6. Football finances

Stephen Morrow

6.1 INTRODUCTION

The substantial increases in income enjoyed by top-level football clubs in recent years, coupled with the resultant benefits gained by elite players, have resulted in a markedly increased emphasis on the business of football. Indeed financial performance has become one of the dominant narratives about football, with regular commentary on financial success or failure at both league and club level. This chapter begins with an overview of information available about football finance, identifying academic, professional and new media sources. It continues with an analysis of the financial state of professional football, focusing both on its impressive high-level revenue figures but also on financial challenges faced by some of its leagues and clubs. This provides the context for a discussion on the theoretical case for financial regulation in professional football, and on financial regulation in practice, specifically the Union of European Football Associations (UEFA)'s Financial Fair Play (FFP) regulations. The chapter concludes with a section on political consequences of FFP.

6.2 FOOTBALL FINANCE MATERIAL

Comprehensive annual reviews of football club finances and financial reporting based on clubs' published financial statements have been provided for many years by accounting and consulting firms: Deloitte, concentrating primarily on the English leagues but also providing an overview of the other main European markets (see, e.g., Deloitte, 2013); PricewaterhouseCoopers for the Scottish Premier League (SPL) (now the Scottish Professional Football League Premiership) (see, e.g., PWC, 2012) and more recently for Italian football (Arel/PWC, 2012). Since 2012 UEFA has published annual benchmarking reports analysing the governance and financial development of club football across Europe (UEFA, 2013, 2012a, 2011, 2010), while bespoke reports on football finance and club ownership have been published by organisations as diverse as Christian Aid (2010), Ernst & Young (2010) and the Financial Action Task Force (2009). There have also been an increased number of monthly trade publications such as *FC Business* and *SportBusiness* which focus on aspects of football finance and the business of football, as well as noticeably greater coverage in newspapers and traditional media. The advent of new media has also strengthened coverage of the topic. Sites such as www.swissramble.blogspot.com and www.footballeconomy.com provide informative analysis and coverage on aspects of football finance, while others such as www.andersred.blogspot.com and www.rangerstaxcase.wordpress.com have emerged to offer independent commentary on specific football finance issues, in these cases respectively, financial and governance issues and consequences of the Glazer family's leveraged takeover of Manchester

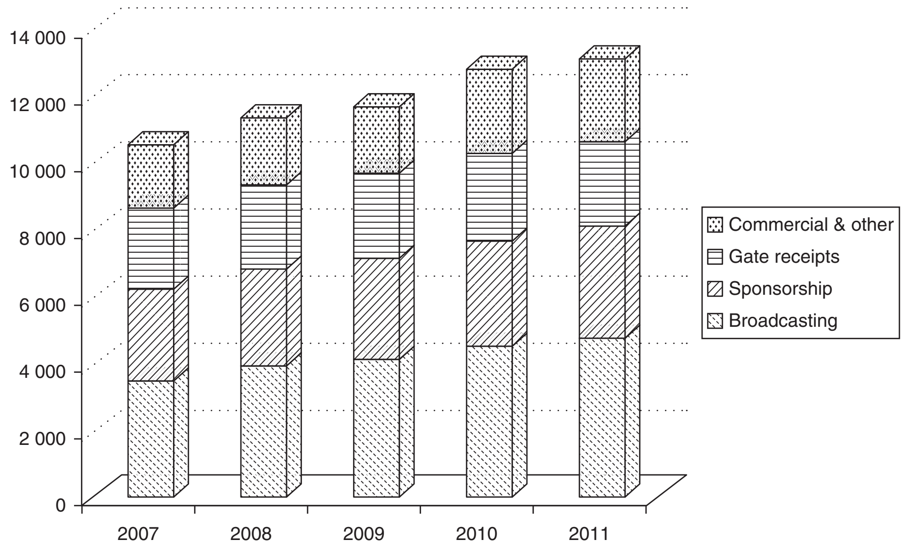
United and issues arising from a major taxation dispute between the UK's tax authorities, Her Majesty's Revenue and Customs (HMRC) and Rangers FC, centring on a putative tax avoidance scheme.

