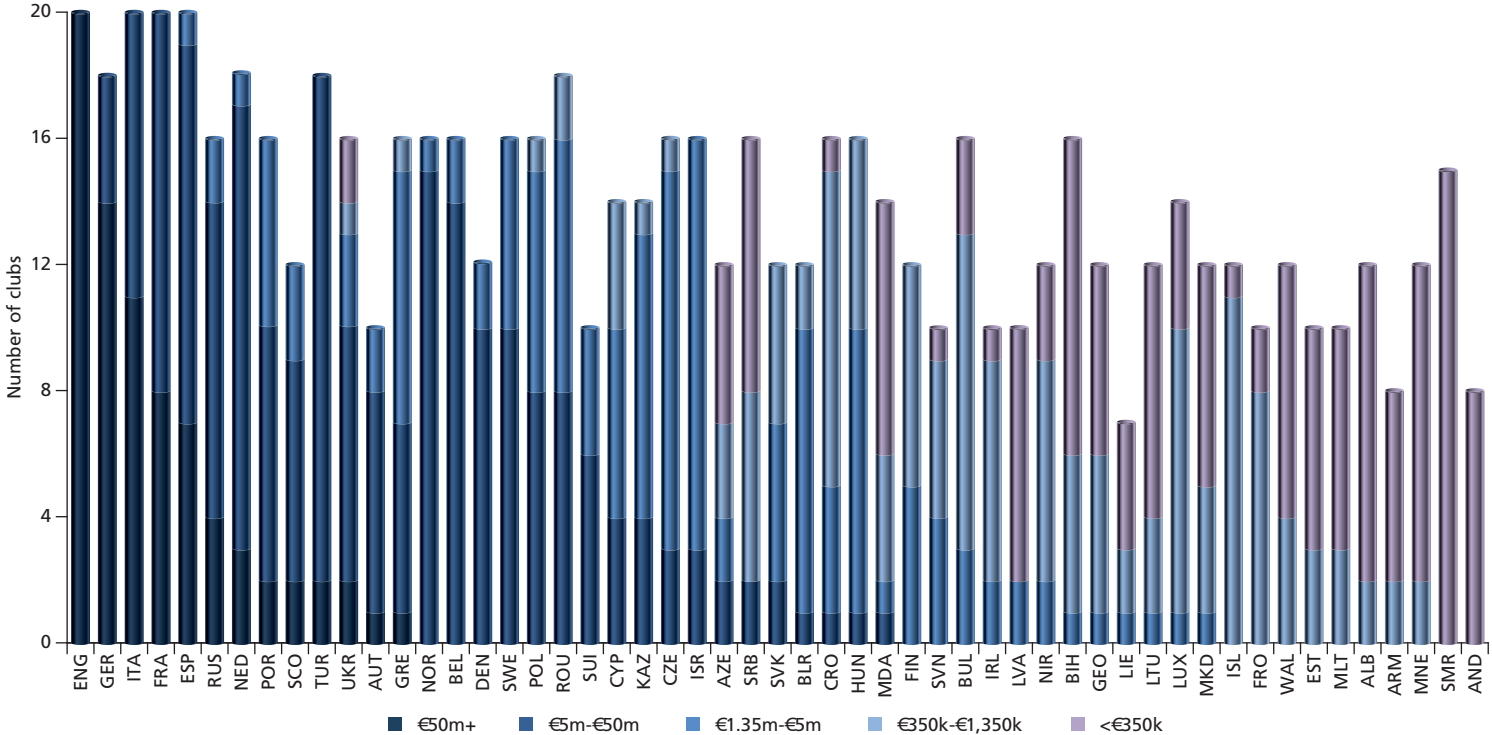
> 50%	1x
30% to 50%	5x
25% to 30%	3x
20% to 25%	5x
15% to 20%	7x
10% to 15%	11x
< 10%	20x



\* The UEFA analysis includes 211 clubs that reported UEFA prize money revenue of €1,007m during the FY2011 and includes 85 clubs that reported financial figures that reflected all or part of a UEFA competition group stage and/or UCL play-off participation. In some cases, the prize and solidarity revenue splits were not provided in the financial statements but identified by UEFA during subsequent analysis. For clubs with a summer financial year end, the revenue is from the UEFA competition season 2010/11. For most of the clubs with 31 December year ends this will be UEFA revenue from the qualifying and group stages of the UEFA competition season 2011/12, but for some clubs with a calendar financial year that reached the knock-out stages of the 2010/11 competitions the revenue will include part of the 2010/11 competition distributions and potentially part of both competition seasons. The combined UEFA competition revenue including gate receipts from UEFA matches is an estimate only for the 45% of clubs which did not separate out gate receipts from UEFA and domestic matches. The simulation has the following basis: The number of home matches played in UEFA competition during each

club's specific financial reporting period, was calculated, and divided by the number of competitive home matches played in total during the financial period. This ratio was then applied on a straight line basis, to the total gate receipts reported in the financial statements, to obtain a value of gate receipts from UEFA matches. Clearly this provides a rough estimation since some individual clubs have a higher or lower stadium occupancy for UEFA versus domestic matches and higher or lower average ticket price for UEFA versus domestic matches, some clubs may report gate receipt revenue from pre-season tours within gate receipts and not commercial revenues, and some clubs may sell UEFA matches packaged together with domestic matches. However from observing ticket prices and attendances for both UEFA and domestic matches this approach is, by and large, considered to provide a good simulation basis for benchmarking purposes. The map threshold analysis sums to 52, not 53 national associations, as data for San Marino was not readily available.

### Q: 35. How are the largest clubs spread across Europe?



The number of clubs reporting revenues of more than €50m increased from 73 in FY2010 to 77 in FY2011. Although the largest clubs in Europe remain concentrated in the top five divisions, with 60 of the 77 clubs classified as “top” coming from England (20), Germany (14), Italy (11), Spain (8) and France (7), the number of clubs from outside these top five divisions reporting revenues of more than €50m has continued to increase from 16 to 17 from 8 different countries. Looking at the club by club figures for three years (FY2009–FY2011), there is some clear consistency as to the make-up of this top group, with 57 clubs reporting revenues of more than €50m in all three years.

There were an estimated\* 153 clubs from 26 countries across Europe reporting revenues of less than €350,000 in FY2011. This peer group represents 21% 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 208 clubs (207 in FY2010) from 30 countries (31 in FY2010) across Europe reporting revenues of between €5m and €50m in FY2011. 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, all English top division clubs were again in the top peer group and, therefore, none in the “large” group.

\* Most of the 55 non-reporting clubs are those that finished lower down in the domestic rankings and were relegated. The charts above are a UEFA best estimate indicating a full sample of 734 clubs split between peer groups.



# 8

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## Financial profile of European club football: costs and profitability

- What did clubs spend their money on and how much did this increase?
- How much did clubs spend on wages and player salaries?
- How do spending levels vary between clubs in each league?
- What operating profits are clubs generating?
- What was the impact of transfer activity on FY2011 results?
- What proportion of clubs are loss-making?



## Q: 36. What did clubs spend their money on and how much did this increase?

Despite improvements generated by club licensing disclosure requirements, the presentation of operating expenses varies enormously between different countries and legal forms, making comparisons difficult. It is often up to the clubs to choose how to split operating expenses (sales and marketing, youth football, fixed stadium costs, variable matchday costs, training costs, etc.) and whether to split personnel costs by type (e.g. fixed salary, bonus, benefits in kind) and by category of employee (e.g. player, coach, administrative staff, director).

The analysis in this report therefore concentrates on the more comparable high-level split that can be made by all clubs between employee costs, other operating expenses, specific non-operating costs and net transfer activity.

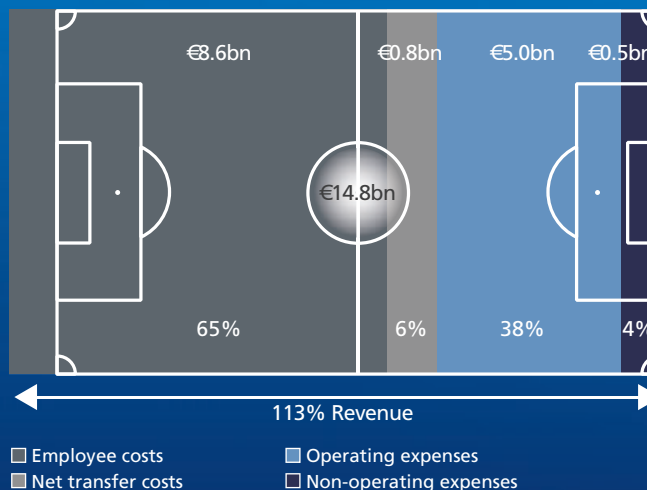
### Answer 36

Together, the 734 top-division clubs in Europe are estimated\* to have incurred €14.8bn in expenses in FY2011, amounting to 113% of the €13.2bn income and representing a 2.9% increase over FY2010 spending levels. This year on year increase in costs was driven by a 5% increase in employee costs, although slowly rising operating costs (0.6%) and a €120m reduction in net transfer costs contributed to the most modest cost increase in recent years.

The particular significance of employee costs for European club football is again highlighted, absorbing 65% of all club revenues plus another 6% in net transfer costs.

Employee costs of €8,570m include all types of payments (salaries, bonuses, benefits, social taxes, pensions, etc.) and cover all employees (players, technical staff, administrative staff, etc.). In most countries, the financial reporting requirements do not require employee costs to be further broken down. Given their significance (65% revenue) this would surely be useful. From the 433 clubs that provided a split, the weighted ratio was 81% player to 19% other staff costs. From those that paid and disclosed variable payments, the split was 22% variable to 78% fixed player wages.

Net transfer costs of €317m (€933m in FY2010) include €2,138m amortisation of past transfers (€2,195m in FY2010) and €101m write-down of transfer values (€57m in FY2010), less net profits on sale of player registrations during the year of €1,422m (€1,319m in FY2010).



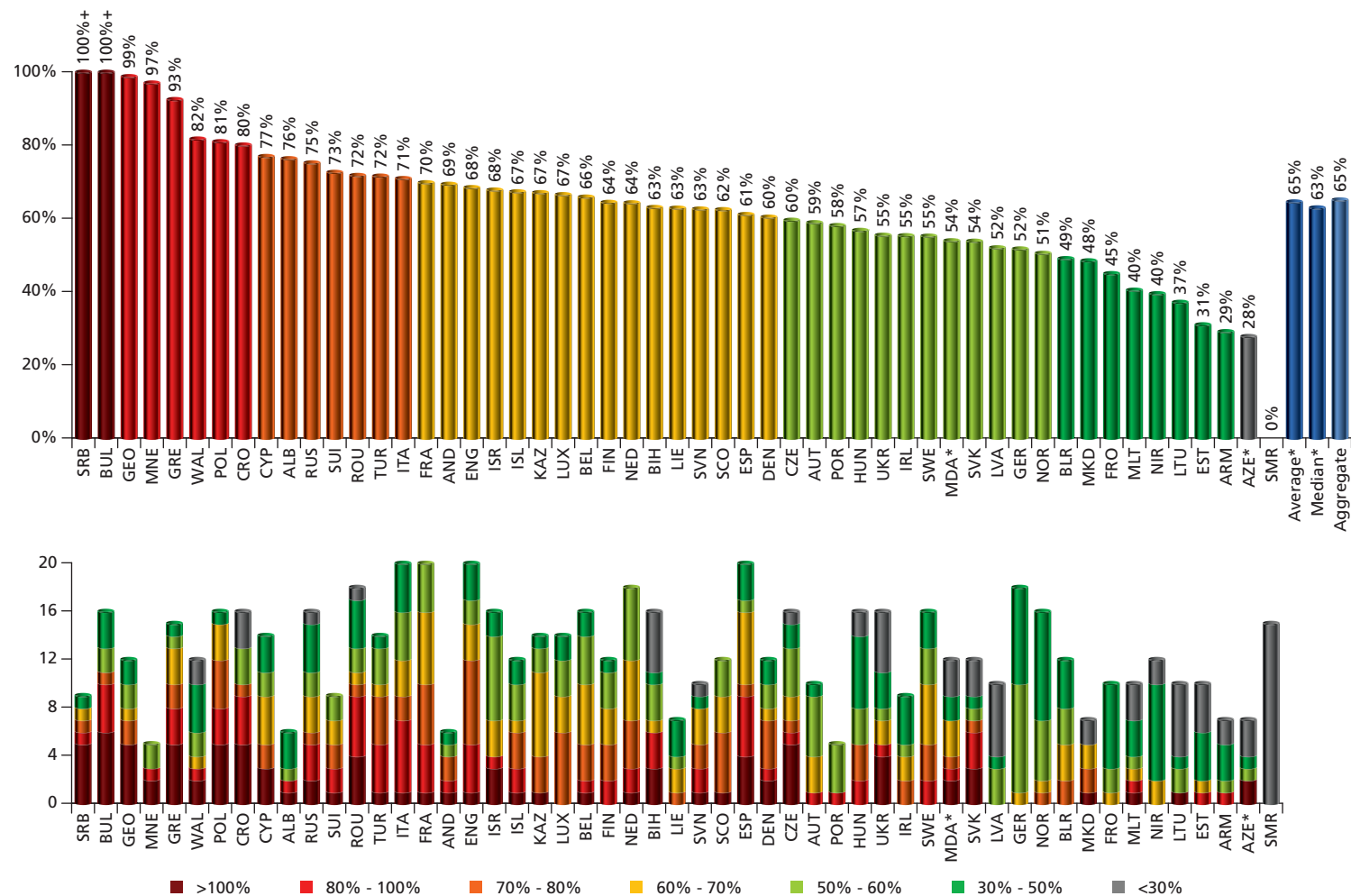
Operating expenses of €4,986m are not split down further in a consistent way between countries or, in most cases, between clubs in those countries. These expenses include cost of materials, matchday expenses, sales and marketing, administration, write-down of goodwill, depreciation and rent of facilities, and youth football. A Europe-wide detailed breakdown cannot be given with much certainty since a split of almost half of operating costs is not disclosed. A best estimate where costs have been split is that direct allocations to youth football represented 4% of revenue (8% for smaller clubs) and fixed assets, property expenses and rent was equivalent to 5% of revenue.

Non-operating expenses of €462m were principally net finance costs (equivalent to 3.2% of revenue). Other items including net gains on sale of non-player assets, non-operating gains or losses and tax gains or losses were less than €50m combined.



