WE CARE ABOUT FOOTBALL

The European Club Footballing Landscape

CLUB LICENSING BENCHMARKING REPORT FINANCIAL YEAR 2009

Foreword

Welcome to the 3rd edition of the Club Licensing Benchmarking Report in which the governance and financial development in European club football is analysed and commented on.

This year's edition is published amidst one of the most turbulent financial seasons ever.

Numerous football clubs, including some prestigious ones, have experienced severe financial difficulties leading to the losses of top division clubs doubling within one year.

In this context the unanimous consensus among the whole football family on the newly approved 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 would like to thank all member associations, leagues and clubs who provided their financial information and the whole club licensing network for their invaluable assistance.

We hope you will enjoy this edition.

Michel Platini
President of UEFA

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Financial Profile of European Club Football: Preparing for Financial Fair Play


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Introduction

The last couple of years have been characterised by months of economic downturn. Despite these uncertainties and difficulties that have generally affected all sectors of the economy, football revenues have continued to rise as they have been to a certain extent recession-proof. In 2009 total revenues for top division clubs reached the record level of €11.7 bn.

However, the reality is positive only at a first glance. A more in depth analysis reveals that clubs have continued to use long term debts (mainly soft loans) to face short term spending. The increase in revenues has been accompanied by a larger increase in costs that has reduced profitability and contributed to an aggregate net loss of €1.2 bn., i.e. almost the double of that observed in 2008. More than half of the European top clubs reported net losses, contributing to this record negative result.

It is therefore no surprise that most of the clubs' revenues are absorbed by players' wages that, together with players' depreciation charges, represent the most significant costs sustained by football clubs. Net transfer results also fell as a consequence of a lack of liquidity which resulted in increased financial difficulties for clubs which rely on transfer income to improve their net result.

At the same time investments in youth football remain low and clubs, especially those competing in the top leagues, prefer fielding experienced players (with higher salaries) or recruiting players trained at other clubs. Consequently U-22 players appeared in only 12% of the minutes played by top league clubs while club-trained players have just appeared in 15%*.

Average match attendance remained either stable or went down in the majority of domestic championships reflecting a lack of new investments in an area where only 1 in 5 clubs has direct ownership of its home stadium.

This situation has a direct impact on the revenue streams that can be generated by football clubs. On the one hand the majority of clubs lack control over what is potentially their biggest asset and cannot exploit it apart than from match-days. Remarkable in this sense is the example of Italy where no club owns its home stadium and match-day income represents just one-third of those generated by English clubs. On the other hand football stadiums are far from being full (only England, Germany and the Netherlands report a stadium occupancy of more than 80%) primarily because they are old (48% of the stadiums were built more than 50 years ago) and due to a lack of modern comforts and facilities.

Financing strategies vary widely between football clubs across Europe. Such different approaches can be explained by clubs having to adapt to different legal environments and cultural differences in the various countries. Bank borrowings remained stable, partly reflecting the increasing difficulties in getting access to new bank credit lines. Interest free loans to finance short term spending therefore play an increasing role, although a gradual conversion of those loans into equity has been observed.

The financial challenges illustrated above are common to top division clubs across all 53 national associations and show the global dimension football has acquired in recent years. Lower down the football pyramid, however, the situation is even worse and the risk of insolvency and bankruptcy is much higher than in top divisions.

In this context the phased implementation of the new UEFA Club Licensing and Financial Fair Play Regulations is aimed at encouraging clubs to better manage their cost structure achieving a sustainable balance between income, spending and investments. If the new regulations were applied today, several clubs would fail to comply with the new rules, in particular the break-even rule which is the cornerstone of the financial fair play concept. It is therefore important for clubs to start to adapt their long term strategies very quickly because their actions today will have an impact on their financial results tomorrow. Improving standards in governance is the overall objective pursued by UEFA and the new requirements support this aim. In addition to the financial fair play requirements other equally important measures have been adopted, such as the obligation for clubs to disclose spending on agents' fees; the obligation for clubs to disclose the identity of the ultimate club owners and the obligation for clubs to appoint a supporter liaison officer to improve and manage the relationship with the fans.

It is hoped that all of these initiatives, which are foreseen by UEFA for its own competitions, will result in similar measures and additional requirements, such as the introduction of squad size limits, being adopted at domestic level in order for the respective benefits to be felt throughout football.

The implementation of the new rules will represent a huge challenge for several clubs. UEFA nevertheless is convinced that only by dealing with the current difficulties in a systemic way, will fair competitions be ensured and financial discipline and stability in the long term be enhanced.

Footnote: * Professional Football Players Observatory - Annual Review of the European Football Players' Market 2010.

Context of the report

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

This year's report covers figures from financial statements of 664 or 90% of all top division clubs. Its production was only possible by the strong input and support of the national licensing managers to whom we extend our thanks.

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

Chapter 1 - Club Licensing and European Governance Profile: Explains recent club licensing results and the evolution of licensing across Europe.

Chapter 2 - Competition Profile of European Club Football: Presents information on the size and structure of domestic championships; average attendances and attendance trends across Europe, and a unique look at how changes have impacted sporting results in the last 30 years.

Chapter 3 - Long-term Investment and Development Profile of European Club Football: Details stadium structure, organisation and occupancy rate across Europe; development of coaches, and trends on football participation.

Chapter 4 - Financial Profile of European Club Football – Income: Outlines income split (broadcasting, advertising and sponsorship, gate receipts and other income) and trends, the use and relevance of peer groups and the link between financial resources and on-pitch success.

Chapter 5 - Financial Profile of European Club Football – Costs & Profitability: Examines employee costs and other operating costs and trends; the impact of transfer accounting and activity on club financial results; the impact of financing and other non operating activities on club financial results; and operating and bottom-line net profitability.

Chapter 6 - Financial Profile of European Club Football – Assets, Debts & Cashflows: Looks at the balance sheets of European football clubs; types of assets, debts and other liabilities are screened. It provides information on how clubs are financed and on level of capitalisation.

Chapter 7 - Financial Profile of European Club Football – Preparing for Financial Fair Play: This new chapter looks at the Financial Fair Play (FFP) regulations. It runs a FFP simulation and analyses the results on how many and which clubs will have to meet the FFP requirements.

Highlights


AEROPORT CASTELLO

Club licensing & other governance

3552 The number of club licences granted (left) and refused (right) for the UEFA seasons 2004/05 – 2010/11. **779**

27 The number of clubs sportingly qualified who have not met the minimum licensing requirements and hence been refused entry to UEL or UCL (left) and the total number of sportingly qualified clubs who did not meet the minimum licensing requirements who were refused entry to the UEL, UCL and UIC (right). **55**

51 The number of countries with some type of domestic licensing or financial control system in place, up from 43 two years ago.

80% The percentage of sampled top divisions using some form of squad regulation (size limit, home grown, foreign player, young player).

50% The percentage of top divisions using some form of collective bargaining agreement.

Sporting results & competition structure

The most common size of European top divisions. In total 733 clubs were represented in domestic top divisions, the number stable over the last 3 seasons. **16**

The average number of weeks that the transfer window overlapped the summer break of winter championships. **4**

The proportion of games won away from home, up significantly from 20% twenty years ago. **30%**

The number of repeat winners in top division championships in 2009/10 compared to 15 in 2008/09. **17**

Popularity - Attendances

101 Million — Reported attendances at top division European domestic championship matches in 2009/10 season.

58% — Top divisions that reported falling attendances in 2009/10 (2009s) following on from the same percentage which fell in the previous season.

68% — The percentage of winter championship top division clubs that reported falling attendances in 2009/10 compared to the previous season.

48% — The average capacity utilisation (percentage of stadium filled) of European top division clubs.

Investing in the game – Coaching & participation

160'000+ The number of coaches that have obtained UEFA recognized coaching qualifications.

43 The number of UEFA member associations at the PRO level coaching convention membership (left) compared to the number 5 years ago (right). **26**

5% The percentage increase in the last 5 years of male youth (left) and female players (right). **23%**

Investing in the game - Infrastructure

The number of top division European football stadiums with 30'000+ seating. **96**

47 Years Average age of top division club stadiums (left) and the number of years since the last renovation (right). **7 Years**

The proportion of clubs that own their stadium outright. **19%**

The total balance sheet value of all club fixed asset investments (top) compared to the annual amount spent on player salaries and transfers (below). **€5'500 million+** **€10'500 million+**

The number of European top division clubs using artificial turf. **24**

Europe-wide financial results

The number of financial statements on which the club-by-club financial analysis is based, covering an estimated 90% of all top division club revenues – The widest financial study ever undertaken including a multiple year club-by-club analysis of 750 clubs.

664

The reported income of the 733 European top division clubs in FY2009.

€11.7 Billion+

The reported costs of the 733 European top division clubs in FY2009.

€12.9 Billion+

Salaries

€7.4 Billion+ The reported employee costs (mostly playing staff) of the 733 European top division clubs in FY2009.

64% The key ratio Personnel Cost to Revenue increased from 61% to 64%.

8% The inexorable rise in European top division club employee costs reported from 2008 to 2009 on the back of the huge 17%+ increase the previous year.

73 The number of clubs spending above 100% of their revenue on wages, increased from 55 the previous year.

Transfer market

The amount of contracted transfer fees scheduled to be paid in more than a year, 36% of total transfer fees payable. **€800 Million**

The net amount that 10 clubs have still to pay on transfer fees (after taking away amounts owed to them on transfers). **€700 Million+**

Preparing for financial fair-play

11 The number of clubs competing in this season's UEFA competitions who reported a cumulative 2 year break-even deficit of €30m+.

46% Proportion of clubs competing in this season's UEFA competitions who would be exempt from break-even rule on basis of size.

60% The proportion of clubs that breached one of the FFP indicators last year and hence would need to provide current financial figures and budgets to CFCP.

Europe-wide financial position

The reported assets of the 733 European top division clubs in FY2009.

€20.5 Billion

The reported liabilities of the 733 European top division clubs in FY2009.

€19.0 Billion

The reported gross bank debt and commercial loans of European clubs. Stable from the previous year.

€5.6 Billion

The reported balance sheet carrying value of stadium & other fixed assets, of which 64% are from just 20 clubs.

€5.2 Billion

Percentage of clubs reporting negative net equity – Debts larger than reported assets. Up from 35% the previous year.

37%

Percentage of clubs reporting deteriorated net equity position compared to previous year (after any new owner or investor funds committed) compared to 44% the previous year.

53%

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Club Licensing and European Governance Profile

New Horizons – How will club licensing develop in the future?

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

How widespread across Europe is the licensing of clubs?

Why were clubs refused licences?

How many and which clubs have had to give up their competition place?

Who's in charge of fixtures, disciplinary, refereeing & commercial rights?

Where are collective bargaining agreements and standard players' contracts in place?

Where can you find squad limits, home-grown, foreign and young player rules?

Q: 01. New Horizons - How will club licensing develop in the future?

Seven years on from its start, there is little question that the introduction of the UEFA club licensing system and its thorough implementation across Europe has contributed to raising the quality in almost every aspect of off-pitch football club activities. The club licensing requirements that have been assessed in 4'331 license applications in the last seven years have for many clubs raised the bar and for all clubs guaranteed minimum quality levels across a range of criteria. Licensing includes diverse requirements across legal, personnel, stadium, coaching, youth football, financial and medical fields.

Whilst club licensing is not the solution to every area that needs improving and some requirements remain better suited to other regulations such as competition regulations, the UEFA Club Licensing Committee agreed on 27 May 2010 to broaden the horizons further.

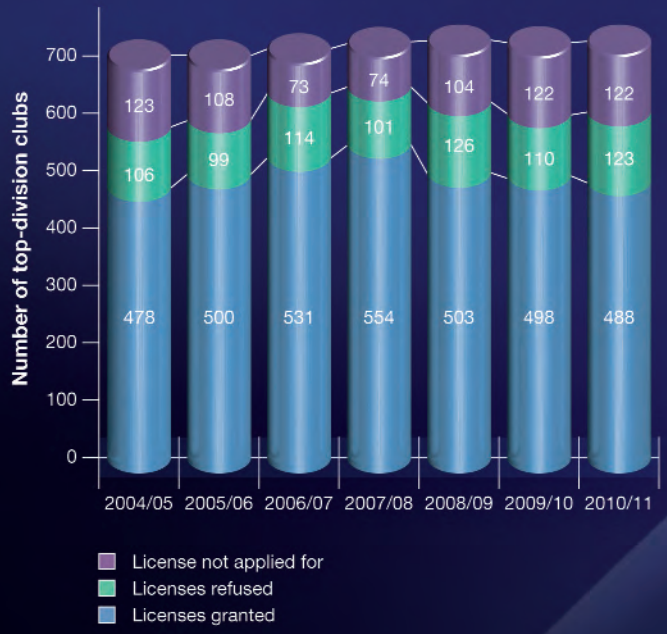
As already mentioned in the forward and introduction to this report, the financial monitoring criteria introduced under the moniker of 'financial fair play' represents an extremely significant development, one made possible by the existence of the current licensing system.

Although probably not as high-profile, the broadening of licensing criteria from 1 June 2011 to include supporter-club relations (article 35) is nonetheless a significant step in the development of club licensing.


Fly Emirates
Fly Emirates
Fly Emirates

Q: 02. How many clubs have applied and been granted a licence to enter UEFA competitions?

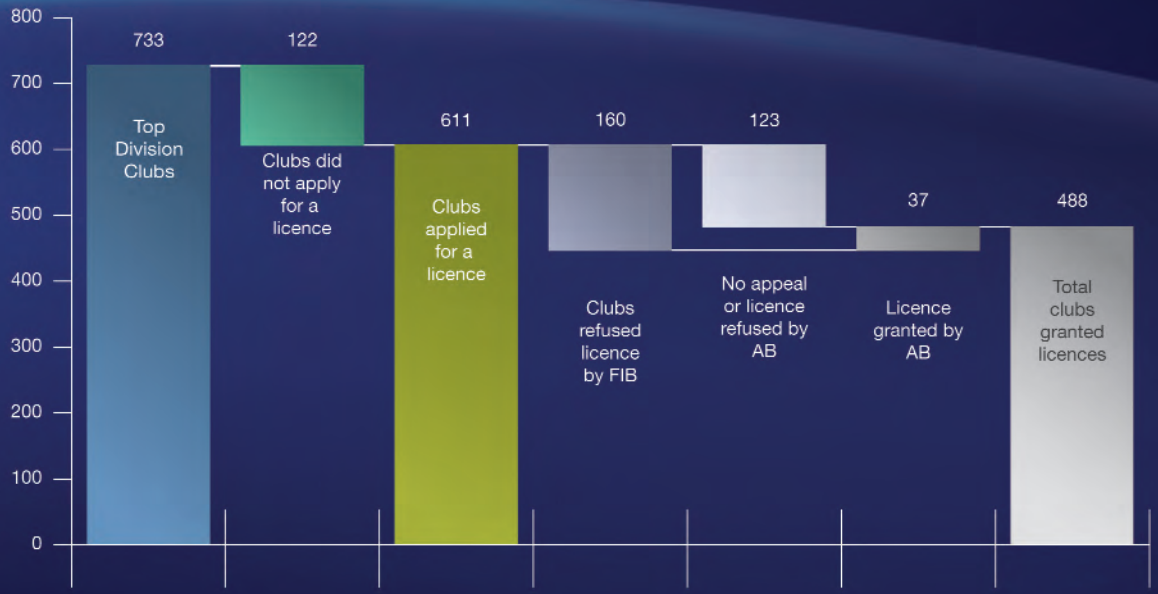
Every licence applicant club in any of the 53 national associations has the right to appeal their case to the national Appeals Body (AB) if they do not agree with the First Instance Body (FIB) licence decision. In the 2010/11 season 50 clubs of the 160 clubs who were refused a licence by their FIB requested an AB decision, representing 8% of overall applications (same ratio as previous season) and 31% of FIB refusals.

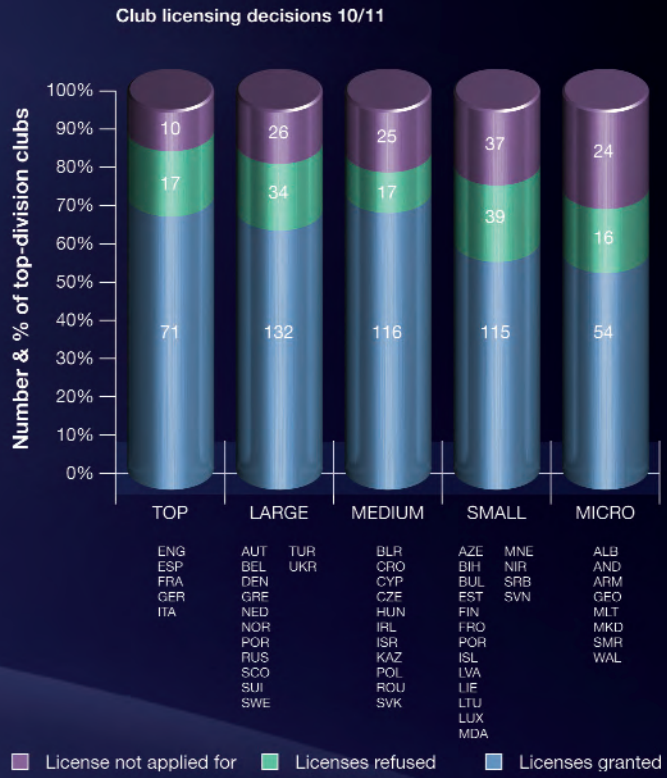


Answer: 02

For the UEFA competition season 2010/11 a total of 611 top division clubs applied for a club licence. Despite the total number of clubs applying for a licence remaining stable compared to the previous season, the number of clubs successfully granted a licence decreased to 488 clubs due to 20% of applicant clubs (123 clubs compared to 110 in previous season) falling short of the minimum licensing requirements.

As was the case in each of the previous 5 seasons, more than half of the 53 national licensors refused a licence to at least one applicant club with almost a third (17 countries, up from 14 in previous season) refusing licences to more than 2 applicant clubs.





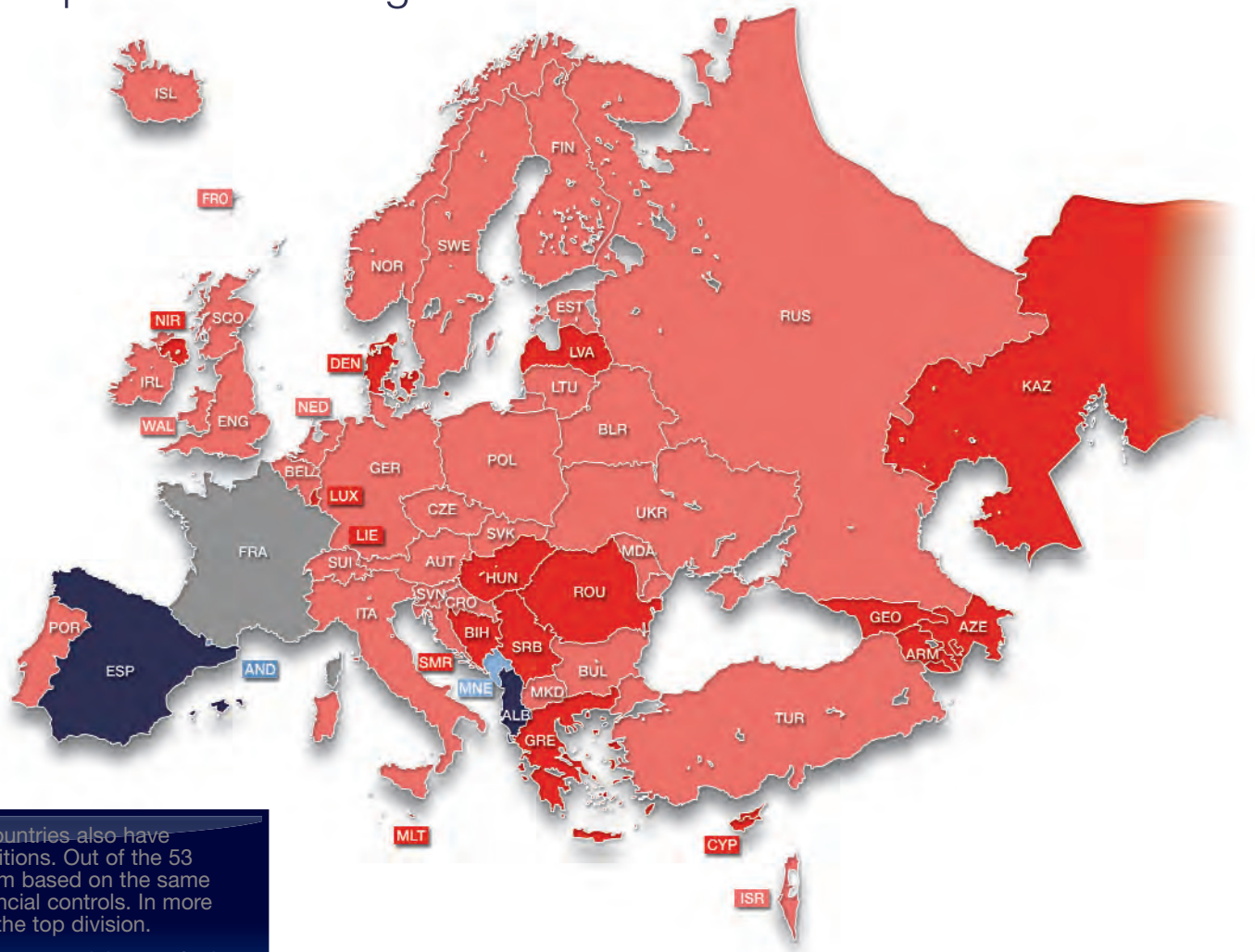
The final chart in this Q&A digs deeper into the licensing results and details the number and proportion of clubs from different country groupings. These 'peer groups' and their selection basis are referred to later at the start of the financial analysis.

The chart indicates that it is not just so called smaller clubs who have been refused licences but clubs across the financial spectrum including 17 clubs from the 5 largest leagues.

Q: 03. How widespread across Europe is the licensing of clubs?

In 2008/09 approximately 75% of the national associations operated some form of domestic licensing systems. By 2010/11, 96% of UEFA member associations implement either domestic licensing or other forms of financial controls. Licensing systems (either domestic or for UEFA competitions) provide many additional benefits to the development and structure of the game beyond financial controls. Increased licensing improves not only the financial state of the game but also the professionalism, governance and efficiency of football clubs. Licensing ensures that clubs abide by certain minimum standards that not only improve the business aspect but also the integrity of the competition and the working and living environment for the players.

Domestic licensing system beyond top division	31x
Domestic licensing for top division	17x
Domestic financial control	1x
No domestic licensing system	2x
No domestic system applied to date but planned within next 2 years	2x



Answer: 03

In addition to clubs competing in UEFA club competitions, many countries also have **domestic** licensing criteria for entrance into their domestic competitions. Out of the 53 national associations, 49* impose either a domestic licensing system based on the same principals as the UEFA licensing regulations or some domestic financial controls. In more than half of these countries, these licensing systems went beyond the top division.

In addition to the clubs applying for a licence for UEFA competitions, we anticipate a further 900+ clubs undergoing these domestic licensing controls this year, making it over 1500+ clubs in total undergoing licensing.

Footnote: * ENG, WAL, MKD, TUR, MDA and SVK have recently implemented a domestic licensing system.

Q: 04. Why were clubs refused licences?

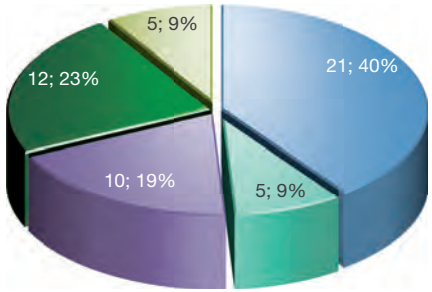
Feedback and transparency in the results of the licensing system is a key component in trying to build trust in the system. For the development and refinement of the licensing requirements it is also important that the reasons why clubs have been refused licences is known.

In some clear cut cases there is a single criteria failed and if this is a mandatory criteria then this alone leads to a refused licence, this was the case in 23% of cases (light blue in pie chart on right – up from 16% in previous season).

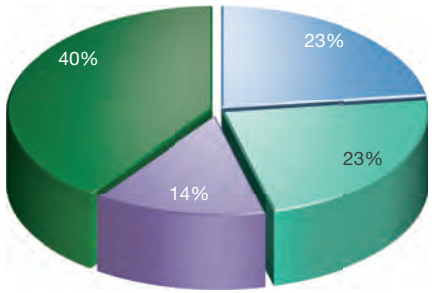
In most cases in 2010/11 clubs which were refused a licence have failed multiple criteria (purple or green in pie chart). The club licensing criteria can be divided into different categories: financial, infrastructure, sporting, personnel & administrative, legal, and process related. In 40% of cases (green), the refusal was due to failing criteria across different categories (e.g. financial and sporting), whilst 14% of cases (purple) was due to more than one criteria but of the same type (e.g. multiple financial criteria). The remaining (dark blue) 23% of refusals were due to process grounds, for example missing essential submission deadlines or in the case of 22 clubs simply not completing the licensing process*.

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

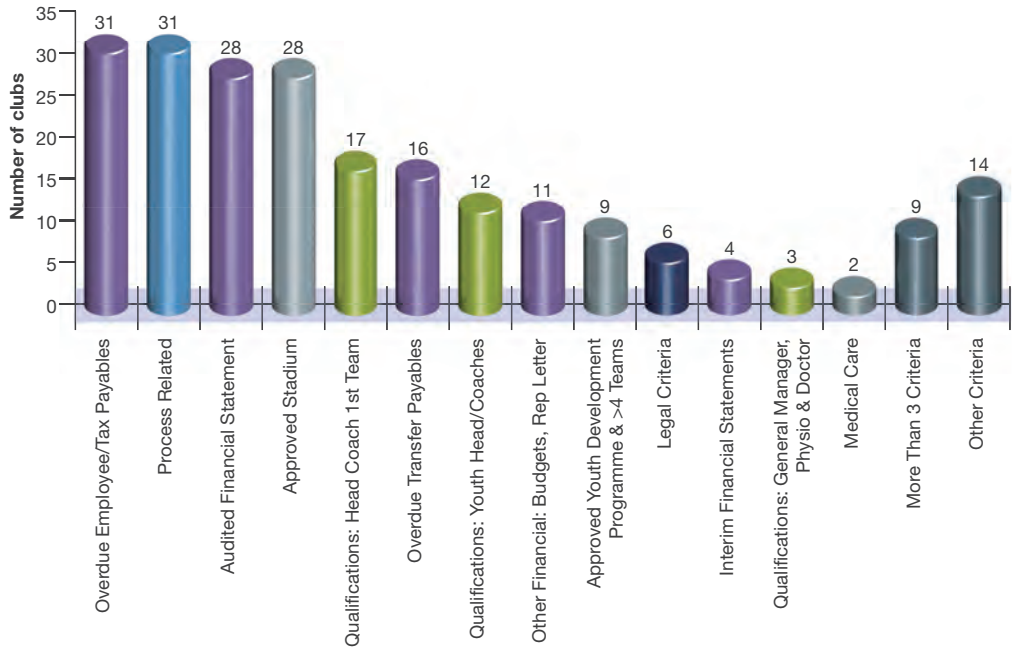
2010/11 Decisions by Licensor



2010/11 Decisions by Description



Overview of reasons provided for 2010/11 season FINAL refusals



Answer: 04

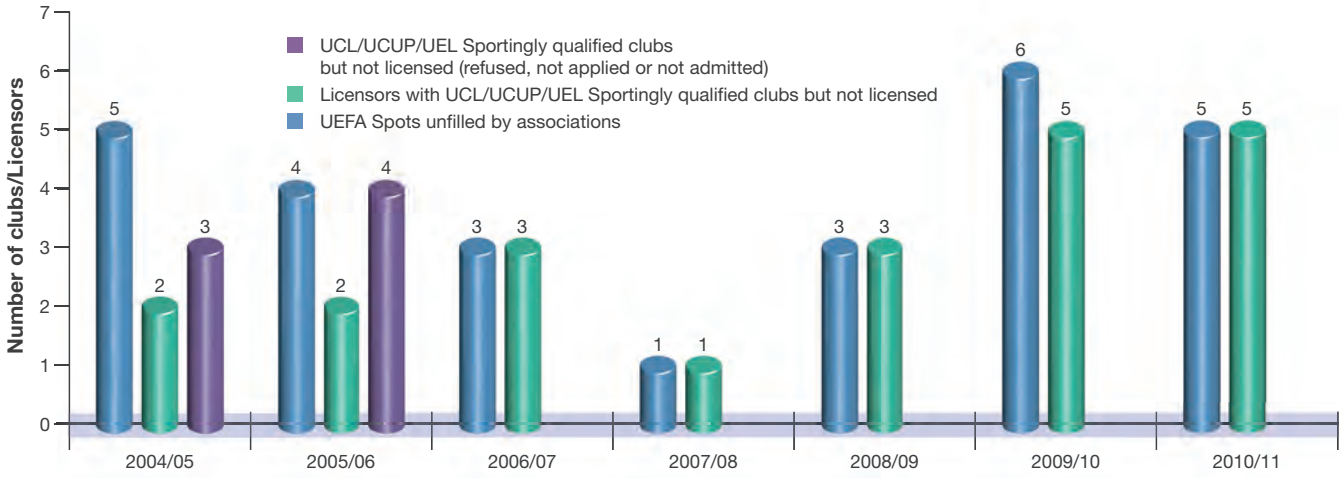
The 123 clubs ultimately refused licences were refused for a wide variety of reasons as the charts on this page illustrate. From the 221 reasons** given for failure, 42% were financial reasons and 58% other reasons. The three most common failed licensing criteria remain the same as the previous year with overdue employee and social tax payments the single most common criteria failed (31 clubs). The provision of annual financial statements to the satisfactory quality, detail and audit opinion (28) and an approved stadium (28) were the other two most common reasons but no single criteria were responsible for more than 15% of the total reasons for refusal.

Footnotes: * In some cases clubs do not need the licence: If club does not qualify for a UEFA competition and they do not require a licence for their domestic competition or there is a separate domestic licence or due to relegation they do not need the licence for domestic purposes.
** When the 53 licensing departments submit their list of licensed clubs to UEFA each year, they indicate the reasons for licence refusal. The responses either list up to 3 reasons for refusal or indicate that more than 3 criteria were failed.

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

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

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



Answer: 05

Each and every year, clubs which have qualified on sporting merit have not been able to participate because they have not had a licence. In total 27 clubs directly* qualifying for either the UCL or UEL on sporting merit have been prevented from doing so on licensing grounds, in addition to a further 28 clubs which directly qualified for the UIC between 2005-2009.

The most recent two seasons have seen 11 separate cases from 9 different countries including England and Spain where sportingly qualified clubs have not matched their on-field performance with off-field professionalism and been refused access to competitions for not meeting the minimum licensing requirements.

In addition, UEFA routinely provides "spot checks" to ensure the proper application of licensing criteria. In 2009/10 there were 11 spot checks on 35 sportingly qualified clubs and at the end of 2010/11 there will have been 60 compliance audits across nearly all the member associations since UEFA licensing was first implemented in 2004/05.

CORK CITY FC
IRL 2010/11 UEL

FK VETRA
LTU 2010/11 UEL

MALLORCA FC
ESP 2010/11 UEL

PORTSMOUTH FC
ENG 2010/11 UEL

FC LOKOMOTIV
KAZ 2010/11 & 2009/10 UEL

FC DAUGAVA
LVA 2009/10 UEL

FC ARARAT
ARM 2009/10 UEL

FC KAISAR
KAZ 2009/10 UEL

FK SLOBODA
BIH 2009/10 UEL

BEITAR JERUSALEM
ISR 2009/10 UEL

FC CSKA SOFIA
BUL 2008/09 UCL

FC COLERAINE
IRL 2008/09 UCUP

FK ZEMUN
SRB 2008/09 UCUP

SHELBOURNE FC
NIR 2007/08 UCL

PAOK SALONIKI
GRE 2006/07 UCUP

FC ASTANA
KAZ 2006/07 UCUP

FK VOZDOVOC
SRB 2006/07 UCUP

FK ZELJEZNICAR
BIH 2005/06 UCUP

FK SARAJEVO
BIH 2005/06 UCUP

FC TARAZ
KAZ 2005/06 UCUP

FC OLIMPIJA
SVN 2004/05 UCUP

FC KOPER
SVN 2004/05 UCUP

FC IRTYSH
KAZ 2004/05 UCL & 2005/06 UCUP

FC TOBOL
KAZ 2004/05 UCUP

FC EKIBASTUZETS
KAZ 2004/05 UCUP

PLUS a further 28 clubs sportingly qualified for UIC

IN TOTAL 55 CLUBS FROM 27 COUNTRIES

Footnote: * 'Directly qualifying' clubs means clubs that qualified due to ranking or cup performance. 53 separate clubs and two clubs twice. This excludes other additional clubs ('indirectly qualified') that could have competed if they had a license since a place reverted to them due to a directly qualifying club not receiving a license. In the case of FK Zemun this second division club applied to UEFA directly through the extraordinary admission procedures set out in the Club Licensing Regulations but did not meet the licensing requirements set by the UEFA administration. Reference to UEL (UEFA Europa League) also includes its predecessor (UEFA Cup).

Q: 06. Who's in charge of fixtures, disciplinary, refereeing & commercial rights?

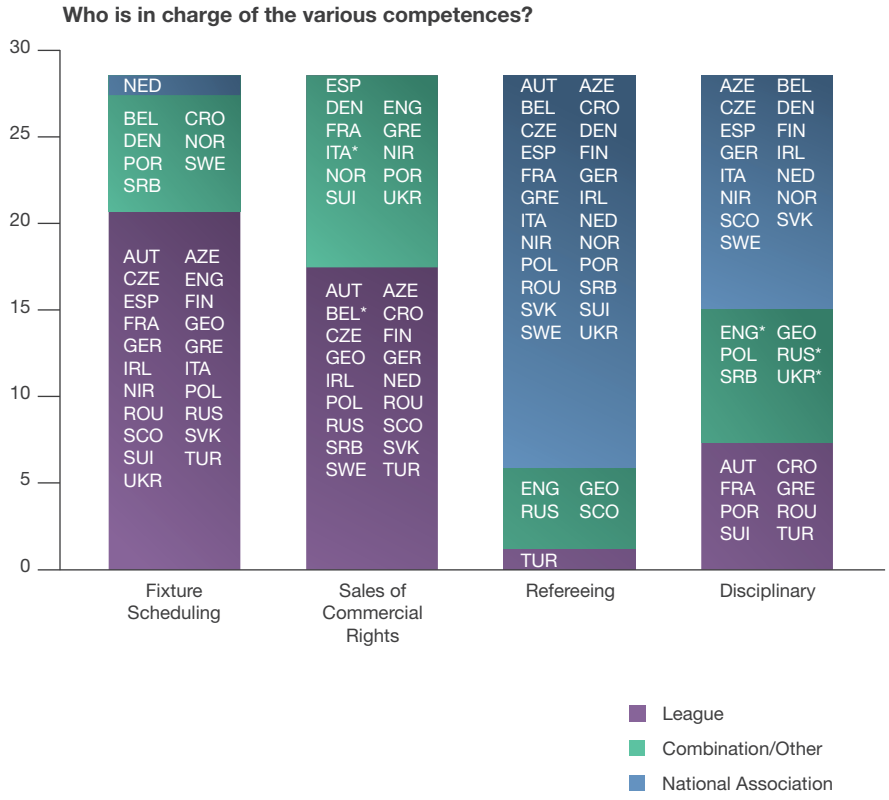
In many cases there is more than one individual organisation responsible for various competences involved with staging professional football competitions. Licensing, for example, is normally carried out by the national associations but may also be delegated to the league to administer (e.g. as is in GER, AUT and SUI). In addition, other competences are shared between the national association and the league and in other cases either are solely responsible. A survey sampling the professional leagues in 31 countries, asked who was responsible for various tasks regarding domestic competitions.