The academic literature on football finance has also proliferated, reflecting the sport's financial development. Unsurprisingly a great deal of this has emerged out of, or complemented, the longer-established literature on the economics of football (and sport more generally) (for an overview see, e.g., Dobson and Goddard, 2011; Gerrard, 2006a, 2006b; Szymanski, 2010; Szymanski and Kuypers, 1999). There is also a considerable overlap with the developing literature on football governance and ownership structures (see, e.g., Dimitropoulos, 2011; Dimitropoulos and Tsagkanos, 2012; Franck, 2010; Gammelsæter and Senaux, 2011; Garcia and Rodriguez, 2003; Hamil et al., 2010; Holt, 2007; Hope, 2003; Michie and Oughton, 2005; Senaux, 2011; as well as a number of edited books by Hamil et al., 1999, 2000, 2001). Stand-alone books on football finance and accounting have been written by Morrow, though these focus on earlier stages of football's financial development (Morrow, 1999, 2003). The subject has also been the focus of chapters in edited books (Beech, 2010), while sport finance textbooks also place considerable emphasis on professional football (Wilson, 2011). Academic papers have been published on areas including: financial crisis, distress and challenges in the industry (Beech et al., 2010; Bosca et al., 2008; Dietl and Frank, 2007; IJSF, 2010; JSE, 2006; Storm and Nielsen, 2012); club objectives (Solberg and Haugen, 2010; Storm, 2011, 2009); new revenue sources such as naming rights (Crompton and Howard, 2003); securitization (Burns, 2006; Weston, 2002); benefits of stock market listings (Baur and McKeating, 2011); and financial management (Emery and Weed, 2006; Grundy, 2004). In addition, an increasing number of papers are emerging around licensing, fair play and regulation (Carlsson, 2009; Drut and Raballand, 2012; Geey, 2011; Müller et al., 2012), predated by largely economics-based papers on regulatory initiatives such as salary caps (Dietl et al., 2006; Kesenne, 2003).

A smaller number of papers have been published focusing on accounting and disclosure issues in football clubs. Papers on accounting for transfer fees and player asset valuation and recognition are most prominent, having been considered by Amir and Livne (2005), Morrow (1996, 1997), Risaliti and Verona (2013) and Rowbottom (2002), with limited interest in related areas such as accounting for intellectual capital (Shareef and Davey, 2005). Studies on narrative reporting in football clubs have been carried out by Morrow (2005), focusing on image management in narrative communication in elite British clubs and its alignment with financial information; on social disclosure in Premier League clubs (Slack and Shrives, 2008); on financial reporting relevance (Morrow, 2013); on the implications of FFP for financial reporting (Morrow, forthcoming); on accountability in football, with an emphasis on the Glazer family takeover and ownership of Manchester United (Cooper and Johnston, 2012); on insolvency practice (Cooper and Joyce, 2013); and on creative accounting in Italian football (Morrow, 2006).

6.3 THE STATE OF THE GAME

The revenue performance of European club football continues to be extremely impressive. The most recent UEFA (European football's governing body) Benchmarking



Source: UEFA (2013).