\* "Estimated" because extrapolations used for the 7% of top division clubs not surveyed (always lower-ranked clubs which did not apply for a UEFA licence). Estimate accurate to +/-0.5% as contains 99% actual and 1% extrapolated data. Extrapolations based on average club income outside largest four income clubs and manual adjustments where deemed necessary.

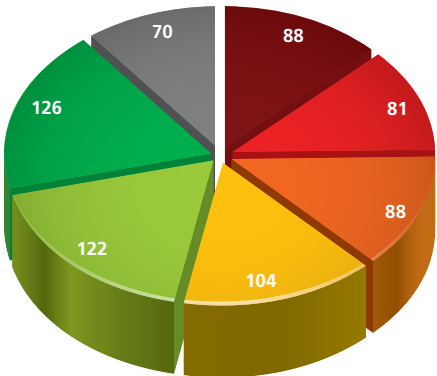
## Q: 37. How much did clubs spend on wages and player salaries?



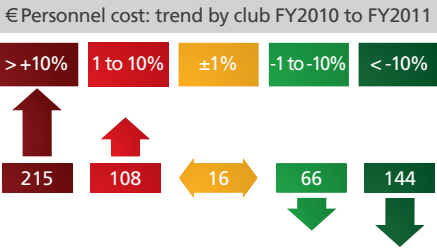
The charts show the percentage of reported revenues paid out as employee costs, in total for each division (top column chart), clubs by division (bottom column chart), club by club across Europe (pie chart) and the year-on-year trend across clubs. Given the significance of employee costs for football 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 usually not available (see opposite page) and, hence, tables presented in the media from time to time showing “the highest earners” are speculative estimates and to be taken with a pinch of salt. Generally, all direct employee (player, technical and administrative staff) costs incurred by the employer are disclosed together and this is the value used below.

\* The MDA ratio has been adjusted to exclude a telecoms business. The AZE ratio is shaded grey as the figures are heavily affected by a loan conversion and grossed up revenues which cannot be accurately adjusted for. 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 comparison, we have taken 70%+ as a high ratio. The club by club figures represent the full sample of 679 clubs from all 53 countries, while the year on year trend represents a sample of 549 clubs where both years personnel cost data is available.

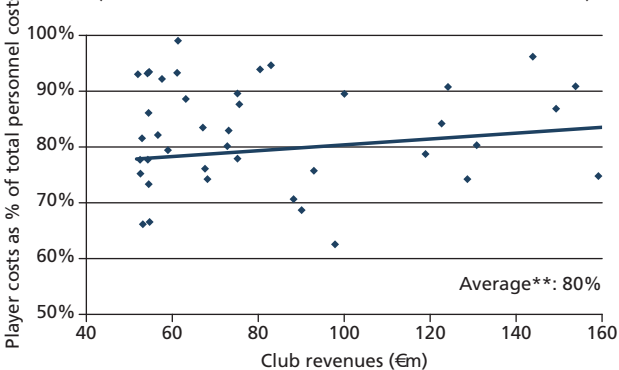
Employee cost ratio  
FY2011 all clubs



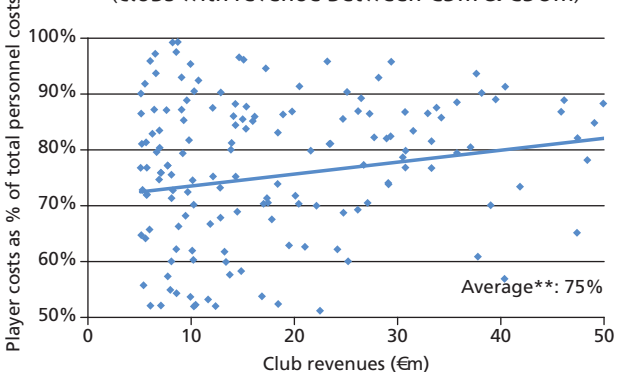
- >100%
- 80% - 100%
- 70% - 80%
- 60% - 70%
- 50% - 60%
- 30% - 50%
- <30%



Player costs as % overall employee costs  
(clubs with revenue between €50m & €150m)



Player costs as % overall employee costs  
(clubs with revenue between €5m & €50m)



\*\*The sample covers clubs from 19 of the 20 "top" or "large" top divisions, with only English clubs not represented (figures not disclosed in the financial statements). In the "top" scatter chart, the largest six clubs, with revenue >€150m, have been excluded to protect anonymity, but their split ranged from 71% to 91% and supports the illustrated regression line in the "top" chart. Average is a simple average of the sample percentages rather than a weighted average, which is slightly higher.

The scatter charts illustrate the split between player costs (wages, salaries, social charges including pensions) and the total employee costs including other personnel (players, coaches and technical staff, directors, support and administrative staff) for a representative sample\*\* of 44 "top" clubs and 159 "large" clubs. The relative cost of playing versus non-playing staff depends not just on the player salary policy but on many other things too, including whether the club operates its own stadium, whether the club is a multi-sports club, whether the club operates other non-core activities, and whether its commercial activities are in-house or outsourced. While this leads naturally to some variation in player cost % for clubs of all sizes, the average for "top" clubs of 80% is higher than the 75% for "large" and "medium" clubs and 73% for "small" or "micro" clubs. This tendency is also reflected in the upwards sloping regression lines within each peer group. Intuitively, all other factors being equal, the higher proportion of player costs for larger clubs would be due to the closer link between player salaries and club revenues than non-player salaries and club revenues. The weighted average share of player costs to total personnel costs was 81%.

### Answer 37

The overall share of revenue spent on wages and social costs remained consistent at 65%. On a league by league basis, the trends were mixed, with the number of divisions with a ratio of more than 70% decreasing from 18 in FY2010 to 15 in FY2011, while the number of divisions with a ratio above 80% increased from 7 in FY2010 to 8 in FY2011. In total, at least 257 individual clubs (254 in FY2010) reported a personnel cost to income ratio above 70%.

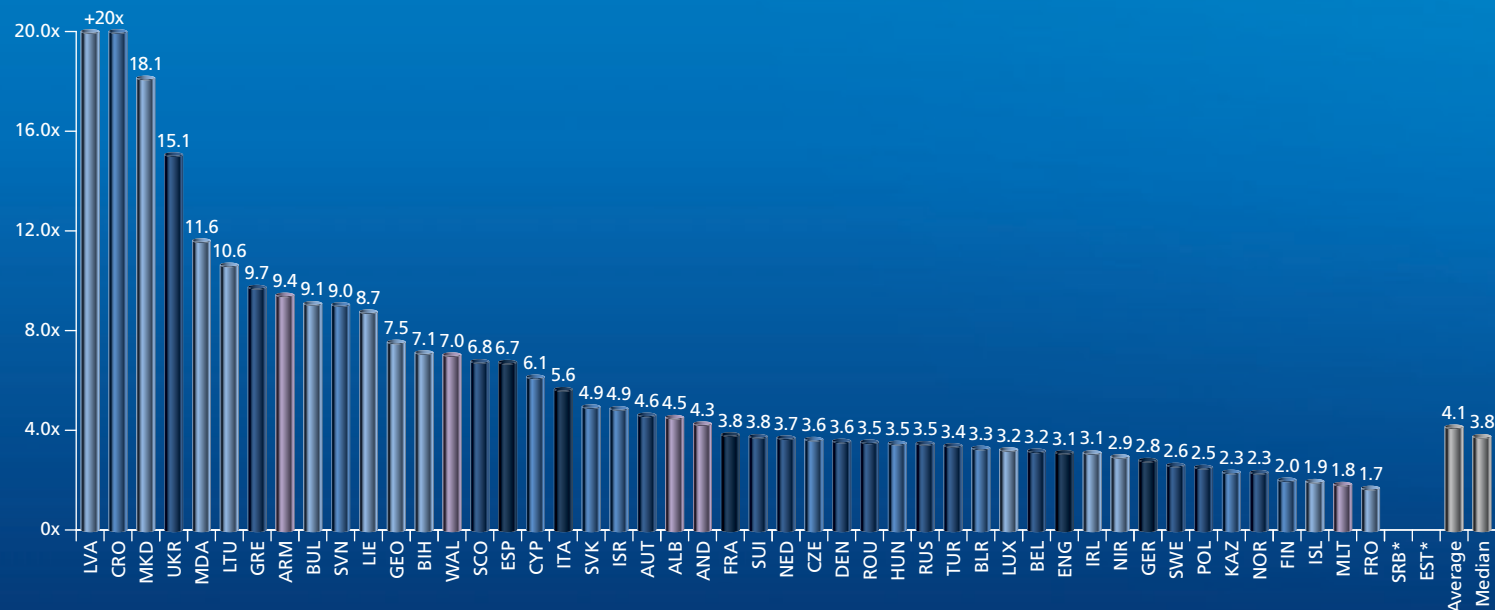
While there was some slowdown in employee cost inflation, the aggregate amount paid still increased by 5%, with over one third of all top-division clubs (215 clubs) reporting at least a 10% increase in employee costs and another 108 clubs reporting increases of between 1% and 10% compared with FY2010.

The majority of countries had a club reporting an employee cost ratio above 100%, with 88 clubs in total (78 in FY2010) reporting this clearly unsustainable level.

The share of total employee costs attributable to players was 81%, indicating that their costs were €6.9bn in FY2011, an increase of €330m compared with FY2010.



## Q: 38. How do spending levels vary between clubs in each league?



The next chart presents wealth differences within the European top divisions by measuring the spread of spending within each league, comparing the average combined\*\* personnel and net transfer costs of the four biggest spending clubs with the average combined costs of other clubs in each division\*\*\*. The colour of the column in the column chart, indicates the division peer group\*\*\*\*. Comparing the top four with other clubs' combined personnel costs is just one of many measures that can be used to analyse financial balance, and in the past we have made similar comparisons using income or wages. However, we consider the combined personnel cost to be the most useful measure of relative wealth since it is principally in the player and coaching markets (wages and transfer fees) that clubs compete against each other, hence we repeated the methodology of the FY2010 report.

\* Estonia and Serbia have been restated to zero in the chart as the average combined employee costs for the non-top four clubs was actually negative in FY2011 due to successful transfer profits outweighing employee costs.

\*\* Combined employee costs include all personnel costs (wages, salaries and social charges) added to the net transfer result reported in the year. This net transfer result includes amortisation costs on players purchased in recent years, with profit/loss on players sold just in FY2011.

\*\*\*The classification of top four v non-top four clubs in this case is calculated from the same measure (personnel costs including net transfer costs).

The top four versus other club analysis covers 49 countries – excluded from this analysis are Montenegro and Portugal (not enough non-top four clubs in sample) and Azerbaijan and San Marino (comparability issues).

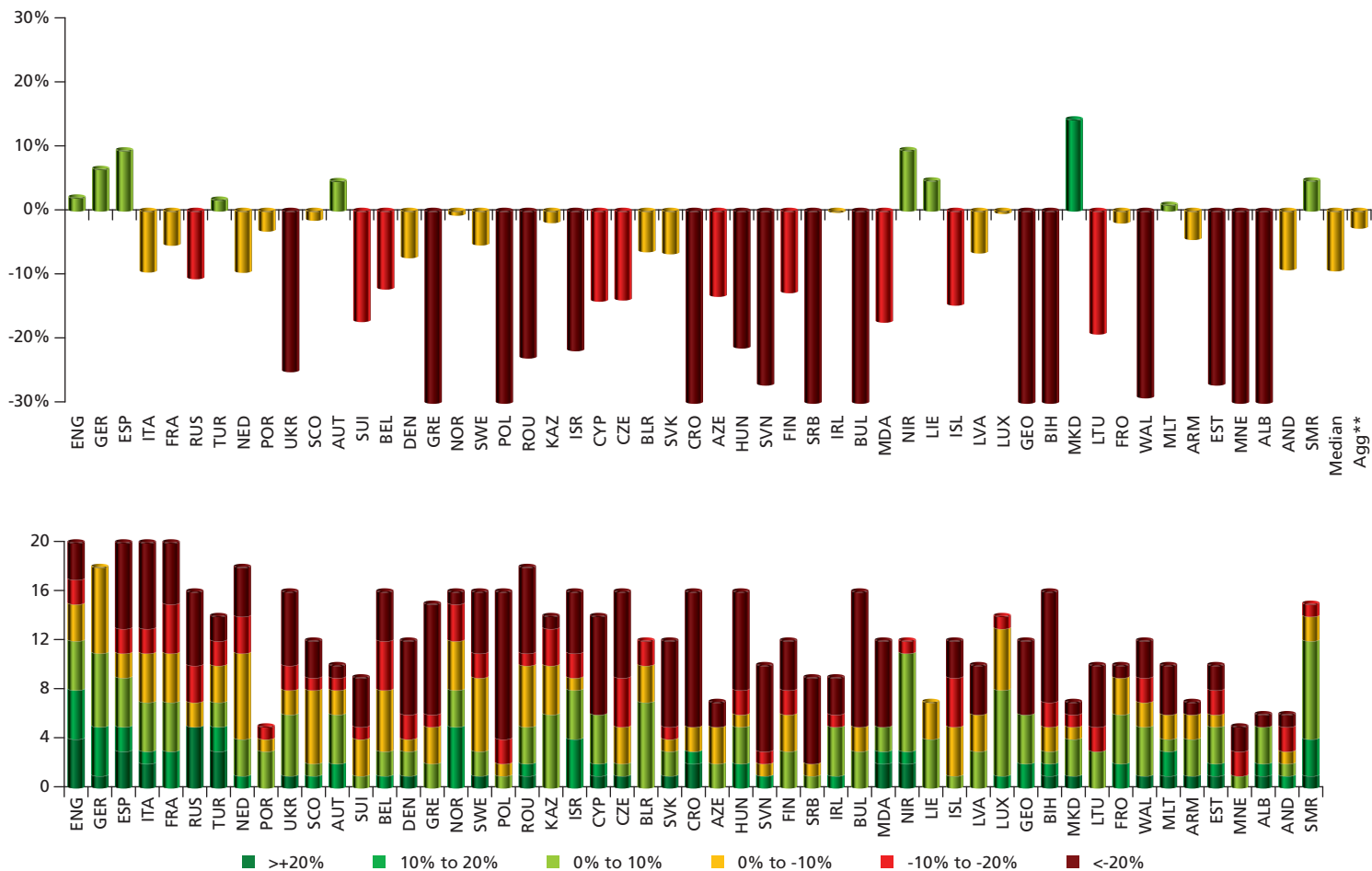
\*\*\*\*The 'division peer group' refers to the average club revenue within each top division with peer groups created as follows: >€50m average revenue are in darkest blue; between €5m and €50m in mid blue; between €1.25m and €5m in light blue; between €0.35m and €1.25m in the lightest blue shade, and; average club revenue of <€0.35m in mauve shade.