Answer: 06

Generally, the professional leagues are responsible for two main areas: championship organisation and league member representation.

Most professional league organisations will be in charge of fixture schedules and the collective sale of commercial rights. However, most disciplinary actions and refereeing matters will fall under the domain and jurisdiction of the national associations.

There are also a few cases where clubs still exercise control over broadcasting rights as opposed to the league or national association.



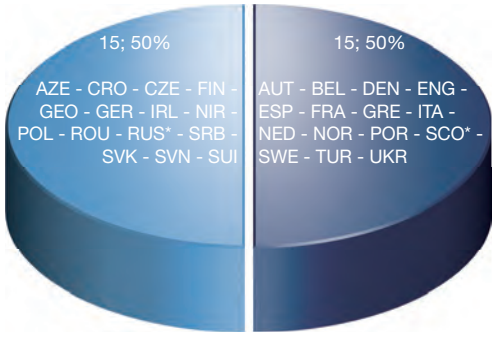
Source: UEFA survey of professional football leagues summer 2010. Survey covers leagues (premier and secondary) in the following 31 countries: AUT, AZE, BEL, BUL, CRO, CZE, DEN, ENG, ESP, FIN, FRA, GEO, GER, GRE, IRL, ITA, NED, NIR, NOR, POL, POR, ROU, RUS, SCO, SRB, SVK, SVN, SUI, SWE, TUR, UKR.
Footnote: * There are instances where one league gave a different answer than another league within the same country.

Q: 07. Where are collective bargaining agreements and standard players' contracts in place?

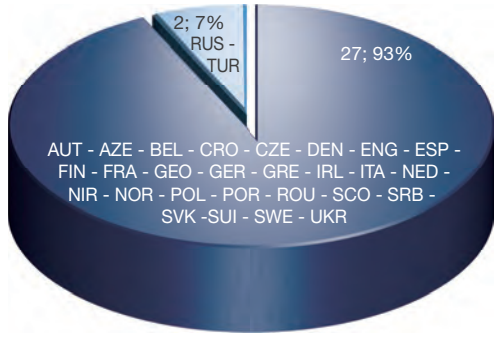
Nearly half of countries now have collective bargaining agreements (CBAs) in place and national standard player contracts. This represents an increase over the past five seasons and indicates an improvement of governance and standards for the professional leagues and players. Collective bargaining agreements or "CBAs" establish regulations concerning employment conditions for professional football players. CBAs will cover such areas as work and training schedules, guidelines for employment contracts, guidance on loan and trial periods, salary and other pay conditions (e.g. bonuses, pay schedules) and other rights for the professional player. CBAs also specify minimum wages, disciplinary codes as well as defining possible infringements, sanctions and procedures. Many CBAs are agreements between the leagues and the professional players' unions who negotiate on behalf of the players.

Standard players' contracts offer similar guidelines but are specific to a particular player. Moreover they offer a template to which to offer minimum legal and contractual standards for all players.

Is there a collective bargaining agreement?



Is there a standard players' contract?



Answer: 07

There are collective bargaining agreements in approximately 50% of sampled countries.

Approximately 93% of the sample indicated that there are national standard players' contracts in place.

Source: UEFA survey of professional football leagues summer 2010. Survey covers leagues (premier and secondary) in the following 31 countries: AUT, AZE, BEL, BUL, CRO, CZE, DEN, ENG, ESP, FIN, FRA, GEO, GER, GRE, IRL, ITA, NED, NIR, NOR, POL, POR, ROU, RUS, SCO, SRB, SVK, SVN, SUI, SWE, TUR, UKR.
Footnote: * There are instances where one league gave a different answer than another league within the same country.

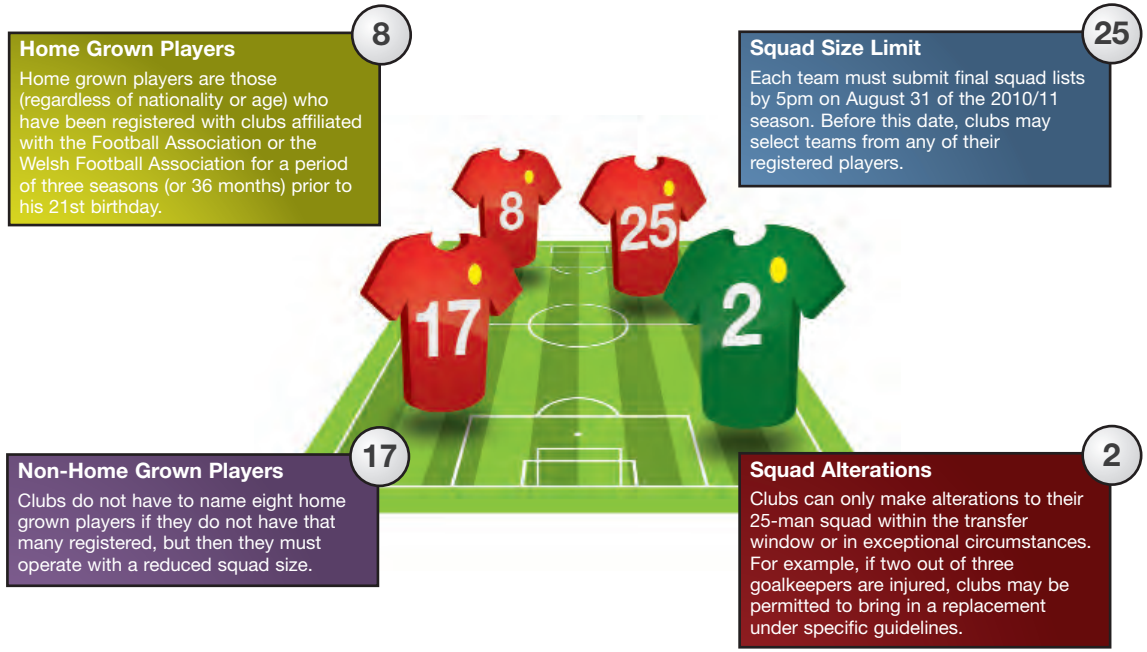
Q: 08. Where can you find squad limits, home-grown, foreign and young player rules?

Beginning in the 2006/07 season, UEFA began to require that clubs participating in its competitions must include a certain number "home grown" players on the squad list. UEFA defines locally-trained or "home grown" players as those who, regardless of their nationality, have been trained by their club or by another club in the same national association for at least three years between the ages of 15 and 21. This rule is designed to encourage clubs to invest more in training their own players, level the playing field and to protect national team football. Squad size limits are also a fundamental principle of the "Financial Fair Play" concept. Sporting limits are complementary to any financial restrictions in that they may assist with achieving financial goals (e.g. limited squad sizes can help reduce costs). Squad size limits should also be guided and advanced by the leagues.

Nearly half of all the European professional leagues have some limits regarding squad sizes, "home grown players", foreign and youth players. It is hoped that the regulations surrounding UEFA competitions act as a template and benchmark for best practices in encouraging the development and advancement of the game across Europe and at all levels.

A more recent example is the English Premier League which has implemented its own squad size limits and "home grown" player rules which are detailed in the adjacent graphic.

FA Premier League Squad Limits and Home Grown Player Rules



Answer: 08

Squad limits are operated in 45% of the surveyed countries: BEL*, CRO, CZE, ENG, ESP, NED*, NOR, POL, POR, SRB, SVK, SUI, SWE, UKR.

Some form of 'home grown' player rules operate in 42% of the surveyed countries: AUT, BEL, CRO, CZE, DEN, ENG, GER, ITA*, NOR, POL, POR, SUI, SWE.

52% enforce some kind of foreign player (i.e. non-EU) restrictions: AUT, AZE, BEL*, BUL, CRO, CZE, ESP, FRA, GRE, ITA, ROU, RUS*, SRB, SVK, SUI, UKR. These are in addition to national work permit requirements.

42% specify regulations pertaining to young players: AUT, BEL*, BUL, DEN, ENG*, FRA, GER, ITA*, POL, POR, SCO*, SVK, UKR*. All-in-all 80% of the surveyed countries operate one or more forms of squad regulation.

Source: UEFA survey of professional football leagues summer 2010. Survey covers leagues (premier and secondary) in the following 31 countries: AUT, AZE, BEL, BUL, CRO, CZE, DEN, ENG, ESP, FIN, FRA, GEO, GER, GRE, IRL, ITA, NED, NIR, NOR, POL, POR, ROU, RUS, SCO, SRB, SVK, SVN, SUI, SWE, TUR, UKR.
Footnote: * There are instances where one league gave a different answer than another league within the same country.

2

Competition Profile of European Club Football

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

How many fans attended domestic championship matches across Europe?

Are attendances going up or down across Europe?

How are the domestic championships structured?

What are the season and transfer window timings across Europe?

What is competitive balance and why is it important?

Home field advantage - Is the 12th man losing his voice?

Thirty years on - How did three points for a win impact match results?


SAKHO
3

Q: 09. What is the most common size of top divisions and recent trends?

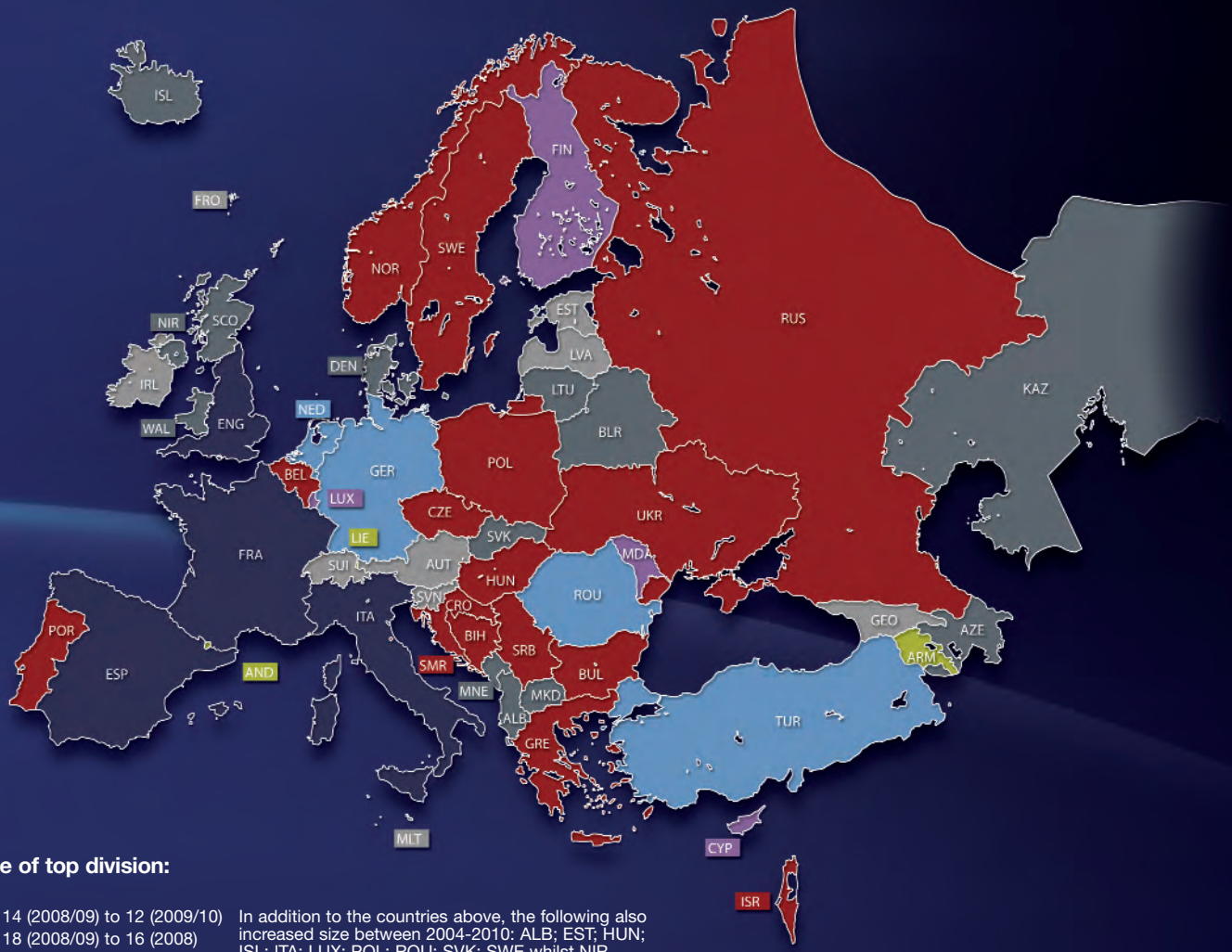
Answer: 09

In the most recent season, 2010 for those with summer championships and 2010/11 for those with winter championships, European top divisions range from 8 to 20 teams with **16 teams being the most frequent structure and 12 teams being the second most frequent.**

In the seven year period of licensing, the number of teams competing in the top divisions has risen from 707 to 733 and changed in 28 associations (see separate box).

Number of teams in top division (2010s - 2010/11w) & frequency:

20	4x
18	4x
15/16	16x
13/14	4x
11-12	13x
10	9x
<10	3x



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

CRO: Increased from 12 (2008/09) to 16 (2009/10) & plan decrease to 12 (2011/12)
ISR: Increased from 12 (2008/09) to 16 (2009/10)
LTU: Increased from 8 (2009) to 11 (2010)
MKD: Increased from 11 (2008/09) to 12 (2009/10)
MDA: Increased from 11 (2008/09) to 12 (2009/10) to 14 (2011/12)
NOR: Increased from 14 (2008) to 16 (2009)
SRB: Increased from 12 (2008/09) to 16 (2009/10)
AZE: Decreased from 14 (2008/09) to 12 (2009/10)
BEL: Decreased from 18 (2008/09) to 16 (2008)
BLR: Decreased from 16 (2008/09) to 14 (2009/10) to 12 (2010/11)
GEO: Decreased from 11 (2008/09) to 10 (2009/10)
IRL: Decreased from 12 (2008) to 10 (2009)
KAZ: Decreased from 16 (2008) to 14 (2009) to 12 (2010)
LVA: Decreased from 10 (2008) to 9 (2009) returned to 10 (2010)
WAL: Decreased from 18 (2009/10) to 12 (2010/11)

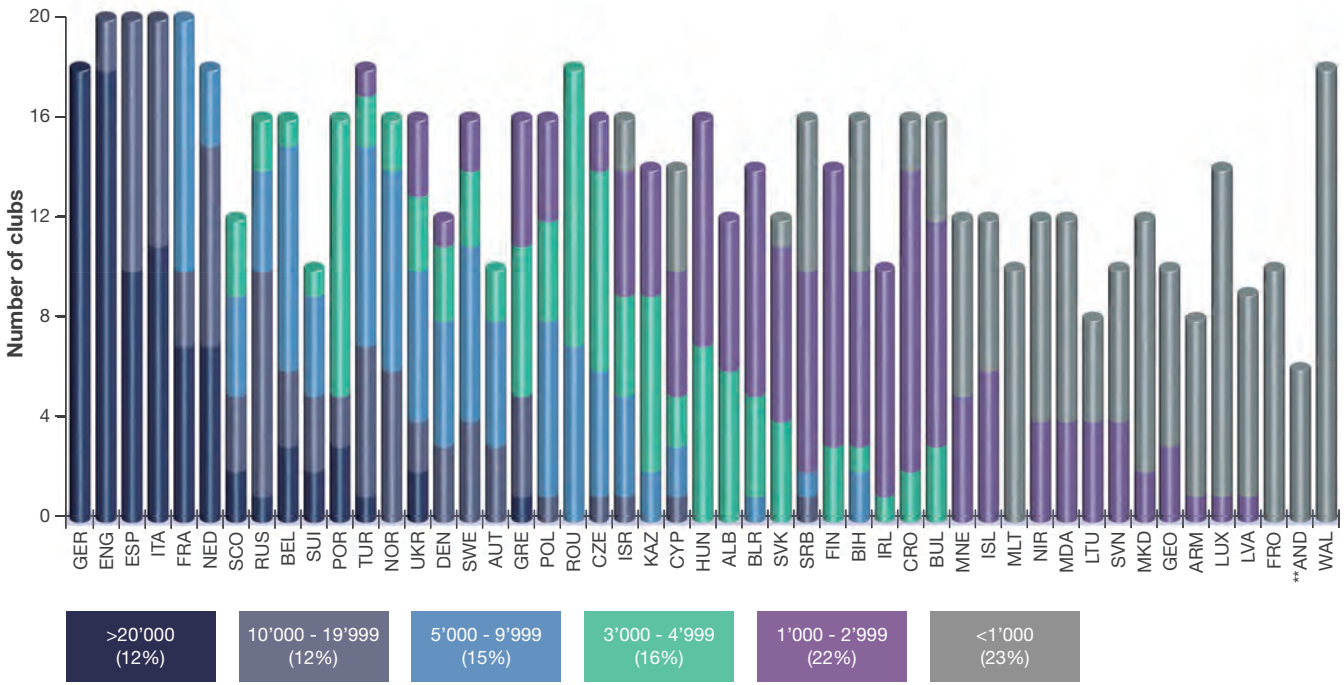
In addition to the countries above, the following also increased size between 2004-2010: ALB; EST; HUN; ISL; ITA; LUX; POL; ROU; SVK; SWE whilst NIR, POR and SVN decreased the size of top division domestic championship. In addition some fluctuated +/-1 mainly due to licensing issues.

Q: 10. How many fans attended domestic championship matches across Europe?

	2009s - 2009/10w attendance					
	Average league attendances	Total estimated league attendance	Last Year average attendance	▲▼	Largest club average attendance	Highest v average club attendance
GER	42'500	13'005'000	42'565	▼	77'248	1.8
ENG	34'151	12'977'380	35'630	▼	74'864	2.2
ESP	28'286	10'748'680	28'276	▲	78'097	2.8
ITA	24'957	9'483'660	25'045	▼	56'195	2.3
FRA	20'089	7'633'820	21'049	▼	50'045	2.5
NED	19'608	6'000'048	19'789	▼	48'734	2.5
SCO	13'920	3'173'760	15'545	▼	47'564	3.4
RUS	12'517	3'004'080	13'334	▼	25'253	2.0
BEL	11'743	3'323'269	11'039	▲	24'406	2.1
SUI	11'059	1'990'620	8'967	▲	23'656	2.1
POR	10'901	2'616'240	10'390	▲	50'033	4.6
TUR	9'996	3'058'776	14'058**	▼	24'738	2.5
NOR	8'956	2'149'440	9'812	▼	17'652	2.0
UKR	8'943	2'146'320	7'574	▲	27'321	3.1
DEN	8'313	1'645'974	8'814	▼	19'338	2.3
SWE	7'928	1'902'720	7'787	▲	17'436	2.2
AUT	7'873	1'417'140	9'013	▼	15'343	1.9
GRE	7'617	1'828'080	7'622	▼	27'464	3.6
POL	5'247	1'259'280	7'351	▼	10'182	1.9
ROU	4'902	1'500'012	6'044	▼	9'451	1.9
CZE	4'895	1'174'800	4'668	▲	10'766	2.2
ISR	4'233	1'168'308	5'305	▼	10'231	2.4
KAZ	3'767	685'594	3'310	▲	6'823	1.8
CYP	3'088	599'072	2'738**	▲	10'373	3.4
HUN	2'920	700'800	2'826	▲	2'826	2
ALB	2'917	577'566	3'463	▼	3'463	2
BLR	2'661	484'302	1'715	▲	1'715	2

	2009s - 2009/10w attendance					
	Average league attendances	Total estimated league attendance	Last Year average attendance	▲▼	Largest club average attendance	Highest v average club attendance
SVK	2'417	478'566	3'009	▼	4'403	2
SRB	2'390	573'600	2'851	▼	10'352	4
FIN	2'389	434'798	2'636	▼	4'904	2
BIH	2'303	552'720	2'237**	▲	7'733	3
IRL	2'043	367'740	1'796	▲	3'342	2
CRO	2'025	486'000	3'074	▼	4'667	2
BUL	1'834	440'160	2'862	▼	3'996	2
MNE	1'048	207'504	912**	▲	2'683	3
ISL	1'029	135'828	1'107	▼	1'676	2
MLT	993	136'079	1'418**	▼	n/a	n/a
NIR	917	209'076	813	▲	1'773	1.9
MDA	917	181'566	813	▲	2'153	2.3
LTU	880	98'560	919	▼	1'458	1.7
SVN	848	152'640	1'199	▼	1'778	2.1
MKD	757	78'728	1'418**	▼	1'131	1.5
GEO	743	133'740	406	▲	1'678	2.3
ARM	614	68'768	466	▲	2'000	3.3
LUX	461	83'902	445	▲	1'373	3.0
LVA	448	64'512	533	▼	1'203	2.7
FRO	400	54'000	n/a	n/a	n/a	n/a
WAL	276	84'456	290	▼	496	1.8
EST	188	33'840	184	▲	360	1.9
AND	400**	32'000	n/a	n/a	n/a	n/a
AZE	n/a	n/a	1'564**	n/a	n/a	n/a
LIE	n/a	n/a	n/a	n/a	n/a	n/a
SMR	n/a	n/a	n/a	n/a	n/a	n/a
All 53 NA's	7'006	101'343'524	7'302		17'801	2.4

Average attendance profile of European clubs 2009s - 2009/10w



GER maintains the highest average match day league attendance and for the first time overtook ENG in terms of total attendance, despite the GER league being composed of two clubs less (meaning that there are 74 fewer matches in GER than in the other four of the Big 5 countries).

The last completed season saw just over 101 million supporters attend league matches. Reflecting the tough financial situation across Europe, this represents a decrease of more than 3 million. The most significant impact was in ENG, SCO, RUS, TUR and POL.

The highest average club attendance relative to the average of all clubs in the division indicates the widespread interest and stadium capacity across clubs in a division. SCO, GRE and especially POR (which has a 4.6x ratio) have the most concentrated match day attendance.

The attendances by club by country illustrates the average crowd profile of the top division clubs** across Europe. In summary there were 86 clubs (12%) which averaged a home crowd of more than 20'000 (88 last year) and a further 85 clubs which averaged between 10'000 and 20'000 per home match (108 last year).

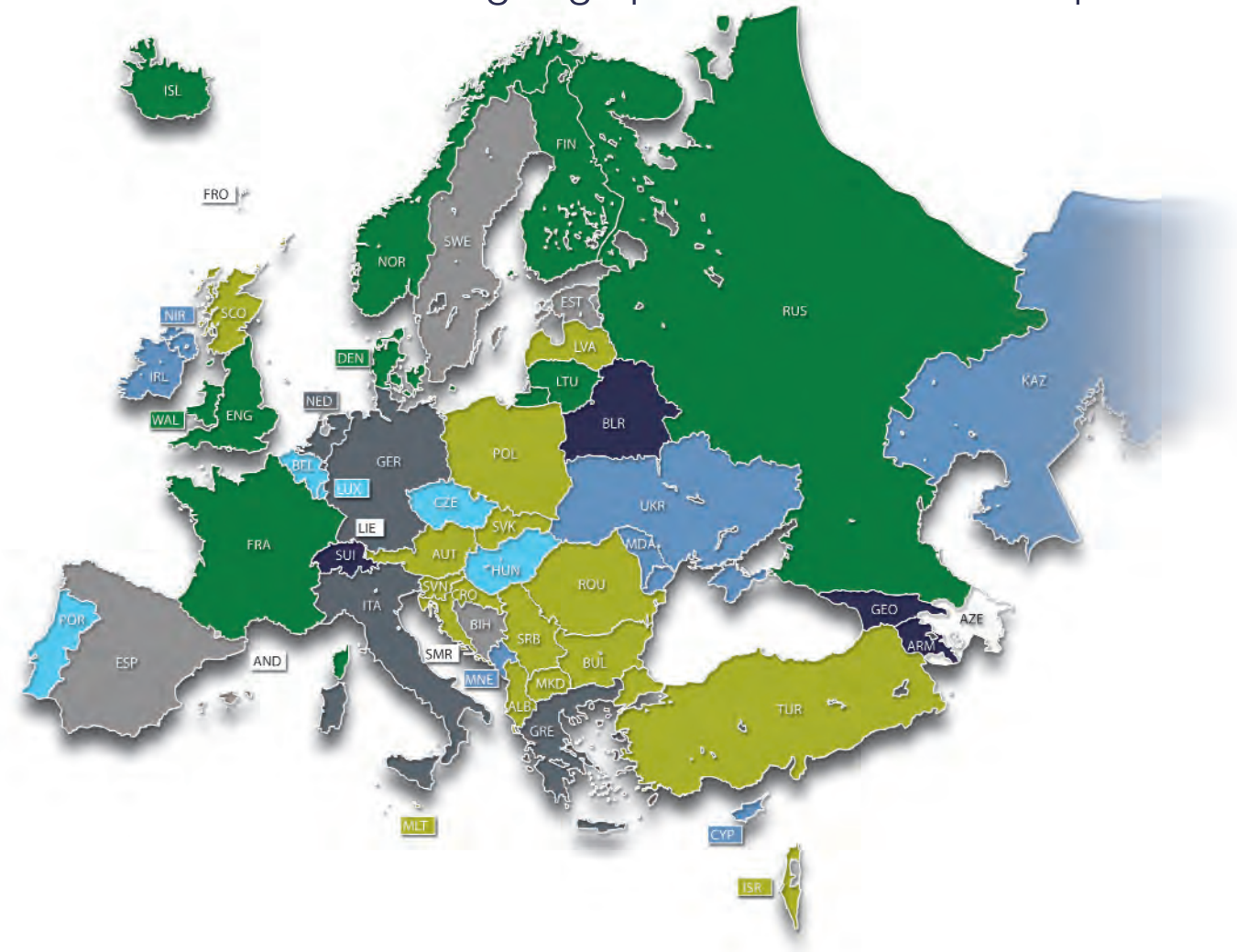
Answer: 10

An estimated 101 million watched the 11'500 top division club matches during 2009/10 representing just over 8'800* fans per match.

Footnotes: * This figure of 8'825 is much higher than the figure in the table which indicates a much lower league average match attendance of 7'006. This is because more games are played by clubs in league with higher attendances. For example there are 380 matches in ENG/ESP/FRA/ITA but less than half this number of matches in AND/ARM/FRO/ISL/LTU/LVA/MKD/MLT.
** Crowd data for 702 clubs, in some cases the data is from previous season where no current data is available.

Source: http://www.european-football-statistics.co.uk and national licensing managers. Figures cover 2009/10 for winter season and 2009 for summer season apart from AND 2008/09. No reliable figures were available for AZE, LIE and SMR.

Q: 11. Are attendances going up or down across Europe?



Average match attendance trend from 2008s - 2008/09w season to 2009s - 2009/10w season

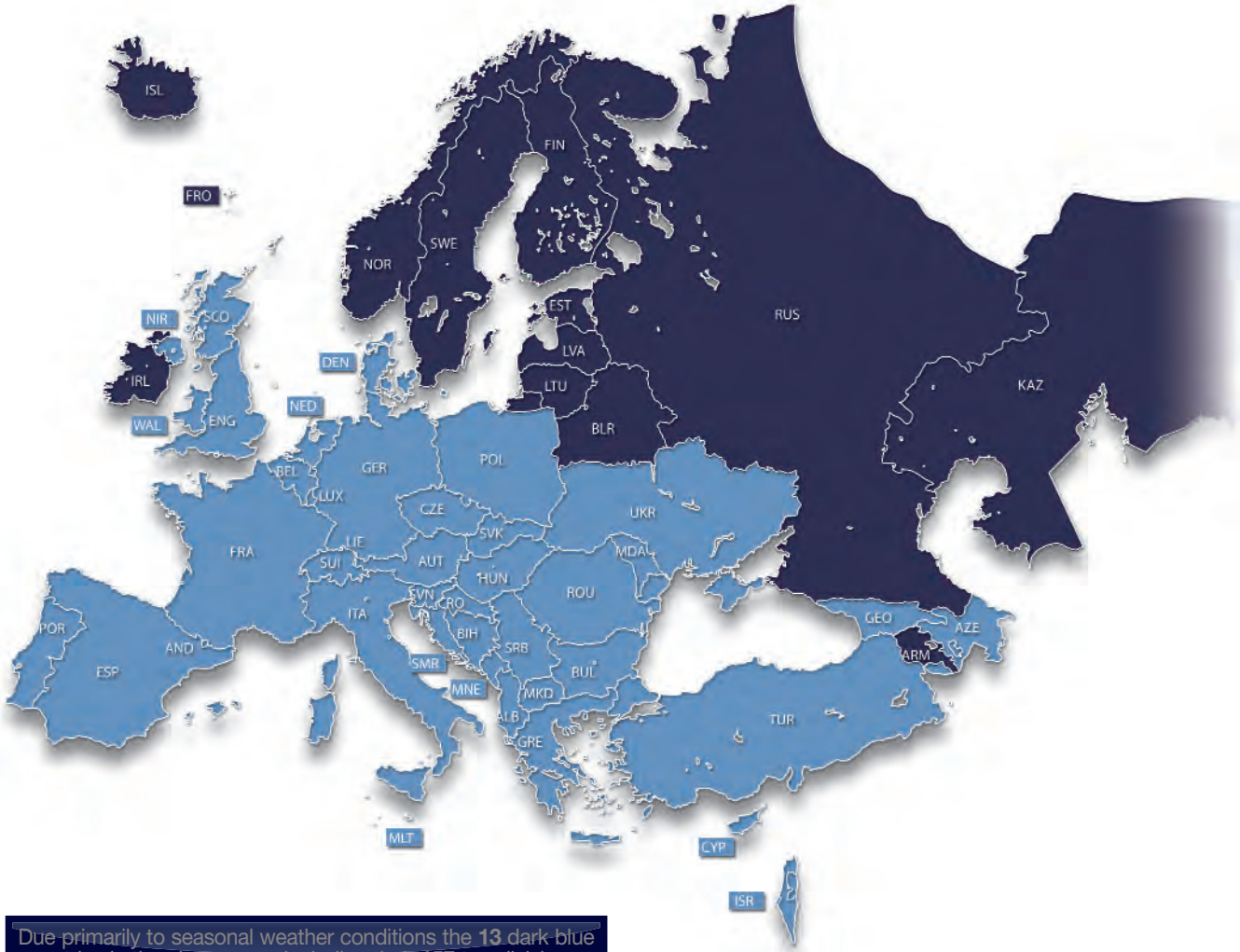
>20%+	4x
+10% - 20%+	7x
+3% - 10%+	5x
+3% - 0%	4x
0% - 3%-	4x
-3% - 10%-	9x
>-10%	15x
Unknown	5x

Answer: 11

28 of the 48 top divisions (58%) with comparable data recorded an attendance decrease in 2009/10w (2009s) while 20 (42%) increased**. This data continues the negative trend of the previous year. Among the Big 5 divisions only ESP increases its attendance (+0.01%) while FRA and ENG experienced lower average crowds (more than a 4% decrease) partly due to the mix of clubs. SUI reported a large increase (+23%) mostly due to the return of a popular club to the first division. Analysing winter championships on a club by club basis indicates that 68% of clubs reported decreased attendances.

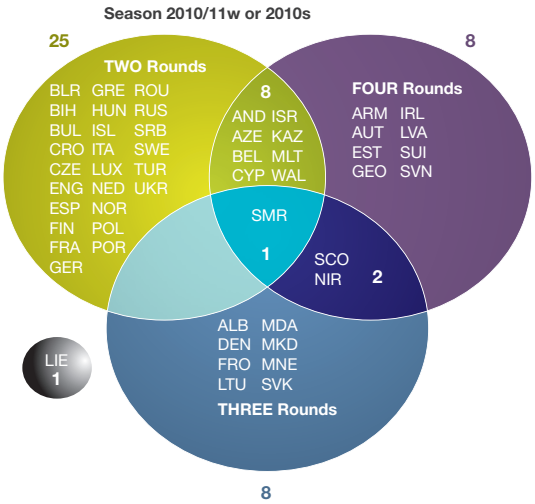
Footnotes: * For BEL & KAZ the average attendances increased but the overall attendances decreased due to a new league structure.
** For NOR & SRB the average attendances decreased but the overall attendances grew due to a new league structure.
Source: http://www.european-football-statistics.co.uk/attn.htm & national licensing managers. Figures cover 2009/10 for winter season and 2009 for summer season.
No reliable figures were available for AND, AZE, FRO, LIE & SMR.

Q: 12. How are the domestic championships structured?



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

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



Answer: 12

Domestic championships have experimented with various structures over the decades but the **most common and convenient structure is the standard home and away round-robin used by 25 top divisions in the 2010/11w (2010s) season.** A similar three round structure is used in 8 top divisions. Where there are typically fewer teams in a division, a four round structure is in place and implemented in 8 top divisions. Apart from LIE which has no domestic championship and fields teams in the SUI league, 11 top divisions play in alternative structures.

In SMR, the teams are split into 2 groups at the start of the season and the top 3 from each group enter the playoffs after 3 rounds. In SCO and NIR there are 3 full rounds before teams in the top and bottom halves play a final round within their section. Similar formats are in place in AND, BEL, CYP, and MLT. This season, AZE, ISR, KAZ and WAL also began using this system.

Q: 13. What are the season and transfer window timings across Europe?

In the adjacent diagram, we have mapped one calendar year (June 2010 through May 2011) to illustrate the timings of the domestic competition seasons and the two transfer windows. Most European leagues hold their competitions from autumn through spring but there are 13 countries (mainly due to climatic factors) which schedule their competitions from spring to autumn. Within these two groupings, there exists some scheduling differences between the commencement and closure of the seasons as well as the scheduling of their transfer windows.