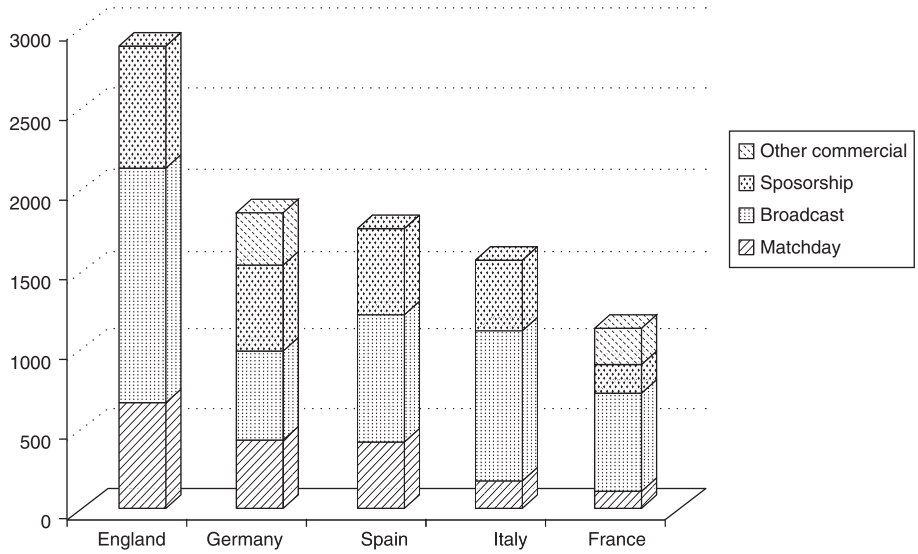
Figure 6.1 Top division revenues (€m)

Report, compiled as part of that body's Club Licensing scheme, reported a 3 per cent increase in club incomes in 2011, reaching a record aggregate level of €13.2 billion (see Figure 6.1). Over the five-year period from 2007, club revenue grew at an aggregate rate of 5.6 per cent per annum, equivalent to 24 per cent over the entire period; this at a time when the average growth rate in Europe's economies was 0.5 per cent (UEFA, 2013). Indeed football income growth outpaced the level of national economic growth in 49 of UEFA's 53 national associations (UEFA, 2012a).

The consultants Deloitte (2013) estimate the revenue of the European football market at €19.4 billion for 2011/12, with close to half of this revenue, €9.3 billion, being generated by the 'big five' leagues in England, France, Germany, Italy and Spain (see Figure 6.2).

The primary driver of this growth has been broadcasting income. Here the FA Premier League (FAPL) in England has led the way: its recent three-year domestic rights deal (2010–2013) was worth £1.782 billion (€2.25 billion), with a further £1.40 billion (€1.76 billion) coming from overseas rights. Yet this income source continues to grow at an extraordinary rate: the FAPL's present three-year domestic rights deal with BSkyB and BT is worth £3.018 billion (€3.815), a 71 per cent increase on the present deal. To put this in perspective, the new deal means that the minimum sum the bottom-placed team in the 2013/14 FAPL will earn will be £65 million; a sum greater than what the 2011/12 champions, Manchester City earned (Sabbagh, 2012). Continued growth in broadcasting income is apparent in other countries too, most notably Germany where a new domestic rights deal, also effective from 2013/14, is worth €2.5 billion over four seasons; the annual rights of €628 million representing a 52 per cent increase on the previous deal of €412 million (EPFL, 2012).

Ostensibly football finance is also a good news story at the level of individual clubs.



Source: Deloitte (2013).

Figure 6.2 Revenue breakdown for European leagues 2011/12 (€m)

According to *Forbes Magazine*, football clubs dominate the world's most valuable sports franchises. Real Madrid is ranked first with a value of \$3.3 billion, followed by Manchester United (\$3.17 billion) and Barcelona (\$2.6 billion). The New York Yankees are the most valuable US sports team, with a value of \$2.3 billion (Badenhausen, 2013).

Inevitably one narrative which accompanies figures like these is of a vibrant and successful industry: see, for example, the comments by the Chief Executive of the Premier League, Richard Scudamore, that spending during the January 2011 transfer window demonstrated a game in rude health (*BBC Sport*, 2011). Yet at the same time, traditional approaches to measuring and communicating the financial performance of clubs, in contrast to their revenue generation, present a less positive picture of escalating salary costs, unsustainable levels of debt, and clubs going out of business or being placed in corporate rescue situations such as administration (Barajas and Rodríguez, 2010; Beech et al., 2010; JSE, 2006; Morrow, 2012).