### Answer 38

The spread of each colour across the chart suggests that the overall financial size of the league is not a significant factor. In FY2011, the top four spending clubs spent, in about half the European top-divisions, between double and four times as much as the other clubs' average spend. Among the wealthiest leagues, the ratio of relative spend was again much higher in Spain and Italy (6.7 and 5.6x) compared with England and Germany (3.1x and 2.8x).



## Q: 39. What operating profits are clubs generating?



As explained in previous versions of the report, the most relevant profit measures for analysing football club performance are “operating profit before player trading\*” (“football operating profit”) and “net profit” or “profit before tax”.

In the next Q&A we analyse net profits and net profit margins, but first we look at “operating profits”, which exclude transfer activity (depreciation and profit/loss on sale), divesting gains and losses, financing incomes and costs, non-operating items and tax gains and losses. They indicate the profits made by the clubs’ core football activities for transfer activity and financing.

The column charts show country by country football operating profits and losses.

For the fourth successive year, England, Spain and Germany reported aggregate operating profits.

A look at the result by number of clubs in the bottom column chart shows that most countries have a similar profile of clubs, with three or four making significant operating losses (dark red) and a number reporting operating profits (green).

\* References to statutory operating profit or losses are, nonetheless, often made and can be extremely misleading since this measure effectively presents only half the picture, including the cost of transfers (depreciation and impairment) but not the profits from the sale of players. As an indication of how statutory operating profit can paint a doomsday scenario, the combined net statutory losses in FY2011 were just over €2.6bn, including €2.2bn of net costs arising from transfers but excluding €1.4bn of net profits from transfers. Therefore, in all charts and analyses, references to operating profit refer to football operating profits and profit margins. \*\*The sample in the pie chart and column chart includes 679 clubs from 53 top-divisions, while the year-on-year club trend (arrow chart) covers 570 clubs and excludes promoted clubs for whom previous years’ data was not available.

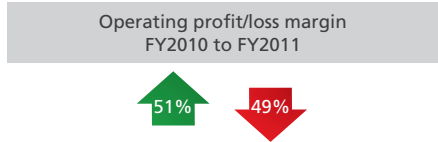
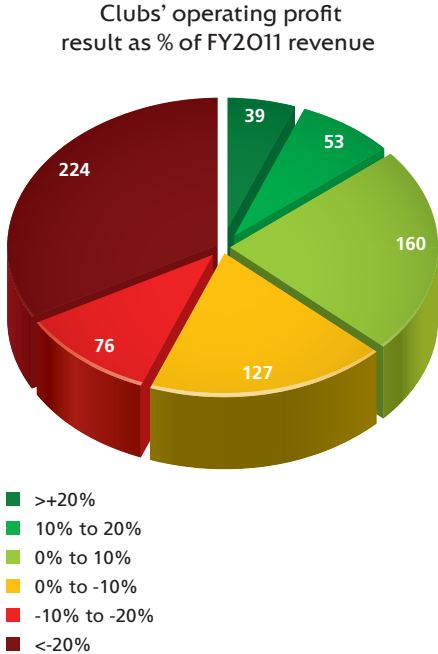
The pie chart indicates that 224 clubs (220 in FY2010) in the sample reported operating losses equivalent to more than 20% of total revenue, and a further 76 (61 in FY2010) clubs reported large operating losses of between 10% and 20% of revenue. In absolute terms, football operating results ranged from +€135m to -€95m. Again, in absolute terms, the 20 largest operating profits were reported by clubs from the following: England and Germany (4); Russia, Italy and Spain (3 each); Turkey, Scotland and France (1 each); while the 20 largest operating losses were reported by clubs from Italy (6); England (4); Spain, Russia, France and Ukraine (2 each); Greece and Portugal (1 each). Comparing FY2011 with the previous year shows that operating profit margins increased for just over half (51%) of European top-division clubs.

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, while 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. As we have said before, an individual club’s financial performance should not just be measured on their personnel cost ratio or operating profitability, although these are good indicators for underlying performance. The fact that 46 clubs turned an operating loss of 10% or more into a bottom-line profit is further evidence of this and of the unique nature and financial significance of the football transfer system.

Answer 39

European top-division clubs reported\*\* net football operating losses of €388m in FY2011, an increase of just under €50m on the previous year.

63% of European top-divisions clubs reported operating losses in FY2011, slightly up on the 61% in 2010 and 2009 and considerably higher than the 54% of clubs in 2008 and 51% in 2007. While a slightly lower proportion, 41%, of “top” clubs (revenue >€50m) reported operating losses, the fact that 20 of the “top” clubs reported operating losses totalling €574m (up from €520m in FY2010) indicates that many of the largest European clubs’ underlying core business did not generate operating profits in 2011 for transfer or financing items.



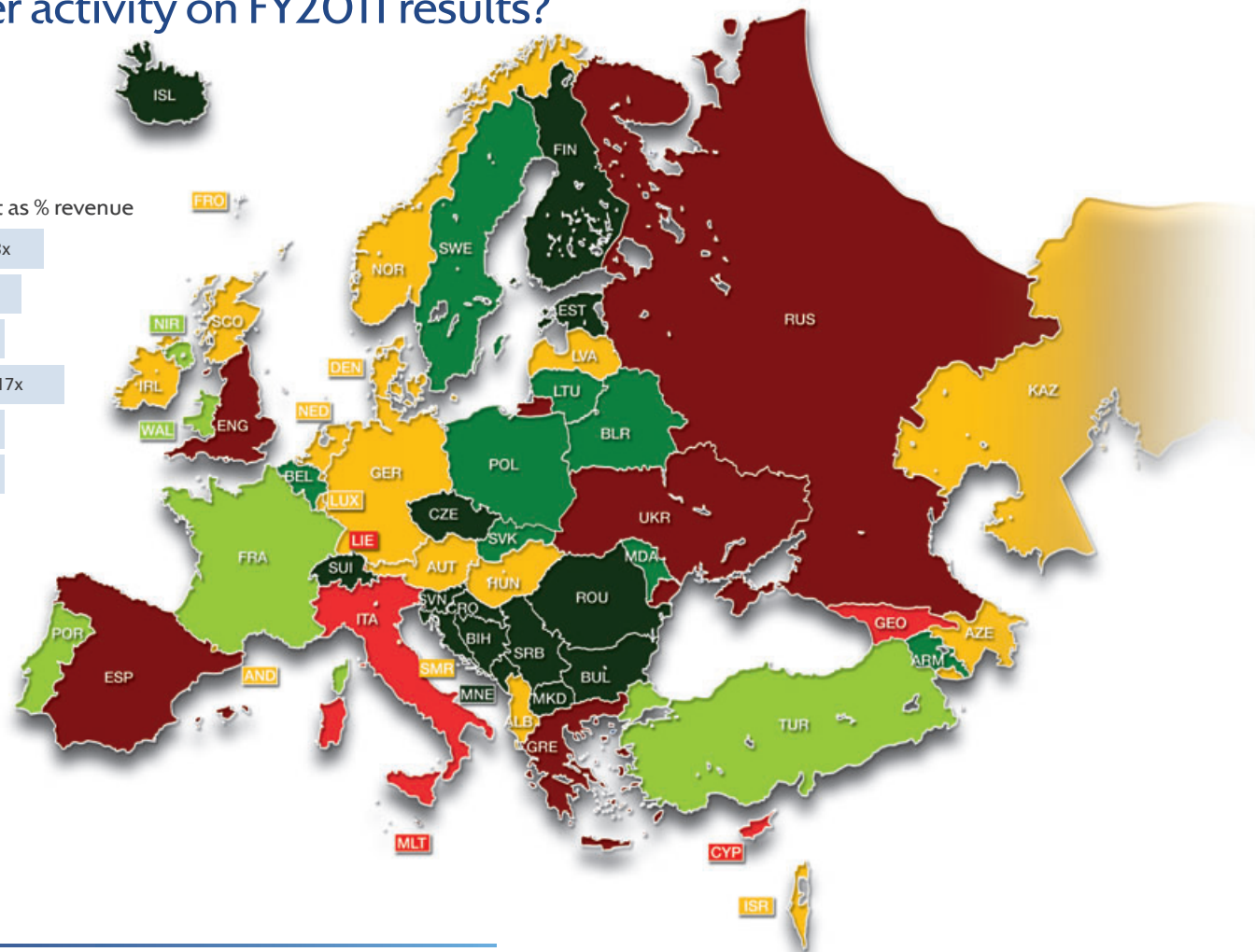


## Q: 40. What was the impact of transfer activity on FY2011 results?

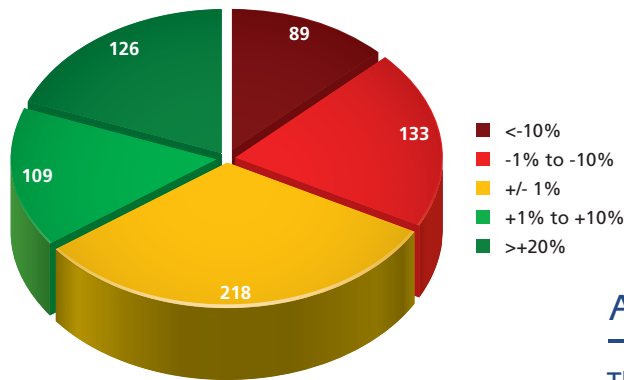
Within the five-year trend section we already indicated that transfer activity can fluctuate over time and have a significant knock-on effect on the financial results of clubs. On the first page in this section, we stated that the net cost from transfer activity for clubs reporting in FY2011 was €817m, which adds significantly to the aggregate European club losses. The transfer system gives football clubs a unique ability to control their financial destiny, both in rebalancing shortfalls and utilising surpluses. The state of the transfer market, at any given time, the relative buoyancy of market prices and the number of active buyers and sellers can therefore have a considerable impact on clubs' financial results and strategies. The map provides an indication of the impact of net transfer costs/incomes on FY2011 financial results in each country.

Net transfer result as % revenue

> +10%	13x
+3% to +10%	8x
+0% to +3%	5x
0% to -3%	17x
-3% to -10%	5x
< -10%	5x



Clubs' NET transfer result as % of FY2011 revenue



The pie chart above, which covers 679 clubs, further illustrates the relative importance of transfer activity on the financial results of individual clubs, with the net transfer result equivalent to more than 10% of total revenue for almost a third of clubs, net income for 126 clubs and net costs for 89 clubs.

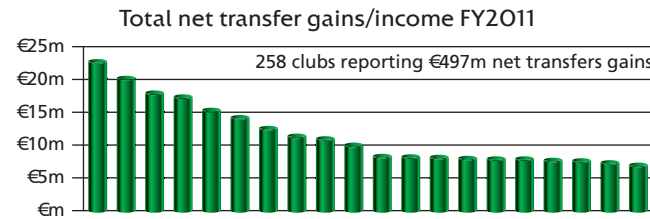
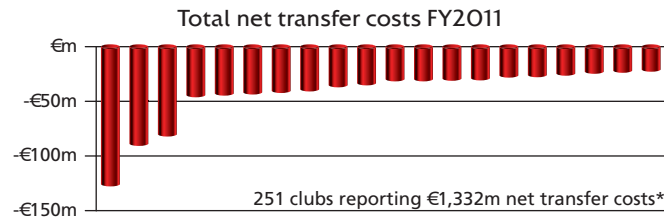
### Answer 40

The map and pie chart clearly illustrate that the transfer system acts as a strong and important financial solidarity mechanism for clubs in the small and medium income divisions, with Spanish and English clubs – and increasingly Ukrainian and Russian clubs – acting as net importers of talent and this feeding through into net costs from transfers equivalent to more than 10% of revenue.

Transfers improved the bottom-line profit margin by over 10% for at least 126 individual clubs and 13 leagues across Europe in FY2011. Overall net transfer costs remained high at €817m due to high legacy costs from players signed in previous years and lower profits on sold players due to lower transfer activity. They were nonetheless below the FY2010 peak of €933m net costs.

The various column charts have been included to provide an idea about the scale and relative size of different aspects of transfer activity, with the top 20 results listed from left to right in millions of euros (€m). The top 20 is recalculated for each analysis and hence is not necessarily

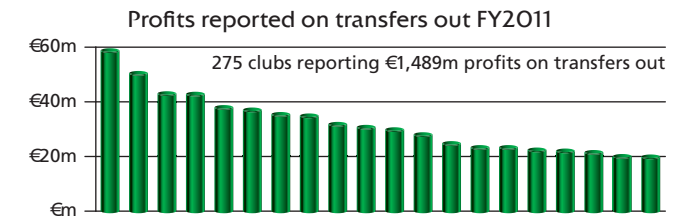
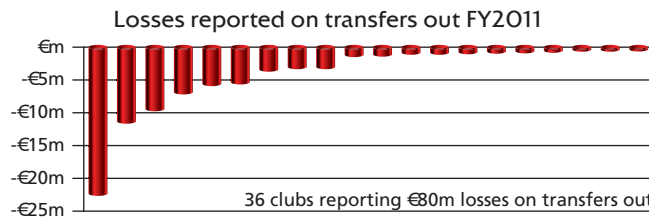
the same clubs nor the same order. The top two charts show the 20 clubs at either extreme of the 679 clubs analysed\*, with 170 smaller clubs reporting neither costs nor income in the year.