According to the FIFA *Regulations on the Status and Transfer of Players*, there are two registration periods when players may be registered with a club. The first period begins after the completion of the season and "shall normally end before the new season starts" and may not exceed twelve weeks in duration. The second period "shall normally occur in the middle of the season and may not exceed four weeks."

It is interesting to note that in several leagues, the first registration period overlaps with the start of the season and in a few instances they overlap by more than six weeks (e.g. CZE, SUI, SVK & UKR). On average, the start of the season overlaps the "summer" transfer window by four weeks. Another nuance is the congruence of the mid-season window. Not all winter leagues have corresponding mid-season windows and leagues with long winter breaks (e.g. CZE, POL, ROU, UKR) tend to shift their windows by one month into February.

We have included some selected non-European countries due to their importance in the international transfer market and in particular the transfer windows of ARG & BRA are of particular note with BRA having a small 4 week window in the busiest Jul/Aug period and ARG extending this period into September.

Answer: 13

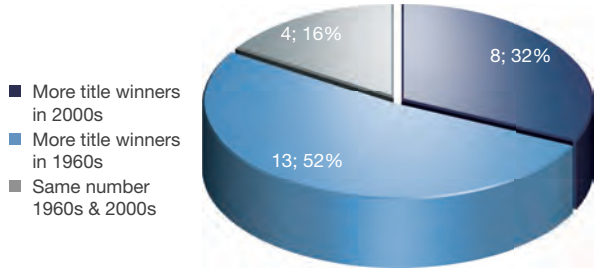
The majority of European leagues hold their competitions during the winter months and usually run from autumn through the springtime. Thirteen leagues organise their championships over the summer months usually from March until November. The highest transfer activity occurs in Jul/Aug and in Jan when the windows of "summer leagues" and "winter leagues" overlap.


Winter Season Championships
ALB 21.08
AND 19.09
AUT 17.07
AZE 17.08
BEL 30.07
BIH 31.07
BUL 31.07
CRO 23.07
CYP 28.08
CZE 16.07
DEN 17.07
ENG 14.08
ESP 28.08
FRA 07.08
GEO 15.09
GER 20.08
GRE 27.08
HUN 30.07
ISR 21.08
ITA 28.08
LIE 17.07
LUX 08.08
MDA 24.07
MKD 31.07
MLT 11.09
MNE 14.08
NED 06.08
NIR 07.08
POL 06.08
POR 13.08
ROU 23.07
SCO 14.08
SMR 17.09
SRB 14.08
SUI 17.07
SVK 17.07
SVN 16.07
TUR 14.08
UKR 09.07
WAL 13.08
Summer Season Championships
ARM 27.03
BLR 03.04
EST 09.03
FIN 16.04
FRO 01.04
IRL 05.03
ISL 10.05
KAZ 22.03
LTU 20.03
LVA 10.04
NOR 13.03
RUS 12.03
SWE 13.03
"Selected" Non-European Championships
ARG 07.08
AUS 05.08
BRA 08.05
CIV 16.01
GHA 05.09
JPN 06.03
MEX 24.07
NGA 11.09
RSA 27.08
UAE 26.08
URU 21.08
USA 26.03
Jun 2010
Jul 2010
Aug 2010
Sep 2010
Oct 2010
Nov 2010
Dec 2010
Jan 2011
Feb 2011
Mar 2011
Apr 2011
May 2011
Off-Season
Transfer Window Outside of Season
Transfer Window Overlapping Season
Season Only

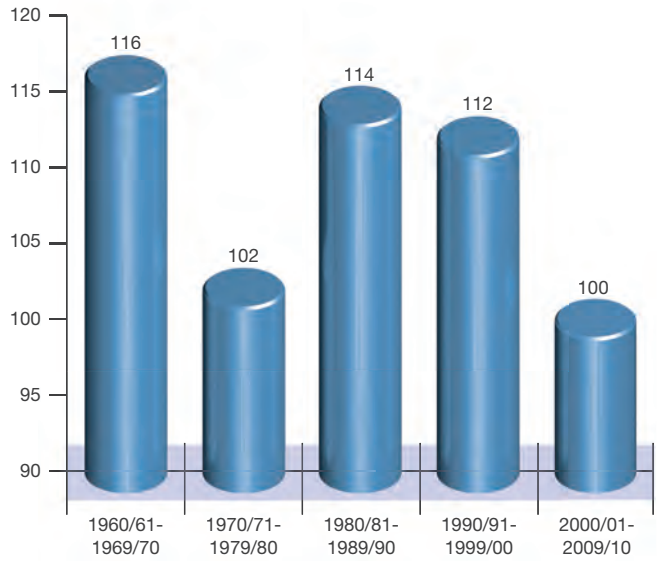
Q: 14. What is competitive balance and why is it important?

Do you know the difference between the Herfindahl-Hirschmann Index and the standard deviation of win percentage? Can you differentiate between the Gini coefficient and the C5 Index? To most football fans these might be somewhat confusing and intangible. While there is a basket of various technical measures of competitive balance, one relevant and easy to understand measure which sheds light on one aspect of competitive balance is the number of different title winners over time. Whilst in the confines of this report it is not possible to give a complete and balanced analysis*, the charts still tell an interesting story.

Comparison number of title winners 2000s vs 1960s

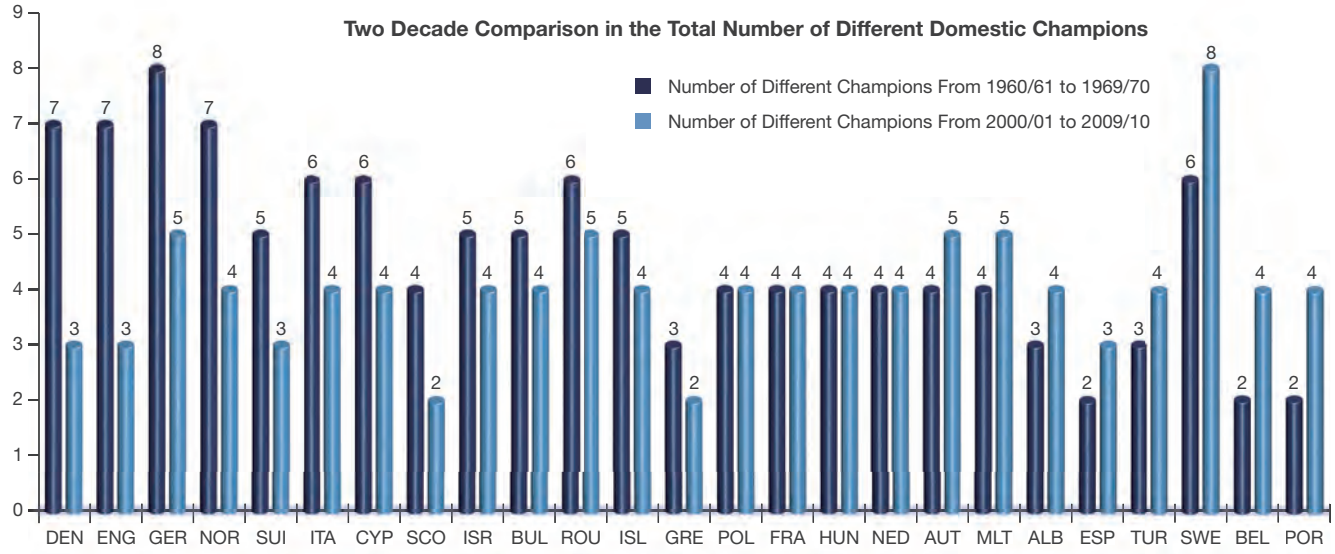


Total Number of Different Champions Across Five Decades for 25 Top Divisions



There were 100 different title winners in the most recent decade, representing an average of 4.0 different winners per country. This was the lowest total of the last 5 decades (albeit similar to the 1970s) and compares to the average of 4.6 title winners in the 1960s. A look below at this same measure on a country-by-country basis however shows that this reduction in average title winners is not an across the board reduction, indeed 8 countries had more title winners in the most recent decade and BEL, POR & SWE all had 2 more title winners in the 2000s than the 1960s. There were 17 repeat champions in 2009/10 compared to 15 repeat champions in 2008/09.

Two Decade Comparison in the Total Number of Different Domestic Champions



Answer: 14

Competitive balance measures are indicators of the uncertainty of outcome of a match, a competition or a league during one season or over time. Sport requires some degree of uncertainty of outcome otherwise if the result is absolutely predictable, it undermines the nature of the competition.

However to what extent competitive balance matters is open for debate. There is empirical evidence that competitive balance is important but that depends on the factors used to measure competitive balance (is it measuring match or league balance over time) and the factor being influenced (attendance, television audience, etc).

Additionally, there is a large variety of estimators (a sample of which are presented in the Appendix) that measure different aspects of uncertainty using different elements.

Footnote: * UEFA plans to provide more thorough analyses of this and many other research questions in due course in a more appropriate format through uefa.com. The sample size analysed for this section amounted to 25 and consisted of the following top divisions: ALB; AUT; BEL; BUL; CYP; DEN; ENG; ESP; FRA; GER; GRE; HUN; ISL; ISR; ITA; MLT; NED; NOR; POL; POR; ROU; SCO; SUI; SWE and TUR. This sample covers the countries which have remained unchanged during the last 5 decades. It includes about half of the current member associations, and examines leagues utilising various sizes, competition structures (e.g. play-offs, multiple rounds, etc) and from both summer and traditional winter seasons.

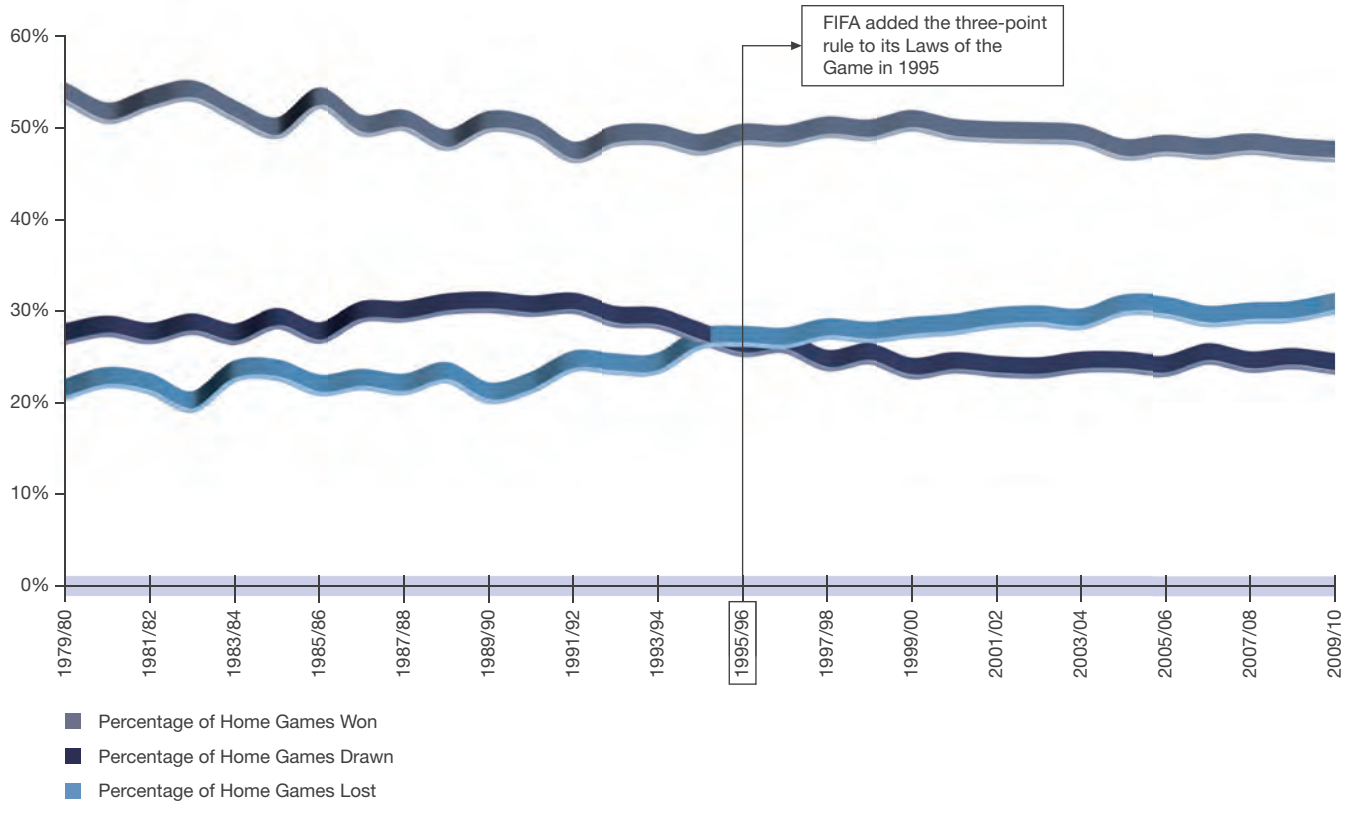
Q: 15. “Home Field” advantage? Is the 12th man losing his voice?

<50%

Despite improvements in refereeing, better transport and facilities for away teams and more consistency in pitch conditions, there is still a considerable home field advantage with 46% of domestic home matches recorded as wins in 2009/10.

30%

However approximately one-third of games are now won by the away team compared to 20% 30 years ago and this has been broadly on an upwards trend since the start of the 1990s.



Answer: 15

Over the past 25 years, the proportion of home matches won has been on a slow decline and visiting teams now have a better record of scoring away wins. One marked break in trend is the number of matches drawn at home. It appears that the extensive adoption of the three-point rule across leagues in Europe asserted a positive influence on away teams to “go for the win” as opposed to playing for a draw. Most leagues implemented the three-point rule between 1994 and 1995, although some leagues (e.g. ENG) had been awarding three points for a win as early as 1981.

Footnote: The sample analysed is the average of match data ranges from eleven top divisions in 1979/80 to 51 top divisions in 2009/10. Checks were done to ensure that the increased sample size did not significantly bias the trend in data. Individual data from the same initial eleven divisions across the entire sample period reflect similar trends individually and on aggregate.

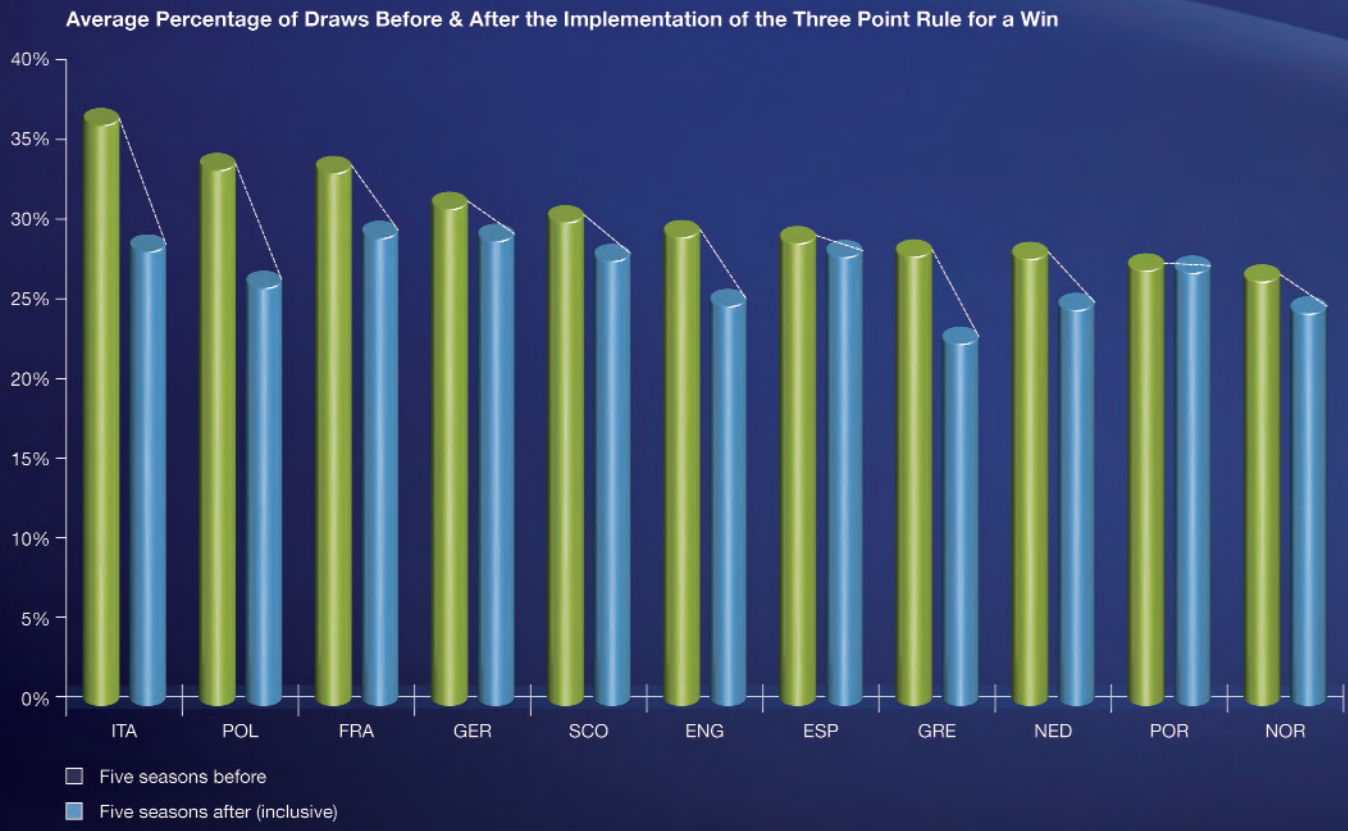
Q: 16. Thirty Years On – How did Three Points for a Win Impact Match Results?

Football is a simple game and rule changes are few and far between. When they do arrive they are not always met with universal acclaim. In this Q&A we celebrate 30 years of the awarding of three-points for a win, a rule change that had a positive effect. The 1980/81 season was the last time that all major leagues in Europe awarded two points for a win. ENG implemented the rule change beginning in 1981/82 followed by ISR, TUR and NOR later in the decade. GRE, BUL and IRL began to use the 3-1-0 system in the early 1990s and then a mass implementation when FIFA added the rule to its *Laws of the Game* in 1995. One striking effect is the decline in the percentage of games drawn and the increase in goals scored by the away team.

In the neighbouring graphics we illustrate the before and after impact of the rule change on the percentage of total draws and on the total number of average goals scored in a match. Although other factors may contribute to long term trends*, the short term change before and after shown in the charts is striking and the principal factor was undoubtedly the introduction of the three point rule.

Answer: 16

Evidence shows incontrovertibly that the introduction of three points for a win encouraged teams to try and secure three points and thus reduced the number of draws occurring in the top divisions. Teams also appear to have become more “attack” oriented as the average number of total goals scored in a match also increased after the change. The immediate and across the board improvements illustrated in the charts have more or less continued in the years since the three point rule was adopted.



Footnote: * The other rule changes such as the change to the back pass law and general increased time of ball in play may have affected the long term trend. However the comparison of before and after rule change provides concrete proof that the three point rule had a significant and positive effect (unless your preference is for 0-0 draws). The sample size analysed for this section consisted of 11 top divisions: ENG, ESP, FRA, GER, GRE, ITA, NED, NOR, POL, POR and SCO. We examined the averages of data five years prior to the implementation of the three point rule and five seasons afterwards which also includes the season it was first put in place.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Long-term Investment and Development Profile of European Club Football

How big are European club stadiums?

How full were Europe's stadiums?

How old are Europe's stadiums and what has been the recent investment?

How comfortable and equipped are today's stadiums?

What proportion of clubs own their stadium and does ownership correlate to match day income?

How many coaches have obtained UEFA recognised coaching qualifications?

What are the participation rates across Europe?

Q: 17. How big are European club stadiums?

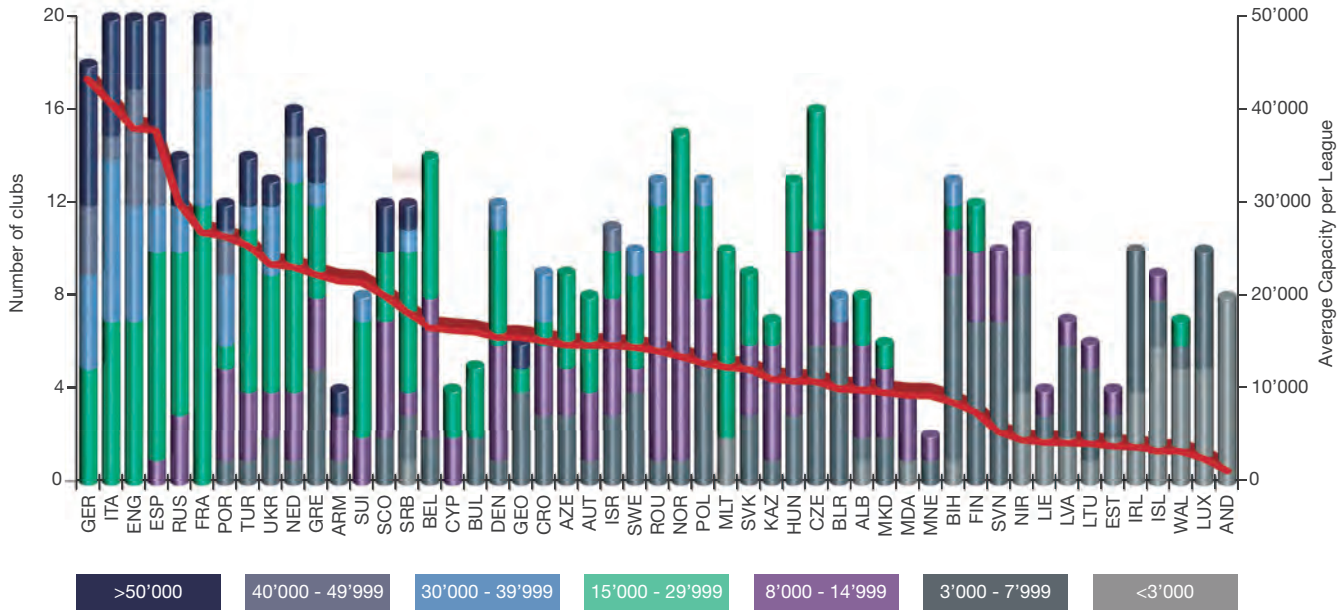
For the first time in the benchmarking report, we have dedicated a section to long-term investment in club football. We start with some statistics about club stadiums* across Europe which are available in ad-hoc form elsewhere but not on a pan-European basis. We anticipate that the development of club stadiums and infrastructure will be tracked over time and further analysis developed using the UEFA club stadium database and club licensing network.

The thresholds chosen to rank the stadiums in this first part are as follows:

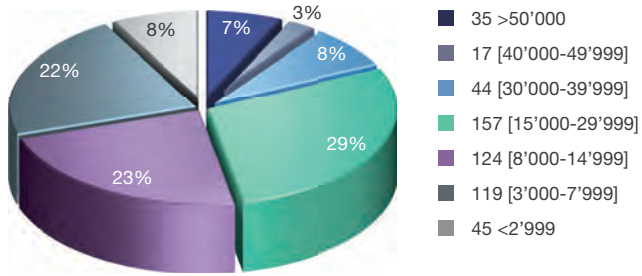
- 50'000: minimum required to host the UCL Final.
- 40'000: minimum required to host the UEL Final.
- 30'000: minimum required to host a UEFA EURO match.
- 15'000 and 8'000: arbitrarily chosen.
- 3'000: minimum required to host a UEFA club competition match.

With an average capacity of over 40'000 seats for UEFA matches, GER and ITA lead this ranking, followed by ENG and ESP with an average around 38'000. RUS 'broke' the TOP 5 League hegemony by exceeding FRA, whose average is just under 30'000.

Average Capacity Profile European Clubs 2009s - 2009/10W



Number of Clubs per Average



On the other side of the ranking, there are 45 clubs, whose capacity is under the minimum required to host a UEFA match (3'000) although exceptions are sometimes made in early qualifying round or group stage matches for NA's with traditionally lower average attendances. In fact, the 6 clubs**** which did not play at least one UEFA play-off match in their home stadium was for reasons other than stadium capacity.

Answer: 17

Based on the 541 stadiums analysed, the average top division capacity across Europe is just over 18'000. Notwithstanding requirements other than capacity, there are 20 countries** with a 50'000+ capacity stadium which could in theory host a UEFA Champions League Final and 22*** with a 40'000+ capacity stadium that could host a UEFA Europa League Final.

Footnotes: * Analysis based on 541 stadium across Europe extracted from the UEFA database and verified with other sources. Stadiums hosting two different clubs are counted twice in this ranking as it represents the average capacity profile of the club playing in the domestic top division. It is not exhaustive of all stadiums in each country. The club stadium profile does not include those national stadiums which do not host a club on a regular basis, since the report focuses mainly on top division club football.
** For the UCL & UEL analysis the following national stadiums are however included: Ernst-Happel-Stadion in AUT, le Roi Baudoin in BEL, Aviva Stadium in IRL and the Millennium Stadium in WAL which have capacities bigger than 50'000. In 2012, the UEL Final will be hosted in the Lia Manoliu Arena (ROU), which will be ready in June 2011 and it will also fulfil the requirement to host a UCL Final. The capacity between UEFA and domestic matches can vary in some cases since UEFA matches are all-seated.
*** Including the national stadium Olympiastadion in FIN which has a capacity bigger than 40'000.
**** Play-off matches: AEK Athens FC (GRE), Unirea Urziceni (ROU), Qarabag FK (AZE), The New Saints (WAL) – Group Stage matches: FC Bate Borisov (BLR) and Debreceni VSC (HUN).

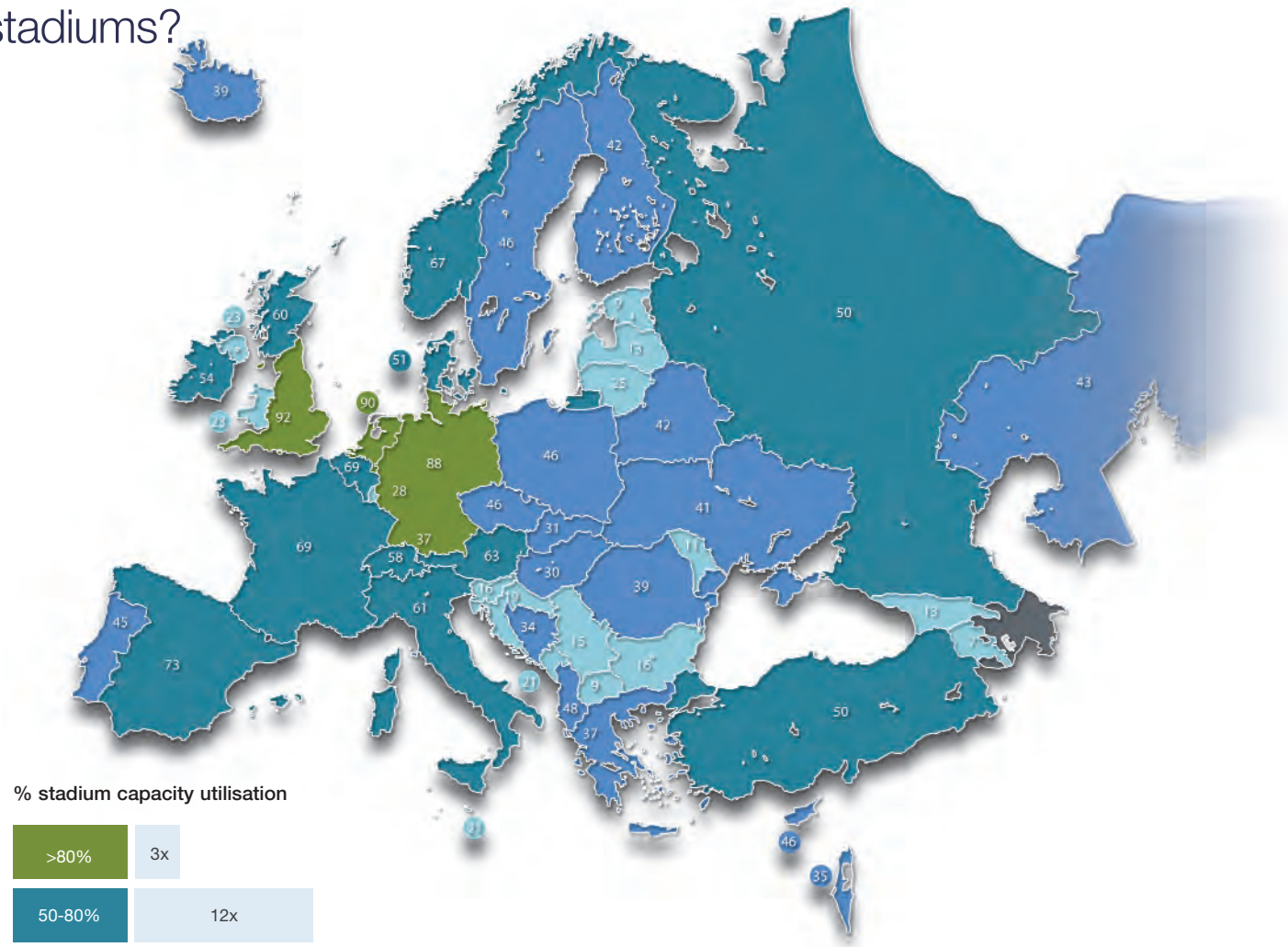
Q: 18. How full were Europe's stadiums?

Based on the data collected on the stadium capacity* and on the attendance, this statistic allows us to observe how full the stadiums are across Europe. We should note that large stadiums could have low occupancy rates but have relatively large attendances and vice versa, smaller stadiums could have low attendances but high capacity utilisation.

As stated in the analysis before, ENG, NED and GER are the countries with the fullest stadiums and a capacity utilisation higher than 87%. The other TOP league countries follow with an average between 61% (ITA) and 73% (ESP).

The attendance ranking (Q10) and this one are similar. In fact, among those with the top 10 attendances, eight are in this top 10 also (ENG, NED, GER, BEL, ESP, FRA, ITA, SCO).

Furthermore, by linking the league revenue with the percent occupancy, it is perhaps not surprising that the leagues with the highest matchday revenues also report the highest occupancy rates. At the other end, ALB is the only MICRO league with an average occupancy rate higher than 30%.



% stadium capacity utilisation

>80%	3x
50-80%	12x
30-50%	18x
<30%	16x

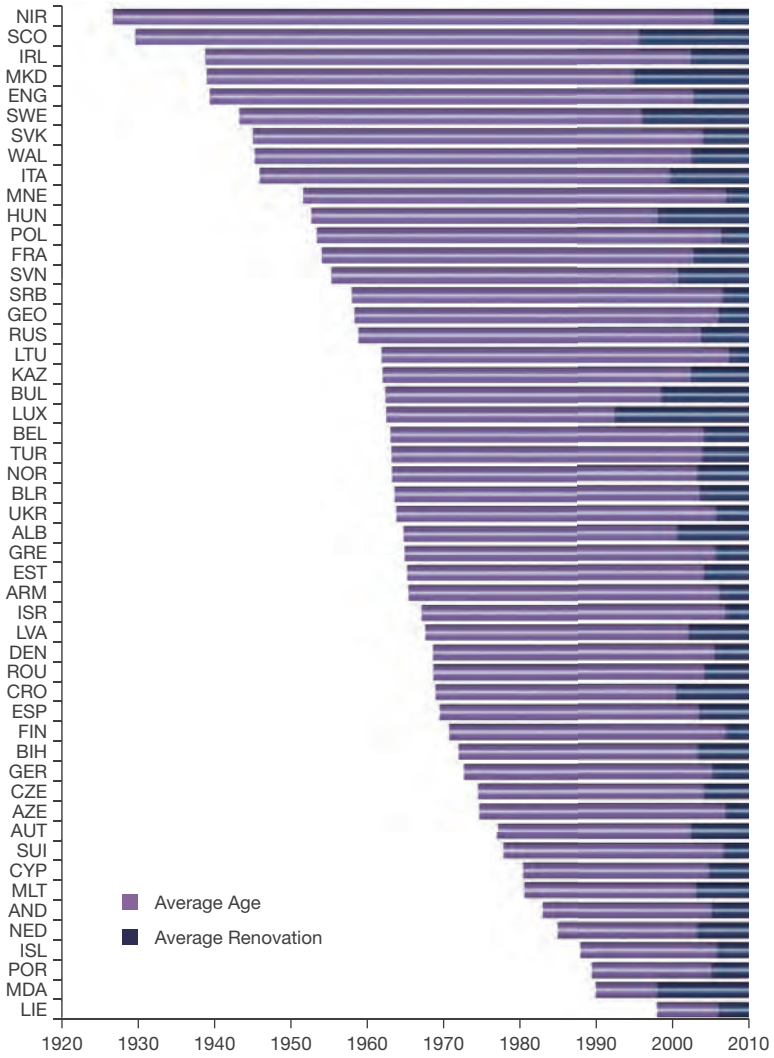
Answer: 18

Of the 459 clubs analysed for this section, the average occupancy across Europe is 48%. The highest capacity utilisation is in ENG with 92% of seats filled on match days.

As match day revenue is one of the most important sources of income, the NA with the highest match day revenue and/or biggest stadium are logically the ones with a high level of occupancy.

Footnote: * As the attendance data is based on the domestic leagues, the capacity data is also based on the league capacity and not on the UEFA capacity, which is usually lower than the domestic because of greater security requirements. Figures for AND, AZE, FRO and SMR were unavailable.

Stadium Average Age and Renovation per NA



Q: 19. How old are Europe's stadiums and what has been the recent investment?

This section provides indicative information about the average age of club stadiums and the timings of their most recent renovation*. We should first point out that the data has to be interpreted carefully, in particular the figures for latest renovation should be taken "with a pinch of salt" as the distinction between renovation and maintenance may not always be clear and consistent.

The "home nations" (ENG, SCO, WAL, NIR, IRL) with their many historic and traditional clubs figure prominently at the older end of the chart with the average club stadium age between 70 and 85 years. The other end of the scale with relatively younger stadiums (average age 20-40 years), is populated by many of the smaller associations who have experienced large recent investment and also by hosts of major international competitions (POR, NED, SUI, AUT & GER).

Answer: 19

Based on the 447 club stadiums analysed, the average age of stadiums across Europe is 47 years.

Recent investments have been done on average 7 years ago.

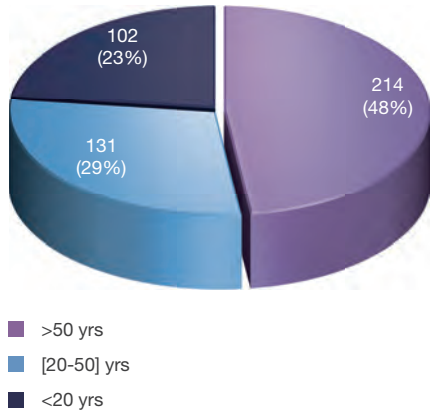
Footnotes: * For example, the way to read the left figures is as follows: GER - stadiums were built on average 32 years ago and renovated on average 5 years ago.
** Analysis based on 447 stadium across Europe extracted from the UEFA database and verified with other sources.