As is well understood, managing the cost base, and in particular the wages and salaries of players, has long been football's primary challenge. While the UEFA benchmark report notes that the percentage of club revenues paid out in salaries and social charges has stabilised at 65 per cent, it also notes that 88 clubs (out of a total of 679) had a ratio greater than 100 per cent (UEFA, 2013). Moreover, five clubs which participated in the 2011/12 group stages of UEFA's Europe-wide club competitions, the Champions' League or Europa League, had a ratio greater than 100 per cent (UEFA, 2012a). The consequences of this are evident in the overall financial performance of European football clubs: 63 per cent of Europe's top division clubs reported operating losses; 38 per cent of clubs were in negative equity positions, where their liabilities exceed their assets; auditors expressed concern as to the validity of the going concern assumption at one in seven clubs (UEFA, 2013).

The situation does not look much better when focusing on individual countries. For example, in Italy – one of the big five European markets – for season 2010/11, a collective loss of €0.4 billion was reported for the top four divisions on the back of declining revenues caused by a fall in attendances and gate receipts, and rising costs. Only 19 out of 107 Italian clubs reported a profit (Arel/PWC, 2012). Such figures prompted a less sanguine narrative from Italy's Minister for Regional Affairs, Tourism and Sport, Piero Gnudi, who observed that: 'in other areas, with these numbers, we would be talking about companies close to bankruptcy. The net worth of football is going down dramatically' (SportBusiness, 2012).

In Spain, 22 clubs have taken advantage of the Ley Concursal, a Bankruptcy Act introduced in 2004, under which administrators appointed to a club devise a five-year economic plan and arrange repayment of their debts, often only 50 per cent of the sum originally owed (Barajas and Álvarez-Santullano, 2012; Barajas and Rodríguez, 2010). Six Spanish La Liga clubs began season 2011/12 in administration (Deloitte, 2012). In England, Portsmouth, FA Cup winners in 2008 and an FAPL club for seven seasons until its relegation in 2009/10, went into administration in February 2012; the second time it had done so in two years. In Scotland, one of European football's bigger names, Rangers, winners of the European Cup Winners Cup in 1972, UEFA Cup finalists in 2008 and a club with an average home attendance of 45 000, went into administration in February 2012 owing £55 million to unsecured creditors, and with a further £79 million claimed by HMRC largely due to the club's use of an Employee Benefits Trust (Duff & Phelps, 2012). A CVA (Company Voluntary Arrangement) could not be agreed with the club's creditors and as a result The Rangers Football Club plc was liquidated and a new Rangers company set up. The new company was denied permission to participate in the SPL and began season 2012/13 in the Third Division of the Scottish Football League. In Switzerland, Neuchatel Xamax was declared bankrupt and its owner arrested in respect of financial mismanagement and fraud. The club's licence had earlier been revoked by the Swiss League and the club was forced to drop out of the Swiss Super League mid-season (www.swissinfo.ch, 2012).

Financial concerns are not, however, restricted to clubs in weak financial positions. The use of a leveraged buy-out (LBO) to acquire Manchester United in 2005 is perhaps the most obvious example of football financing inducing alarm among many football stakeholders. In this case the bidder, the Glazer family, borrowed funds to acquire its majority stake in the club, securing part of the loan against the club's assets, with the club itself taking on the debt. The fact that not all of the debt was secured, inevitably resulted in higher interest rates thereon. The result of the LBO is that a substantial cost of the acquisition is effectively being met by those who provide cash flow to the organisation: its supporters, commercial partners and sponsors, and media organisations. The dissatisfaction of many of the club's supporters was compounded further by the club's subsequent flotation on the New York Stock Exchange. This saw the club raise $234 million through the issue of 16.7 million class A shares, these carrying only one-tenth of the voting rights of existing shares in the company and no dividend rights (Mackenzie and Mackan, 2012). Only half of the proceeds of the issue were used to pay down the club's debts, the other half being returned directly to the Glazer family (Ozanian, 2012). Other governance concerns also emerged from the share issue prospectus and flotation, notably the setting up of a new holding company in the Cayman Islands, and Manchester United

Ltd's status as an emerging growth company, one consequence of which is that for a five-year period it is not required to disclose full financial information (SEC, 2012).