**170 clubs reporting no costs or income from transfer activity**

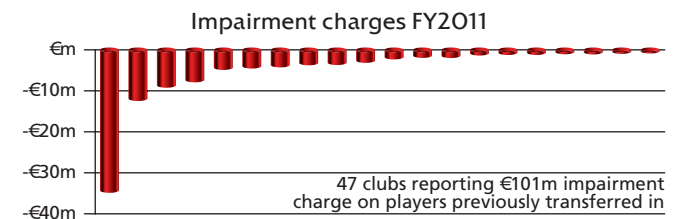
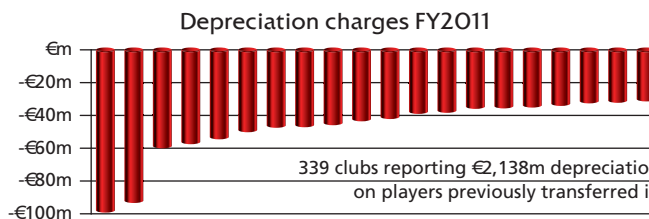
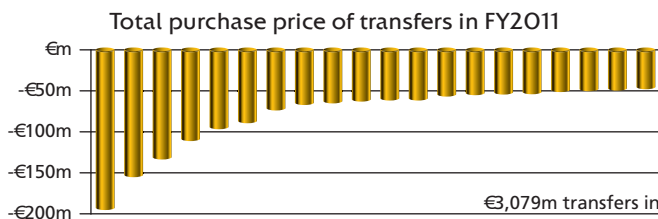
The largest net transfer cost was €126m, with 20 clubs reporting net transfer costs of more than €20m in FY2011. At the other end of the scale, there were only two clubs reporting net transfer incomes/gains of more than €20m. All 20 clubs in the net income chart capitalise their players and a net income/gain arises when the profit on transfers out (sale price less

the depreciated value in books) exceeds any losses on sale and the depreciation and any impairment on player assets. 53 of the 77 clubs with revenue over €50m reported a net cost from transfers in FY2011.



The total sale price can be identified from the detailed notes to clubs' financial statements and is a disclosure required by club licensing. It is calculated by adding the profit/loss on disposal to the net book value of players sold during the period, or, for clubs that account for all transfer activity immediately, it is simply the transfer income line. The highest transfer sales by a club during FY2011 came to €87m and, in total, seven clubs sold players for more

than €50m. Due to the conservative nature of player accounting\*\* and the fact that all transfer fees received on home-grown players are profits, the vast majority of clubs report net profits on transfers out; indeed only 36 clubs reported losses and only two clubs above €10m. In total, 19 clubs reported profits on players sold of more than €20m, and 59% of the €2,388m of transfers out was translated into profits in the financial results.



The total price of players signed (transferred in) by the 679 clubs during FY2011 was €3,079m\*\*\*, with 16 clubs spending €50m+ in FY2011. These costs will be spread over the player contract length, with earlier analysis in the report suggesting four years would be

typical for players transferred for large fees. Indeed transfer fees from the previous four years are reflected in the total depreciation charge in FY2011 of €2,138m and total impairment charges of €101m. In FY2011 five clubs reported player depreciation charges of €50m+.

\* In addition to the 509 clubs reporting net transfer costs or gains, there were 170 clubs reporting a zero result. These are typically smaller clubs with no transfer activity involving fees. In addition, there are 65 clubs without data which we estimate, based on their profiles, would have reported a small net gain from transfer activity of €18m, hence the net total cost from transfers for FY2011 of €817m (€1,332m-€497m-€18m). \*\* See FY2010 benchmarking report, pages 96 and 97. \*\*\* The difference between the value of transfers in (€3,079m) and out (€2,388m) is principally due to four factors: agent and other associated costs that are often capitalised and included in the price of players signed; transfer activity with clubs outside the sample (in second and lower divisions); transfer activity with South American clubs (also outside sample), and; transfer amounts paid to parties other than clubs.

## Q: 41. What proportion of clubs are loss-making?

### The “bottom-line” net loss figures

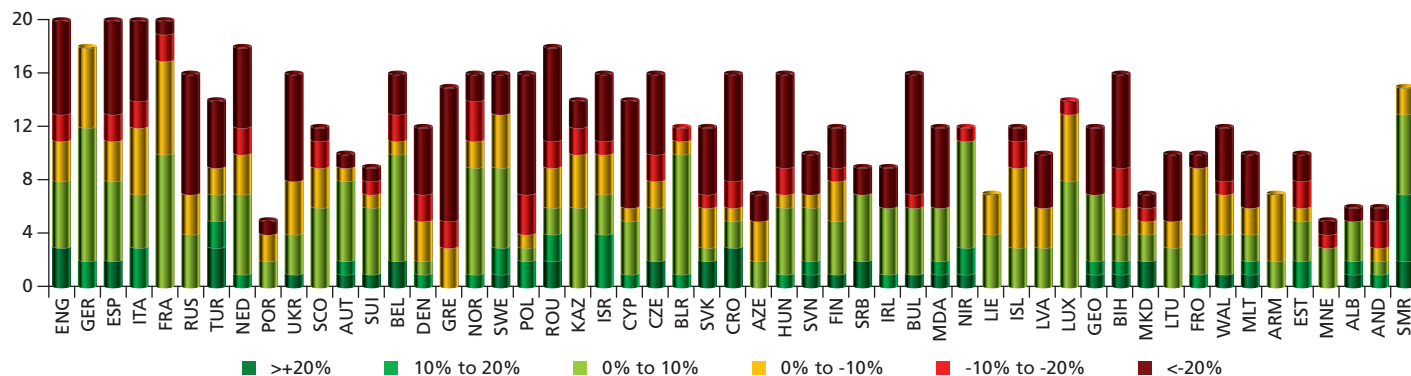
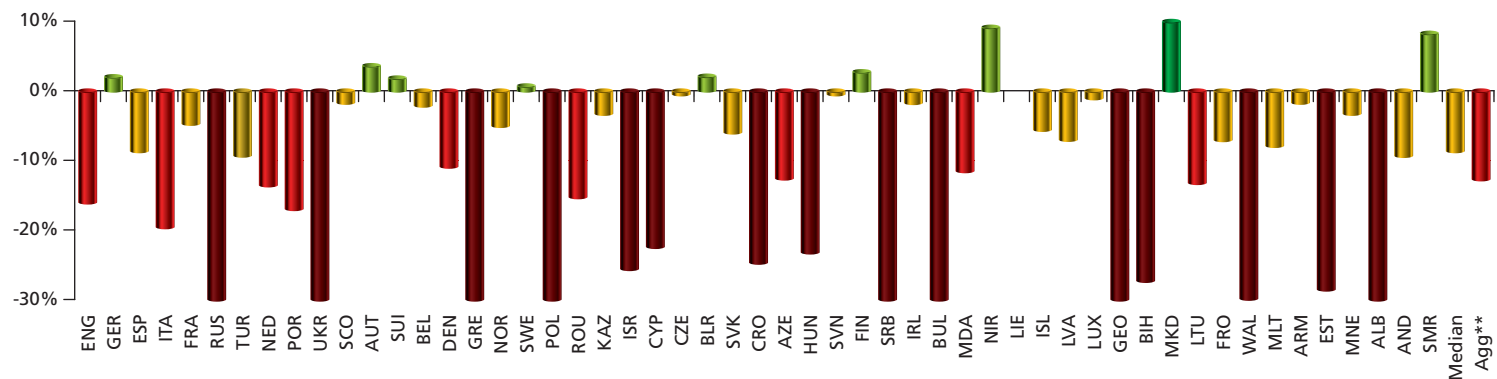
The charts on this page show the aggregate “bottom-line” FY2011 losses and profits of the 53 top divisions across Europe and reported results for 679 top division clubs split into thresholds by league. To our knowledge, this is the largest sample of football club accounts ever reviewed to date. While football operating

profits give an indication of the underlying contribution from core football activities, the net profit/loss gives the underlying performance of the club after including transfer activity, financing and divesting results, non-operating items and tax. In other words, what is often referred to as the “bottom line”.

The overall financial performance is revealed when we look at the country by country aggregate result and see the proliferation of red and dark red columns, representing countries whose clubs on aggregate have spent either €11-12 or €12+ for every €10 of revenue. In FY2011, five of the largest 30 divisions (by revenue) reported aggregate profits in line with the previous two years.

The lower chart columns represent individual clubs, and the proliferation of red and dark red underlines that many clubs contributed to the record €1,675m of net losses reported by top division clubs in FY2011.

Once again, the fact that greens can be seen in the bottom chart indicates that although the bottom-line performance of European clubs as a whole again deteriorated, there were at least two clubs in all but one of the 53 leagues that reported a net profit in FY2011. These 303 clubs reported €434m of net profits in the year.

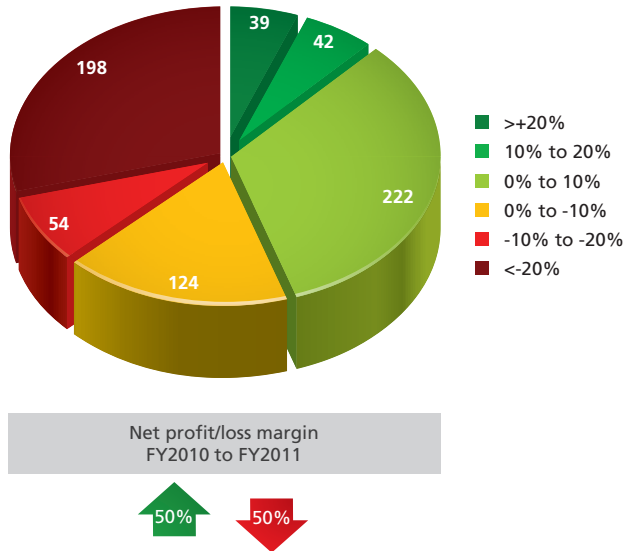


“All clubs” in this case means all 679 clubs in the data sample. For the year on year analysis, the sample is reduced to 570 clubs for which we have both years’ data (i.e. approximately 100 top-division clubs a year are relegated/ promoted and fall outside scope of data survey).

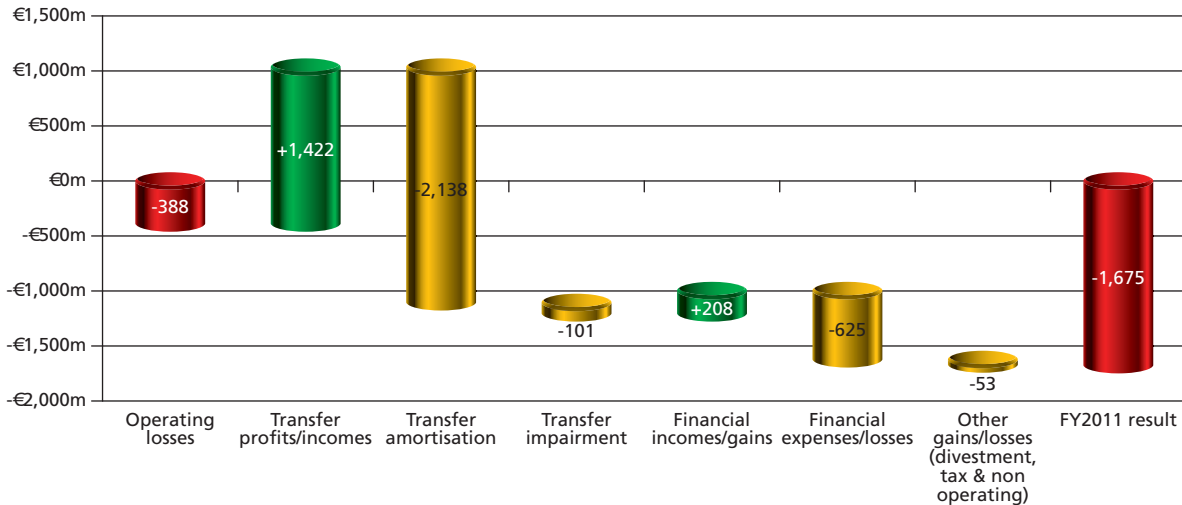
\*\* In a limited number of cases (19 clubs in FY2011), the reported net result was exactly break-even, suggesting either that the club was not break-even but that the owner effectively contributed to cover losses or that the club was actually profitable but is a not-for-profit organisation and, hence, cannot report profits. \*\*\* Half of clubs disclose their financing result as a net figure having added financial gains/incomes and expenses/losses – in these cases, the net figure has been added to either income or expenses totals.

The pie chart covering all clubs\* indicates that 198 clubs (29%) in the sample reported net losses equivalent to more than 20% of total revenue, a further 54 clubs (8%) reported large net losses of between 10% and 20% of revenue, and a further 124 clubs (19%) reported net losses of between 0 and 10%\*\*. In absolute terms, net results ranged from +€32m to -€230m. The arrows indicating the evolution between FY2010 and FY2011 in reported club net profit/loss demonstrate that clubs were split evenly between an improving and a deteriorating profit or loss result.

Clubs' NET profit result as % of FY2011 revenue



Bridge from net operating loss to net loss FY2011



The waterfall chart shows the bridge from the operating loss for FY2011 of €388m and the net loss of €1,675m. In addition to transfer activity already analysed, the main items impacting clubs were financing gains or losses. In FY2011 clubs reported aggregate financial incomes or gains of €208m\*\*\* and financial expenses or losses of €625m. Indeed, net financing incomes/costs were equivalent to more than 10% of revenue for 63 different clubs and more than 5% of revenue for 113 clubs. Hence, we can say that financing operations are frequently highly relevant. Elsewhere, tax credits on losses of €132m and charges on profits of €173m largely cancelled each other out but were nonetheless highly relevant (more than 10% of revenue) for 17 clubs, while net gains/losses on the divestment of other non-player fixed assets and intangible assets totalled less than €20m and were only highly relevant for nine clubs. Finally, non-operating gains and losses totalled less than €50m, were highly relevant for 16 clubs but largely cancelled each other out in European terms.

### Answer 41

Europe-wide, the proportion of top division clubs reporting net losses reduced slightly to 55%, with clubs split evenly between better and worse on the year-to-year trend and with total losses after tax increasing from €1,635m to €1,675m. Unlike the previous year (75%) the proportion of the largest clubs (57%) reporting losses in FY2011 was similar to the whole population.

Once again the net loss figure was accentuated by transfer activity as clubs were able to realise less transfer incomes/profits on sale in a slow transfer year but still incurred the same level of transfer costs from the busier previous years (2008-2009).

Still of greatest concern are the 29% of clubs that reported spending €6 for every €5 revenue in FY2011, with the majority of these repeat offenders.





# 9

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## Financial profile of European club football: assets, debts and net equity

- What do we mean by net debt and how do we assess it?
- What value of assets and liabilities have clubs reported?
- What level of transfer debts were owed by clubs?
- How many clubs reported negative equity?
- The bottom line - did club balance sheets strengthen or weaken during FY2011?

## Q: 42. What do we mean by net debt and how do we assess it?

The discussion of debt in football clubs has never been as prominent as it has been in the last three years. For people with a non-financial background, it can be very difficult to decipher what the wider situation actually is and what the main debt-related issues are for football and individual football clubs. Below we try to differentiate between the different terms used and the different meanings of debt, then highlight some of the key considerations when analysing debt, before setting out a more concrete picture of European football clubs' finances by analysing their balance sheets.