The long history of ITA and ENG stadiums in particular does not necessarily indicate a lack of investment, since major renovations or rebuilds have often taken place on the original stadium or on the footprint of the original stadium.

We demonstrate further on (Q21) the link between match-day revenue and infrastructure modernity and its importance for the finances of a club.

Of the 447 club stadiums analysed** here, 214 (48%) are older than 50 years, but 23% have been recently built or renovated in order to fulfil the domestic and UEFA requirements concerning infrastructure.

Stadium Age



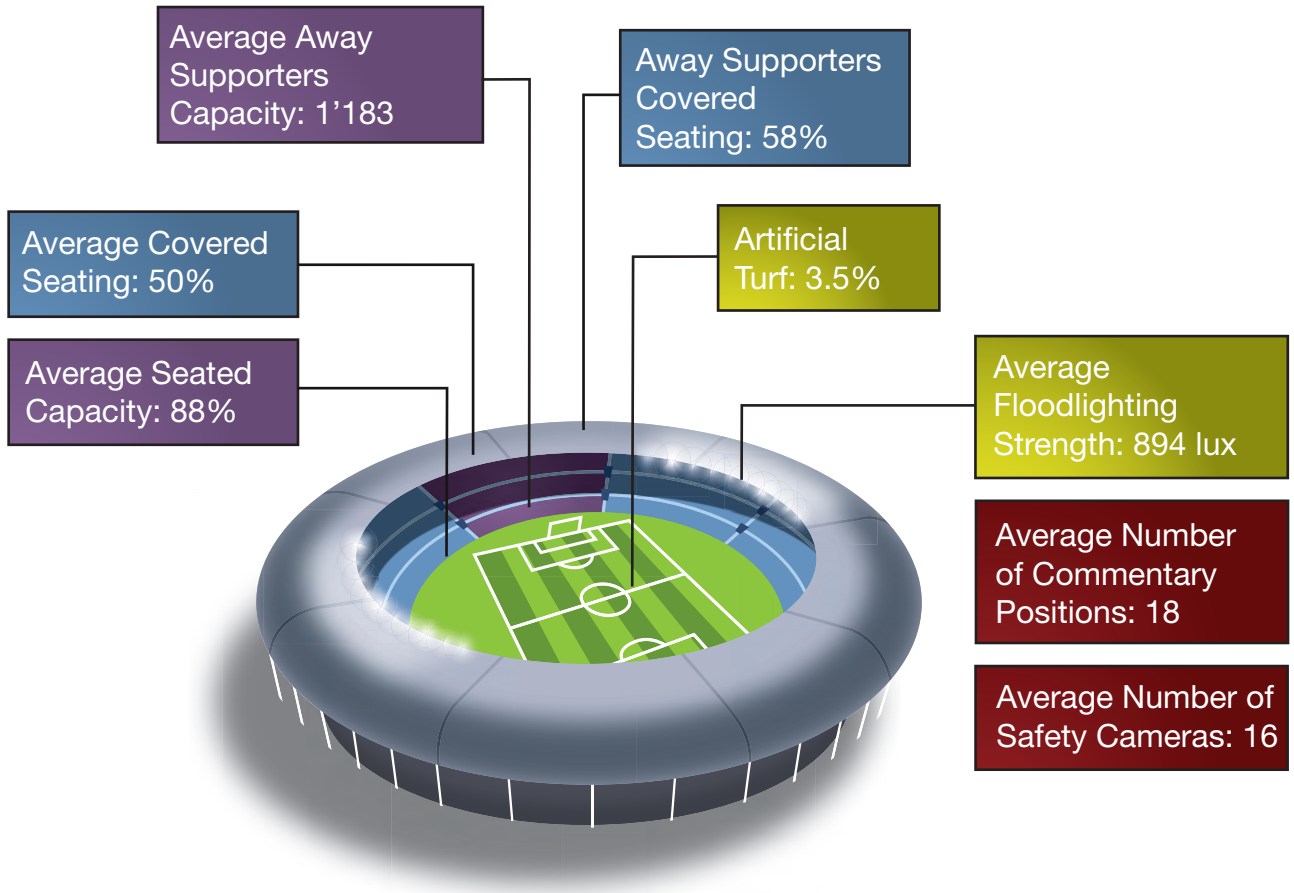
Q: 20. How comfortable and equipped are today's stadiums?

UEFA through its stadium database has recently started recording and tracking stadium facilities and developments. This database consists of numerous measures including the number of seated and standing places for home and away supporters, on-pitch variables such as the floodlight level and pitch surface (natural/artificial), as well as off-pitch areas such as the various media and security facilities. The database does not include all European stadiums, but those used for UEFA matches. Nonetheless, this provides a large sample of 447 stadiums, equivalent to more than 60% of all top division club stadiums, in which to view the current status and in order to track trends and changes over time.

Recent developments have seen significant advances in artificial turf quality and although natural turf is still required for hosting UEFA finals, artificial pitches are used in other UCL & UEL matches. There are 24 top division clubs around Europe playing on pitches with artificial turf*, for example CSKA Moscow and Young Boys Bern have recently played UCL and UEL matches on artificial turf**.

Many improvements have been made to increase the comfort and the security of fans. Actually 88% of stadium capacity is seated***, with 50% of all places covered. The average capacity for away supporters is 1'183 with 58% of those covered. (Note that in a partially covered stadium the away fan zone is usually in an uncovered area.) The average number of CCTV cameras ensuring the safety of spectators is 16 per stadium. This number increases to 53 for the average TOP league club.

An average of 18 commentary positions are provided for the media across the top division clubs' stadiums. Nearly 900lux of floodlighting illuminates the pitches on average.

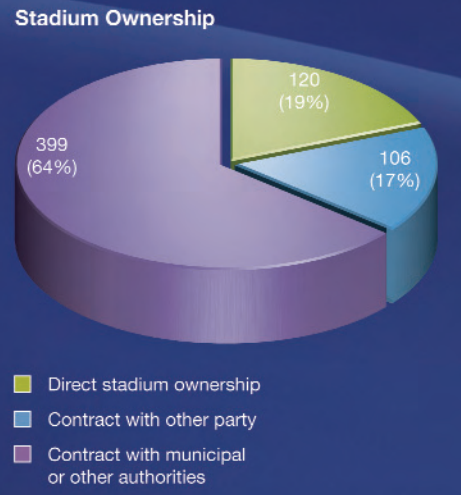


Footnotes: * Number of clubs per national association playing on artificial turf: BUL 1, FRA 2, FIN 2, GEO 1, IRL 1, KAZ 2, MLT 1, NED 1, NOR 6, RUS 3, SRB 1, SUI 2, SWE 1 (this data is based on a sample of 688 stadiums).
** Luzhniki Stadium hosted the 2008 UCL Final in Moscow but for this game the pitch was re-laid with grass.
*** For UEFA matches the 12% of non-seated areas remain closed.

Q: 21. What proportion of clubs own their stadium and does ownership correlate to match day income?

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

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



Answer: 21

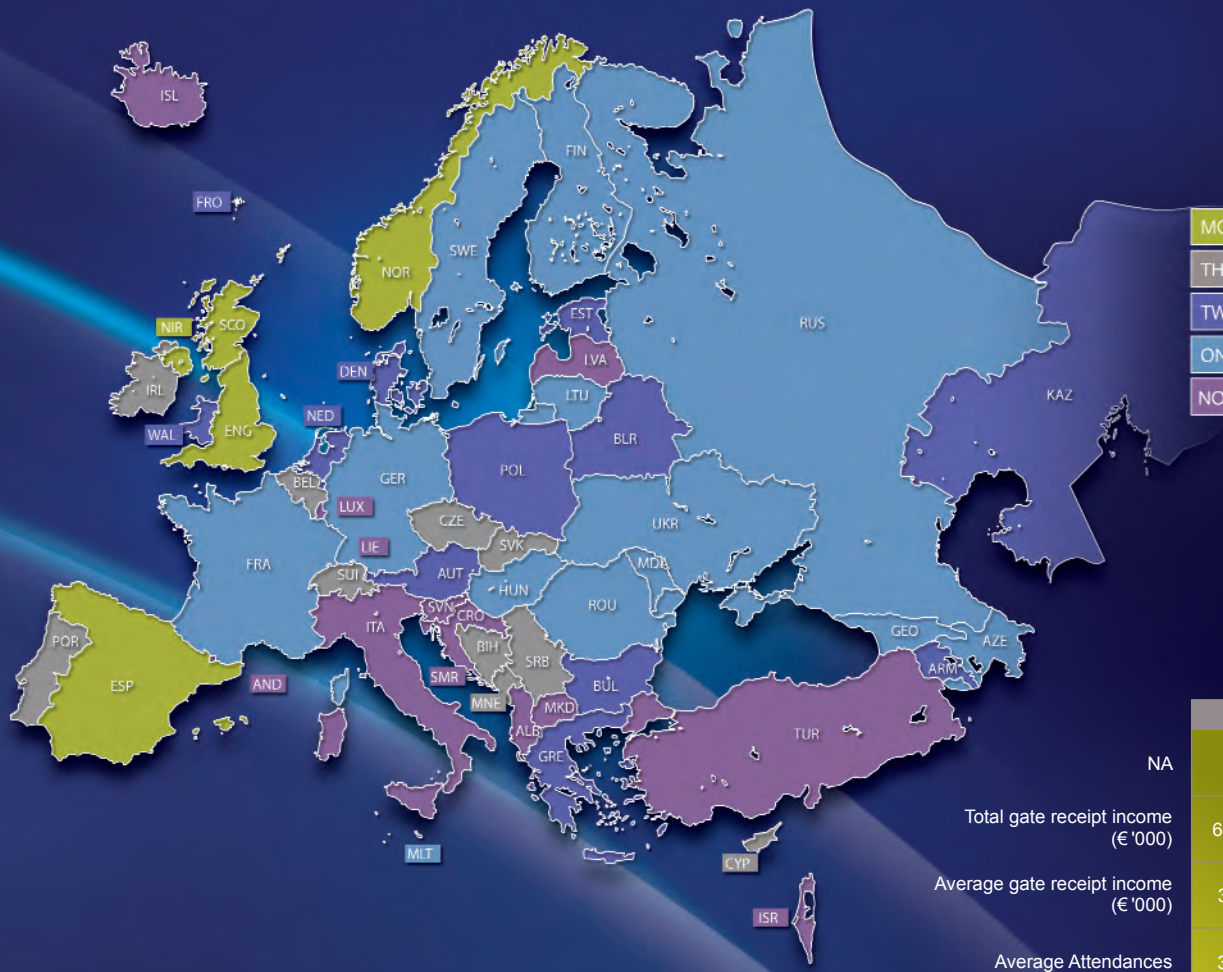
Based on the 625 clubs analysed*, 120 clubs in total (19%) directly own their stadium while 399 (64%) rely on lease or rental agreements with state, municipal or other public authorities. The remaining 17% play in a stadium owned by a third party**, which means that stadiums are owned neither directly by the club nor by the public authorities.

On the next page, the chart illustrates that direct stadium ownership is variable but nonetheless widespread with between one and four top division clubs in each country typically owning their stadium.

For the 98 club sample included within the table, gate receipt income proves to be significantly larger for stadium owners than for clubs renting or leasing their facilities. In fact, none of the 12 highest match-day clubs, which come from separate countries, operated from municipality/state owned owned stadiums. If we expand this, the top 50 earners include 16 municipality/state owned, 27 club owned and 7 owned by a third party. Many factors other than ownership type influence the revenues clubs make from their match day and commercial activities and the clear correlation between the two, does not prove ownership increases revenues. Indeed the ability of clubs to improve their stadium infrastructure by modernizing and renovating, to make stadiums more comfortable and personalized to the club and their supporters are probably the most significant factors.

Although there are some cases of successful cooperation between authorities and clubs thereby enabling renovations, upgrades and commercialization, it is probably fair to say that stadium ownership nevertheless significantly improves the likelihood that clubs have the opportunity to do this. Whilst we have analysed only the connection between gate receipts and stadium ownership models, it should also be noted that there is a connection between ownership and a club's ability to maximise other revenue streams by fully commercialising the stadium and attracting attendances.

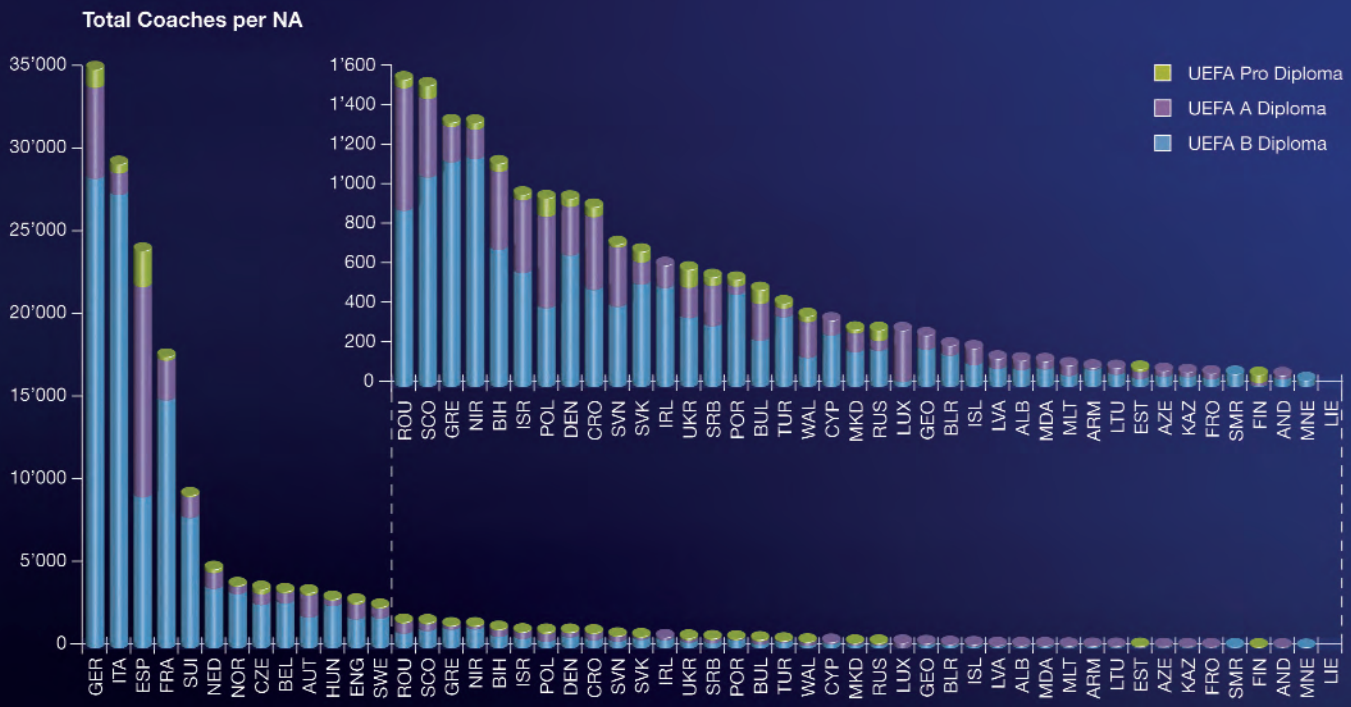
Footnotes: * Ownership analysis is based on 625 stadiums across Europe extracted from the UEFA database and verified with other sources. Further detailed analysis concerns the TOP leagues and 91 of the 98 clubs.
** Contract with 'third party' refers in most cases to a commercial entity that operates the stadium for football and other activities. There may be cases where the commercial entity is a related entity of the club.
***ENG figure includes one club where stadium owned by the municipal authorities but LT lease treated as a finance lease and included on balance sheet.



MORE THAN FIVE clubs directly own stadium	5x
THREE/FOUR clubs own stadium	10x
TWO clubs own stadium	12x
ONE club owns stadium	13x
NO clubs directly own stadium	13x

Top League Detailed Profile					
NA	ENG	ESP	GER	ITA	FRA
Total gate receipt income (€'000)	647'446	461'363	363'401	208'709	150'139
Average gate receipt income (€'000)	32'372	23'068	20'189	10'435	7'507
Average Attendances	34'151	28'286	42'500	24'957	20'089
Direct Ownership	20***	9	1	0	1
Contract with other party	0	0	10	2	0
Contract with municipal or other authorities	0	11	7	18	19

Q: 22. How many coaches have obtained UEFA recognised coaching qualifications?



As shown in the diagram, CYP, MDA and KAZ are the latest UEFA member associations to join the UEFA Coaching Convention at Pro licence level.

The convention's objective is, among other things, to standardise European coach education, to protect the coaching profession and to smooth the way for the free movement of qualified coaches within Europe in accordance with European law.

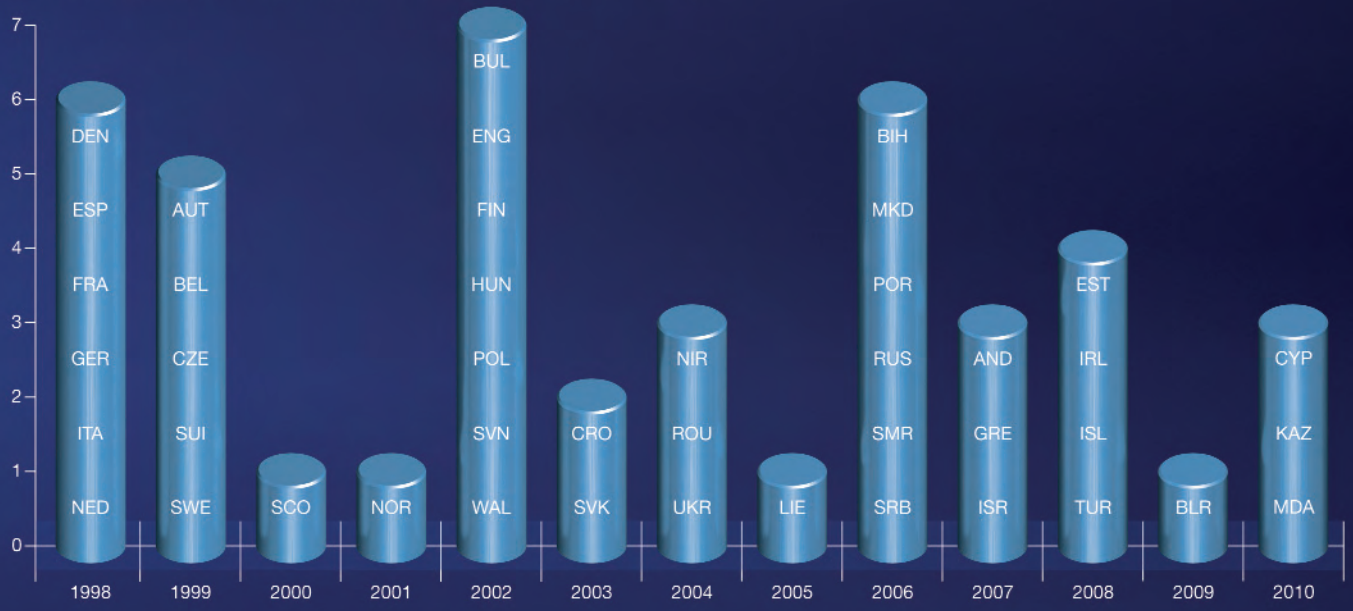
The qualification of coaches is also a club licensing criteria and there are specific training requirements for head coaches, assistant coaches and youth coaches in order to safeguard and further improve the quality of European football.

In this respect, in order to join the convention, a UEFA member association's national coach education programme must meet minimum criteria at three training levels (B, A and Pro). Some smaller associations, in an effort to improve their coaching structures, partner with bigger associations in their coach education endeavours*.

Approximately 160'000 coaches across the continent have UEFA-endorsed licences. With more than 2'000 Pro level (green) coaches, ESP leads this ranking, followed by GER and ITA.

Other national associations like CZE, NED, SUI and AUT trained a considerable number of coaches at every level.

Year of Qualifications at Pro Level of the UEFA Coach Convention



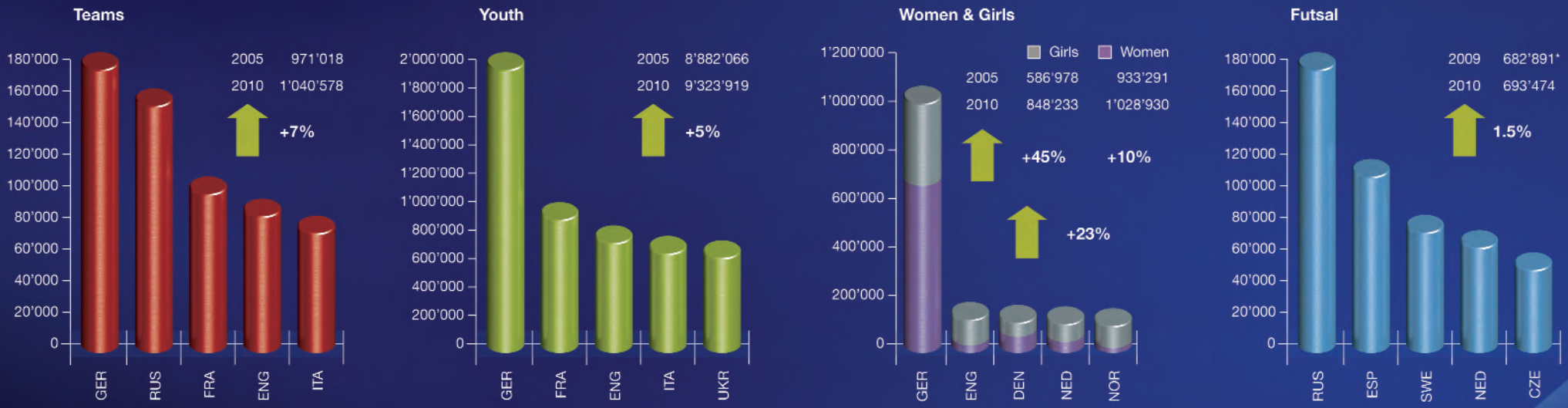
Answer: 22

160'472 coaches obtained UEFA recognised coaching qualifications (+1% increase from 2008). Among them 120'303 have the Diploma B (75%), 34'471 the Diploma A (21%) and 5'698 (4%) are authorised to coach at highest level having obtained the UEFA Pro Diploma.

All 53 UEFA member associations are part of the convention at one of the three levels, with 43 now qualified at Pro level.

Footnote: * Partnership at Pro level between: AND and ESP, BLR and UKR, CYP and GRE, ISL and ENG; Partnership at Pro and A level: SMR and ITA; Partnership at Pro, A and B level: LIE and SUI.

Q: 23 What are the participation rates across Europe?



The presented statistics are fully provided in the UEFA publication 'First Division Clubs in Europe' and are based on figures of officially registered clubs/teams/players provided by the 53 NA's.

The biggest increase in the 5 year trend is for women (+10%) and girls (+45%) with more than 350'000 new registered players (+23%). Currently, a total of just under 1.9 million registered females play football across Europe, with more than 50% of them registered in GER. Most of the others are concentrated in northern Europe (ENG, DEN, NED, SWE and NOR). The overall number of registered teams has also increased by 7% with over one million official football teams playing in 2010. Elsewhere futsal is rapidly growing* particularly in regions with colder climates with RUS now having 67'000 more players than ESP (+61%), one of the first countries where futsal was practiced.

Participation figures included in the publication also cover other categories such as men's amateur over-18 players, professional men's players and referees. Although the level of elite refereeing is certainly improving and the number of professional referees is increasing at the top end of the game, the total number of registered referees has not demonstrated the growth witnessed in other areas, decreasing by 12% over the last 5 years. If this trend continues, it could pose a threat to amateur and youth football. Hence the relevance and importance of the Respect campaign, particularly those aspects of respect between players, supporters and referees.

Answer: 23

Football has in total more than 23 million registered players (women, girls, men's amateurs, youth (boys), men's professional, and futsal players), as well as countless millions of unregistered casual players.

Total registered participation in the last 5 years has in fact increased by approximately 1 million* players, with the biggest relative growth areas concerning female, youth and futsal* players.

Footnote: * Data for futsal were not provided by all associations in 2005. For futsal, comparison data from 2009 are considered.

4

Financial Profile of European Club Football: Income

Reaching breaking point – Seven signs of financial distress

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

How much income did European clubs report last year?

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

How do income levels differ between European top divisions?

What are the income differences within European top divisions?

How are the largest clubs spread across Europe?

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

What are the most important sources of income for clubs and how does this vary?

What are the major domestic TV contracts currently in place?

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


STARKE
1
DUISBURG

Q: 24. Reaching breaking point - Seven signs of financial distress

This year's report represents an evolution on last year's report, after positive feedback to last year's publication. The financial data that supported the last three reports together with the analysis presented in the reports themselves, have played a key role in the discussions held regarding Financial Fair Play in European club football. Whereas previously the income, salary levels and profitability of clubs were available on an ad hoc basis, the club licensing benchmarking project was able to provide an in depth and broad picture of the financial state of club football.

This year the report continues this work by providing more detailed and more in depth analyses of the financial year 2009. Club licensing is seven years old and seven years of financial data is available but in particular it is the three years 2007-2009 of standardised club by club data that enables better transparency in this year's report. The approach taken in the non-financial section of raising, and attempting to best answer, fundamental questions of interest is continued. This year's report expands on a number of financial areas including:

- What are the most important sources of income for clubs and how does this vary?
- What are the major domestic TV contracts currently in place?
- How closely are financial resources linked to on-pitch domestic and European success?
- How many and which clubs will have to meet the FFP requirements?
- What are the cumulative losses of these clubs and what would this mean for break-even assessment?

In addition club-by-club trends are presented across a range of financial areas for almost 550 clubs that have played in their top division over both of the last two years.

Whilst last year's report covering the financial year ending 2008 highlighted a number of worrying financial performances and positions, this year's report covering the financial year 2009 in the background of difficult wider economic conditions, provides some serious signs of financial distress. It's not all bad and many clubs have managed to continue reporting healthy financial results but all-in-all the financial figures make for pretty grim reading. We start by presenting 7 signs of financial distress:

Record levels of auditor qualifications

1 in 8

1 in 5

More than 1 in 8 auditors reported in their audit opinion/conclusion doubts over the club's continued existence as a going concern. The figure of 13.7% represents a significant and worrying increase from the 8.9% in previous year. Once matters other than going concern are also considered, auditors of more than 1 in 5 clubs (21.7%) reported a material qualification in either the financial statements or interim financial statements.

Income growth slow down

Halved

Football club revenues displayed a remarkable resistance to the wider economic slowdown and revenue growth of 4.8% comfortably outpaced general eurozone inflation of only 0.3%. However revenue growth was less than half the previous year and growth slowed in all major revenue stream areas.

Employee cost ratio continues to rise

64%

8% up

The inexorable rise in player salaries was reflected in the total wages and salaries paid by clubs in FY09. The key ratio Personnel Cost to Revenue increased from 61% to 64% with personnel cost growth of 8% more than eating up all the increased revenues.

Hard pressed owners – Less than half of new losses covered

25%

With many football clubs across Europe dependent on their benefactors, it is concerning that club balance sheets continue to deteriorate. Although net capital injections of just under €300m were made, this represented only 25% of the net losses in the year.

Attendances down

3 million less

Whilst domestic championship matches still attracted attendances of more than 100 million in the last completed season and were the envy of other sports, this nonetheless represented a fall of almost 3 million on the previous year. Only 2 of the 10 best supported leagues reported increased crowds, albeit the decreases in some cases were small.

Depressed transfer market – no escape hatch

<€180m

Transfer activity slowed with an estimated €180m less spent by the clubs from the TOP 5 leagues in 08/09 compared to 07/08 and a further €100m estimated decrease in 09/10. This in itself is not necessarily a bad thing with winners and losers but has considerably affected those medium sized markets who balance high relative player salaries with transfer profits to the largest clubs. This transfer slow down took at least 5% off the profit margin of the results of FRA, NED, POR, and SCO.

Reported losses almost doubled – All time high

€1'179'000'000

€6 for €5

Record losses reported by top division football clubs in FY09 representing a 85% increase in net losses. Even more concerning was the 28% of clubs (including 22% of the largest clubs with revenue >€50m) that spent €6 for every €5 revenue.

Q: 25. How can relevant comparisons be made given clubs' financial size differences?

Answer: 25

With some difficulty! Whilst all clubs in the long run have to live within their means, the financial and regulatory environment in which they have to do this varies, as do the financial strategies for managing this. There are clearly massive differences in the scale of top divisions as well as of football clubs and their finances. It is therefore necessary to divide the divisions and the football clubs into smaller groups.

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

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

For this purpose five comparison peer groups [TOP, LARGE, MEDIUM, SMALL & MICRO] have been created using the same basis and thresholds as in the previous year and refer either to divisions or to clubs as presented in the chart to the right.

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

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

The basis of the financial analysis

The financial information included in this report derives directly from third party audited financial statements from the financial year 2009 which provides considerable comfort as to the accuracy and completeness of the data***. For most analyses it has been possible to collect information covering the full sample of 664 clubs and 53 top divisions. In other cases, the full detail may not be available or considered robust and reliable enough to include in the analysis, in which case a slightly smaller sample of divisions and clubs is used and communicated in the footnotes.

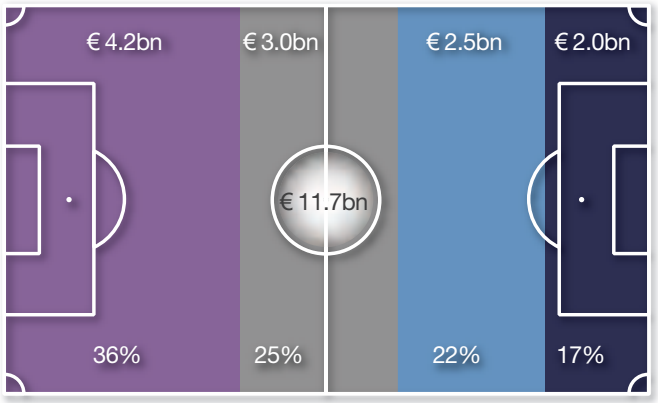
To use a consistent approach to the previous year and to allow year by year development to be tracked, the thresholds of the five comparison peer groups have been kept the same****. Not surprisingly the 5 countries in the TOP peer group remain the same but there are some changes elsewhere. POL & ROU have reverted to the MED peer group and likewise FIN, SRB & SVN have moved back to the SMALL group. The 'SMALL' peer group has therefore expanded from 12 to 16 countries with MDA being included for the first time.

The composition of the Peer Group Clubs has also slightly changed with the number of TOP clubs reporting revenue > €50m increasing from 60 to 68.

PEER GROUP	Peer group members - by licensor	2009 PG Size	2008 PG Size	Revenue by club	2009 PG Size	2008 PG Size
TOP	ENG ESP FRA GER ITA	5	5	€ 50M +	68	60
LARGE	AUT BEL DEN GRE NED NOR POR RUS SCO SUI SWE TUR UKR	13	15	€ 5M - € 50M	188	193
MED	BLR CRO CYP CZE HUN IRL ISR KAZ POL ROU SVK	11	12	€ 1.25M - € 5M	151	154
SMALL	AZE BIH BUL EST FIN FRO ISL LVA LIE LTU LUX MDA MNE NIR SRB SVN	16	12	€ 350,000 - € 1.25M	139	121
MICRO	ALB AND ARM GEO MLT MKD SMR WAL	8	9	< € 350,000	118	126
					664	654

Footnotes: * Reference to 'division' peer groups is used for ease of explanation rather than 'member association clubs' or 'average income of clubs in the top division'. For the peer group selection, an estimated average income figure has been used to cover any missing clubs.
** Although the selection is based on income rather than sporting performance, in effect most of the clubs that regularly compete in the UCL are included in the 68 clubs that comprise the TOP club peer group, whilst most of the clubs competing in the UEL are included in the 188 clubs that comprise the LARGE club peer group.
*** Despite the use of audited accounts and the specified financial disclosures required for UEFA licensing, accounting frameworks still differ between countries. For football clubs the accounting for registration of players, income recognition from competition participation or commercial contracts and the recording of signing-on bonuses and non-salary player benefits are some of the areas where differences can occur. Work on identifying the different application of these main areas continues, but for now the only adjustment made to reported figures was to exclude some double-counted grossed up TV & Gate revenues reported in ITA clubs which makes the figures more comparable with the other 4 TOP leagues and clubs.
**** Average income for clubs belonging to TOP, LARGE, MEDIUM, SMALL and MICRO division is respectively of €50>, €5m-€50m, €1.25m-€5m, €350K-€1.25m and <€350K.

Q: 26. How much income did European clubs report last year?



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

The introduction two years ago of the second edition of club licensing regulations has allowed UEFA to introduce certain minimum disclosure standards in financial reporting to be met by all clubs seeking a licence. This has increased the potential to make better and more reliable comparisons between clubs within a country and also between countries.

In particular clubs are required to split revenue into different 'revenue streams' providing an indication of the importance of different income types. Most clubs were not required to do so previously under standard financial reporting requirements which allow all revenue to be disclosed as one figure. Although revenue splits do not go as far as the commercial contract level and that the distinction between sponsorship and commercial revenue in particular is not always clear**, we nonetheless believe the income stream requirement is an important step to increased transparency of football clubs.

In 2009 broadcasting income contributed 36% of the €11'675 million total Europe-wide top division income, the same percentage as the previous year, with advertising & sponsorship 25%, gate receipts 22% and commercial & other income 17%**.

The importance of different revenue streams differs significantly between countries and this is presented later in the report.

Answer: 26

The 733 clubs of the top division in each NA are estimated*** to have generated just under €11.7bn income in 2009 excluding transfers. Clubs from the second and third divisions, (which generally do not undergo UEFA licensing and are not considered within this report) are estimated, using a sample of clubs' financial statements and attendance data, to have generated a further €2.5-€3bn.

Footnotes: * Revenue is basically all income less the following investing and financing results: profits or income on transfer dealings; gains or income on the sale of other assets; gains or income on sale of financial investments; financial interest; tax income or credits. These items are sometimes presented grouped together with costs and losses but also sometimes presented separately, hence for comparability reasons, revenue is preferable to a wider definition of income used by some clubs and reports.
** Commercial income includes conferencing & merchandising whilst other income includes donations, grants, solidarity payments, exceptional income and unclassified income. The split between commercial and sponsorship is not always clearly defined in some ENG, ESP & ITA clubs so the income streams should be considered indicative only.
*** 'Estimated' because extrapolations used for the 9% of top division clubs not in survey (always lower ranked clubs who did not apply for UEFA licence). Estimate accurate to +/- 0.5% as contains 98% actual and 2% extrapolated data. Extrapolations based on average club income outside largest 4 income clubs and manual adjustments where deemed necessary.