More generally, the paradoxical situation in European football finance – increasing revenues but declining financial performance and position – has now directly influenced football policy, most visibly in the introduction by UEFA of Financial Fair Play (FFP) regulations as part of its Club Licensing scheme (UEFA, 2012b). As the name suggests, the focus of the FFP regulations is on matters financial, with an emphasis on improving clubs' financial management and financial performance. At this particular juncture the concept of financial fair play is the dominant issue in the business of European football, and not solely at transnational level. While some countries such as Germany and the Netherlands have a long history of club licensing and of financial regulation, interest in countries such as England and Scotland is much more recent. In Scotland, FFP is one response of the SPL to the administration and liquidation of Rangers; in the Championship in England it is a response to high levels of debt among clubs in the Football League pyramid (*BBC Sport*, 2012). Given its overriding importance, the remainder of this chapter will focus on UEFA's transnational FFP regulations. (For a more detailed critique and review of FFP, see Müller et al., 2012.)

6.4 A RATIONALE FOR REGULATION

As is well understood, the very nature of competitive team sport means that inevitably there are many more losers than winners. At the same time, elite professional football leagues tend to employ mechanisms where financial reward, in part at least, is dependent on playing success, and revenues are increasingly concentrated at the top end of leagues, for example the rewards associated with qualification for the Champions' League or with promotion to the FAPL. These income drivers, coupled on the expenditure side with the established relationship between spending on player salaries and transfer fees and sporting success (Deloitte, 2012), encourages clubs or directors to overspend, with consequences for clubs' financial performance and positions (Müller et al., 2012; Vöpel, 2011). This situation is further compounded both by supporters' expectations and by ownership structures prevalent in many football clubs, in particular the presence of wealthy majority owners. Many of these so-called benefactors are motivated by a desire for sporting success; seemingly unconcerned or unwilling, in the absence of formal salary cost regulation of the sort found in other sports, to withstand unsustainable wage demands from players and their agents. That combination of wealth and behaviour has the capacity to further distort sporting competition. Were these ordinary businesses and the consequences of such distortions restricted only to an individual organisation, any case for regulation would be limited. But the nature of football and football clubs means that the economic and social consequences extend well beyond a particular club. Cognisance of the nature of sporting success and its relationship with financial reward encourages other clubs to respond to and mimic the behaviour of those clubs (or more accurately those club owners) that can afford to be loss-making (the benefactor clubs). This leads to what has been termed an arms race to hire and retain the best talent, contributing to an inflationary spiral in salaries and transfer fees (Andreff, 2007; Barajas and Rodríguez, 2010; Hamil and Walters, 2010).

More pertinently, of course, sporting competition necessitates interdependence among its participants. If a club is unable to fulfil its fixtures and meet its obligations, this has consequences for other clubs and for the integrity and commercial value of a league itself (Lago et al., 2006). Events that unfolded in the SPL in 2012 after one of its two major clubs, Rangers, went initially into administration and then subsequently into liquidation highlighted interdependence vividly. At the level of an individual club, a contributory factor in another SPL club, Dunfermline Athletic, being unable to pay its players' wages at one point during season 2011/12 was a delay in receiving overdue gate receipts from Rangers while it was in administration (Barnes, 2012). At the level of the league, the SPL was obliged to struggle with the consequences of not having Rangers as a member club. These included: the loss of income to the league and its member clubs arising from the reduction in numbers of travelling supporters and the anticipated diminution in the value of its central media deal (due for renewal at the start of season 2012/13 and dependent on four matches each season between the country's two largest clubs, Celtic and Rangers); and the resultant implications for clubs, several of which were already in a precarious financial position.[1]

In many ways, major football clubs today are not dissimilar to companies in other areas of economic activity: major brands with diverse income streams and customers worldwide. Yet at the same time football clubs, including the very largest, continue to have characteristics which distinguish them from conventional companies and make them more akin to social institutions: in particular, the nature and importance of relationships between stakeholders and their clubs. These arise from the sense of identity and belonging that some stakeholders, particularly supporters, have in relation to their clubs (Brown et al., 2006; Brown et al., 2008; Morrow, 1999, 2003); to their customer loyalty and partisanship (Simmons, 2006); to high levels of stakeholder engagement and activism (Michie and Oughton, 2005; Morrow, 1999; Vamplew et al., 1998); and to the enduring relationships between European clubs and geographical communities (Bale, 2002). They are organisations which often play a prominent and distinct role in particular communities, both geographical and cultural; organisations which often have social and political significance.