In practice, the term "football club debts" has been used in many different ways with a great deal of flexibility, references ranging 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:

**Financial debt\*\*:** Amounts owed to people and organisations for funds borrowed. Within this definition we include interest-free owner or related party loans, sometimes called soft loans. Top-division club debt is estimated to total €7.7bn (€8.4bn for FY2010).

**Financial fair play (FFP) net debt\*\*:** Takes the "financial debt" figure and removes any cash balances or liquid assets to provide the "net financial debt". In addition, net debt as defined in the UEFA Club Licensing and Financial Fair Play Regulations and used as the basis for the risk indicator (net debt > 100% revenue) includes the net transfer payables amount. Top-division financial fair play net debt is estimated to total €6.5bn (€7.7bn for FY2010).

**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, i.e. amounts outstanding on bills for products and services received (e.g. invoices for rent); accrued expenses, the same as payables but where no bill has yet been received (e.g. wages earned by staff to be paid at end of month); provisions, i.e. estimate of probable losses arising from previous actions (e.g. ongoing legal case against the club); deferred income, i.e. payments received for work not yet done (e.g. season ticket revenue for future matches). Top-division total liabilities are estimated at €18.5bn (€19.1bn for FY2010). Liabilities are referred to as short or long-term, with short-term being within 12 months from the financial year-end.

**Going concern:** The ability and intention of a company to continue trading for at least 12 months. Of 663 reviewed year-end club audit reports, 106 (16%) had an adverse, emphasis of matter or "qualified" audit opinion regarding going concern in FY2011, a noticeable increase on the previous year (12% in FY2010).

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.

## Answer 42

To understand the debt profile of a club requires both context (in many cases there is a matching asset) and a deep understanding of the figures. This is why a typical set of financial statements includes many times more detailed notes explaining the financial position (balance sheet) as it does explanations about the financial performance (profit and loss account).

While most football clubs' activities are relatively simple and similar to each other, the financing model they use can differ significantly, as can their liabilities, the negative part of the balance sheet which covers all debts, claims, payments received but not yet earned and potential losses, as well as financial obligations that are perhaps more obviously considered as debts.

\* "Financial debt" and "financial fair play net debt" would usually include all interest-bearing borrowings, including hire purchase or finance lease balances. However, in this report it is possible that some finance lease debts will have been excluded since in some cases the full notes to financial statements are needed to extract this data. Likewise, some non-financing payables balances may have been included. \*\* 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.

**Differing accounting treatments:** Under club licensing, clubs' financial statements have to be prepared on the basis of the same accounting principles. Nonetheless, specific treatments or accounting interpretations can differ. For example, some clubs record significant deferred tax assets in their balance sheet to reflect the theoretical future benefit from previous losses (can be set off against future profits to be tax free), while other accounting jurisdictions only allow these assets if it can be proved that future profits are likely. Treatments of agent fees, transfer fees, signing-on bonuses, long-term commercial agreements and more complicated financial arrangements such as securitisations can also lead to differences, although most of the "top" clubs report under similar accounting frameworks.

**Unrecognised assets and liabilities:** The net equity/net assets should not be confused with the value of a club. Part of the reason for this is that, as a general rule, accountants do not allow assets to be included unless their value can be accurately estimated. Some of the principal assets of a club, such as a loyal supporter base, reputation/brand, membership/access rights to lucrative competitions, and 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 examples\*\*\*, when Liverpool FC was purchased in 2007 and then again in 2010, the balance sheet net equity of +€53m and -€7m respectively were estimated to have fair values of +€197m and +€191m respectively. In addition, to reflect some of the unrecognised assets and liabilities listed above, the new owners on both occasions were prepared to pay an extra €73m and €71m respectively (goodwill).

\*\*\* Source: Kop Football (Holdings) Limited financial statements 2007 and UKSV holdings financial statements 2011. Figures translated at the exchange rate on date of transactions.



## Q: 43. What value of assets and liabilities have clubs reported?

The pie charts on this page 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. Within the licensing framework, these items are verified against detailed player by player tables for every club.

### Answer 43

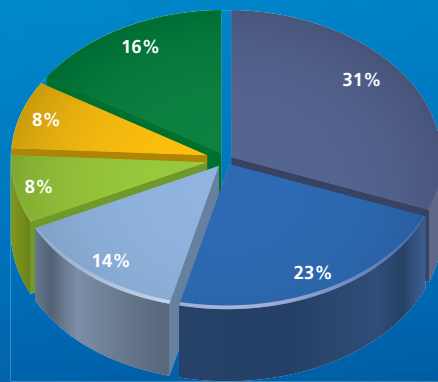
Top-division clubs reported just over €21.8bn\* of balance sheet assets in FY2011 (an increase of €800m) and €18.5bn of liabilities (a decrease of €600m), netting to positive net equity/net assets of €3.3bn (an increase of €1.4bn).

The type of assets and liabilities reported by clubs differ considerably between countries. 70% of assets and 39% of liabilities were reported as long term (>12 months).

\*Balance sheet profile taken from 679 reporting clubs from all countries. Reported assets of €21,670m compare to simulated Europe-wide top-division assets of €21,827m, and reported liabilities of €18,330m compare to simulated Europe-wide top division liabilities of €18,525m. As anticipated in last year's report, the Europe-wide position has been effected as a result of changes to the consolidation perimeter of some German clubs. The effect is most noticeable in the increase in fixed assets.

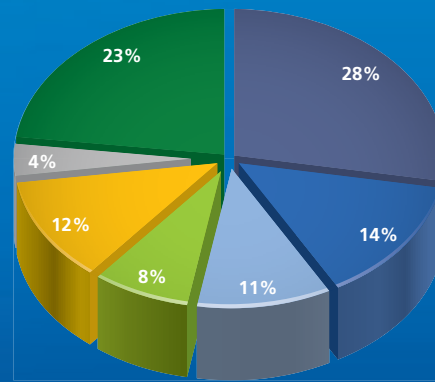


Assets by type FY2011



	FY2011	FY2010
Fixed assets	€6.6bn	€5.9bn
Player assets	€5.0bn	€5.2bn
Other long-term assets*	€3.0bn	€2.2bn
Cash	€1.8bn	€1.5bn
Transfer receivables	€1.7bn	€1.5bn
Other short-term assets	€3.6bn	€3.3bn
Estimate clubs not in sample	€0.1bn	€0.4bn
<b>Total reported assets</b>	<b>€21.8bn</b>	<b>€21.0bn</b>

Liabilities by type FY2011



	FY2011	FY2010
Bank and commercial loans	€5.1bn	€5.5bn
Group and related parties	€2.6bn	€2.9bn
Other long-term liabilities	€2.1bn	€2.3bn
Taxes and social charges*	€1.4bn	€1.2bn
Transfer payables	€2.3bn	€2.3bn
Employee payables	€0.7bn	€0.6bn
Other short-term liabilities	€4.1bn	€3.9bn
Liabilities: estimate clubs not in sample	€0.2bn	€0.4bn
<b>Total reported liabilities</b>	<b>€18.5bn</b>	<b>€19.1bn</b>

The largest asset category was fixed assets, with over €6.6bn, most of which corresponds to owned stadium and training facilities. This probably understates the total level of infrastructure as many older stadium facilities have been depreciated to zero or near-zero value in the balance sheet.

Since only 18% of clubs directly own their stadium outright, it is not surprising that fixed assets are highly concentrated, with 20 clubs reporting €4bn of fixed assets. These clubs also reported almost half of all top-division gross bank debt (€2.5bn), illustrating the clear link between long-term assets and debt levels further highlighted later.

The increase in fixed assets compared with the previous year is almost exclusively due to the inclusion of €0.6bn of German stadium assets\* rather than new construction or investment.

Net bank and third-party commercial debt totalled just over €3.3bn (bank loans €5.1bn less cash balances €1.8bn), a further reduction compared with previous years and the leveraged buy-out peak of 2008-09. 20 clubs alone reported net bank and third-party commercial debt of €1.9bn. Likewise, group and related-party debt is highly concentrated, with €1.9bn held by 20 clubs.

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

Outstanding amounts payable on transfers totalled just under €2.3bn\*\*. These are analysed in more detail on the next pages.

For the first time, we requested disclosure of amounts due to employees, which totalled just under €700m\*\*\*.

\*\* The reported transfer payables and receivable figures have been adjusted and reallocated from non-split "other long and short-term" items to reflect those clubs that do not disclose balances (see transfer section for more detailed explanation).

\*\*\* As suggested in last year's report, the amounts payable to employees were probably understated last year due to incomplete disclosure by some clubs, and hence the year on year increase is not necessarily due to an actual increase in the underlying amounts owed to employees.

## Q: 44. What level of transfer debts were owed by clubs?

Club licensing requires separate disclosure of transfer amounts receivable and payable although this data is not always included in the financial data survey submitted to UEFA, leading to a smaller sample size than most other financial analyses in the report\*. It is worth noting that the size of transfer payables reported in financial statements can be influenced by the timing of the financial year-ends relative to the timing of transfers and that transfer payables are, in most cases, not overdue but in line with the payment schedule agreed between the respective clubs. From the sample of 316 clubs\* analysed in detail and presented

in the chart below, transfer debts were, on average, equivalent to 16% of annual income and net transfer debts equivalent to 6% (similar to the 19% and 6% in FY2010). Not surprisingly, given their status as net importers of players, Italian, English, Spanish, Turkish and, more surprisingly, Portuguese and Serbian clubs reported, on average, the largest net payables balance, equivalent to between 7% and 16% of annual revenue, although in the case of Portugal and Serbia, this was mainly a single club's balance.

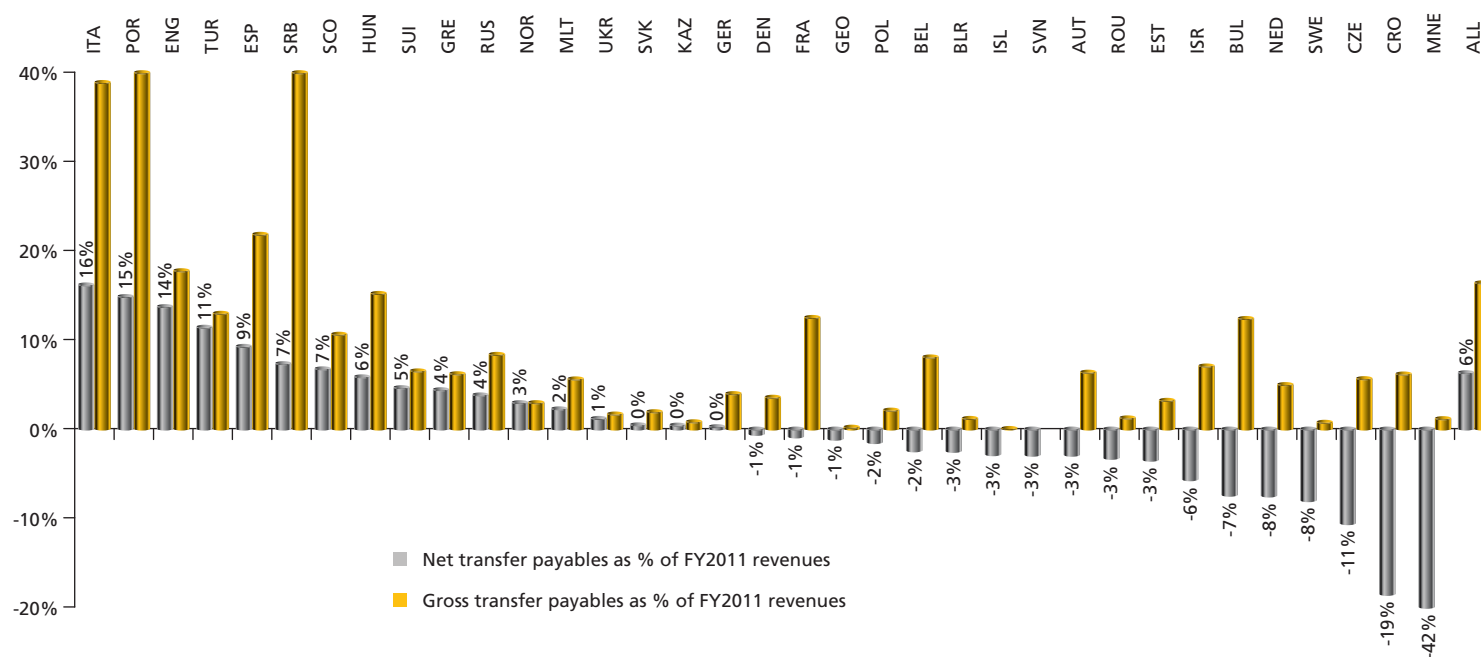
At the other end of the scale, clubs in Montenegro, Croatia and the Czech Republic had net receivables from transfers equivalent to more than 10% of revenues, making them particularly sensitive to deferred, late or non-payments from other clubs.

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 38 clubs with gross transfer payables of more than three months' income (compared with 44 in FY2010 and 48 in FY2009). If we net the transfer receivables with these transfer payables, the number of clubs halves.

This decreasing trend in large, difficult-to-service total transfer balances matches the reduction in overdue transfer balances noted in the UEFA financial fair play overdue payable assessments in the last two years. It appears that the message from financial fair play that transfer balances can no longer be used as cheap financing is starting to have a positive effect.

While the scope of financial fair play in a particular year encompasses the 237 clubs participating in the UEFA Champions League and UEFA Europa League, the Club Financial Control Body will, nonetheless, take into consideration in the future the history of any non-qualified clubs regularly observed to be delaying or not paying overdue payables. UEFA will also continue to encourage the adoption of financial fair play regulations at domestic level, in particular, stricter overdue payables and transfer rules.

Transfer payables as % of FY2011 revenues



\* The samples exclude clubs with zero balances, even though these might well be bona fide zero balances, as it is not possible for UEFA to confirm for sure whether the zero transfer payable/receivable balances are indeed correct or due to incomplete disclosure in the reporting template. All clubs under licensing have an option to provide UEFA-stipulated disclosures in separate audited documents for licensing criteria purposes rather than within the publicly disclosed financial statements. For the country by country disclosure on the chart, we also excluded countries where only one or two clubs had disclosed data, although we included this in the "ALL" sample of 325 clubs. The samples include clubs reporting 76-78% of total liabilities, player assets and transfer additions in FY2011, and these proportions have been used to estimate the Europe-wide top-division transfer payables included in the pie chart analysis in this section.