Q: 27. What has been the trend in income from year to year?

Growth rates: "Like-for-like" and "€ growth rate" explained:

"Like-for-like" means restating 2008 comparison figures with the 2009 €: local currency rate – this provides a better understanding of each country's trend in their local currency and also the Europe-wide trend and is the form that we use in the report unless otherwise stated.

"€ growth rate" uses the original exchange rates for each period which can fluctuate, considerably in many cases between 2007-09 – this provides a better comparison of how relative spending has compared between countries, as their cross-border spending power is influenced by the exchange rate at the time.

In the last three years exchange rate fluctuations have had a considerable impact on the relative competitiveness between clubs from different leagues. For football clubs, risks from currency movements are typically not large as long as the players and staff are paid in the local currency in which most revenues are received. However in competitiveness terms the exchange rate fluctuations can be much more significant. Although 20 countries and most of the highest income leagues (ESP, FRA, GER, ITA, POR & NED) report in €, the table below shows how currency fluctuations have improved or decreased their competitiveness over this period:

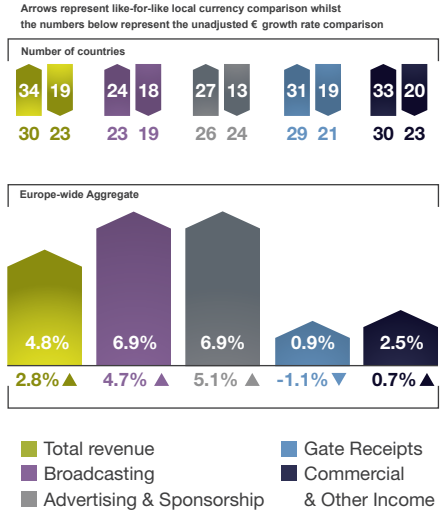
	2007-08	2008-09	2009-sept2010	2007-sept2010
SUI	11% ▲	-2% ▼	15% ▲	24% ▲
CZE	8% ▲	1% ▲	7% ▲	17% ▲
SWE	-15% ▼	6% ▲	13% ▲	2% ▲
NOR	-19% ▼	19% ▲	4% ▲	1% ▲
KAZ	7% ▲	-18% ▼	6% ▲	-7% ▼
POL	-13% ▼	0% =	4% ▲	-9% ▼
TUR	-20% ▼	-1% ▼	9% ▲	-14% ▼
ROU	-10% ▼	-6% ▼	-1% ▼	-16% ▼
ENG & SCO	-15% ▼	-7% ▼	-1% ▼	-22% ▼
SRB	-10% ▼	-9% ▼	-9% ▼	-26% ▼
UKR	-32% ▼	-4% ▼	6% ▲	-31% ▼
ISL	-45% ▼	-6% ▼	9% ▲	-43% ▼

Answer: 27

Total Europe-wide top division club income continued to grow, albeit at a slower speed as anticipated in last year's report, by increasing an estimated 4.8% from €11.1bn* in 2008 to €11.7bn in 2009 again easily outpacing general inflation (Eurozone 0.3%). Growth was fairly consistent across revenue streams with aggregate growth in all areas and a majority of leagues also reporting growth in all revenue areas. In 2010 with the background of continuing slow eurozone economic growth, we anticipate a continued slowdown in football club revenue growth.

Total like-for-like revenue increased by 4.8%, going up in 34 top divisions and down in 19. In € growth terms the increase was less at 2.8%, going up for 30 top divisions. GER and ITA revenues grew by 10% and 8% whilst the 7% ENG £ revenue growth was cancelled out in € terms by the depreciating pound.

Broadcast revenue increased 6.9% with steady growth reported by all the TOP leagues, most notably ESP. The timings of broadcast deals are analysed elsewhere in the report but FY09 did not reflect any major new deals.



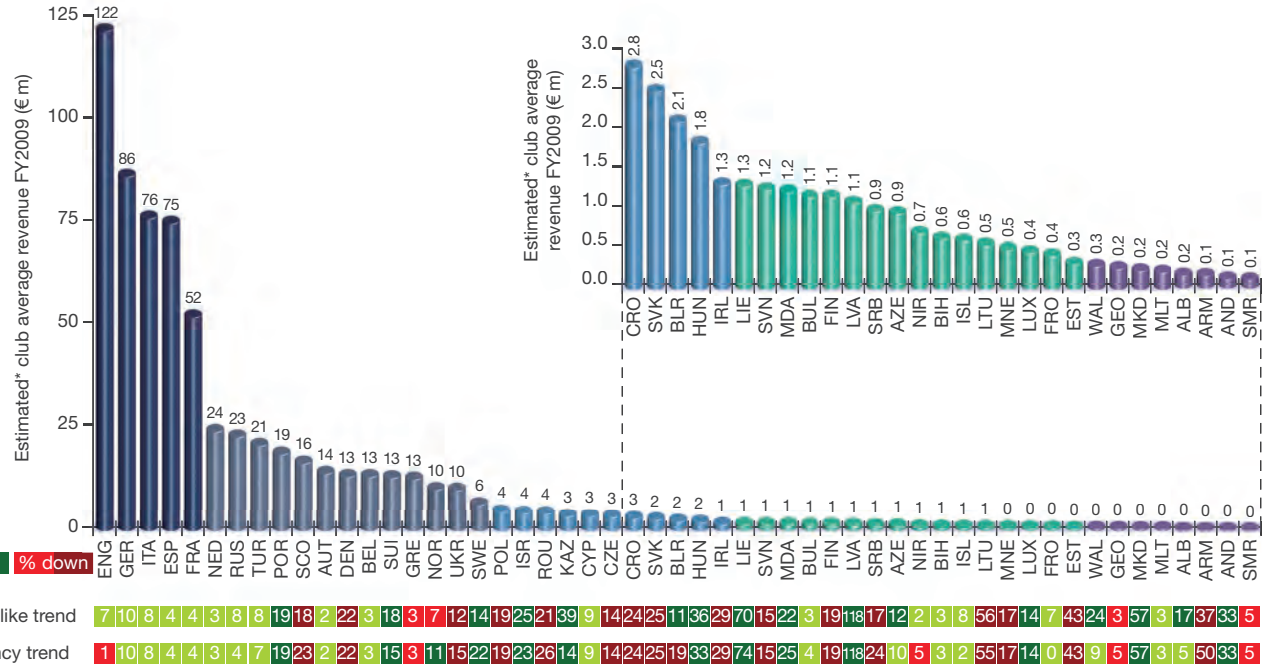
Advertising & sponsorship revenues increased in 27 and decreased in 13 top divisions. Strong growth of more than 10% was reported in 16 countries including GER, ESP, GRE, ISR, NED, NOR, POR, RUS & UKR. Overall Europe-wide growth was 6.9% or 5.1% in € currency terms.

European gate receipts only increased by 0.9% in like-for-like terms with 31 leagues reporting increases and 19 reporting decreases. ITA and FRA reported growth reversing the trend of the previous year whilst many LARGE leagues such as POR, SCO & TUR reported decreased revenues.

Commercial and other revenues** increased 2.5% in like-for-like terms. These tend to fluctuate the most within and between divisions since much of the other income is in short-term discretionary donations. Nevertheless these types of revenues were reported up in 33 top divisions.

Footnotes: * The FY08 figure of €11.1bn differs from the €11.5bn included in last years report due to the currency adjustment of €220m (figures restated at FY09 end exchange rates) and due to a €143m restatement of ITA reported revenues to exclude grossed up and redistributed TV and gate receipt revenues. The € growth rate at historic exchange rate terms was lower at 2.8%.
** Commercial revenues includes conferencing & merchandising whilst other income includes donations, grants, solidarity payments, exceptional income and unclassified income.
The split between commercial and sponsorship is not always clearly defined in some ENG, ESP & ITA clubs. ENG clubs typically allocate all revenue to match day (gate), broadcasting or sponsorship. The increase referred to is in property related income. Although disclosure is generally consistent year to year there may have been some improvements in reporting that have influenced the results. The income stream analysis should be considered indicative only.

Q: 28. How do income levels differ between European top divisions?



Footnote: * 'Estimated' because extrapolations used for some countries for clubs not in the survey (always lower ranked clubs who did not apply for UEFA licence). Extrapolations based on average club income outside the largest 4 income clubs and manual adjustments where deemed necessary. We estimate figures for ALB, ARM, AZE, MKD & MNE are accurate to +/-20% due to small sample size of less than half of top division clubs and accurate to +/-10% for BEL (14 from 18), GRE (11 from 16), POR (7 from 16) & TUR (12 from 18).

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

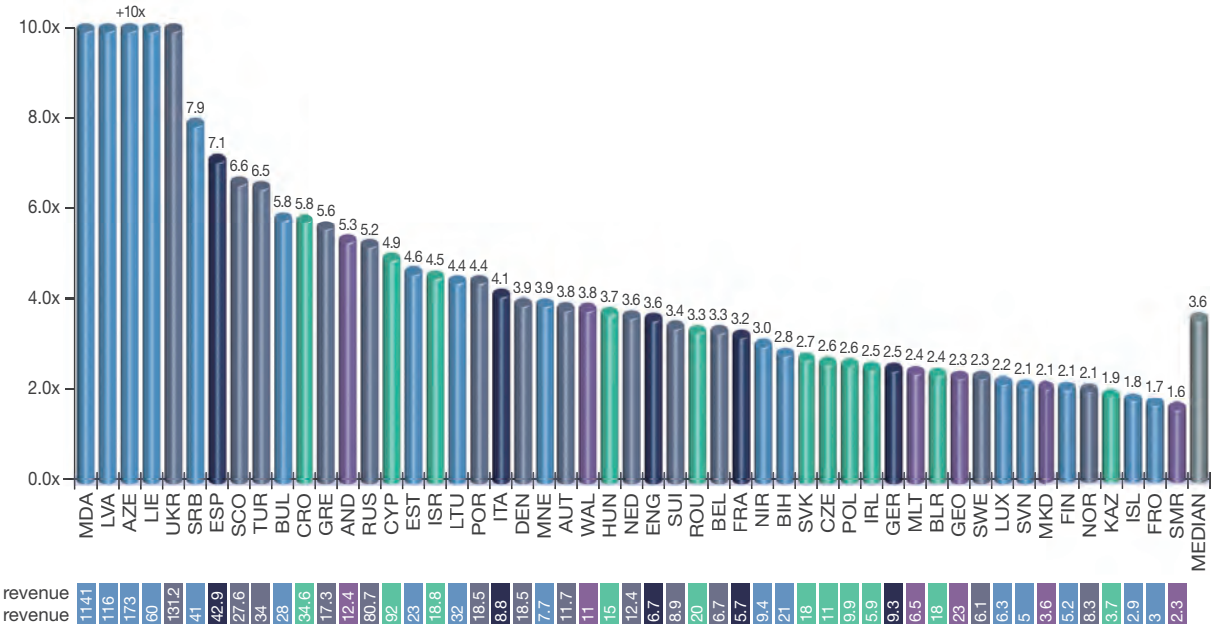
Answer: 28

Club income is unevenly spread across the different top divisions. The clubs in the 5 largest income divisions (TOP) represent 13% of the 733 European top division clubs but generate 69% of the €11.7bn total European revenue (share of total revenue unchanged over the last 2 years).

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

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

Q: 29. What are the income differences within European top divisions?



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

Comparing top 4 clubs income to other clubs income is just one of many measures that can be used to analyse financial balance. A similar measure using personnel costs and transfer activity rather than income can be more relevant where these expenses are covered more by their owner than by generated income. For our purposes income is the simplest base and provides the widest sample of 51 leagues*.

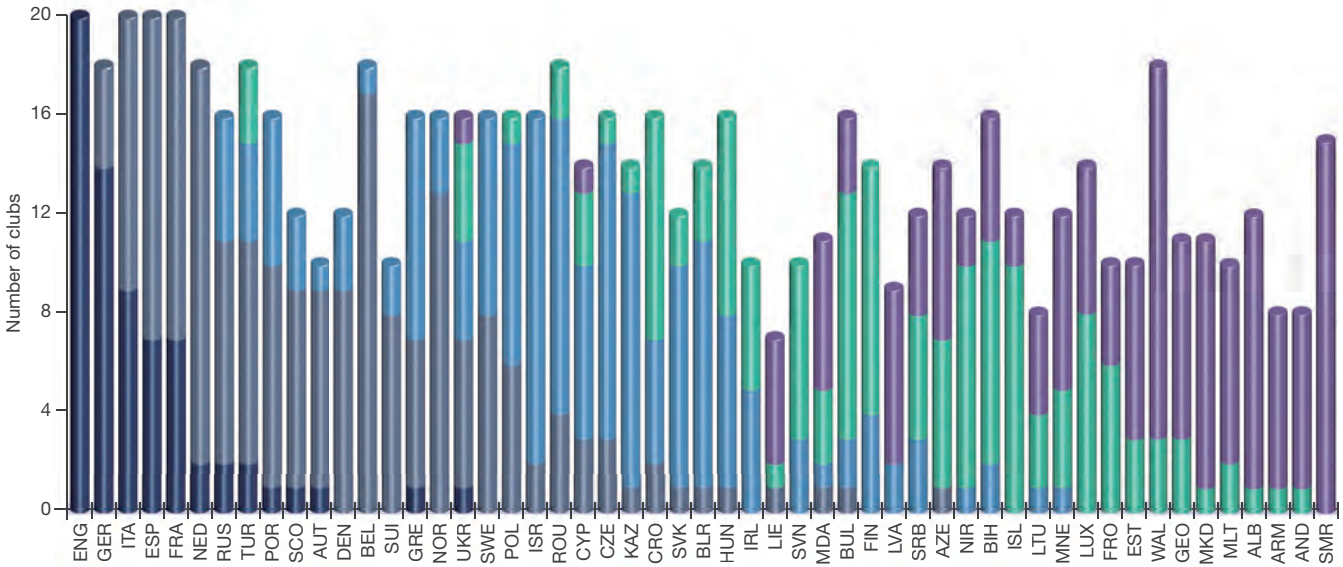
Answer: 29

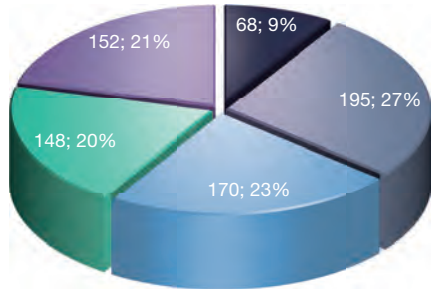
In FY2009 SMR replaced SVN as the most income balanced league with the average top 4 club reporting income of just 1.6 times the average of the other 11 clubs. The median figure was 3.6x. At the other end of the scale this income ratio was more than 10x in AZE, LIE**, LVA, MDA & UKR. The spread of each colour across the chart suggests that the overall financial size of the league is not a significant factor.

For the TOP divisions, the nature of broadcast rights distribution is the most significant factor with income in ESP where the largest clubs (biggest revenue is 43x higher than the lowest) sell their broadcast rights individually, less balanced than ITA where some broadcast revenues are redistributed and markedly less balanced than ENG, FRA & GER where rights are fully centralised.

Footnotes: * The top 4 versus other club analysis covers 51 countries – excluded from this analysis are ALB & ARM.
** LIE imbalanced because FC Vaduz revenues reflect it playing in the professional Swiss league system.

Q: 30. How are the largest clubs spread across Europe?





Although the largest clubs in Europe remain concentrated in the TOP 5 leagues with 57 of the 68 clubs classified as TOP coming from ENG (20), GER (14), ITA (9), ESP (7) & FRA (7), there are nonetheless a further 11 other clubs from 8 different countries that reported revenues in excess of € 50m during 2009. Looking at the club-by-club figures for three years, there is some clear consistency as to the make-up of this TOP group with 47 clubs reporting TOP revenues in all three years and 55 clubs in the last two years. There were 14 clubs that reported revenues +/-10% either side of the TOP threshold in 2009.

There were an estimated* 152 clubs from 24 countries across Europe reporting revenues of less than € 350k in 2009. 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 13 countries where the majority of top division clubs were MICRO.

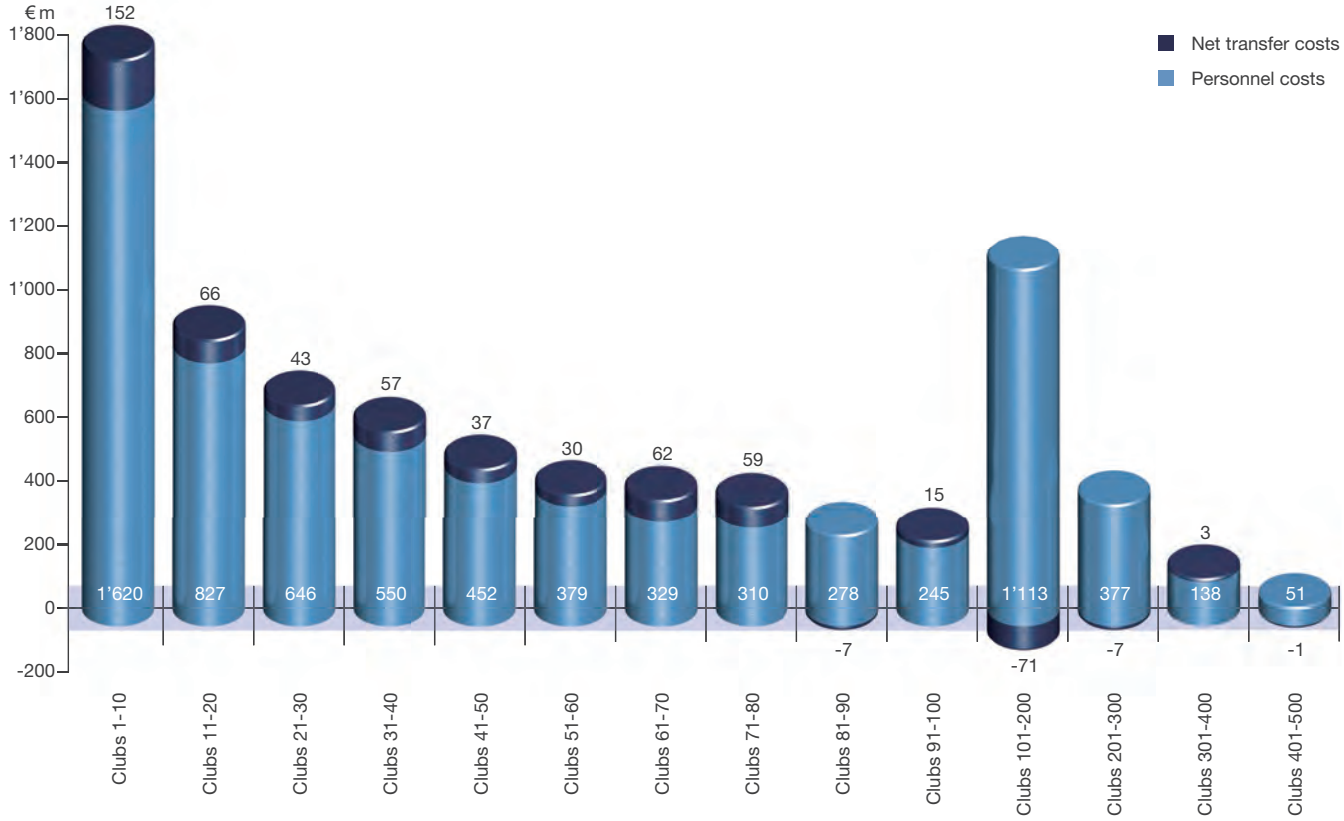
There were 195 clubs (206 in 2008) from 31 countries (28 in 2008) across Europe reporting revenues of between € 5m and € 50m in 2009. This group represents 27% of all European top division clubs. Due to the new TV deal and the relatively wide distribution of this money between clubs all top division ENG clubs were again in the TOP peer group and hence none within this LARGE group.

Footnote: * Most of the 70 non-reporting clubs are those that finished lower down in the domestic ranking and were relegated. The charts above are a UEFA best estimate indicating a full sample of 733 clubs split between peer groups.

Q: 31. How balanced are the player spending resources of the largest clubs?

Answer: 31

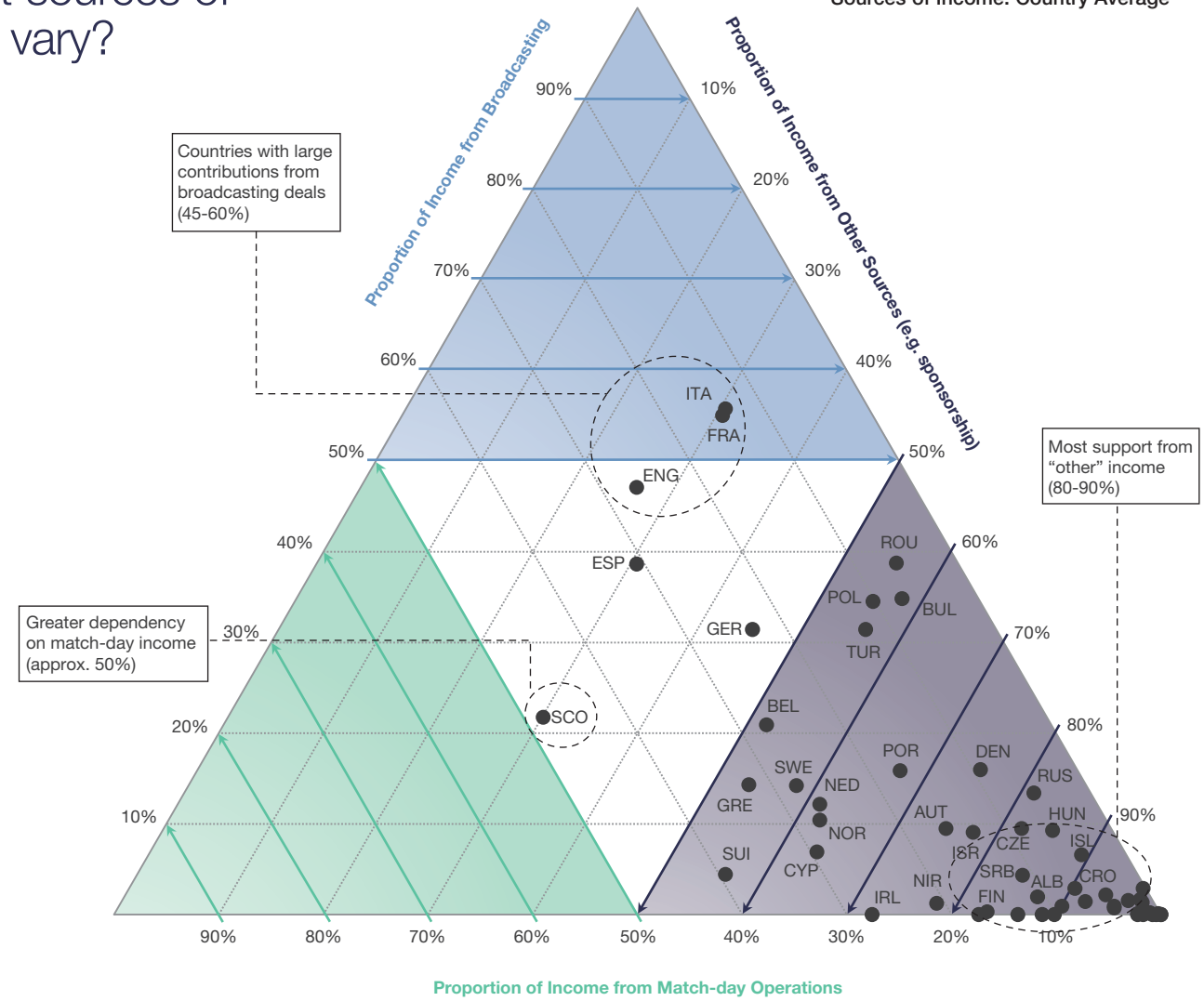
The 10 clubs with the largest spending power again spent almost double the next 10 largest clubs on wages (€1'620m) & net transfer costs (€152m).
The difference between clubs narrows the further down the rank order with clubs 11-20 spending 30% more than clubs 21-30 who spent 14% more than clubs 31-40 who spent 24% more than clubs 41-50 and so on. The clubs ranked 101-200 by personnel cost expenditure reported €71m net profit from transfers again underlining how the transfer system acts as a mechanism for the financial redistribution of wealth.



Q: 32. What are the most important sources of income for clubs and how does this vary?

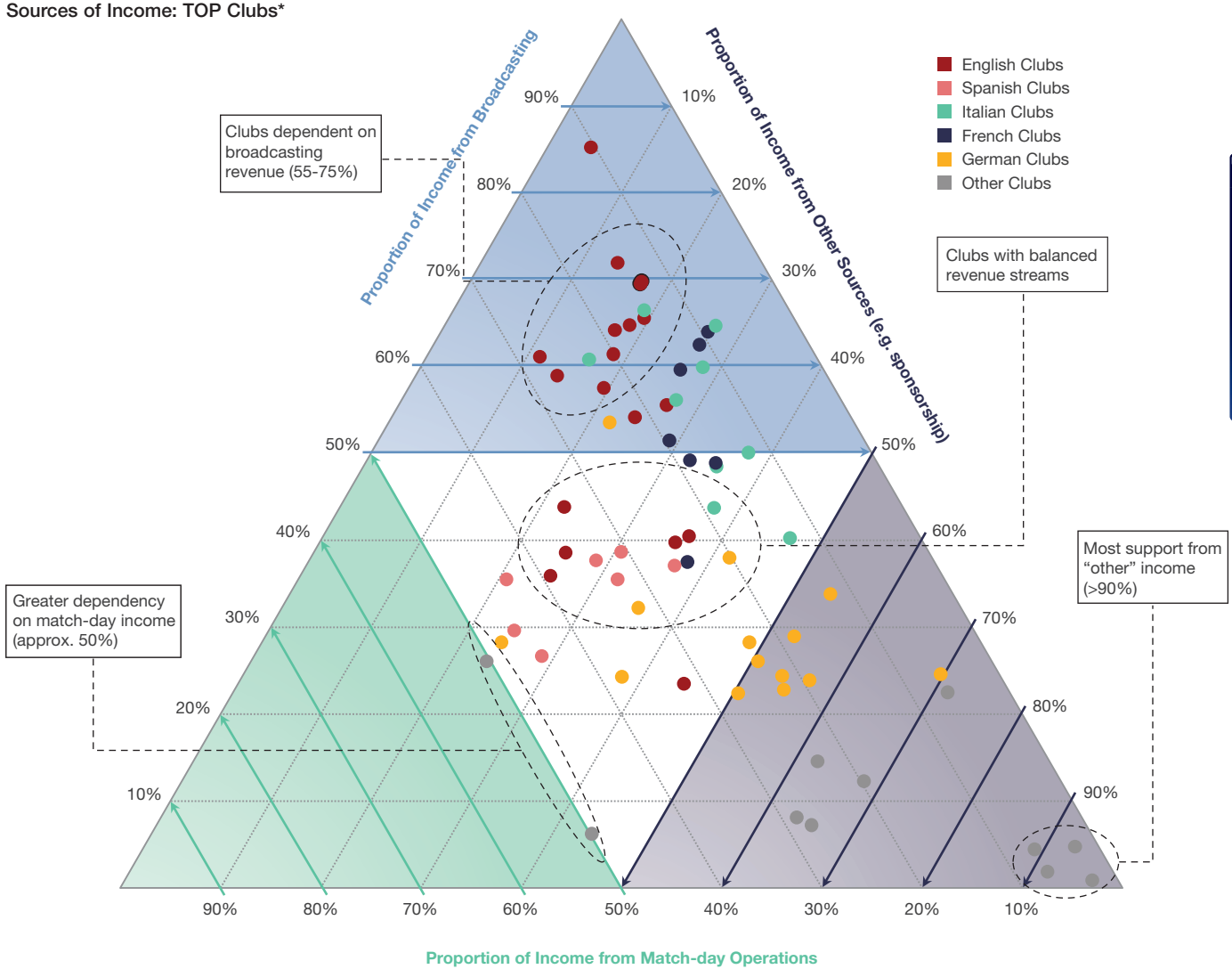
In the tri-plot diagrams to the right, the shaded areas indicate when the proportion of the indicated source of revenue contributes more than 50%. Thus the light green sector represents a strong reliance on match-day income, light blue for heavier broadcasting influence and violet for high proportions of 'other' income. Clubs in ENG, FRA and ITA receive larger proportions of income from broadcasting revenues whereas GER and ESP clubs depend more on sponsorship (and other) and match-day, respectively. Clubs outside of those TOP leagues, mainly rely on sponsorship and other sources of income such as donations.

Sources of Income: Country Average



Footnote: To read the correct percentages it is important to look between the bands of coloured lines that correspond to the axes. For example in the left-hand chart, SCO would be 21.7% broadcast (left axis-left to right horizontal), 48.2% match-day (bottom axis-right to left diagonal), and 30.1% sponsorship and other (right axis-right to left diagonal).
* Greater than €50 million in revenue.

Sources of Income: TOP Clubs*



Answer: 32

On average, the clubs from the majority of divisions still heavily rely on revenue streams other than broadcasting and match-day operations. For most clubs, the highest contributor to income comes from other sources such as sponsorship, commercial sales and donations. However, the TOP European clubs are divided between those who derive more than half their revenues from broadcasting (32%), those who heavily exploit sponsorship opportunities (27%) and those with more balanced revenue streams (41%).

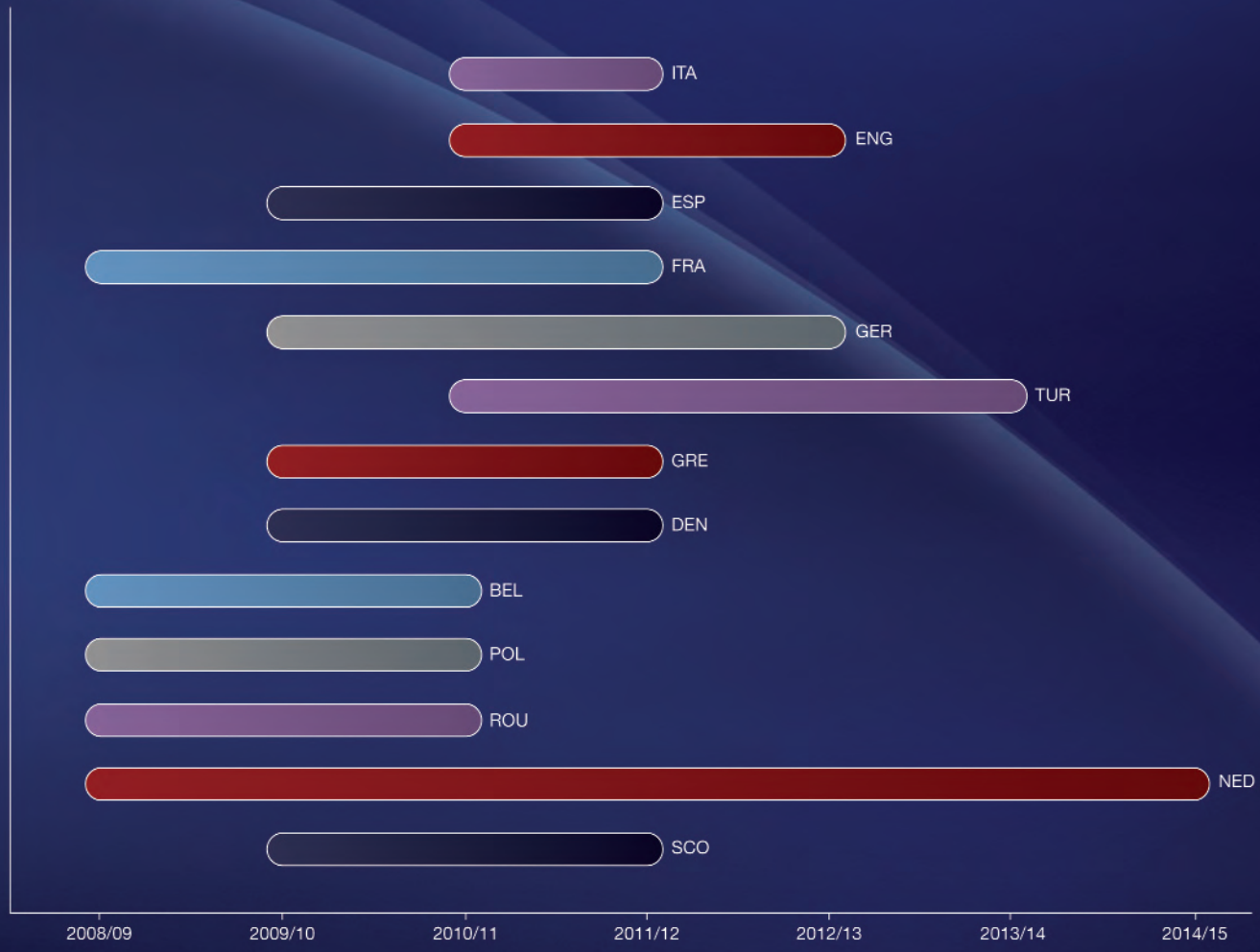
Q: 33. What are the major domestic TV contracts currently in place?

Answer: 33

The largest broadcast contracts for domestic championships are in ENG and ITA. The growth in value for international rights has exponentially increased for ENG thus driving up the total value. The sales cycle for most European domestic leagues is every three or four years but there are exceptions. The other page lists some of the nuances surrounding individual league broadcast rights sales.

Footnote: * Source provided by Sports Business Intelligence.

Length of Domestic Competition Broadcast Contracts



ESP: Clubs individually sell the rights for their league home games and the Copa del Rey to a third party, which then centralises the rights and sells them to broadcasters. Therefore the revenue received by the clubs is for both league and domestic cup rights. The individual club deals with the third party differ in duration but the rights sold by the third party to broadcasters are for a set period.

NED: The league operates its own channel for the live rights thus making value and duration estimations difficult. In this case we have used the length of the "highlights" package as a proxy for the contract length.

POR: As in ESP, individual POR clubs also sell their rights to a third party, which then sells the rights onto broadcasters. However, revenue figures are much more difficult to obtain.

BEL: The league bundles live and highlights rights together in one package.

GRE: Domestic live rights and highlights are bundled into one package.