These characteristics are significant financial assets for football clubs. From a governance perspective, however, the multifaceted nature of supporters' relationships with a club can be challenging. On the one hand there is a risk that this loyalty can be exploited by some owners. Furthermore, the very centrality of a club to many people's identity, coupled with a fear of undermining the institution rather than a club's owners, means that market-based approaches such as exit (that is, withdrawal of financial support) are rarely used as a means of controlling or disciplining behaviour in a football club. As a result even in those clubs which have been most spectacularly mismanaged, resulting in the most negative economic and social consequences, society in the shape of a football club's communities often deem the organisation (as distinct from its owners and managers) as worthy of support at all costs. Hence, in the absence of effective regulation, one is left with unfettered market control: within the limited constraints of football's 'fit and proper person' tests, anyone can buy and sell a club, and manage it or mismanage it as they see fit with very little accountability to a club's stakeholders. If one accepts that these organisations are economic in basis but social in nature, then a specific type of public interest argument can be invoked to support FFP, protecting the interests of an individual club's public(s) – its supporters (wherever located), communities, businesses and commercial partners – and the wider community of football encompassing other clubs, leagues and competitions.

6.5 FINANCIAL FAIR PLAY

Introduced in 2003, UEFA's Club Licensing regulations specify minimum requirements in five separate categories – sporting, infrastructure, personnel and administrative, legal and financial – that clubs must meet in order to be licensed to participate in its Europe-wide club competitions. Its system was modelled on licensing systems that had been introduced in domestic leagues, most notably the German Bundesliga (Olsson, 2011). UEFA devolved the licensing system to its national associations, which in turn could identify a league governing body as the licensing body. Its intention was that over time the licensing system would be extended to all clubs participating in a country's domestic top-flight league (Müller et al., 2012), and by 2011, 48 of the 53 member associations operated a national licensing system (UEFA, 2012a).

Effective from 2013/14 but based on clubs' financial results from season 2011/12 onwards, FFP requires all clubs which meet a minimum threshold in terms of income and expenditure (that is, relevant income and relevant expenses of at least €5 million) to meet various criteria set out in the FFP regulations in order to be licensed to participate in UEFA's Europe-wide club competitions, the Champions' League and the Europa League. The aims are set out in Article 2, and paragraph 2 thereof (UEFA, 2012b) is of most relevance to this chapter (Box 6.1).

Müller et al. (2012) suggest that while much of FFP is concerned with extending the previous licensing system to ensure the smooth running and integrity of UEFA's competitions, it also introduced a new fundamental objective of regulatory intervention, the

BOX 6.1 FFP AIMS

[These regulations aim] to achieve financial fair play in UEFA club competitions and in particular:

a) to improve the economic and financial capability of clubs, increasing their transparency and credibility;
b) to place the necessary importance on the protection of creditors and to ensure that clubs settle their liabilities with players, social / taxation authorities and other clubs punctually;
c) to introduce more discipline and rationality in club football finances;
d) to encourage clubs to operate on the basis of their own revenues;
e) to encourage responsible spending for the LR benefit of football;
f) to protect the long-term viability and sustainability of European club football.

Source: UEFA (2012b, Article 2, paragraph 2).

final objective in the above list. Their paper provides a table which seeks to explain or classify FFP in terms of:

- fundamental objectives (e.g. Article 2, para. 2f, above);
- instrumental objectives (objectives which have no end in themselves but which serve to reach a fundamental objective, e.g. Article 2, para. 1d – 'ensuring the smooth running and integrity of the competitions'); and
- operational objectives (e.g. Article 2, para. 2d, above).