Every club undergoing club licensing is tested each year for overdue transfer payables and overdue payables on employee and social charges. Since the summer of 2011, with the introduction of financial fair play, all clubs competing in UEFA club competitions have been additionally assessed as at 30 June and some clubs further monitored at 30 September. The settlement of these specific "football debts" are considered of particular importance since non- or delayed payment beyond the terms agreed can have a knock-on effect on more than the clubs directly involved, since a club not receiving budgeted cash may, in turn, have to delay payments.

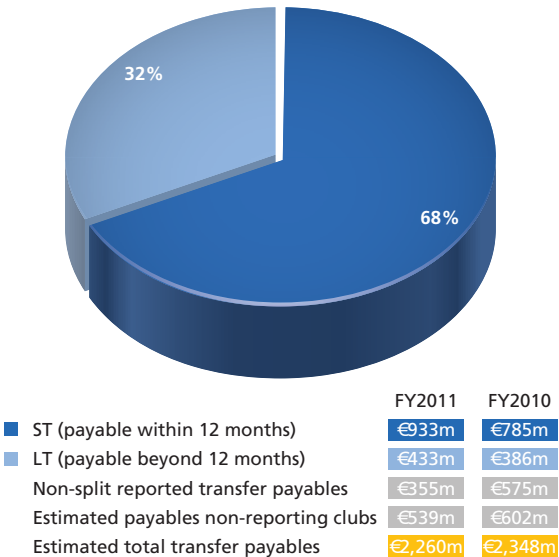
The club monitoring undertaken in 2011 and 2012 underlined a precarious situation regarding the settlement of these "football debts" which has been further aggravated by the current economic crisis. As well as some cases which have led to disciplinary proceedings, there were a relatively large value and number of disputed and deferred payables on these "football debts". Although neither bona fide legal proceedings, nor non-coerced agreements between the involved parties to defer payments to a later date, lead to disciplinary proceedings under club licensing, they still provide considerable cause for concern. Clearly, from an integrity of competition perspective, it is far from ideal to have players or coaching staff receiving their wages late. Any large scale deferral or non-payment of transfer payables constitutes a systemic risk with a potential series of chain reactions, as club A does not receive payment from club B, which, in turn, cannot pay installments on time to clubs C and D, and so on.

While the 235–237 clubs competing in UEFA competitions each year now fall under close inspection through the club monitoring process and so have a strong incentive to meet their obligations in a timely fashion, clubs that are not competing in UEFA club competitions in most cases do not undergo the same scrutiny. This is why strong domestic licensing, including the monitoring of payments on international transfers, is crucial if the whole system is to not be undermined. Hence, UEFA will assess domestic licensing systems over the course of the next year.

Clearly, solutions need to be found to improve the current situation and different measures need to be investigated, such as limits on long-term transfer payables, transparency over payment records, the non-acceptance of "release papers" for player and coaching salary and bonus payments, as well as improved monitoring at domestic level.

\*\* The repeated use of signed "release papers" to circumvent the rules suggests some players/coaching staff are being pressured into accepting a deferral of payments.

Transfer payables FY2011



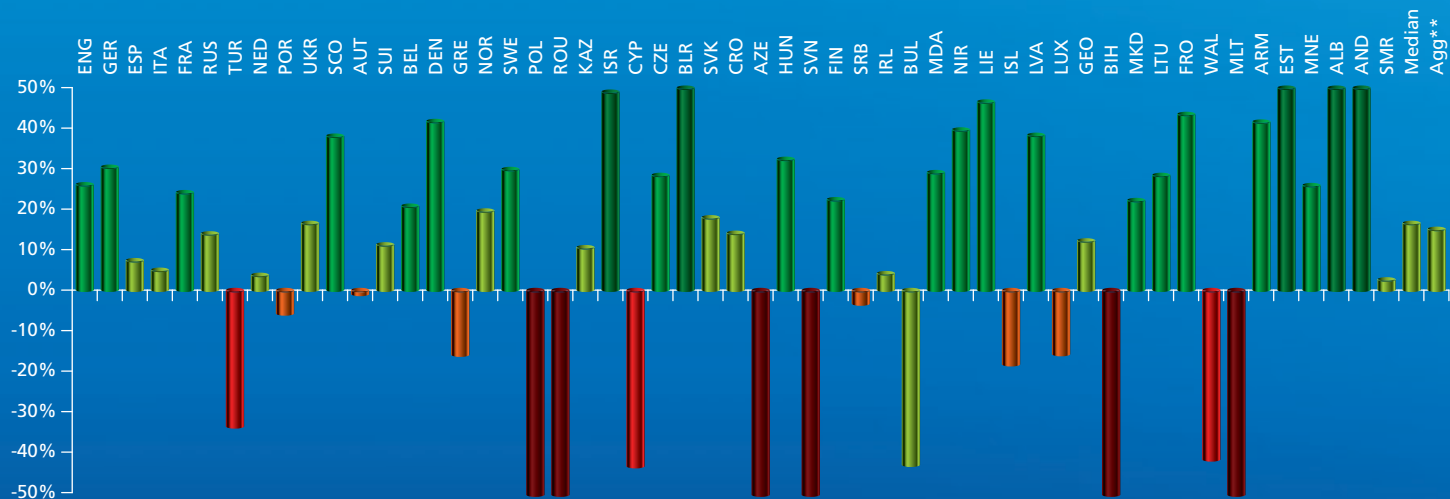
### Answer 44

The pie chart indicates that 32% of the reported outstanding transfer liabilities are long-term, scheduled to be settled beyond 12 months (33% in FY2010). At least 38 clubs reported transfer debts equivalent to more than three months' income, a smaller number than last year. In total, we estimate that there were just under €2.3bn of outstanding transfer debts and over €700m of transfer fees scheduled to be paid in over a year.

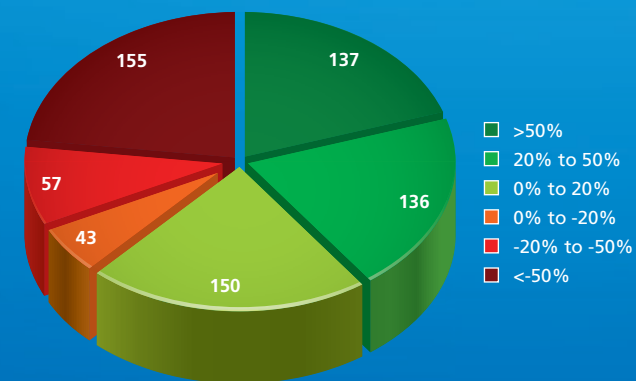


# Q: 45. How many clubs reported negative equity?

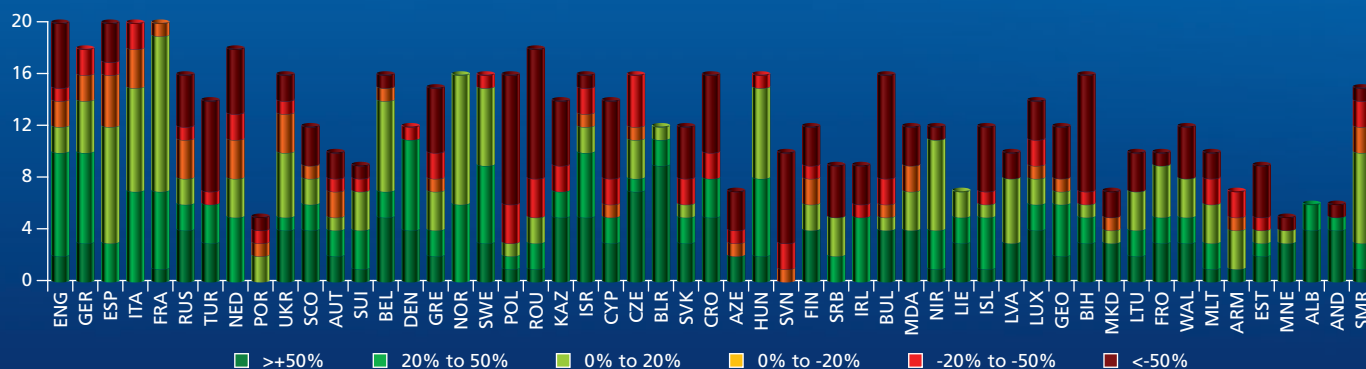
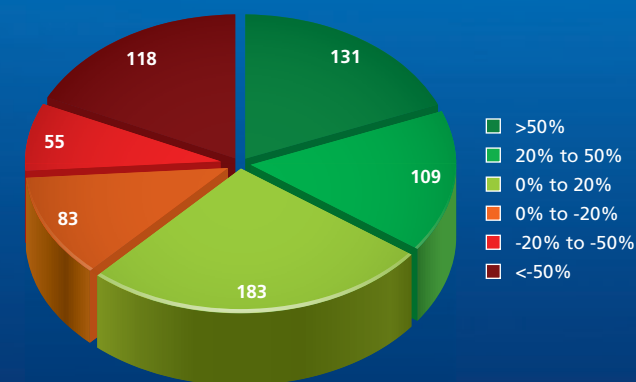
Net equity per league FY2011 (% assets)



Net equity as % of FY2011 assets



Net equity as % of FY2011 revenues





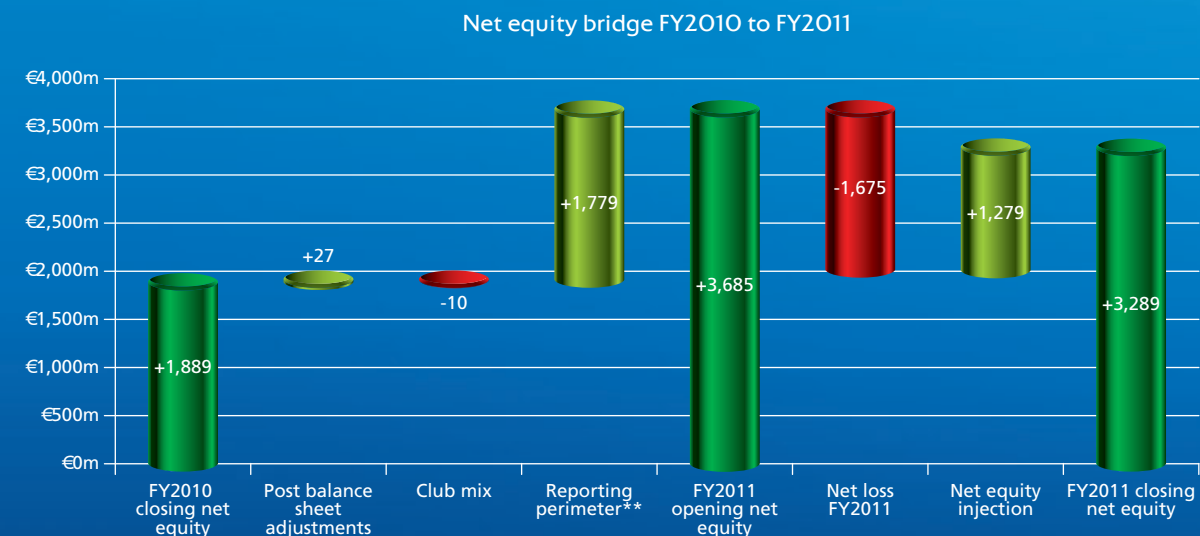
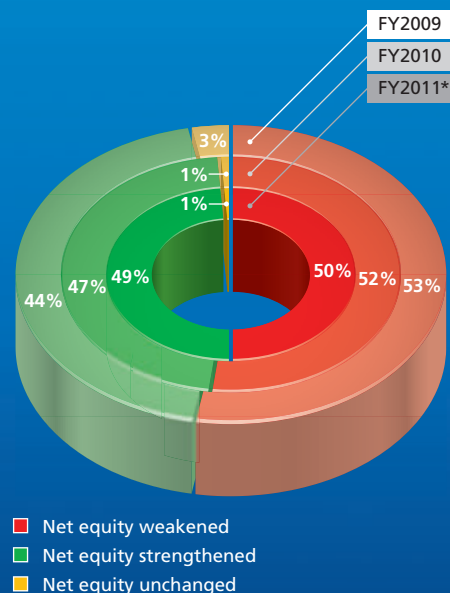
## Answer 45

The simple answer is that 255 or 38% of clubs reported negative equity (more liabilities than assets) in their balance sheets in FY2011\* (compared with 36% in FY2010). This includes top-division clubs from 49 different countries and also includes 22 of the 77 “top” clubs. As illustrated last year, 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 extremely dangerous. Of the 255 clubs reporting negative equity, 185 also reported losses in the year.

As in previous years, the aggregate level of equity compared with asset base differs considerably between countries, although the rainbow threshold chart highlights a number of countries where the majority of clubs have liabilities in excess of assets, including Turkey, the Netherlands, Poland, Romania, Slovenia and Bulgaria.

\* Net equity was analysed for 679 clubs from all 53 countries.

## Q: 46. The bottom line - did club balance sheets strengthen or weaken during FY2011?



The net equity bridge includes an opening 2011 net equity position that was higher than the FY2010 closing position due to some minor post-year-end adjustments and some changes in the reporting perimeter\*\* of various clubs, notably: Manchester United (+€1.01bn); Chelsea (+€0.82bn); Fenerbahce (+€0.05bn); four German clubs' cumulative difference (-€0.14bn). As the principal activities remain within the new perimeters, the impact on the balance sheet was much more significant than any impact on the revenues, costs or bottom-line profits.

\*Net equity movement was analysed for 771 clubs from all countries, with 206 clubs attributed as club mix (only one year's data [FY2010 or FY2011] due to promotion/relegation or incomplete data).

\*\* The major changes in reporting perimeters were made on the following basis: for licensing purposes the perimeter reverted from Fordstam Limited to Chelsea FC plc as liabilities in Fordstam were not secured on Chelsea plc assets; Red Football Shareholder Ltd reverted to Red Football Ltd but will change again in the future following the listing of Manchester United shares; the perimeters of the four German clubs now reflect a full consolidation and the audited financial year results rather than the results for the sporting season (included in the Bundesliga report). The perimeters for benchmarking and financial fair play purposes are subject to different interpretation.



## Answer 46

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 (total assets less liabilities) reflects the financial profit/loss of the year plus any capital distributions or injections.

A key requirement of financial fair play will be that clubs recapitalise any significant losses\*\*\* and hence prevent debts from building up year by year and balance sheets weakening. In total, 67 clubs (10%) reported net losses in FY2011 but improved net equity due to either capital injections or write-off of owner loans or revaluations. In total, clubs reported a net non-profit-related equity increase of €1,279m, which was not enough to cover the losses of €1,675m and was equivalent to 76% of the net losses in FY2011. The fact that the combined closing FY2011 net equity position improved on FY2010 was largely due to reporting perimeter changes for some clubs.