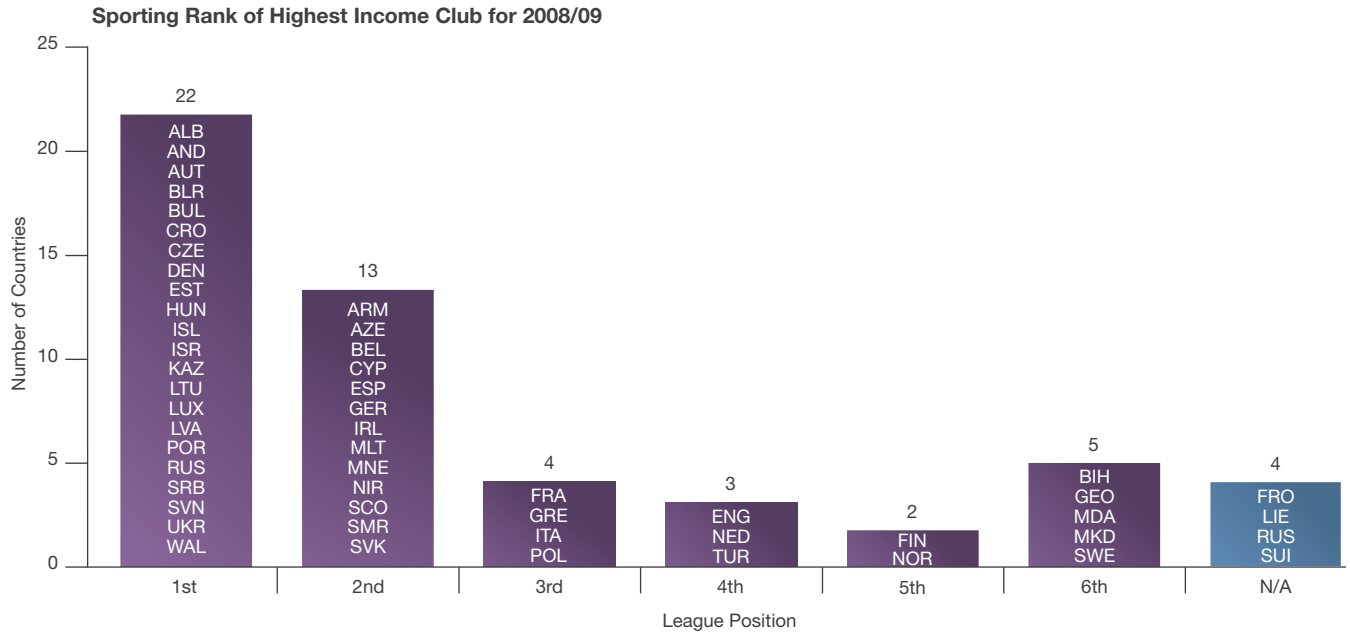
TUR: Domestic highlights are bundled with rights for the second division and sold to broadcasters.

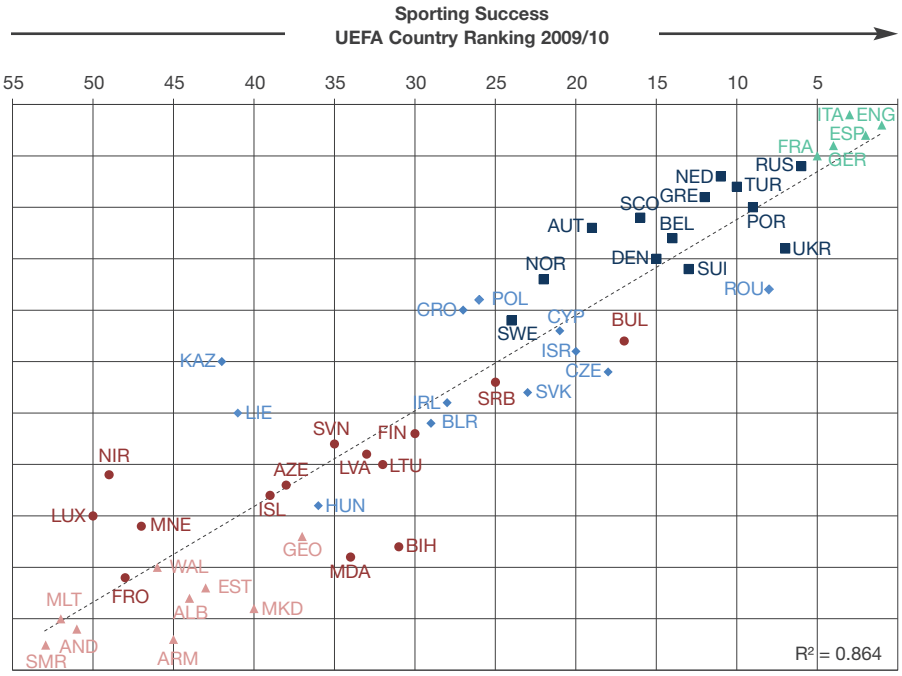
NOR: Rights are bundled together with rights of the national team and domestic cup when sold to broadcasters, thus making estimations difficult.

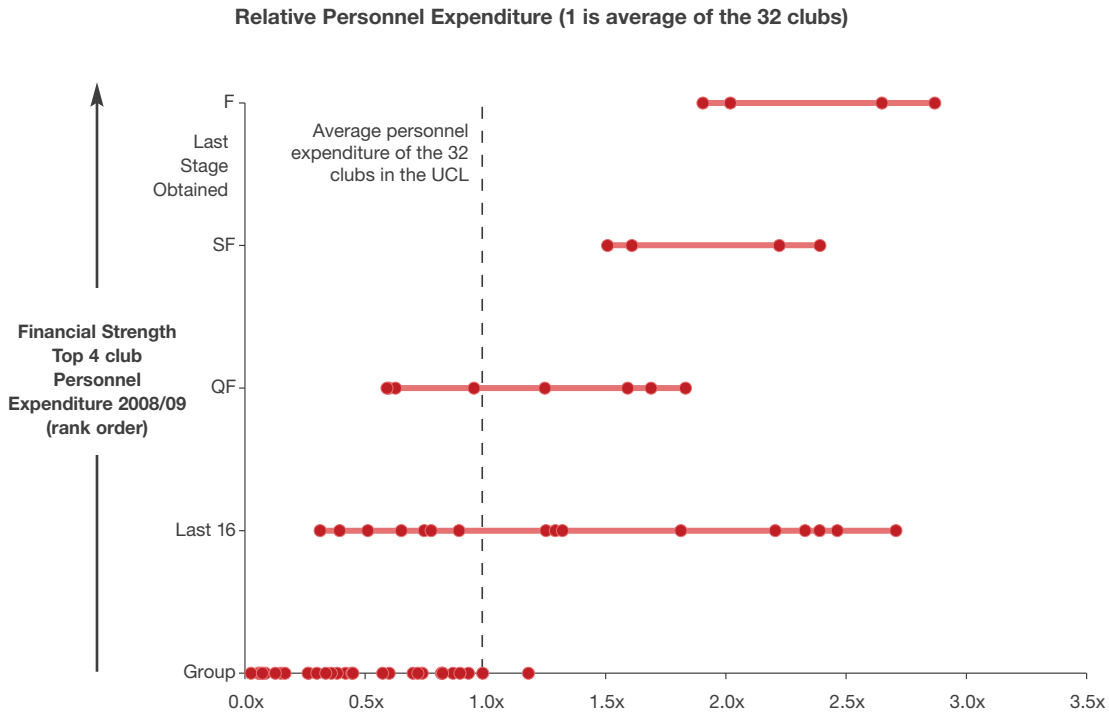
SWE: Structures the deals similarly to NOR. An agency also sells the rights on behalf of the SWE national association.

Q: 34. How closely are financial resources linked to on-pitch domestic and European success?

As done in previous reports, we analyse the link between financial strength and on-pitch success. The chart to the left illustrates the final position of the club that earned the highest income in 2008/09. There is still a strong correlation between the highest earning club and its league achievement in the season.







In this year's report we update the chart illustrating financial strength of clubs and the likelihood of sporting success with a slight variation. Instead of predicting success on income, we examine success based on personnel expenditure. The left-hand chart ranks the spending of the top four clubs in each national association against that NA's UEFA country coefficient*. The results are consistent with previous years' analyses that financial strength and spending power is strongly correlated with on-pitch success.

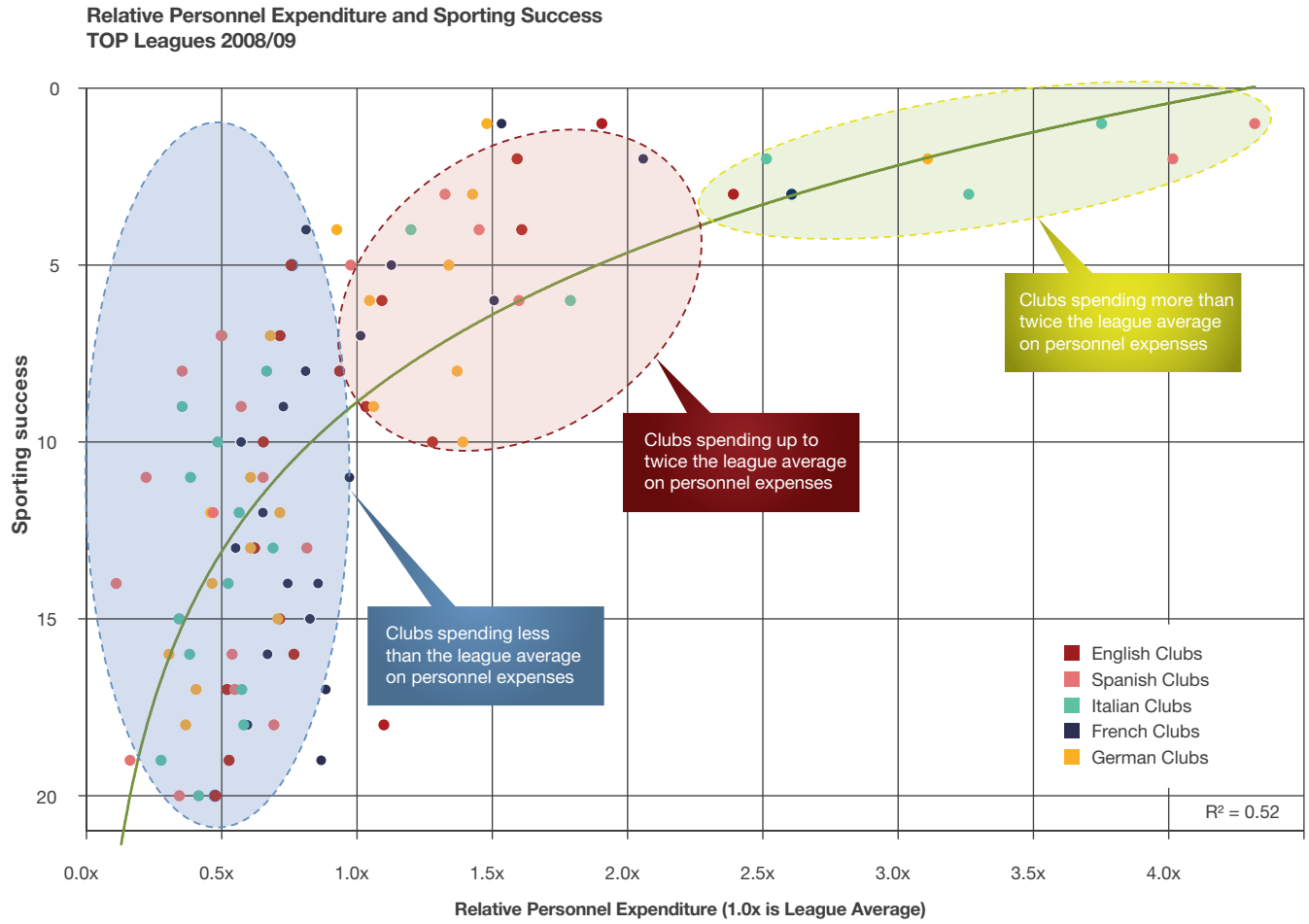
A complementary analysis examines the success of the 32 clubs in the Champions League based on their relative personnel expenditure. Based on two seasons**, the results show that while greater spending increases the likelihood of advancing further in the Champions League, there is evidence that the knock-out nature of the competition also facilitates success for clubs that spend below the average and that large spending does not guarantee progression.

Answer: 34

There is a strong correlation between club spending and success on the pitch and is one of the biggest factors determining the likelihood of success. In particular the league or knock-out structure of competitions and the access lists to European competitions bear an influence. Money does not guarantee success but it does improve the **probability** of victory.

Footnotes: * This is the five year UEFA country coefficient 05/06 to 09/10.
** The UCL seasons 2007/08 & 2008/09.

Q: 34. How closely are financial resources linked to on-pitch domestic and European success?



Extending the analysis to the domestic competitions, the relationship between relative spending and success is affirmed. In the chart on the left, the relative personnel expenditure of individual clubs within the five TOP leagues is plotted against the achieved position of that club for the 2008/09 season.

Due to the relative high spending by a handful of clubs, the distribution of spending is skewed to the right, but the majority of clubs spend much less. Not all leagues display the same distribution range of expenditure however there are some with even larger disparities in relative wage spending. There is obviously an upper limit of success but not one for spending thus giving rise to the curved nature of the plot distribution.

Answer: 34

Again there is a strong correlation between personnel expenditure and sporting success. Within each individual league the distribution and range of spending may vary but the outcomes are similar.

While clubs that spend over three times the average on personnel almost guarantee themselves a high ranking in the tables, lower spending clubs also experienced sporting success as demonstrated by the number of clubs who spent closer to the average and still obtained top spots and European qualifying positions. To gain a fuller picture multiple seasons should be analysed.

There is a fear that over-spending clubs may entice other clubs to try and keep up thus fuelling an 'arms race' for playing talent.

5

Financial Profile of European Club Football: Costs & Profitability

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

How much did clubs spend on wages?

What operating profits are clubs generating?

How do transfers impact on profits across Europe?

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

What proportion of clubs are loss making?

Q: 35. What did clubs spend their money on and how much did this increase?

In the last section it was explained that the club licensing system has significantly increased transparency in the reporting of football clubs' income by introducing a requirement for disclosure of the different types of income. Likewise on the cost side, traditional financial reporting requirements often do not provide much visibility on clubs' operating costs. Again UEFA has used club licensing to require certain minimum (which are for some clubs additional) disclosures, such as the separation of transfer activity income & costs from other operating activities. From FY2010 this will also include a new disclosure requirement for agent fees paid. Nonetheless the presentation of operating expenses varies enormously between different countries and legal forms, making comparisons difficult.

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

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

Answer: 35

The 733 clubs of the top tier division in each NA are estimated to have incurred €12.9bn of expenses in 2009 which was 110% of the €11.7bn income and represents a 9.3% increase on restated 2008 spending levels. In summary once again all of the 4.8% increased income generated by clubs was spent plus nearly the same amount again.

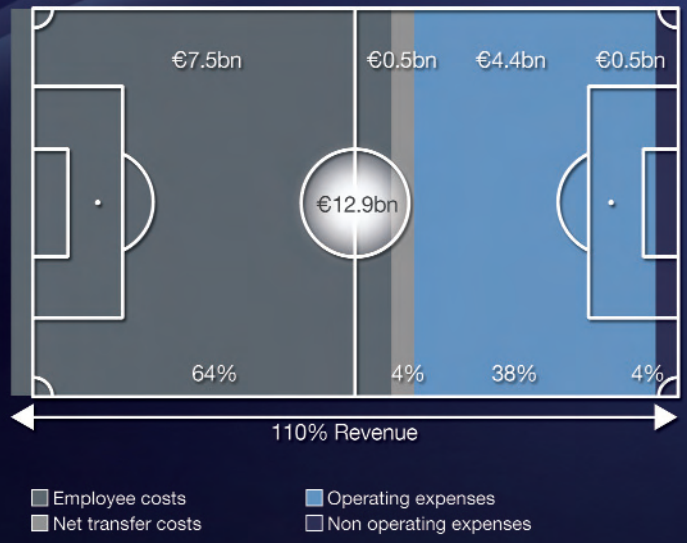
The particular significance of employee costs for European club football is highlighted, absorbing 64% of all club revenues plus another 4% in net transfer costs. Indeed although like-for-like employee cost growth did not match the extraordinary 18% increase of the previous year, the reported FY09 costs still represent an 8% increase on the FY08 figures. Elsewhere like-for-like operating costs rose by 5.9%, again growing at a faster rate than revenues.

Both non operating costs and net transfer costs increased significantly year-on-year having a negative effect on bottom-line profits as we will see later when we analyse profits in detail.

'Employee costs' of €7'475m include all types of payments (salaries, bonuses, benefits, social taxes, pensions) and cover all employees (players, technical staff, administrative staff).

In most countries the financial reporting requirements do not require employee costs to be further broken down. Given their significance (€7.5bn/64% revenue) this would surely be useful. From the 370 clubs that do provide a split, the ratio was 84% player to 16% other staff costs. From those that paid and disclosed variable payments the split was 22% variable to 78% fixed player wages.

'Net transfer costs' €452m includes amortisation on past transfers (equivalent to 17.1% of revenue); write-down of transfer values (0.8%); less, net profits on sale of player registrations (13.7%).



'Operating expenses' €4'438m are not split down further in a consistent way between countries or in most cases between clubs in those countries.

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

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

'Non operating expenses' €473m include net finance costs (4.0% revenue); net tax (0.5%); less net profit on sale of non-player assets (0.5%).

Q: 36. How much did clubs spend on wages?

The charts below show the percentage of reported revenues paid out as employee costs, in total for each division (column chart), clubs by division (bottom column chart) and club-by-club across Europe (pie chart). Due to the significance of employee costs for football clubs, in particular player salaries, the ratio is regularly used as a key performance indicator by clubs. The amount paid to players in salaries is never directly available and hence tables presented in the media from time to time on 'the highest earners' are speculative estimates and to be taken with a pinch of salt. Generally all direct costs to the employer of employees, both player, technical and administrative staff are disclosed together and this is the value used below.

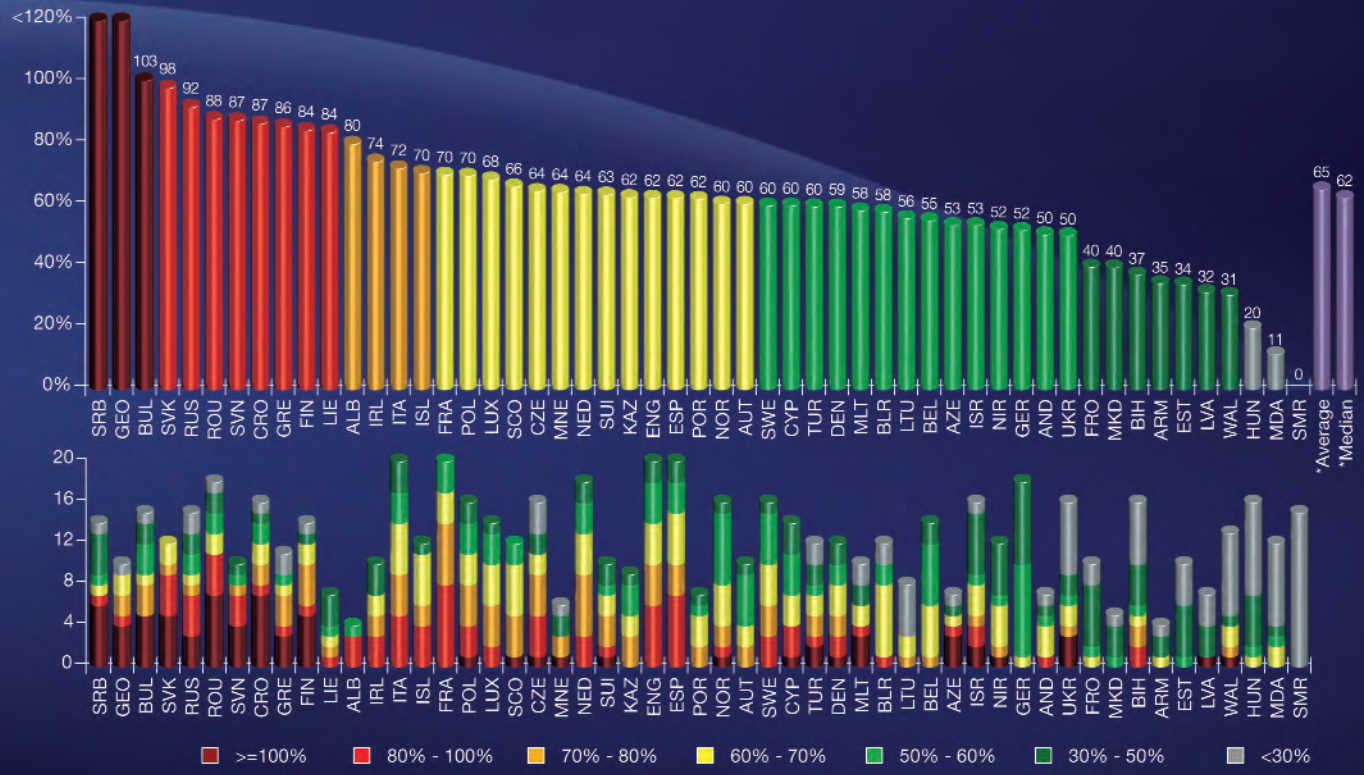
For the country by country analysis, at the bottom end SMR clubs (0%) are run on an amateur basis and for one or two countries there are still questions as to whether all employee costs are reported as such, these clubs and divisions are shaded grey in the charts.

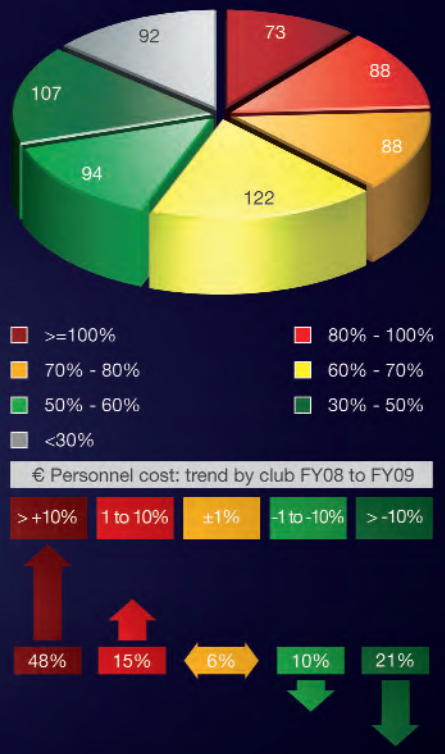
Answer: 36

The number of divisions **where the total ratio is more than 70% increased from 10 in FY08 to 15 in FY09. In total there were at least 249 individual clubs (38%) that reported a personnel cost to income ratio above 70%.**

Whilst there was some slow down in employee cost inflation the aggregate amount paid still increased 8% with almost half of all top division clubs (48%) and more than half (51%) of TOP & LARGE clubs reporting at least a 10%+ increase in employee costs.

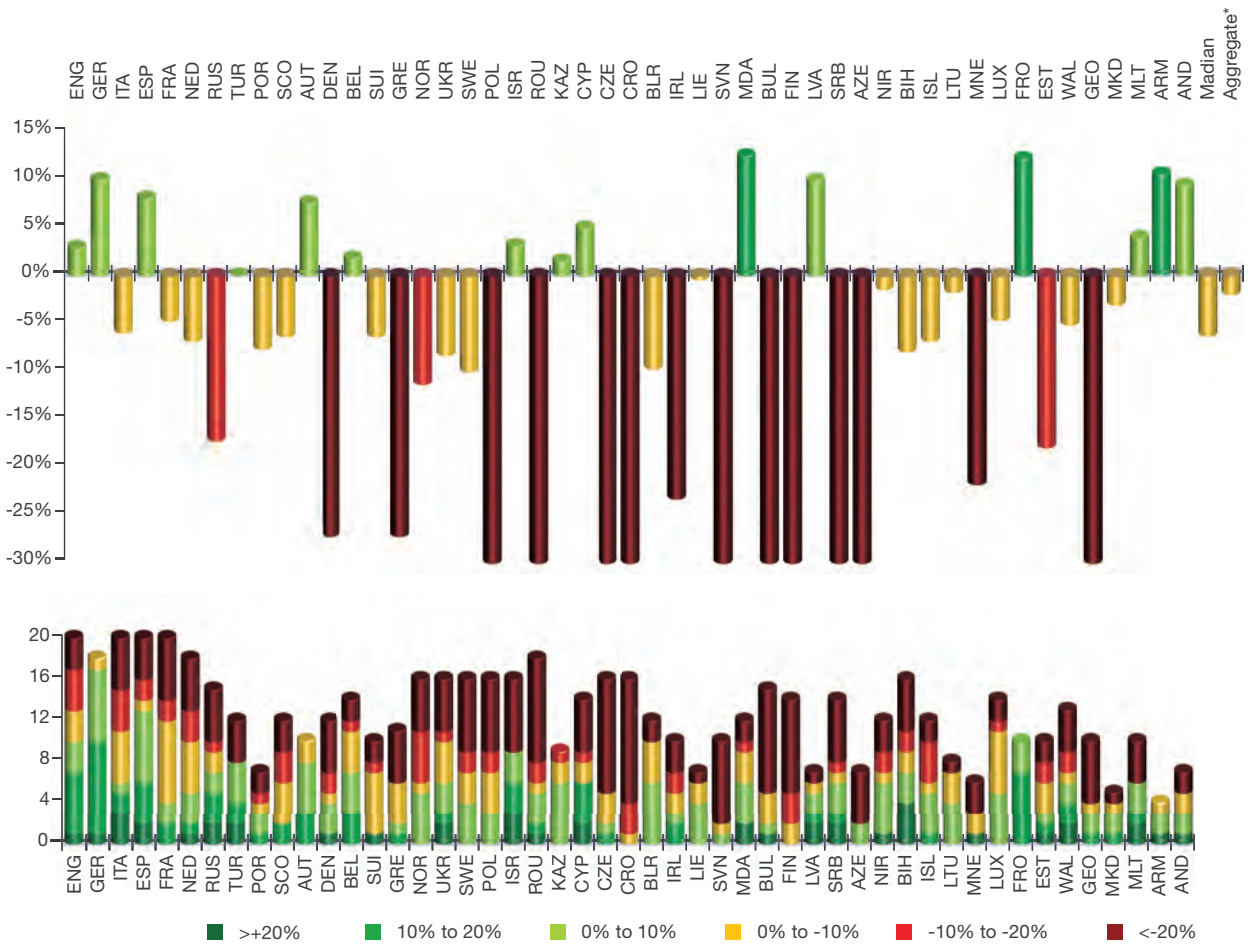
More than half the countries had a club report a clearly unsustainable employee cost ratio above 100%, 73 clubs in total.





Footnote: * 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, and for the club-by-club we have taken 70%+ as a high ratio. The club-by-club figures represent the full sample of 664 clubs from all 53 countries.

Q: 37. What operating profits are clubs generating?



As explained within a separate Q&A last year, 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'. References to statutory operating profit or losses are nonetheless often made and can be extremely misleading since this measure effectively includes the costs of transfers (depreciation & impairment) but not the profits from the sale of players.

In the next Q&A we therefore analyse 'operating profits' which excludes transfer activity (depreciation and profit/loss on sale), divesting gains and losses, financing incomes and costs and tax gains and losses. This indicates the profits made available by the clubs' core football activities for transfer activity and financing.

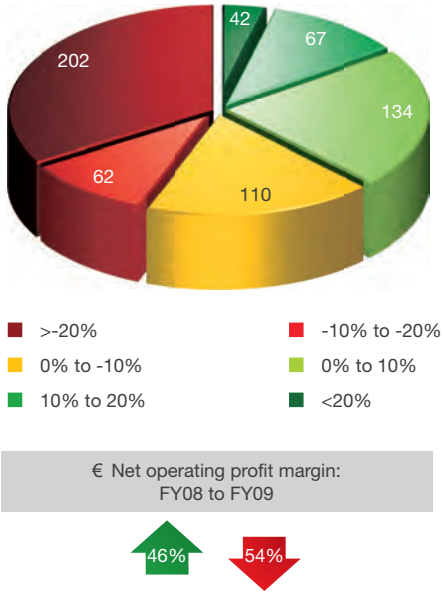
The column charts indicate the country by country football operating profits and losses.

Amongst the TOP & LARGE countries ENG, GER, ESP & AUT all reported aggregate operating profits for the second successive year. A look at the result by number of clubs below 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 (greens).

The pie chart indicates that 202 clubs (1 in 3) in the sample reported operating losses equivalent to more than 20% of total revenue and a further 62 clubs reported large operating losses of between 10% and 20% revenue. In absolute terms football operating results ranged from +€75m to -€95m. Again, in absolute terms the 20 largest operating profits were reported by clubs from the following: ENG 5; GER 4; ITA 3; FRA 2; ESP 2; NED, SCO, RUS & ISR 1 each, whilst the 20 largest operating losses were reported by: ENG 5; ITA, ESP, FRA, RUS & GRE 2 each; DEN, NED, POL, TUR & UKR 1 each.

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

Clubs' Operating Result as % Revenue FY09



€ Net operating profit margin: FY08 to FY09

Answer: 37

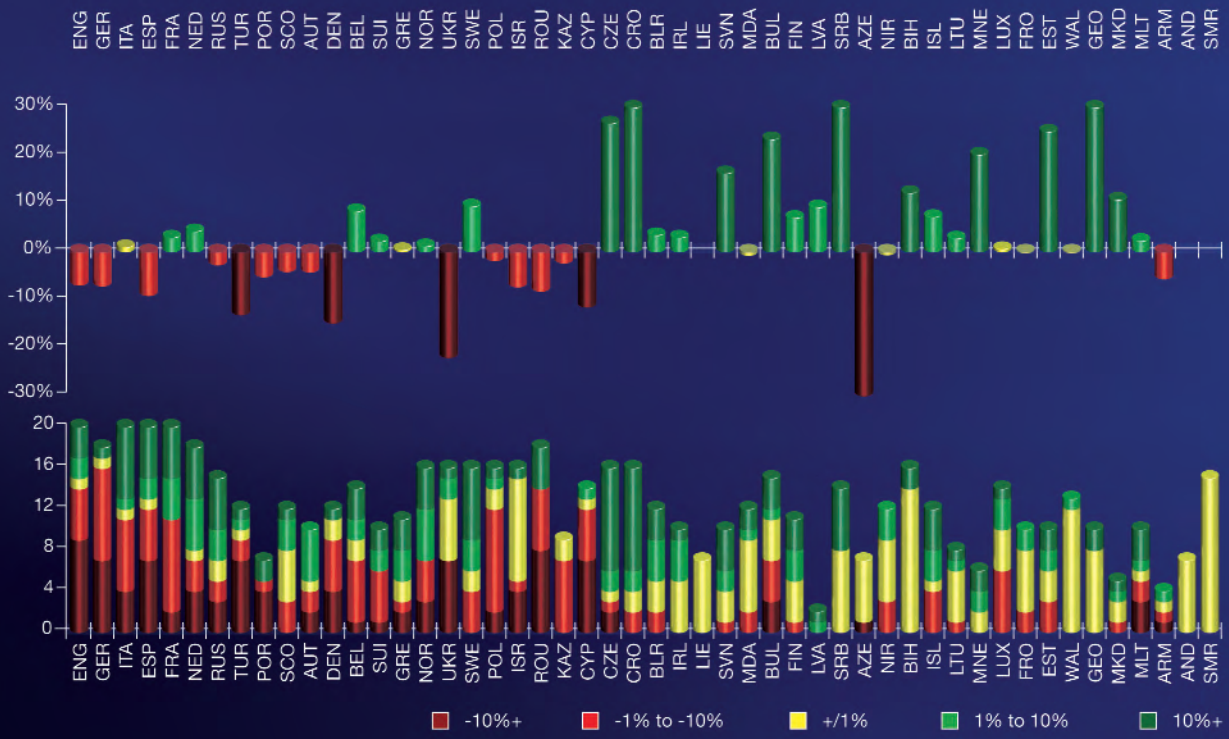
Top division European clubs reported* net football operating losses of approximately €240m in 2009 having reported net profits the previous year.

61% of European top divisions clubs* reported operating losses in 2009, a significant and worrying increase from 54% in 2008 and 51% in 2007. Analysing in more detail, a lower proportion 40% of the TOP clubs (revenue >€50m) compared to 63% LARGE (revenue €5m-€50m) clubs and 63% of smaller clubs (below €5m revenue) reported operating losses. Nonetheless the fact that at least 20 of the TOP clubs reported operating losses totalling €398m (up from €344m in FY08) indicates that many of the largest European clubs' underlying core business did not generate operating profits in 2009 for transfer or financing items.

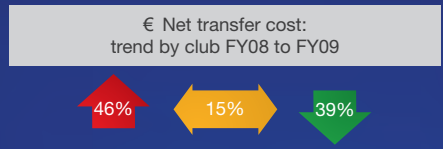
Footnote: * Due to inconsistency/incompleteness in reporting of transfer activity, the operating profit analysis excludes: ALB, HUN, SMR and SVK clubs. The sample in the pie chart and column chart is therefore 617 clubs from 49 top division leagues whilst the year-on-year trend (arrow chart) covers 515 clubs. The Europe-wide aggregate estimate of €240m operating losses reflects both this sample (€211m operating loss) and a total estimated figure generated by modelling each missing league knowing profit before tax and clubs missing from data survey.

Q: 38. How do transfers impact on profits across Europe?

The column charts below show the net impact of transfer activity (past and present*) on reported results for the year, firstly in aggregate by country and secondly within thresholds by club by country. The pie charts to the right provide the Europe-wide** picture by club grouped between thresholds, firstly for transfer activity and secondly for the combination of net transfer activity and employee costs as a percentage of revenue. Finally the arrow chart to the right indicates the proportion of clubs whose financial results were negatively (red) and positively (green) impacted by their transfer result in FY09 compared to the previous year FY08.



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, the relative buoyancy in market prices and number of active buyers and sellers, can therefore have a considerable impact on clubs' financial results and strategy.



For most large clubs the net impact of transfer activity in the P&L in a particular year is not simply the transfers made during the year, but also reflects transfers made in previous years. This means it is difficult to directly assess changes in the transfer market conditions simply by looking at the financial statements.

A look at an agent website's transfer market estimations*** indicates that spending by clubs from the four largest leagues slowed down by an estimated €180m in the season 08/09 compared to 07/08. This trend continued into 09/10 season with a further decrease of €135m and this should be reflected in the next few years' financial results.

Footnotes: * 'Past and present' – As previously explained most of the clubs in the higher income leagues capitalise player registration transfer fees and therefore transfer fees paid in previous year's impact on current year's profits, hence we refer to 'past and present'.
** 'Europe-wide' – Due to inconsistency/incompleteness in reporting, all the FY09 transfer analysis excludes: ALB, HUN & SVK and includes 624 clubs from 50 countries. The employee and net transfer cost pie chart excludes SMR clubs as well and covers 609 clubs. The year on year arrow chart is based on the two year results of 564 clubs that were in their top division both seasons.
*** Estimate figures from agent database website www.transfermarkt.de.

Net Transfer Activity as % Revenue FY09

Employee and Net Transfer Cost to Revenue % FY09

Answer: 38

The column chart shows that the transfer system clearly acts as an important financial solidarity mechanism towards clubs in nearly all small and medium income divisions. Transfers improved the bottom line profit margin by over 10% for 123 individual clubs and 10 aggregate divisions across Europe in 2009.