Our analysis indicates that despite this positive news at the aggregate level, 50% of clubs still had their balance sheet position deteriorate during FY2011 by an aggregate of €1,485m, emphasising the need for the new UEFA regulations that encourage recapitalisation of club balance sheets and similar domestic regulations.

\*\*\* Significant losses mean cumulative break-even deficits between €5m and €45m, as referenced in the UEFA Club Licensing and Financial Fair Play Regulations (2012 edition) Article 61(1–3).





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# Appendices

# APPENDIX: List of clubs participating in the UEFA Champions League and UEFA Europa League/UEFA Cup in the last decade

ENG	21	Arsenal FC	Aston Villa FC	Birmingham City FC	Blackburn Rovers FC	Bolton Wanderers FC	Chelsea FC	Everton FC	Fulham FC	Ipswich Town FC	Leeds United AFC	Liverpool FC	Manchester City FC	Manchester United FC	Middlesbrough FC	Millwall FC	Newcastle United FC	Portsmouth FC	Southampton FC	Stoke City FC	Tottenham Hotspur FC	West Ham United FC
ESP	19	Athletic Club	CA Osasuna	Club Atlético de Madrid	Deportivo Alavés	FC Barcelona	Getafe CF	Málaga CF	RC Celta de Vigo	RC Deportivo La Coruña	RCD Espanyol	RCD Mallorca	Real Betis Balompie	Real Madrid CF	Real Racing Club	Real Sociedad de Fútbol	Real Zaragoza	Sevilla FC	Valencia CF	Villarreal CF		
FRA	18	AJ Auxerre	AS Monaco FC	AS Nancy-Lorraine	AS Saint-Étienne	EA Guingamp	FC Girondins de Bordeaux	FC Lorient	FC Sochaux-Montbéliard	LB Châteauroux	LOSC Lille	Montpellier Hérault SC	Olympique de Marseille	Olympique Lyonnais	Paris Saint-Germain	RC Lens	RC Strasbourg	Stade Rennais FC	Toulouse FC			
GER	16	1. FC Kaiserslautern	1. FC Nürnberg	1. FSV Mainz 05	Bayer 04 Leverkusen	Borussia Dortmund	Eintracht Frankfurt	FC Bayern München	FC Schalke 04	Hamburger SV	Hannover 96	Hertha BSC Berlin	SV Werder Bremen	TSV Alemannia Aachen	VfB Stuttgart	VfL Bochum 1848	VfL Wolfsburg					
ITA	16	AC Chievo Verona	AC Milan	AC Perugia	ACF Fiorentina	AS Livorno Calcio	AS Roma	Empoli FC	FC Internazionale Milano	Genoa CFC	Juventus	Parma FC	S.S. Lazio	SSC Napoli	UC Sampdoria	Udinese Calcio	US Città di Palermo					
MKD	15	FK Baskimi	FK Belasica GC	FK Cementarnica 55	FK Makedonija Skopje	FK Metalurg Skopje	FK Milano	FK Pelister	FK Pobeda	FK Rabotnicki	FK Renova	FK Sileks	FK Skendija 79	FK Sloga Jugomagnat	FK Teteks	FK Vardar						
NOR	15	Aalesunds FK	FK Bodo/Glimt	FK Lyn	Fredrikstad FK	IK Start	Lillestrøm SK	IK Start	Molde FK	Odd Grenland	SK Brann	Stabæk Fotball	Stromsgodset TF	Tromsø IL	Vålerenga Fotball	Viking FK						
BEL	14	Cercle Brugge KSV	Club Brugge KV	KAA Gent	KFC Germinal Beerschot Antwerpen	KRC Genk	KSC Lokeren OV	KSK Beveren	KSV Roeselare	KVC Westerlo	R. Excelsior Mouscron	R. Standard de Liège	RAA Louviéroise	RSC Anderlecht	SV Zulte Waregem							
SWE	14	AIK	Åsvidabergs FF	BK Häcken	Djurgårdens IF	Gefle IF	Halmstads BK	Hammarby	Helsingborgs IF	IF Elfsborg	IFK Göteborg	Kalmar FF	Malmö FF	Örebro SK	Östers IF							
TUR	14	Beşiktaş JK	Bursaspor	Denizlispor	Fenerbahçe SK	Galatasaray A.	Gaziantepspor	Gençlerbirliği SK	Kayseri Erciyesspor	Kayserspor	Kocaelispor	Malatyaspor	MKE Ankaragücü	Sivasspor	Trabzonspor A							
NED	13	ADO Den Haag	AFC Ajax	AZ	FC Groningen	FC Twente	FC Utrecht	Feyenoord	NAC Breda	NEC Nijmegen	PSV Eindhoven	sc Heerenveen	Vitesse	Willem II								
POL	13	Amica Wronki	GKS Belchatów	GKS Katowice	Grodzisk Wielkopolski	Jagiellonia Białystok	KKS Lech Poznań	Konwica Warszawa	Legia Warszawa	Wisła Kraków	Ruch Chorzów	Widzew Łódź	WKS 1. Wrocław	Zagłębie Lubin								
POR	13	Boavista FC	CD Nacional	CF Os Belenenses	CS Marítimo	FC Paços de Ferreira	FC Porto	Leixões SC	SC Braga	SL Benfica	Sporting Clube de Portugal	UD Leiria	Vitória FC	Vitória SC								
RUS	13	FC Alania	FC Amkar Perm	FC Dinamo Moskva	FC Lokomotiv Moskva	FC Moskva	FC Rubin Kazan	FC Sibir Novosibirsk	FC Spartak Moskva	FC Terek Grozny	FC Torpedo Moskva	FC Zenit St. Petersburg	PFK CSKA Moskva	PFK Krylya Sovetov Samara								
SCO	13	Aberdeen FC	Celtic FC	Dundee FC	Dundee United FC	Falkirk FC	Dunfermline Athletic FC	Inverness CT	Heart of Midlothian FC	Gretna FC	Hibernian FC	Livingston FC	Queen of the South FC	Rangers FC								
SRB	13	FK Banat Zrenjanin	FK Bežanija	FK Borac Čačak	FK Crvena Zvezda	FK Hajduk Kula	FK Partizan	FK Rad	FK Sloboda Srebinjo	FK Smederevo	FK Spartak Zlatibor voda	FK Vojvodina	FK Vukobrodac	OFK Beograd								
SUI	13	AC Bellinzona	BSC Young Boys	FC Basel 1893	FC Lausanne-Sport	FC Lugano	FC Luzern	FC Sion	FC Thun	FC Wil 1900	FC Zürich	Grashopper-Club	Neuchâtel Xamax FC	Servette FC								
BLR	12	FC BATE Borisov	FC Belshina Bobruisk	FC Dinamo Minsk	FC Dnepr Minsk	FC Dnepr Mogilev	FC Gomel	FC Minsk	FC Naftan Novopolotsk	FC Neman Grodno	FC Partizan Minsk	FC Shakhtyor Soligorsk	FC Torpedo Zhodino									
GRE	12	AEK Athens FC	Aris Thessaloniki FC	Atromitos FC	Egaleo FC	Iraklis FC	Larissa FC	Olympiacos FC	Olympiakos Volou FC	Panathinaikos FC	Panionios GSS	PAOK FC	Xanthi FC									
HUN	12	Budapest Honvéd FC	Debreceni VSC	FC Sopron	Ferencvárosi TC	Gyri ETO FC	Kecskeméti TE	MTK Budapest	Paksi SE	SC Munkacsy Haladás	Újpest FC	Videoton FC	Zalaegerszegi TE									
SVK	12	Dukla Banská Bystrica	FC Nitra	FC Senec	FC Spartak Trnava	FC ViOn Zlaté Moravce	FK Matador Púchov	FK Senica	FK Zilina	FK Železiar	FK Železiar	FK Železiar	FK Železiar									
CRO	11	GNK Dinamo	HNK Cibalia	HNK Hajduk Split	HNK Rijeka	HNK Šibenik	NK Inter Zaprešić	NK Kamen Ingrad	NK Slaven Koprivnica	NK Varaždin	NK Zagreb	RNK Split	Sporting Fingal FC									
IRL	11	Bohemian FC	Cork City FC	Derry City FC	Drogheda United FC	Dundalk FC	Longford Town FC	Saint Patrick's Athletic FC	Shamrock Rovers FC	Shelbourne FC	Sligo Rovers FC	Sporting Fingal FC										
ISR	11	Beitar Jerusalem FC	Bnei Sakhnin FC	Bnei Yehuda Tel-Aviv FC	FC Ashdod	Hapoel Kiryat Shmona FC	Hapoel Ramat Gan FC	Hapoel Tel-Aviv FC	Maccabi Haifa FC	Maccabi Netanya FC	Maccabi Petach-Tikva FC	Maccabi Tel-Aviv FC										
UKR	11	FC Chornomorets Odesa	FC Dnipro Dnipropetrovsk	FC Dynamo Kyiv	FC Illichyvet Mariupol	FC Karpaty Lviv	FC Metalist Kharkiv	FC Metalurh Donetsk	FC Metalurh Zaporizhzhia	FC Shakhtar Donetsk	FC Vorskla Poltava	FC Tavriya Simferopol										
ALB	10	FK Partizani	KF Laçi	KS Besa	KS Dinamo Tirana	KS Elbasani	KS Flamurtari	Dundalk FC	Longford Town FC	Saint Patrick's Athletic FC	Shamrock Rovers FC	Shelbourne FC	Sligo Rovers FC									
AZE	10	FC Baku	FC Inter Baku	FC Khazar Lankaran	FK Karvan Evlakh	FK Shamkir	MKT Araz	Neftçi PFK	Olimpik-Üvəllən PFK	Qarabağ FK	Simurq Zaqatala PFK											
BIH	10	FK Borac Banja Luka	FK Leotar	FK Modriča	FK Sarajevo	FK Slavija Sarajevo	FK Željezničar	HŠK Zrinjski Mostar	NK Orašje	NK Široki Brijuni	NK Žepče											
CZE	10	AC Sparta Praha	FC Slovan Liberec	FC Viktoria Plzeň	FK Jablonec	FK Mladá Boleslav	FK Teplice	FK Viktoria Žižkov	SK Sigma Olomouc	SK Sigma Olomouc	SK Slavia Praha											
FIN	10	AC Allianssi	FC HJK Helsinki	FC Inter Turku	FC Lahti	HJK Helsinki	KuPS Kuopio	Myllykosken Pallo-47	Tampere United	TPS Turku	Valkeakosken Haka											
ISL	10	Breidablik	FH	Fram Reykjavik	Fylkir	Grindavik	ÍA Akranes	ÍBV	Keflavik	KR	Valur Reykjavik											
LUX	10	AS Jeunesse Esch	CS Fola Esch	CS Grevenmacher	CS Pétange	F91 Dudelange	FC Avenir Beggen	FC Differdange 03	FC Etzella Ettelbruck	Racing FC Union Lëtzebuerg	UN Käerjeng 97											
ROU	10	CFR 1907 Cluj	CS Gaz Metan Mediaș	FC Dinamo București	FC National 2000 București	FC Oțelul Galați	FC Rapid București	FC Steaua București	FC Timișoara	FC Unirea Urziceni	Sporting Club Vaslui											
WAL	10	Bangor City FC	Barry Town AFC	Carmarthen Town AFC	Cwmbran Town FC	Haverfordwest County AFC	Llanelli AFC	Neath FC	Port Talbot Town FC	Rhyl FC	The New Saints FC											
ARM	9	FC Araks Ararat	FC Ararat Yerevan	FC Banants	FC Gandzasar Kapan	FC Mika	FC Pyunik	FC Shirak	FC Zvartnots AAL	Ulisses FC												
AUT	9	FC Kärnten	FC Salzburg	FK Austria Wien	Grazer AK	SK Austria Kärnten	SK Rapid Wien	SK Sturm Graz	SV Mattersburg	SV Ried												
FRO	9	B36 Tórshavn	EB/Streymur	HB Tórshavn	IF Fuglafjarður	KÍ Klaksvík	NŠÍ Runavík	NSÍ Runavík	Skála Ítróttarfelag	Víkingur												
GEO	9	FC Ameri Tbilisi	FC Dinamo Tbilisi	FC Gagra	FC Lokomotiv Tbilisi	FC Metalurgi Rustavi	FC Sioni Bolnisi	FC Torpedo Kutaisi	FC WT Georgia	FC Zestafoni												
KAZ	9	FC Aktobe	FC Alma-Ata	FC Atyrau	FC Atyrau	FC Irtysh Pavlodar	FC Kairat Almaty	FC Okzhetpes Kokshetau	FC Okzhetpes Kokshetau	FC Shakhter Karagandy	FC Tobol Kostanay											
LTU	9	FBK Kaunas	FC Šiauliai	FK Atlantas	FK Banga	FK Ekranas	FK Sduva	FK Tauras	FK Vėtra	FK Žalgiris Vilnius												
SVN	9	FC Koper	ND Gorica	NK Celje	NK Domžale	NK IB Ljubljana	NK Maribor	NK Olimpija Ljubljana	NK Primorje	NK Rudar Velenje												
CYP	8	AC Omnia	AEL Limassol FC	Anorthosis Famagusta FC	Apollon Limassol FC	FC AEL Limassol	FC AEL Limassol	FC AEL Limassol	FC AEL Limassol	FC AEL Limassol												
DEN	8	Aalborg BK	Brøndby IF	FC København	FC København	FC Midtjylland	FC Nordsjælland	Odense BK	Randers FC													
MDA	8	FC Dacia Chișinău	FC Iskra-Stal	FC Milani Orhei	FC Nistru Otaci	FC Olimpia B I I	FC Sheriff	FC Tiraspol	FC Zimbru Chi in u													
NIR	8	Cliftonville FC	Coleraine FC	Crusaders FC	Dungannon Swifts FC	FC Cliftonville	FC Cliftonville	FC Cliftonville	FC Cliftonville	FC Cliftonville												
SMR	8	A.C. Libertas	AC Juvenes-Dogana	Domagnano FC	S.S. Murata	S.S. Murata	S.S. Murata	S.S. Murata	S.S. Murata	S.S. Murata												
BUL	7	PFK Beroe Stara Zagora	PFK Chernomorec Varna	PFK CSKA Sofia	PFK Levski Sofia	PFK Ludogorets Razgrad	PFK Ludogorets Razgrad	PFK Ludogorets Razgrad	PFK Ludogorets Razgrad	PFK Ludogorets Razgrad												
EST	7	FC Flora Tallinn	FC Levadia Maardu	FC Levadia Tallinn	FC TVMK Tallinn	JK Nõmme Kalju	JK Sillamäe Kalev	JK Trans Narva														
LVA	7	FC Daugava Daugavpils	FC Dinaburg	FK Jelgava	FK Ventspils	JFK Olimpijs RFS	SK Liepāja Metalurgs	Skonto FC														
AND	6	FC Encamp	FC Lusitans	FC Santa Coloma	FC Santa Coloma	UE Sant Julià	UE Santa Coloma															
MLT	6	Birkirkara FC	Floriana FC	Hibernians FC	Marsaxlokk FC	Sliema Wanderers FC	Valletta FC															
MNE	6	FK Budućnost Podgorica	FK Mogren	FK Rudar Pljevlja	FK Sutjeska	FK Zeta	OFK Petrovac															
LIE	1	FC Vaduz																				