However there is considerable evidence of the slow down in transfer activity compared to the previous year. Across Europe more clubs (46%) reported worse rather than improved (39%) transfer results with 15% unaffected (mainly smaller clubs with no transfer fees). In particular net income from transfers was lower for the large leagues that have typically exported players in recent years such as FRA, NED, SCO & POR with profit margins impacted by 5% or more in all four cases.

Once wages and transfers are combined, more than 200 clubs (33%) reported costs in excess of 70% of revenue (compared to 29% of clubs in FY08).

Q: 39. How do financing, non-operating items and tax impact on profits across Europe?

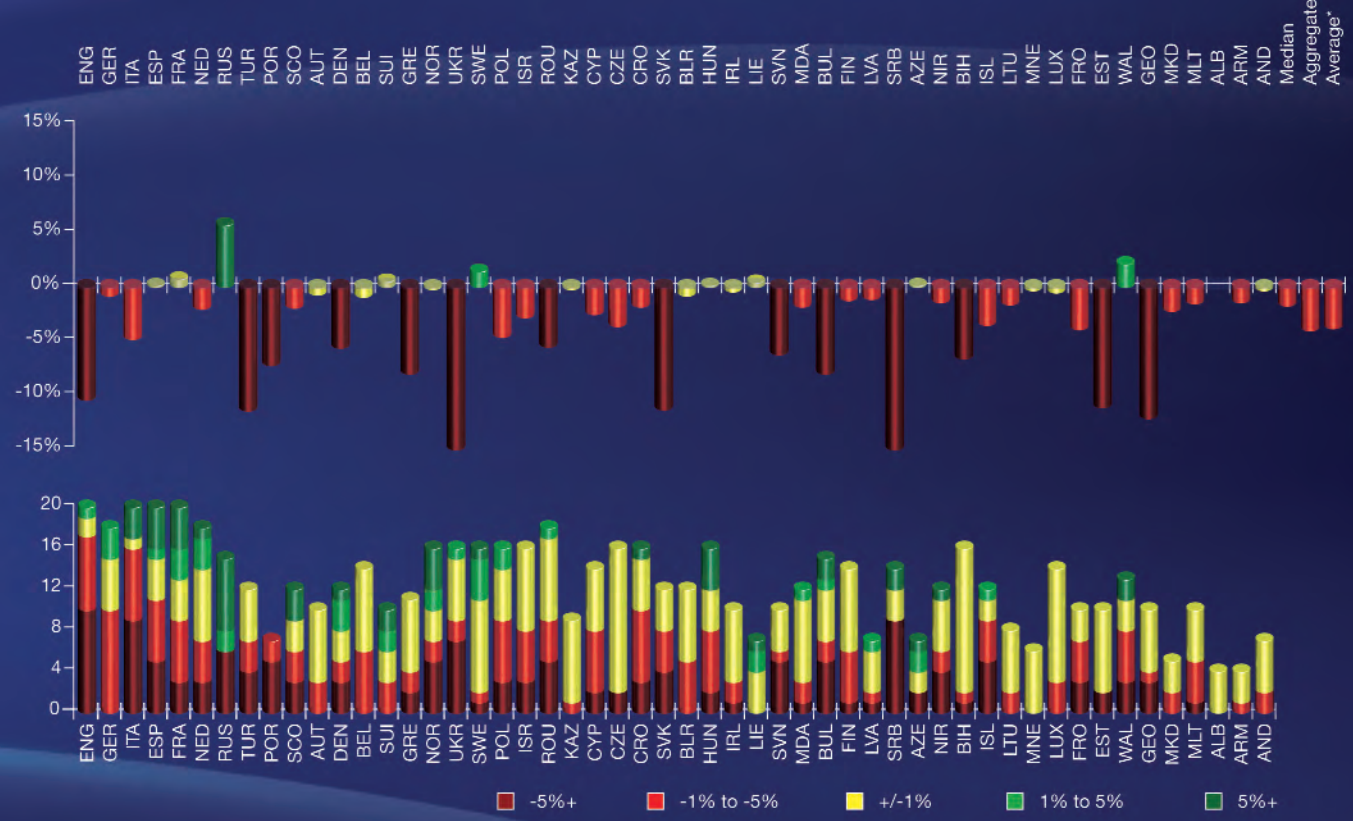
Answer: 39

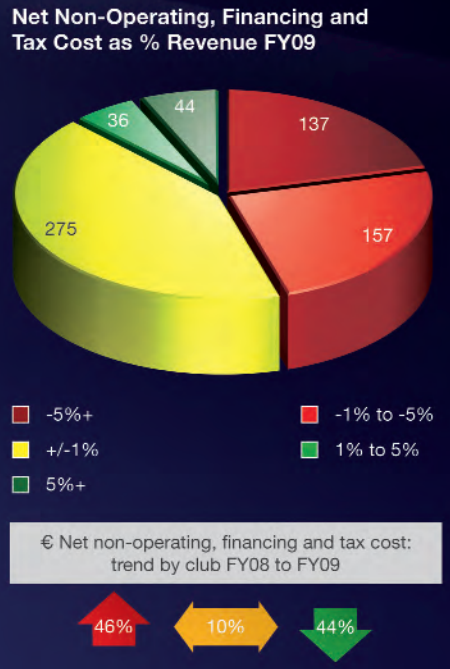
Financing, tax and non operating (FTN) activity had a significant impact (+/->5% income) on 181 or 32% of the clubs in the reporting sample. This underlines that any attempt to assess financial performance of clubs should look at all costs/incomes that a club must cover.

The prevalence of reds compared to greens in all the three FY09 charts indicates that typically the netting of costs/incomes from tax, gains and losses on financing and non-operating items yielded a net cost that had to be absorbed in the results of clubs.

In total the net FTN losses of €470m are higher than the FY08 figure of €300m largely due to a small number of one-off profits on the sale of assets the year before and no similar profits in FY09. Indeed the year on year comparison arrows show roughly the same proportion of clubs improving their FTN result (44%) as worsening (46%). As per the previous year the large 10.4% aggregate net loss from these items in ENG is largely due to €221m of net finance costs, of which just under 60% comes from the two leveraged buy outs.

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

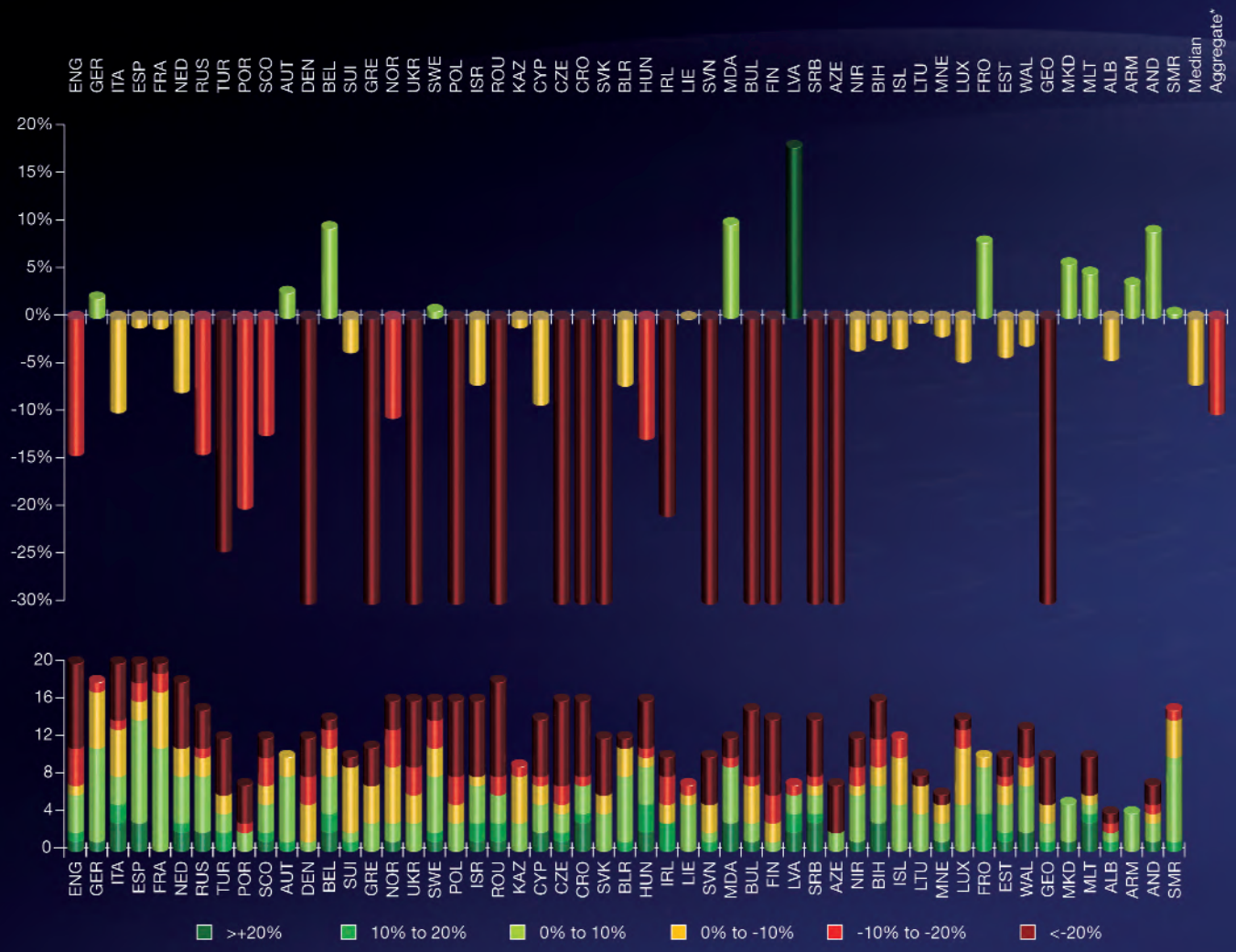




The column charts show the net impact of financing, non-operating and tax activities on reported results for the year, firstly in aggregate by country and secondly within thresholds by club by country. The pie chart provides the Europe wide* picture by club grouped between thresholds, for financing/non-operating/tax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

Footnote: * In all cases the colour red and a negative figure denotes a net loss whilst a positive figure and green represents a net profit from non-operating items. For the year-on-year trend the dark red >-5% represents a negative impact in the non-operating cost ratio of >5% and hence a negative impact on net profit/loss of >-5% rather than an absolute increase in non operating result of 5%.
Sample: The threshold and FY09 analysis is based on 649 reporting clubs from all national associations apart from SMR. The year on year arrow chart is based on the two year results of 564 clubs that were in their top division both seasons.

Q: 40. What proportion of clubs are loss making?

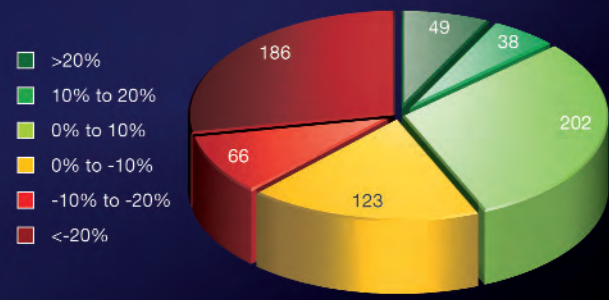


The charts on this page show the aggregate bottom-line 2009 losses and profits of the 53 top division championships across Europe and reported results for 664 top division clubs split into thresholds by league. Whilst football operating profits give an indication of the underlying contribution from core 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 full extent of club difficulties is revealed when we look at the country by country aggregate result. Whereas in FY08 15 of the largest 30 divisions reported break-even or profits, the reported financial results for FY09 indicate that only 4 of the 30 divisions broke even (GER, AUT, BEL & SWE). The proliferation of red (€11-€12 costs for every €10 revenue) and dark red (more than €12 costs for every €10 revenue) underlines that many clubs contributed to the record €1'179'000'000* of net losses reported by top division clubs in FY09. This level of net losses represents an 85% increase on FY08.

Once again the fact that greens can be seen in the bottom chart indicate that although the bottom-line performance of European clubs as a whole deteriorated significantly, there were clubs in every one of the 53 leagues that reported break-even or a net profit. These clubs reported €436m of net profits in the year, even after a €110m net tax on these profits.

Footnote: * The €1'179m aggregate losses are estimated from the €1'140m of net losses reported by 664 clubs that represent 98% of revenue/costs plus modelled results of the missing clubs. The FY08 net losses reported in last year's report of €578m are restated to €636m at FY09 currency exchange rates, leading to the calculated 85% increase in net losses.



The pie chart indicates that 186 clubs (28%) in the sample reported net losses equivalent to more than 20% of total revenue and a further 66 clubs (10%) reported large net losses of between 10% and 20% revenue. In absolute terms net results ranged from +€41m to -€151m. Again in absolute terms the 20 largest net profits were reported by clubs from the following: ITA 5; ENG, GER, NED, & ESP 3 each; BEL, ISR, & RUS 1 each, whilst the 20 largest net losses were reported by: ENG 8; GRE, RUS & TUR 2 each; DEN, ESP, ITA, NED, POR & UKR 1 each.

Answer: 40

More than half of the European top division clubs, 56%**, reported net losses in FY09 compared to 47% in FY08. This represents a significant deterioration in one year. It is notable that the larger clubs (TOP & LARGE) reported worsening results with 55% reporting net losses compared to only 37% the previous year. The 56% of smaller clubs (MEDIUM, SMALL & MICRO) that were loss making was similar to the 55% the previous year.

Of most concern was the 28% of clubs that reported spending €6 for every €5 revenue in FY09. Again the financial pain was spread across all sizes of club with 22% (16% in FY08) of the TOP, 26% (14%) of the LARGE and 32% (27%) of smaller clubs reporting these massive losses.

The 20 most profitable clubs reported €293m profits after tax in FY09, slightly down on the €323m in FY08. At the other end of the scale 20 Clubs reported net losses of €875m in FY09, up again on the already massive €793m losses reported in FY08.

Footnote: ** In a limited number of cases (18 clubs in FY09) the reported net result was exactly break-even suggesting the owner effectively contributed to cover losses. If these are excluded from the light green results then the percentage of loss making clubs in fact rises to 58%.

6

Financial Profile of European Club Football: Assets, Debts & Cashflows

What do we mean by 'debt' and how do we assess it?

What types of assets and liabilities have clubs reported?

How do balance sheets differ between countries?

What level of transfer debts are owed by clubs?

What did the auditors say about the clubs' financial prospects?

How many clubs have 'liabilities' larger than reported assets?

The Bottom Line – did club balance sheets strengthen or weaken during FY09?

Q: 41. What do we mean by '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 issues are with 'debt' for football and individual football clubs. Below we try to differentiate between the different phrases used and 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 through analysing their balance sheets.

Answer: 41

To understand the 'debt' profile of a club requires both context (in many cases there is a matching asset) and a deep understanding behind 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 explaining the financial performance (profit & loss account).

Whilst most football clubs' activities are relatively simple and similar to each other, the financing model they use can differ significantly as can its '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'.

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

'Debt' – "Amounts owed to people or organisations for funds borrowed." Within this definition we include interest free owner or related party loans, sometimes called 'soft loans' although on occasions these are written off and converted to equity*. Top division club 'debt' is estimated to total €8.2bn (€7.7bn at FY08).

'Net debt' - takes the 'debt' figure and removes any cash balances or liquid assets. Top division 'net debt' is estimated to total €6.7bn (€6.3bn at FY08).

'Liabilities' – "All financial obligations, debts, claims, and potential losses.**" Company balance sheets include Assets on one side and Liabilities on the other side with the difference equalling Net Equity ('positive net equity' if recorded assets exceed recorded liabilities and 'negative net equity' if assets are less than liabilities). Liabilities include: 'Payables', amounts outstanding on bills for products and services received (e.g. invoices for rent); 'Accrued expenses', the same but where no bill has yet been received (e.g. wages earned by staff to be paid at end of month); 'Provisions', estimate of probable losses arising from previous actions (e.g. ongoing legal case against club), 'Deferred income', payments received for work not yet done (e.g. season ticket revenue for future matches). Top division total 'liabilities' are estimated at €19.0bn (€18.2bn at FY08). 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 at least 12 months." Of 599 reviewed year-end and interim club audit reports, 82 (14%) had an emphasis of matter or 'qualified' audit opinion regarding going concern (9% at FY08).

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

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

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

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

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

Footnotes: * 'Debt' and 'Net debt' would usually include all interest bearing borrowings including hire purchase or finance lease balances – however in this report we exclude these items due to availability of data since the full notes to financial statements are needed to extract this data.
** IFRS International Financial Reporting Standards definition is "A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits."
*** Source: Kop Football (Holdings) Limited financial statements 2007.

Q: 42. What type of assets and liabilities have clubs reported?

Answer: 42

Top division clubs reported just under €20'500m of balance sheet assets in 2009 and €19'000m of liabilities netting to positive net equity/net assets of €1'540m*.

The type of assets and liabilities reported by clubs differ considerably between countries. 68% of assets were reported as long term (>12 months) in nature.

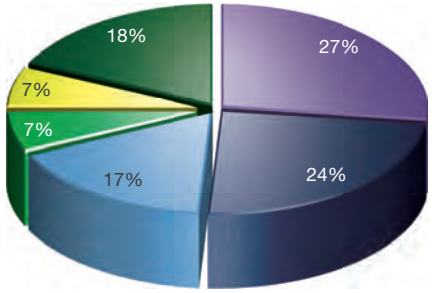
The pie charts broadly group the reported assets and liabilities of European top division football clubs. This grouping is possible because UEFA club licensing requires certain minimum disclosures, particularly concerning players on both transfer amounts payable and receivable and capitalised player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

Net bank and third party commercial debt totalled just over €4.1bn (bank loans €5.6bn less cash balances €1.5bn) remaining at a similar level to the previous year. Bank and commercial debt of some level was reported by 64% of clubs**, although the 20 clubs with largest external net debt accounted for the vast majority €3'191m. These 20 clubs again came from 9 countries with ENG (8 clubs) and ESP (3 clubs) both prominent.

The largest asset category was fixed assets with over €5.4bn most of which was owned stadium and training facilities. This probably understates the total level of infrastructure as an unknown share of the €3.5bn+ of 'other long term assets' are part investments in the company owning the facilities and many older stadium facilities have been depreciated to zero value in the balance sheet.

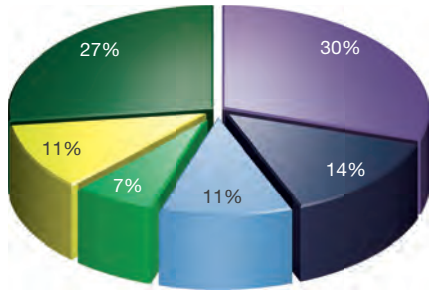
Since only 19% clubs directly own their stadium outright, it is not surprising that fixed assets are highly concentrated with 20 clubs reporting €3'436m of fixed assets. These clubs also reported €3'032 of gross bank debt illustrating the clear link between long term assets and debt levels further highlighted later.

Assets by Type FY09



Fixed assets	€5.4bn
Player assets	€4.7bn
Other LT assets	€3.5bn
Cash	€1.5bn
Transfers	€1.3bn
Other ST assets	€3.6bn
Assets: estimate clubs not in sample	€0.5bn
Total reported assets	€20.5bn

Liabilities by Type FY09



Bank and commercial loans	€5.6bn
Group & related parties	€2.6bn
Other LT liabilities	€2.0bn
Taxes & social charges	€1.3bn
Transfers	€2.1bn
Other ST liabilities	€4.9bn
Liabilities: estimate clubs not in sample	€0.5bn
Total reported liabilities	€19.0bn

Outstanding amounts payable on transfers totalled more than €2.1bn*** and these are analysed in more detail on the next pages.

Tax & social charge liabilities totalled €1.3bn and these are analysed in more detail on the next pages.

Footnotes: * Balance sheet profile taken from 648 reporting clubs from all countries except SMR whose figures are relatively immaterial. Reported assets of €20'003m compare to simulated Europe-wide top division assets of €20'499m, reported liabilities of €18'479m compares to simulated Europe-wide top division liabilities of €18'961m.
** This figure is almost certainly higher as some clubs did not present a full split of liabilities. The overall share of the 20 clubs with largest reported net external debt decreased from 82% in FY08 to a still high proportion of 78% in FY09.
*** The transfer payables and receivables figures are also almost certainly higher as some clubs still do not present a split of transfer amounts from other trade receivables/payables. As an indication 88 of the 100 largest income clubs reported a separately identifiable transfer payables split, although some of these may have also had LT transfer payables not separately identified. Amounts payable do not match amounts receivable for numerous reasons: (1) Net transfers owed to clubs outside Europe, primarily Brazil & Argentina (2) Net transfers to 2nd divisions (3) Timing of year ends of clubs vary (4) Amounts payable to non club companies with economic rights to player transfers (5) In some cases the split of liabilities into transfer amounts not known, notably some ENG, ESP, GER & UKR clubs.

Q: 43. How do balance sheets differ between countries?

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

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

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

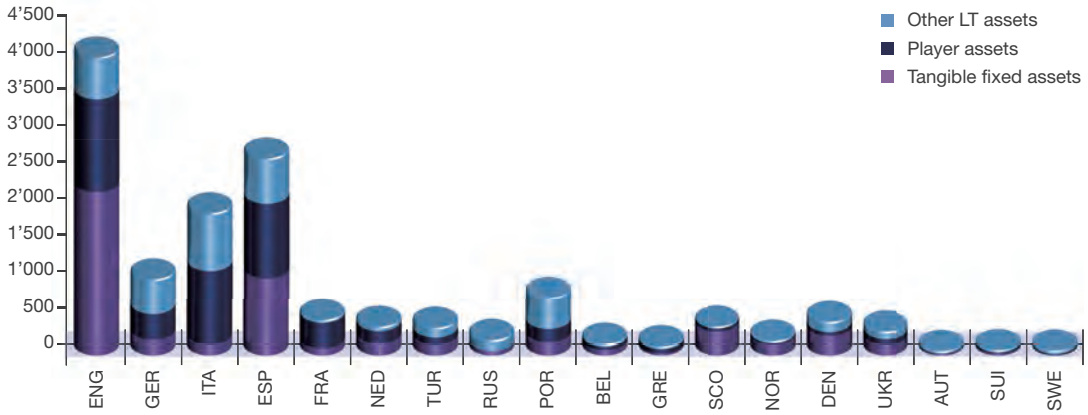
Owner or related party loans are also common, sometimes with no or nominal rates of interest. Whether these are transformed into equity sometimes depends on the tax environment and any minimum equity rules in force in a country.

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

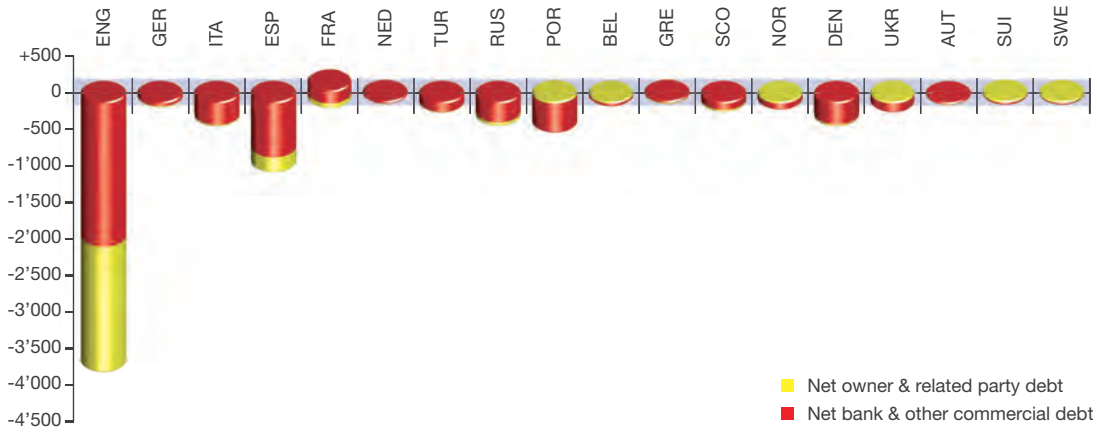
Answer: 43

Both fixed assets and net debt are highly concentrated in certain clubs and countries. ENG clubs, where stadium ownership is the norm, contain on their balance sheets an estimated 39% share of the total value of European balance sheet fixed assets and 46% of Europe-wide net bank & commercial debt (56% in FY08*). More than half of the ENG commercial debt has been placed into the club (or at a holding company level) as a result of leveraged buy-outs, acting as a burden rather than to support investment or spending.

Long Term Assets FY09 (€ m) (TOP & LARGE Leagues)



Estimated Net Debt FY09 (€ m)

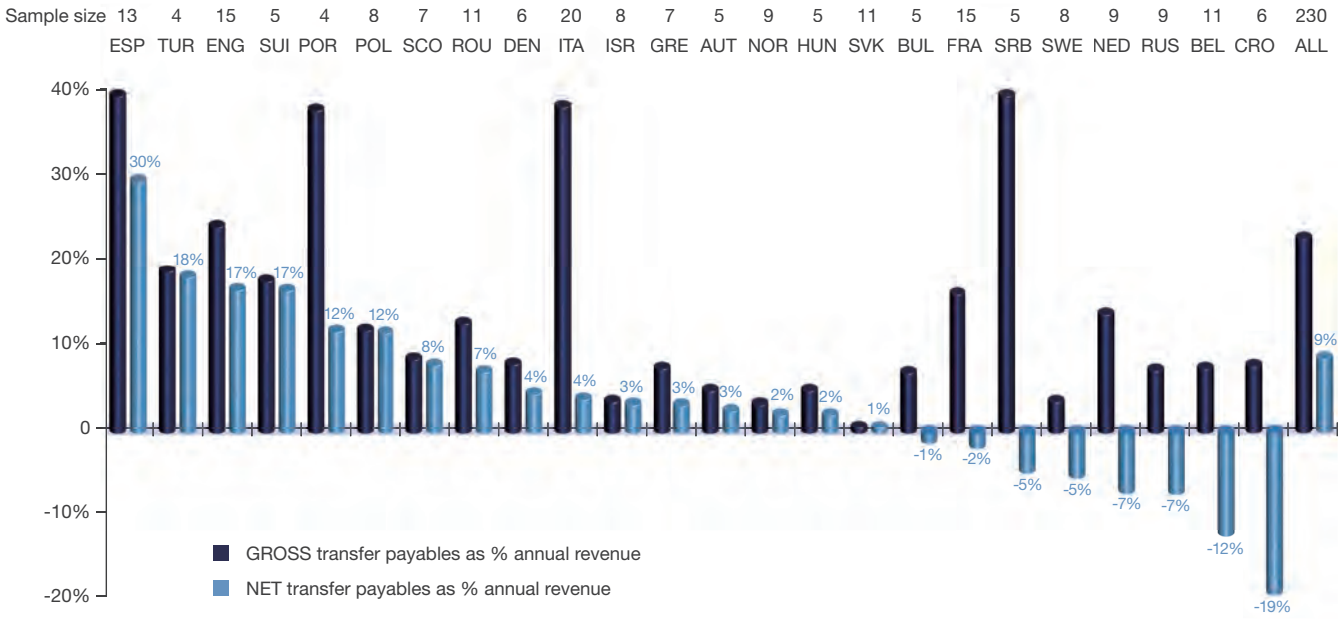


Q: 44. What level of transfer debts are owed by clubs?

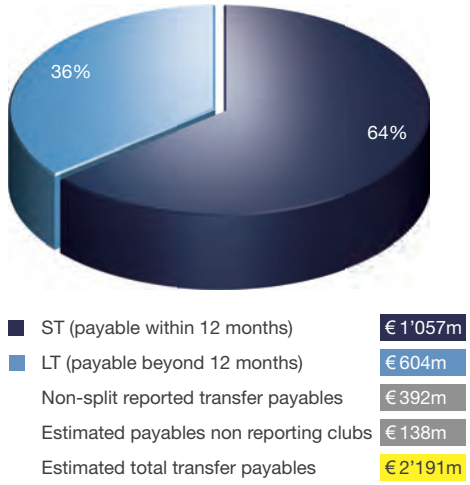
Every club undergoing club licensing is tested each year for overdue transfer payables. In the future with the introduction of FFP, clubs will be assessed up to three times a year. The settlement of these debts is considered of particular importance since non or delayed payment beyond the terms agreed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

From the sample analysed in detail, ESP clubs reported the largest net payables balance equivalent to 30% of annual revenue. On a club by club basis, 10 ITA clubs feature in the list of the 20 largest reported transfer payable balances, although this is reduced to 4 from 20 when amounts owed are netted against the payables. 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 9 clubs** whose net transfer payables balance was equivalent to more than 6 months total revenue (compared to 6 at FY08). Half of all estimated* transfer debts were from 16 individual clubs.

Transfer Payables as % Revenues FY09



Transfer Payables FY09



Answer: 44

The pie chart indicates that 36% of the reported outstanding transfer liabilities are long term, scheduled to be settled beyond 12 months. At least 60 clubs reported transfer debts equivalent to more than 20% of their annual revenue including at least 30 with LT transfer debts of more than 10% annual revenue. In total we estimate that there were just under €2.2bn of outstanding transfer debts and almost €800m of transfer fees scheduled to be paid in over a year.

Footnotes: * The sample used for the transfer analysis above only includes those clubs with a reported payable at the year-end in order to exclude clubs that do not provide transfer split in financial statements (clubs under licensing have an option to provide them in separate audited documents for licensing criteria purposes). This may therefore exclude some clubs that had genuine zero transfer balances at year-end. In addition we only present countries where four or more clubs reported transfer balances at the year-end. Finally GER was also excluded as only ST transfer payables were presented. The sample includes 88 of the 100 largest revenue clubs.
** Non exhaustive assessment indicates at least 2 SRB, 2 ENG, 2 ESP, 1 ROU, 1 POL and 1 SUI club.

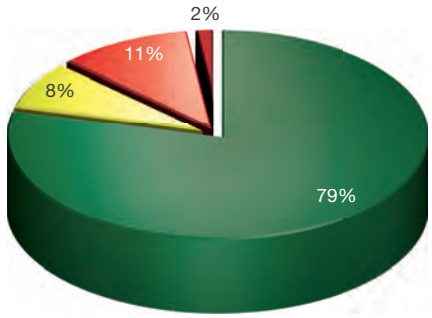
Q: 45. What did the auditors say about the clubs' financial prospects?

Every club applying for a UEFA club license is required to provide financial statements with an auditors report from an independent auditor. Not only must the auditor be independent in compliance with the International Federation of Accountants (IFAC) code of ethics, but also a member of one of the relevant IFAC member bodies.

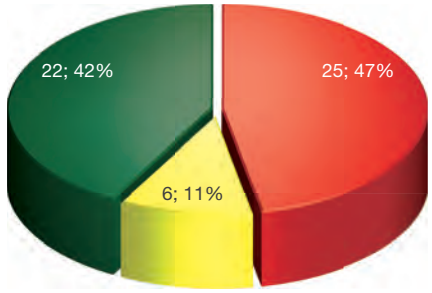
When auditing the financial statements the auditors report must include a statement that the audit was conducted in accordance with International Standards in Auditing (ISA) or equivalent national standards meeting the requirements of ISA.

This Q&A looks at these audit opinions in the audit reports and for the first time sets out the picture across Europe from the auditors' perspective.

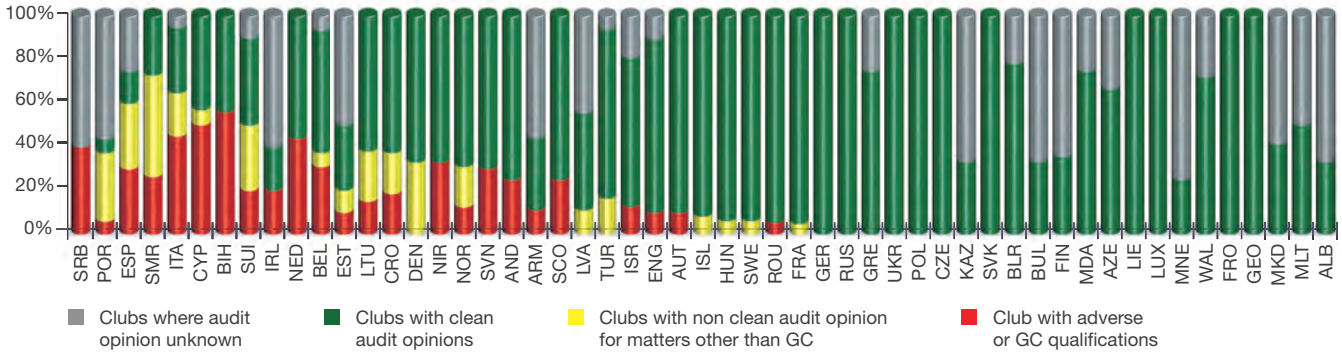
Latest* club audit opinions/conclusions FY09



Year-end audit opinions/conclusions FY09



Overview of club audit opinions by country FY09



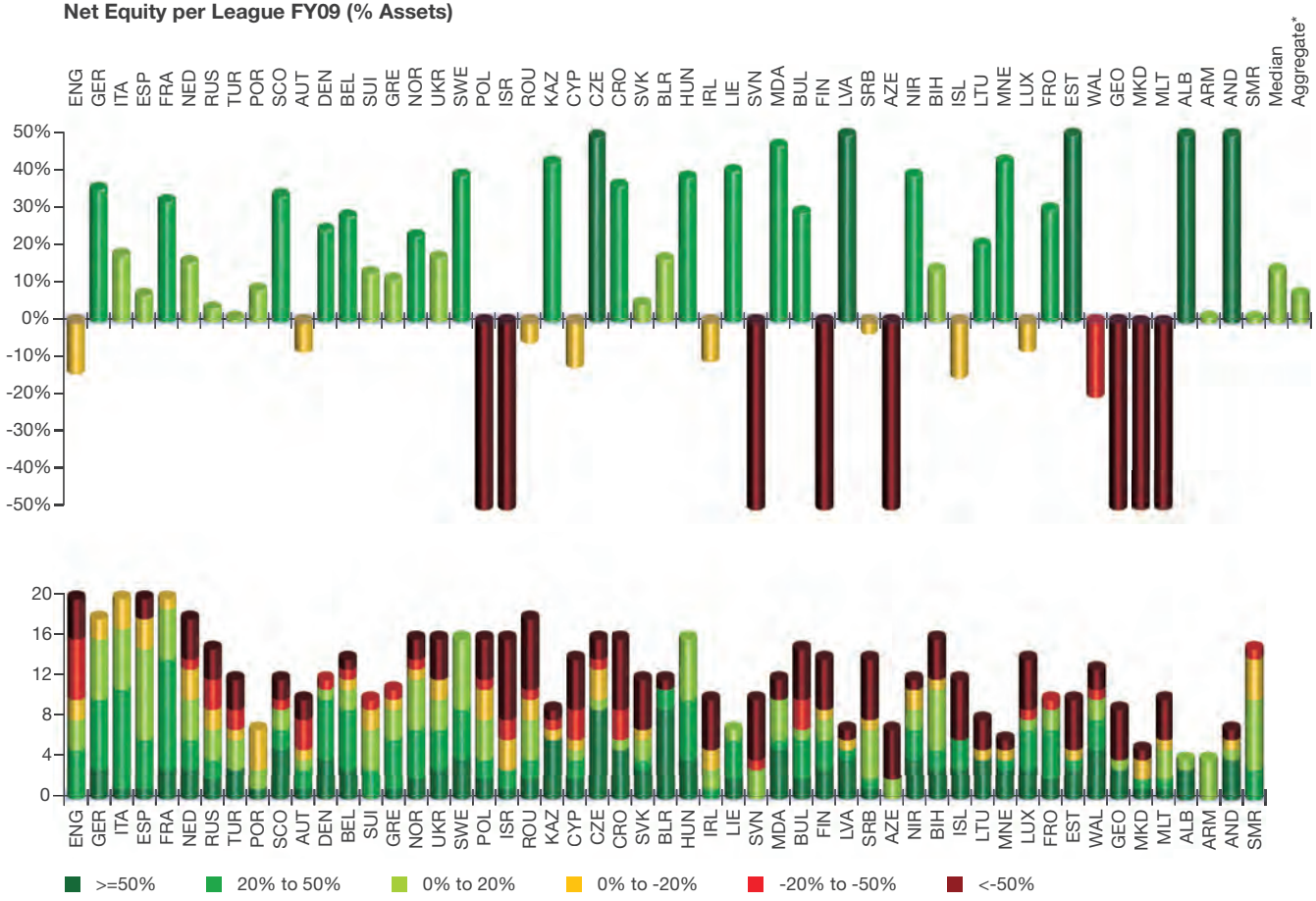
Answer: 45

The level of auditors reports including an emphasis of matter or qualified opinion regarding going concern (the ability of a club to continue trading for 12 months) increased from 9% in FY08 to just under 14% of clubs in FY09. If matters other than going concern are factored in, then more than 1 in 5 clubs had a modified audit opinion. Whilst assessing the trend of this is revealing, we should bear in mind when making cross-border comparisons that auditors in certain countries are more risk-averse than others and their audit opinions reflect this, particularly with regards to considering non legally binding owner/benefactor guarantees of support**.