## APPENDIX: Attendance data

2011s - 2011/12w attendance						2011s - 2011/12w attendance					
NA	League average	Estimated total attendance	League average last season	Largest club average attendance	Highest vs Average	NA	League average	Estimated total attendance	League average last season	Largest club average attendance	Highest vs Average
GER	45,116	13,805,462	42,665	80,521	1.8	AZE	2,381	457,152	2,299	8,013	3.4
ENG	34,600	13,148,133	35,294	75,387	2.2	BLR	2,372	469,651	2,302	4,841	2.0
ESP	28,796	10,942,404	28,221	75,844	2.6	SVK	2,183	432,294	2,251	5,051	2.3
ITA	22,466	8,537,004	24,306	49,020	2.2	FIN	2,159	427,484	2,225	3,610	1.7
NED	19,466	5,956,562	19,296	50,147	2.6	BUL	2,117	508,005	1,883	4,227	2.0
FRA	18,870	7,170,505	19,742	42,892	2.3	CRO	2,071	478,514	1,991	9,567	4.6
SCO	13,865	3,161,219	13,670	50,904	3.7	IRL	1,614	290,466	1,612	3,864	2.4
RUS	12,903	4,541,790	12,250	20,786	1.6	BIH	1,405	335,717	1,563	5,067	3.6
SUI	12,253	1,985,065	11,365	29,775	2.4	MKD	1,387	274,688	1,334	4,512	3.3
UKR	11,309	2,714,190	9,225	36,983	3.3	SVN	1,368	246,276	1,200	3,800	2.8
TUR	11,058	3,387,046	11,013	32,833	3.0	ISL	1,123	148,192	1,205	2,148	1.9
POR	10,957	2,629,665	10,080	42,464	3.9	GEO	1,066	230,310	1,110	2,400	2.3
POL	8,849	2,123,715	8,496	20,928	2.4	NIR	847	187,171	893	1,802	2.1
BEL	8,659	2,615,001	8,720	20,508	2.4	MNE	781	153,920	610	2,882	3.7
NOR	7,994	1,918,530	8,117	14,510	1.8	LTU	781	153,779	701	1,911	2.4
SWE	7,319	1,744,347	6,547	13,865	1.9	ARM	692	77,490	575	2,207	3.2
DEN	7,103	1,406,451	7,049	15,540	2.2	MDA	660	130,725	759	1,453	2.2
AUT	7,075	1,273,464	7,953	15,832	2.2	MLT	624	119,901	679	n/a	n/a
GRE	4,931	1,173,249	6,424	21,529	4.4	LVA	504	72,640	465	841	1.7
ROU	4,855	1,485,715	5,019	15,751	3.2	FRO	503	68,350	487	991	2.0
CZE	4,715	1,131,540	4,492	10,322	2.2	LUX	442	80,418	387	1,145	2.6
ISR	3,898	1,153,683	4,602	8,767	2.2	WAL	329	63,120	339	728	2.2
KAZ	3,854	739,936	4,137	6,666	1.7	SMR	242	37,380	227	300	1.2
HUN	3,828	918,690	2,568	7,800	2.0	EST	203	36,504	160	515	2.5
SRB	3,807	913,740	2,453	19,783	5.2	LIE	n/a				
ALB	3,064	494,000	2,349	5,800	1.9	AND	n/a				
CYP	2,896	631,318	3,344	7,576	2.6	TOTAL	6,909	103,182,571	6,797	17,292	2.6

## APPENDIX: FY2011 exchange rates used

NA	Most common year-end	Common or different year-end	Currency	FY2011	NA	Most common year-end	Common or different year-end	Currency	FY2011
ALB	Dec	Common	LEK	0.0071	KAZ	Dec	Common	TENGE	0.0049
AND	Dec	Common	€	1.0000	LIE	Dec	Various	CHF	0.8219
ARM	Dec	Common	DRAM	0.0019	LTU	Dec	Common	LITAS	0.2896
AUT	June	Common	€	1.0000	LUX	Dec	Common	€	1.0000
AZE	Dec	Common	MANAT	0.9093	LVA	Dec	Common	LATS	1.4160
BEL	June	Various	€	1.0000	MDA	Dec	Common	LEU	0.0612
BIH	Dec	Common	MARK	0.5113	MKD	Dec	Common	DENAR	0.0163
BLR	Dec	Common	BYR	0.0001	MLT	May	Various	€	1.0000
BUL	Dec	Common	LEV	0.5113	MNE	Dec	Common	€	1.0000
CRO	Dec	Common	KUNA	0.1345	NED	June	Common	€	1.0000
CYP	Dec	Various	€	1.0000	NIR	Dec	Various	GBP	1.1522
CZE	Dec	Various	KRONER	0.0407	NOR	Dec	Common	KRONER	0.1282
DEN	Dec	Various	KRONE	0.1342	POL	Dec	Common	ZLOTY	0.2429
ENG	June	Various	GBP	1.1669	POR	June	Common	€	1.0000
ESP	June	Common	€	1.0000	ROU	Dec	Common	LEU	0.2359
EST	Dec	Common	€	1.0000	RUS	Dec	Common	ROUBLE	0.0245
FIN	Nov	Various	€	1.0000	SCO	June	Various	GBP	1.1669
FRA	June	Various	€	1.0000	SMR			€	1.0000
FRO	Dec	Common	KRONE	0.1342	SRB	Dec	Common	DINAR	0.0098
GEO	Dec	Common	LARI	0.4260	SUI	Dec	Various	CHF	0.8105
GER	June	Various	€	1.0000	SVK	Dec	Various	€	1.0000
GRE	June	Common	€	1.0000	SVN	Dec	Common	€	1.0000
HUN	Dec	Common	FORINT	0.0036	SWE	Dec	Common	SEK	0.1107
IRL	Nov	Common	€	1.0000	TUR	Dec	Various	LIRA	0.4284
ISL	Dec	Common	KRONA	0.0062	UKR	Dec	Common	HRYVNIA	0.0899
ISR	Dec	Common	SHEKEL	0.2009	WAL	Dec	Various	GBP	1.1522
ITA	June	Various	€	1.0000					



## APPENDIX: Data sources and abbreviations

Data sources	
<b>Underlying source of financial analysis</b>	<p>Unless otherwise stated in the report, footnotes or 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 2012/13 UEFA club competition season. These figures refer to the financial year ending in 2011, in most cases at 31 December 2011. 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 and getting descriptions of major items, UEFA has not sought to verify the figures provided by the licensors against the source financial statements or to obtain more detailed explanations as to survey responses.</p>
<b>Standardised 2011 UEFA template: rationale</b>	<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; 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 Club Licensing and Financial Fair Play Regulations and hence should be available to all clubs, forming the basis for the template; (b) to this basis some additional financial disclosures are added, 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 this also facilitates 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. Between April-July 2013 benchmarking data verified by club and licensor will be provided through the secure financial fair play IT tool.</p>
<b>Exceptions</b>	<p>Financial data covers the audited financial statements for the 2011 financial year, with the exception of two non-licensed Spanish clubs (Santander and Mallorca) where 2010 data has been included and two other Spanish clubs (Zaragoza and Deportivo) for which headline 2011 financial data was sourced from the Professor Gay report.</p> <p>Financial periods cover 12 months, with the exception of the following clubs which changed their year-end during 2011: Fenerbahce – TUR (7 months); Anderlecht – BEL (9 months); Lierse – BEL (18 months); Pizzen – SVK (18 months); Neath – WAL (18 months); Marsaxlokk – MLT (7 months); and Israeli clubs, whose data is annualised on seven-month interim data.</p>
<b>Reporting perimeter</b>	<p>Article 46bis of the UEFA Club Licensing and Financial Fair Play Regulations (2012 edition) is an expansion of Article 46 in the 2010 edition. In particular, the regulations specify a wide range of activities that should be included within the reporting perimeter, including employee compensation, club operations and financing, and require a written justification for the exclusion of any such activities.</p> <p>The data in this report corresponds to the reporting perimeters as provided by the national licensors for the purposes of benchmarking and may differ from the reporting perimeters assessed for the purposes of the financial fair play break-even assessment.</p> <p>We note that the reporting perimeters reflected in the benchmarking data have changed for the following clubs: in the German figures (as pre-noted in last year's report) the reporting perimeter was expanded for Bayern Munich, FC Schalke 04, Borussia Monchengladbach and Borussia Dortmund; in the Turkish figures, Fenerbahce; in the English figures, the perimeters were adapted for Manchester United and Chelsea FC. We specify these clubs as the changes in perimeter had a significant effect on the balance-sheet analysis. Generally, there is minimal effect on revenues, costs and profitability.</p>

Explanation of sources	
<b>Club Licensing and Financial Fair Play</b>	Licensing Q&As – data extracted from the list of licensing decisions submitted by the 53 national associations to UEFA.
<b>Competition profile of domestic club football</b>	<p>League structures and trends – taken from UEFA.com, cross-referenced against Wikipedia.</p> <p>Attendances and trends – <a href="http://www.european-football-statistics.co.uk/attn.htm">www.european-football-statistics.co.uk/attn.htm</a>, and <a href="http://www.soccerway.com">www.soccerway.com</a> verified or supplemented in some cases by licensors and UEFA databases.</p>
<b>People profile: coaches, players and agents</b>	Data extracted from <a href="http://www.transfermarkt.de">www.transfermarkt.de</a> database and sorted, sanitised and analysed by UEFA.
<b>Financial profile of European club football; five-year review; income; costs and profitability; assets and debts</b>	<p>The data submitted, covering 679 clubs, was used to make extrapolations for the remaining 54 European top-division clubs. The general approach was to use the average data of smaller clubs from each division (excluding the four 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, which usually also have lower finances, an assumption validated by many countries which submitted financial figures in conjunction with finishing league position. 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 for smaller clubs. In addition the composition of the peer groups should also be accurate.</p>



	Definition of terms used in report
<b>Average clubs</b>	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 club %).
<b>Benchmarking</b>	<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 by 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 are 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 enabling better informed decision-making by national and international football stakeholders. It complements the benchmarking of national associations themselves and their operations (UEFA Top Executive Programme [TEP] and KISS [Knowledge and Information Sharing Scenario programme]).</p>
<b>Club licensing system</b>	This refers to the system, based on the observance of minimum criteria set out in the UEFA Club Licensing and Financial Fair Play Regulations, that leads to the granting or refusal of licences to clubs. The holding of a licence is a prerequisite for access to UEFA competitions (competition regulations).
<b>Countries/ divisions/ leagues</b>	Refers to clubs from a UEFA member association. All member associations operate their own leagues, 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 the United Kingdom. Another, the Faroe Islands, is an autonomous region of the kingdom of Denmark. Nevertheless, in the report we refer at times to countries. The three-letter codes used are the UEFA codes, which differ in some cases from the IOC or ISO codes (Latvia, Romania and Slovenia).
<b>Currency</b>	The template supplied to and received from licensors included a column for translation to the euro currency. Where this foreign exchange translation was not prepared by the licensor, UEFA applied exchange rates from the 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. See full details in appendix table.
<b>Income/ Revenue</b>	Income (either average or total) and revenue are used interchangeably to aid the syntax of the report text. Either term when used throughout the report excludes income or profits from player transfers, excludes gains or losses from divestment of assets, excludes gains and losses from financial items (income or net gains from investments or interest income) and excludes gains or losses from non-operating items (all of which are analysed separately). The definition of “exceptional incomes” differs considerably between countries but is rare under the IFRS and, therefore, “exceptional incomes” are included within revenue/income.

	Definition of terms used in report
<b>Income/ revenue streams</b>	Term used to break down revenue (income) into smaller components. Unless separately disclosed within commercial revenues, TV-related prize money such as UEFA competition distributions should be included within broadcast revenues. Beverage and food sales would normally be included as commercial revenues but may be included within gate receipts for some hospitality customers. Likewise, sponsorship revenues may include an element of gate receipts if matchday stadium access is included within overall commercial and partner agreements. Revenue stream splits should therefore be considered as indicative only.
<b>National Associations</b>	The national associations are the 53 UEFA member associations through which the club licensing system is structured. In the report, these include the three member associations which have delegated all or part of the management of licensing on a national level to the league (Austria, Germany and Switzerland).
<b>Typical figure</b>	This is the non-technical term for median figure. It represents the middle figure from a group (e.g. in a peer group of nine leagues, the median will be the figure from the fifth highest).
<b>Financial fair play</b>	Financial fair play is a new licensing requirement adopted by UEFA in accordance with its member associations, the clubs, leagues and players’ unions to monitor the financial situation of clubs. Full details are provided in the UEFA Club Licensing and Financial Fair Play Regulations (2012 edition), which can be downloaded from <a href="http://www.UEFA.com/MultimediaFiles/Download/Tech/uefaorg/General/01/80/54/10/1805410_DOWNLOAD.pdf">www.UEFA.com/MultimediaFiles/Download/Tech/uefaorg/General/01/80/54/10/1805410_DOWNLOAD.pdf</a>

### Disclaimer

This review is based on figures supplied to UEFA by licensors (national associations or leagues). This data has not been verified or checked against the source financial statements by UEFA for its accuracy. The review has been written in general terms, to provide context only, and should not therefore be relied on to cover specific situations. The review sets out some of the difficulties in comparing data and information extracted from financial statements but this list is not exhaustive. The review 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 against UEFA can be derived from this document and its contents.

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