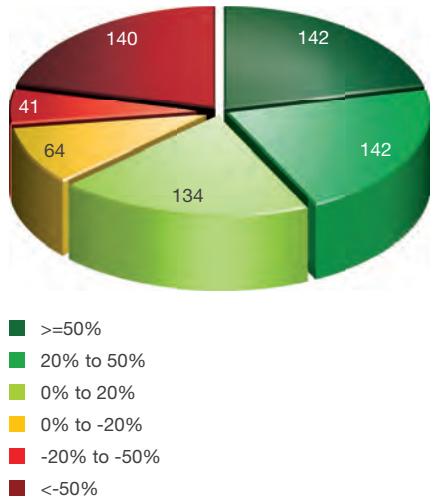
Footnote: * The figures presented and analysed include a sample of FY 2009 audit reports covering all 53 countries and 599 top division clubs.
** Some clubs with high negative equity (Q46) can also have a clean audit opinion if the owners have long-term deals with the club. Additionally, there are some countries which may have high negative net equity on average due to a few outlier clubs.

Q: 46. How many clubs have 'liabilities' larger than reported assets?

Net Equity per League FY09 (% Assets)



Net Equity as % of Assets FY09



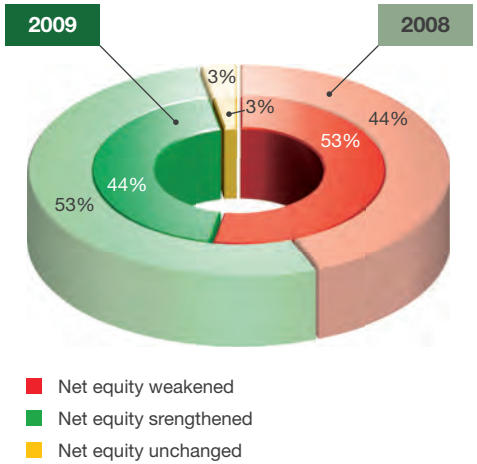
Answer: 46

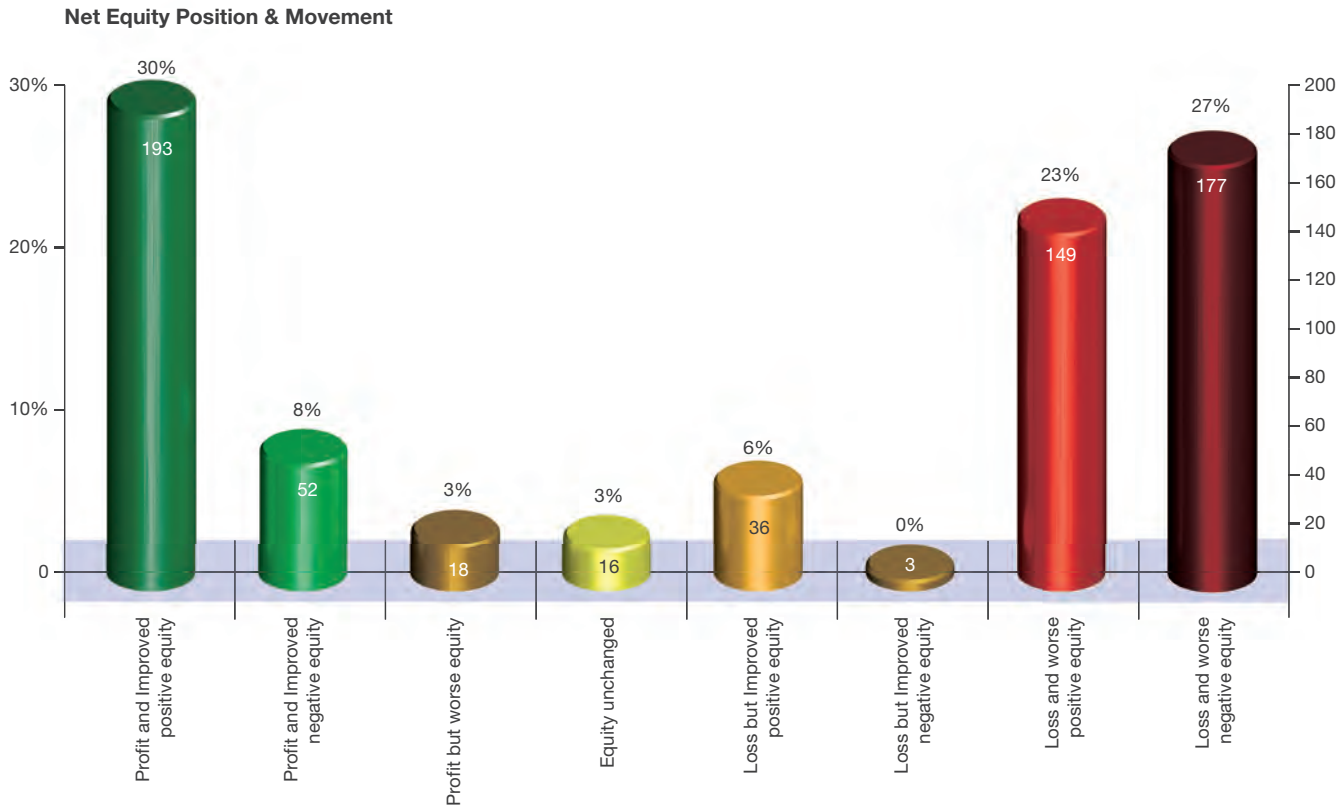
The simple answer is that 245 or 37% of clubs reported negative equity (assets less than liabilities) in their balance sheet in 2009. This included top division clubs from 49 different countries and also included 19 of the 68 TOP clubs. As illustrated last year the underlying value of some of these clubs 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 dangerous. Of the 245 clubs reporting negative equity, 180 also reported losses in the year.

The aggregate level of equity compared to asset base differs considerably between countries although the rainbow threshold chart shows that all countries have at least one club with positive equity and hence it is difficult to generalise.

Footnote: * Net equity was analysed for 663 top division clubs from all 53 countries.

Q: 47. The Bottom Line – did club balance sheets strengthen or weaken during FY09?





Answer: 47

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

Our analysis indicates that 53% of clubs had their balance sheet position deteriorate during 2009 which is a negative trend compared to the 44% in the previous year. In total only 29% of clubs reported a profit and improved positive equity.

Footnote: * Net equity movement was analysed for 647 clubs from all countries excluding SMR.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Financial Profile of European Club Football: Preparing for Financial Fair Play

How many and which clubs will have to meet the FFP requirements?

How are clubs currently doing on the break-even rule?

What is the trend of the clubs currently failing to break-even?

How many clubs would currently be required to prepare updated figures?

When are clubs' financial reporting dates?

Q: 48. How many and which clubs will have to meet the FFP requirements?

On 27 May 2010 the UEFA Executive Committee approved the UEFA Club Licensing and Financial Fair Play Regulations (Edition 2010) which included the Financial Fair Play measures developed over the previous 18 months by UEFA together with all the stakeholders represented in the Professional Football Strategy Council (National Associations, Clubs, Leagues, Players Unions). Part III of the regulations, 'UEFA Club Monitoring', together with annexes, present the more detailed requirements of the various FFP criteria.

We have run a simulation based on historic club-by-club financial data which provides an idea of the scope of application of the club monitoring requirements* and provides an indication of where clubs presently stand in relation to the break-even rule and in relation to the indicators which dictate whether clubs have to provide updated financial information.

This is the first time a large Europe-wide assessment has been published and we believe the results of the simulation are extremely interesting and provide food for thought. In this report we have provided just some highlight grouped figures but before the FFP implementation UEFA will present and assist licensors and clubs with assessing where they stand.

It is worth underlining that these results should be considered only as indicative, principally for the following 3 reasons:

1. The size of the footnote, which sets out the approach taken reflecting the break-even rule within the simulation, hints at the number of judgments required to perform the simulation. This does not necessarily mean the break-even calculation itself is overly complex, and during its development it was decided to keep it as simple as practically possible. However the size of our footnote is because our reporting templates only cover the primary profit & 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 on these areas. Therefore we have made some assumptions that may not hold true for all clubs within the simulation.

2. Secondly the scope differs to the figures that will be assessed under FFP. The financial results in the simulation cover (in majority of cases) 2 years which is the same as the very first FFP assessment but after this the assessment will always be across 3 years.

3. There is a considerable difference in the timeframe of the simulated results and the first FFP results. A club's FY08 & FY09 figures may be considerably different to the figures assessed under FFP, the first of which will be 4 years later, FY12 & FY13. Indeed this simulated data covers financial reporting periods that predate the FFP regulations and hence does not reflect the impact that the regulations will have on clubs' approaches to their discretionary spending (players wages & transfer fees) in advance and once the FFP assessment is underway.

Answer: 48

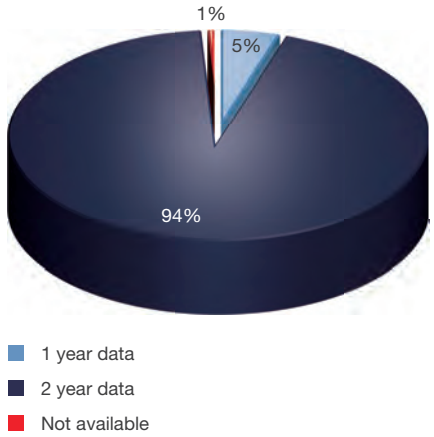
All clubs participating in UEFA club competitions (between 233-235 under current competition formats) will require a licence granted by their licensor (in most cases the national association) as they do today.

In addition all participating clubs following on from being granted a license and granted access to the competitions, will fall under financial monitoring by the Club Financial Control Panel (CFCP). This means all 233-235 participating clubs will be monitored to ensure that they have met their transfer obligations and payment obligations to their staff for the first time in July 2011. Clubs above a certain size will also fall within the scope of the break-even rule providing break-even historic information. Those low risk clubs that report a positive break-even result in 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.

	Year Data		
Club selection	Sample Size	1 Year	2 Year
ALL division clubs	751	186	565
UCL/UEL Qualifying clubs	**231**	**11**	**220**
UCL/UEL Group Stage qualifying clubs	78	0	78
Just TOP (Big 5) league clubs	107	21	86

Scope of simulation
2010/11 UEL & UCL Clubs



Footnotes: * Basis for simulation: The simulation is based on historic financial figures drawn from reported financial statements which predated the exact definitions of the break-even calculation set out in the Club Licensing & FFP regulations. The two reporting periods considered for the simulation FY08 & FY09 are in fact 4 years before the 2 reporting periods (FY12 & FY13) that will be the first periods considered under the FFP. The simulation should be considered indicative only and in no way provides concrete conclusions, even of a historical basis, 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 within 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 defined as donations in which case excluded); Excess proceeds on disposal of 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 will only be made for incomes/expenses completely unrelated to the club, facilities or brand, information not available historically – 'Other net non-operating income/expenses have therefore been included in simulation as break even revenues/ expenses).

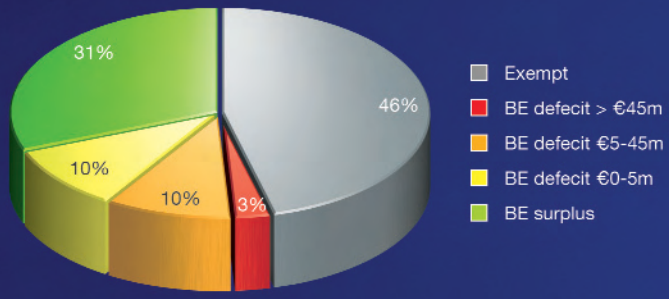
Relevant expenses (in addition to items and approach set out in Relevant income paragraph) – Finance costs and dividends (Non monetary nature of finance costs/losses not known so all finance costs/losses have been included in calculation as have dividends which would be included within non-operating 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 are generally limited or non-existent so broad-brush assumption included within simulation equivalent to 10% of total other relevant costs for clubs with <€5m revenues and 3% 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. Where youth sector costs disclosed then they have been removed and replaced by standardised simulation assumption to ensure consistent approach in simulation; 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 10%/3% youth expenses adjustment); Finance costs attributable to construction of 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 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 are the FY09 rate for both years rather than the average rate for each year); Players under contract prior to 1 June 2010 (for only the very first Break-even assessment period FY12 certain legacy costs arising on players will be considered – as this is not envisaged as an ongoing item and also as there is no visibility on this, no adjustment has been made in the simulation); No other adjustments have been made in respect of 'other factors'.
Break-even assessment – Financial results from third year or positive results from 4th and 5th years have not been considered due to insufficient detail.

Q: 49. How are clubs currently doing on the break-even rule?

For the simulation we have assessed the individual club results of 751 clubs (top row in tables), the majority of which we have assessed using two years data FY08 & FY09. Whilst the second row, detailing the results of 231 of the 234 clubs which qualified for UEFA competition 2010/11, is perhaps the most relevant indication of the scope and number of clubs that will be assessed, the composition of UEFA participating teams today and in 2013/14 is likely to vary considerably, 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 currently participating in the group stages of the UEL & UCL (78 of the 80 clubs) and finally we include the clubs from the TOP leagues (ENG, ESP, FRA, GER & ITA) to provide some additional context. All charts relate to the UEFA 2010/11 competition qualifying clubs (second row).

2010/11 UEL & UCL Clubs
Break-Even Result FY08 & FY09



Financial Fair Play Terminology	
Complete Terminology	Abbreviation
Financial **F**air **P**lay	FFP
Break-**E**ven	BE
Relevant **I**ncome	RI
Relevant **E**xpenses	RE
Acceptable **D**eviation	AD

Answer: 49

The table and chart indicate that 46% of the clubs entering this years UEFA competitions would have been exempt from the break-even requirements* but only 2 clubs that reached the knock-out stage. 7 of the 124 qualifying clubs within the break-even scope reported cumulative break-even losses in excess of €45m and when the limit falls to €30m this increases to 11 clubs. A further 22 clubs reported cumulative break-even losses of between €5-45m necessitating some level of equity investments/ recapitalisation before the year-end.

The chart indicates that even on this historic basis in the non-FFP environment 41% of all qualifying clubs would take and pass the assessment which equates to more than 3 out of 4 clubs of those entering break-even (BE) assessment.

Footnote: * On basis of simulation. In practice we can expect this to reduce slightly in the 3 years between last simulation data and first FFP break-even data due to revenue growth. Despite economic conditions clubs still reported 5% growth in FY09 - If this average rate continued for the 3 years then we would expect approximately 42% to be exempt.

Break-even historic (1yr or 2yr) assessment						
	RI & RE <€ 5m	RI and/or RE >€ 5m				
Sample	Exempt	Within the Scope	BE surplus	BE deficit € 0-5m	BE deficit € 5-45m	BE deficit >€ 45m
All Top Division Clubs (751)	426	325	195	75	47	8
UCL/UEL Qualifying Clubs	**107**	**124**	**71**	**24**	**22**	**7**
UCL/UEL Group Stage Qualifying Clubs	2	76	42	14	15	5
Just TOP (Big 5) League Clubs	0	107	77	6	18	6

Q: 50. What is the trend of clubs currently failing to break-even?

Answer: 50

Of the 29 UEFA competing clubs reporting historical break-even losses in excess of the acceptable deviation (AD), 22 clubs presented worse results in FY2009 than in FY2008. This trend is consistent with what we've witnessed on a European basis elsewhere in the report and provides some concern since many football club costs are either relatively fixed (operating costs) or committed into the future (salaries). Whilst the 3 years between the last simulation period data and the period to be assessed under FFP seems like a long time, the average contract cycle and transfer length mean clubs from summer 2010 need to assess the future impact of their contract agreements as these will potentially (unless player is subsequently sold before the break-even assessment) impact on the FY12 financial results.

Q: 51. How many clubs would currently be required to prepare updated figures?

The new requirements introduced with the Club Licensing and FFP Regulations extend 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 requires a plan for future compliance with the break-even requirements and the requisite information to calculate this.

Once again the approach is a risk based approach using a series of indicators and some additional discretionary ratios to help the CFCP assess risks and put recent FFP performance in 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.

Requires (Indicators) or may require (Ratio's) Updated Break Even Data								
		Indicator 1	Indicator 2	Indicator 3	Indicator 4		Ratio 1	Ratio 2
Sample	Number Clubs	Going Concern	Worse Negative Equity	Break-Even loss in one or both years	Overdue Payables	One of indicators breached	Wages >70% Revenue	Net Debt > 100% Revenue
All Top Division Clubs	751	75 (partial sample only)	196	365	N/A	432	249	113
UCL/UEL Qualifying Clubs	**231**	**24**	**70**	**120**	**N/A**	**139**	**83**	**53**
UCL/UEL Group Stage Qualifying Clubs	78	6	19	44	N/A	46	27	19
Just TOP (Big 5) League Clubs	107	14	18	40	N/A	46	43	15

Answer: 51

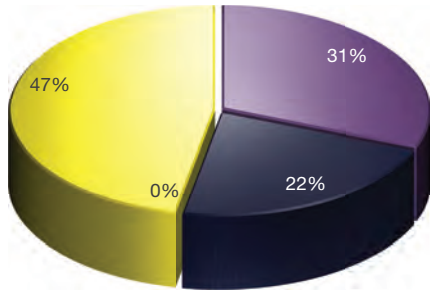
In total just under 58% of the clubs in Europe (432 from 751) breached at least one indicator and just under 67% breached either an indicator or one of the ratios. Looking at just this year's UEFA qualified clubs the slightly higher proportion 60% of clubs breached an indicator (139 from 231) and if we select just the 124 clubs that would have fallen within the scope of the break-even rule then 63% (78 from 124) breached an indicator and hence would have had to provide current year financial data.

Q: 52. When are clubs' financial reporting dates?

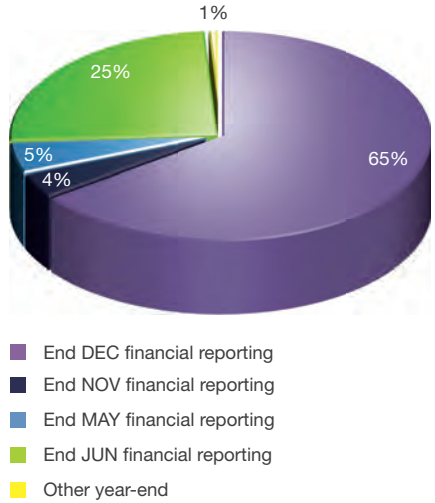
This is not part of the simulation exercise but nonetheless has relevance for the consideration of FFP since the financial year-end timing impacts on the information delivery and assessments.

A thorough assessment of financial reporting dates of clubs across Europe was performed for the first time last year and we have followed this up for FY09 since the reporting dates will be relevant for financial fair play. As would be expected the position has not considerably changed for the financial reporting year 2009 with only 5 clubs changing their financial reporting date during 2009. All of these clubs had long or short reporting dates to move to either Nov or Dec year-end and avoid the licensing requirement for interim financial statements*. The majority of clubs have a December 31st financial year-end and this includes all ex-CIS and Baltic clubs. As the second chart indicates a small majority (53%) of clubs have a financial year-end that matches their sporting season although all clubs with a winter season have a Nov/Dec year-end matching their sporting season. Over a period of years the date of financial closing makes little difference to the aggregate financial results, although clearly from one season to the next, sporting success and large player transfers can make a considerable difference.

Financial & Sporting Year-End FY09



Financial Year-End FY09



Answer: 52

December 31st is the most common financial year-end used by 65% of top division clubs, including all ex-CIS and Baltic clubs, followed by June 30th used by 25% of clubs.

The financial year-end is consistent for all the clubs in the top division in 39 of the countries. Different year-ends occur in: BEL; CYP; CZE; DEN; ENG; ITA; LIE; NIR; POL; SCO; SUI: SVK; TUR; and WAL**.

The end effect is that 47% of clubs do not have their sporting and financial seasons aligned, in other words the financial figures reflect part of two sporting seasons.

Amongst the TOP clubs with revenue > €50m, 9 clubs had December financial year-ends***.

Footnotes: * Club licensing requires up to date financial information, if the financial year-end is less than 6 months from date of next license assessment then the requirement to provide interim financial statements is waived.
** In some cases there was just one club with a differing year-end; In the cases of SCO & WAL club year ends differed by one or two months but were consistently summer and winter year-ends respectively.
*** This was 1 ENG; 3 ITA; 2 RUS; 2 TUR & 1 UKR club.
Source: Figures based on 649 clubs that provided financial year-end data (representing 89% top division clubs).

Appendices

Data sources, explanations of sources & definition of terms

Overview of selected competitive balance measures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APPENDIX: Sources, terms, objectives, disclaimer

	Data sources
Underlying source of financial analysis	Unless otherwise stated in the report footnotes or elaborated further underneath in this appendix, the financial figures used in the review have been taken directly from figures submitted by clubs within the club licensing cycle covering the UEFA club competition season 2010/11. These figures refer to the financial year ending in 2009, in most cases 31 December 2009. 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. With the exception of checking the fundamental soundness of the information, UEFA has not sought to verify the figures provided by the licensors to the source financial statements or get more detailed explanations as to survey responses. In some cases, notably some UKR clubs, UEFA expresses some doubt as to whether the figures provided are complete. Due to availability at data collection time, the report includes FY2008 figures for Portsmouth, Middlesborough, Gijon & Recreativo. Summary figures available for all 20 ESP clubs but detailed figures only available for the 14 clubs that underwent licensing.
Standardised 2010 UEFA template: Rationale	Financial statement disclosures and accounting policies and interpretations of these policies differ tremendously within and between countries. This makes the comparison of financial data extremely challenging and hence the use of a standardised template to improve comparisons. The definition of items in this template takes into account the following: (a) A minimum level of financial disclosure is specifically included in the UEFA licensing regulations and hence should be available for all clubs, this forms the base for template; (b) To this base is added some additional financial disclosures, beyond the UEFA defined minimum and hence available in some but not all cases, which are considered relevant and able to increase transparency (e.g. split of personnel costs between playing staff and other staff and also between social charges and base remuneration; split of income source between UEFA and national competitions; split of investing cash flows between player transfer payments/receipts and longer term fixed asset investments or sales); (c) From year to year template changes are kept to a minimum as licensors get used to the template and also to assist with year on year comparisons; (d) A limit is placed on the level of detail included in the template to stop the exercise becoming too time consuming for licensors.

	Explanation of sources
Club Licensing and European Governance Profile	01-04. Licensing Q&A's – List licensing decisions submitted by national associations. 05-08. League organisation – UEFA survey of professional football leagues summer 2010.
Competition Profile of European Club Football	09. League structure and trends – League organisation submitted by national associations. 10&11. Attendances and trends - Website http://www.european-football-statistics.co.uk/attn.htm verified in some cases by licensors. 12. League structure - League organisation submitted by national associations and official leagues websites. 13. Transfer window – UEFA NA's organisation database. 14-16. Competitiveness – UEFA Top Division results database, http://www.soccerway.com and http://www.rsssf.com.
Long-Term Investment Profile of European Club Football	17-21. Stadium analysis – UEFA stadia database and verified other sources (official club or stadia website, Wikipedia etc.). 22. Coaches – UEFA Coach Convention data. 23. Participation rates – UEFA 'First Division Clubs in Europe' publication which is based on figures provided by the 53 NA's.
Financial Profile of European Club Football: **Income;** **Costs & Profitability;** **Assets, Debts & Cashflows;** **Preparing for Financial Fair Play**	The submitted data covering 664 clubs (including additional ESP clubs) was used to make extrapolations for the remaining 69 European top division clubs. The general approach was to use the average income of smaller clubs from each division (excluding the 4 largest income clubs) to calculate the estimated Europe-wide total and the peer groups. This best but not perfect approach reflects the fact that the missing clubs not included in data submission are always the lower ranked clubs and usually these also have lower finances, an assumption validated by many countries which submitted financial figures in conjunction with finishing league position. The year-on-year income and cost growth prepared on the exchange rates applicable at the time rather than restating previous year for later exchange rate. Although in some cases the actual average income may differ, the Europe-wide total is unlikely to differ by more than +/-1% as the estimations are on smaller clubs. In addition the composition of the division peer groups should also be accurate. Other sources: 27. Forex - www.oanda.com. 33. TV Contract – Sport Business Intelligence www.sb-intelligence.com.

	Definition of terms used in report
Average clubs	References to 'average' club (e.g. average club revenue) is the aggregate figure of the division divided by the number of clubs. Where analysis is in percentage terms, this is therefore the weighted average (average of totals rather than average of each club's %).
Benchmarking	Benchmarking refers to collaborative benchmarking using information (i) directly prepared or supplied by clubs for the purposes of obtaining a club licence (ii) obtained from utilising the knowledge held within the extensive network of licensing managers and their staff at each of the 53 national associations (iii) held by the UEFA club licensing unit or elsewhere within the UEFA administration. Benchmarking in the narrow context of this report does not refer to the ranking of countries or target setting but rather to increasing basic transparency and knowledge of club football in financial and other licensing areas. The objectives as set out in the report introduction. In the general club licensing context the UEFA benchmarking project also has the wider objectives of the sharing of best practice between national associations on licensing matters and the enabling of better informed decision making by national and international football stakeholders. It complements the benchmarking of national associations themselves and their operations (UEFA TEP Top Executive Programme & KISS Knowledge and Information Sharing Scenario programme).
Club licensing system/ CLS	This refers to the system, based on the observance of minimum criteria set out in the club licensing regulations, that leads to the granting or refusal of licences to clubs. The holding of a licence is a prerequisite to access to UEFA competitions (competition regulations).
Countries/ Divisions	Refers to clubs from a UEFA member association. All member associations operate their own league with the exception of Liechtenstein whose clubs compete in the Swiss leagues. The member associations of UEFA are not all countries as defined by the United Nations. Some such as England, Northern Ireland, Scotland and Wales are constituent countries of the United Kingdom. One other, the Faroe Islands is an autonomous region of the kingdom of Denmark. The three letter codes used are the UEFA codes which differ in some cases to the IOC or ISO code (Latvia, Romania & Slovenia).
Currency	The template supplied to and received from licensors included a column for translation to Euro currency. Where this foreign exchange translation was not prepared by the licensor, UEFA applied exchange rates from 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.
Income/ Revenue	Income (either average or total) as presented throughout the report excludes income from player transfers (which are analysed separately) but includes all other income in the profit and loss account (including income from investments, interest income, and any exceptional income). On occasions references are made to revenue but for the purposes of this report the two are the same.
Income/ Revenue Streams	Term used to break down revenue (income) into smaller components. This report refers to broadcast income (TV, radio, paper and internet rights from national & UEFA matches. In some cases this may also include TV related prize money).

	Definition of terms used in report
National Associations/ NA's	NA's refer to the 53 UEFA member associations through which the club licensing system is structured. References to NAs in text include the three member associations who have delegated or part delegated the management of licensing on a national level to the league (AUT, GER, SUI). In the peer group slide the logo is that of the licensor to reflect this.
Peer groups/ PG's	Used to aid comparison. For this report two peer group analyses have been used: Club and 'division' peer groups. For the division peer group the average club in the division is taken for comparisons.
Typical figure	This is the non technical term for median figure. It represents the middle figure from a group (e.g. peer group of 9 leagues, the median will be the figure from the 5th highest league).
UEFA country ranking/ coefficient	The basis for the UEFA rankings is the performance of teams in the European Cups during a five year period. During that period each team gets two points for a win and one point for a draw. From 1999 onwards these points are halved for qualification matches. Reaching the group stage of the Champions League yields three bonus points (from 1996-2004: 1 point). As of the 2004/05 season teams qualifying for the first knock-out round of the Champions League are awarded with an extra bonus point. The UEFA coefficients are calculated by taking an average, based on the total number of points divided by the total number of teams of each country.
Financial Fair Play (FFP)	FFP is a new licensing requirement adopted by UEFA in accordance with NA's, 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 Edition 2010 which can be downloaded under http://www.uefa.com/MultimediaFiles/Download/uefaorg/Clublicensing/01/50/09/12/1500912_DOWNLOAD.pdf.
Squad limits	Squad limit is a specified number of players that a club cannot exceed.
Home-grown player	Home grown player are those (regardless of nationality or age) who have been registered with clubs affiliated with the same domestic Football Association for a period, continuous or not, of three entire seasons (or 36 months) between the ages of 15 and 21.
Club-trained player	Club-trained player are those (regardless of nationality or age) who have been registered with his current club for a period, continuous or not, of three entire seasons (or 36 months) between the ages of 15 and 21.
Foreign player	Each NA has different rules concerning foreign players. Generally, for NA's within the EU, foreign players are those who do not have an EU member nationality. For NA's within non-EU countries, foreign players are those who do not have nationality for that NA's country.

Benchmarking in club licensing context

Mobilize information for the use of UEFA, Licensors and clubs

	I. CLS feedback	II. Aggregate data & statistics	III. Benchmarked information
GOALS	Generate concrete statistics to support CLS	Establish club football profile on European level	Assist operations at national level
HIGH-LEVEL OBJECTIVES	Enable UEFA to raise profile of CLS Improve Licensor feedback on CLS to clubs – context Assist with efficient implementation (group issues) Enable any appropriate developments of CLS Facilitate dissemination of best practice Facilitate training needs	Enable UEFA to underline value of CLS Improve feedback to clubs, placing market in context Underline national and football wide market trends Improve UEFA's ability to defend general interests of sport Raise investor confidence through controlled market visibility	Allow licensors to identify inefficiencies (at specific clubs and in own market v others) Allow licensors to facilitate sharing of best practice (under-over performing clubs) Enable clubs and licensors to narrow information deficiencies compared to agencies & service providers Provide clubs & licensors with quality data for finance providers

First discussed Benchmarking working group meeting October 18, 2006.
Presented at Vienna meeting to all licensing managers in November 2006.

Disclaimer

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

APPENDIX: Overview of selected competitive balance measures

Name of Competitive Balance Statistic	What does it measure?	Advantages	Disadvantages
Standard Deviation of Win Percentage	Compares the standard deviation of the teams' win percentages across the entire league and gives an indication of within-season competitiveness. The higher the value, the more imbalanced the league, the lower the value, the more balanced the league.	Easy to understand and widely used as a quick and basic indicator.	It is not dynamic: the standard deviation can be the same value when comparing leagues with different outcomes over time and it does not reveal dominance by a particular team over time.
C5 Index of Competitive Balance	The "concentration ratio" examines the concentration of points amongst the top 5 teams in a league and provides insight into their dominance over time. This statistic measures the inequality between the top 5 clubs and the rest of the league.	Intuitively easy to understand: a higher concentration of points, the more imbalance. This figure also makes it easy to look at dominance of a certain grouping of clubs which many blame for decreasing competitive balance.	One problem with this indicator is that it does not give any indication of inequality amongst the top 5 teams or amongst the teams below the top 5. However permutations could be calculated (e.g. a C3 index).
Herfindahl-Hirschmann Index	The Herfindahl-Hirschmann Index examines the inequality across all teams in a league. Intuitively it captures the "points share" of each team in the league and aggregates them into a weighted index using each club's share as a weight.	The HHI gives an indication of the inequality of the league and over time (i.e. across seasons).	This measure does not however indicate if any team or teams in particular are dominating year after year. The HHI does not relate any information about the mobility of teams.
Persistence	Persistence considers the frequency that a team (or select group of teams) has won the league (or at least appeared in the top *x* positions in the league). The persistence index counts the number of times the same team has appeared at a certain level over a given time period.	Persistence gives insight into domination of a league. With this measure one can determine which clubs are consistently in the top positions.	There is no indication about the "closeness" of the competition. The measure is vulnerable to structural changes in the league and competition (e.g. play-offs).
Gini Coefficients and Lorenz Curves	Lorenz Curves are normally used to indicate the spread of wealth in society. A curve plotting an equal distribution of income would fall along the 45-degree line: 10% of the population has 10% of the wealth, 20% of the population has 20% of the wealth, etc. The Lorenz Curve is the actual distribution and the area between it and the 45-degree line indicates the level of inequality. In a perfectly balanced league the Lorenz Curve would be the 45-degree line. The Gini Coefficient calculates the share of the area between the Lorenz Curve and the 45-degree line. The Gini Coefficient falls between 0 and 1 with 1 indicating complete inequality.	These measures can give an indication of dominance within a league. Lorenz Curves and Gini Coefficients are invariant to the size of the league.	One criticism is that no team can take 100% of the share of wins or share of points. Not very useful for measuring within-season competitive balance.

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