6.5.1 Financial Fair Play: the Basics

FFP is about encouraging clubs to improve the management of their cost base, achieving a sustainable balance between income, spending and investments. The key requirement is that clubs should report a breakeven position, calculated by comparing relevant income and costs, over a rolling three-year (initially two-year) period. In FFP breakeven is not an absolute position, but rather one which is subject to 'an acceptable level of deviation'. Specifically, in any monitoring period a club can report an aggregate loss of €5 million, while a further deviation or loss of initially €45 million, but declining to €30 million, is permitted as long as such excess is fully covered by equity injections from the club's owners and/or related parties (Annex X, D). Table 6.1 sets out the break-even determination.

In determining breakeven, clubs need only include what are defined as relevant income and relevant costs: at its simplest, clubs must match football expenditure with football income (see Article 58 below). So, for example, while expenditure incurred on player salaries and amortisation of player acquisitions are considered as relevant costs, by contrast depreciation of tangible fixed assets, expenditure on youth development or community activities and finance costs incurred in the construction of tangible fixed assets may be excluded from its determination. Similar rules apply to the determination of income: in broad terms this is income derived from football activities. Income is not treated as relevant only where it is clearly and exclusively not related to the activities, location or brand of the football club. Hence facilities such as a hotel or restaurant proximate to a club's stadium or training facilities could be classified as relevant income for the purposes of the breakeven calculation (Annex X, Para B.k).

Paragraph 4 of Article 58 (Box 6.2) introduces the concepts of related parties and

Table 6.1 The break-even determination

Monitoring period	No. of years	Years included			Acceptable deviation (€m)	
		t−2	t−1	t	Covered	Not covered
2013/14	2	NA	2011/12	2012/13	45	5
2014/15	3	2011/12	2012/13	2013/14	45	5
2015/16	3	2012/13	2013/14	2014/15	30	5
2016/17	3	2013/14	2014/15	2015/16	30	5
2017/18	3	2014/15	2015/16	2016/17	30	5
2018/19	3	2015/16	2016/17	2017/18	<30	5

BOX 6.2 ARTICLE 58, PARAGRAPH 4: NOTION OF RELEVANT INCOME AND EXPENSES

1. Relevant income is defined as revenue from gate receipts, broadcasting rights, sponsorship and advertising, commercial activities and other operating income, plus either profit on disposal of player registrations or income from disposal of player registrations, excess proceeds on disposal of tangible fixed assets and finance income. It does not include any non-monetary items or certain income from non-football operations.
2. Relevant expenses is defined as cost of sales, employee benefits expenses and other operating expenses, plus either amortisation or costs of acquiring player registrations, finance costs and dividends. It does not include development activities, expenditure on community development activities, any other non-monetary items, finance costs directly attributable to the construction of tangible fixed assets, tax expenses or certain expenses from non-football operations.
3. Relevant income and expenses must be calculated and reconciled by the licensee to the annual financial statements and/or underlying accounting records, i.e. historic, current or future financial information as appropriate.
4. Relevant income and expenses from related parties must be adjusted to reflect the fair value of any such transactions.

fair value, concepts which are well established in accounting standards and taxation legislation. In terms of FFP a person or close member of a person's family is related to a reporting entity (club) if that person has control, joint control or influence over the club, or is a key member of the management team of the club or the club's parent entity, whether directly or through another entity. An entity is related to the reporting entity if the two entities are part of the same group or if they are in some defined way involved in a joint venture together (Annex 10, E). Fair value is the sum at which an asset could be exchanged or a liability settled on an arm's-length basis assuming knowledgeable and willing parties (Annex 10, E, 7). Fair value is thus distinct from market value: it is the sum at which one might reasonably expect an asset to be exchanged or a liability settled on the basis of prior evidence.

Examples provided of related party transactions which require to be included at fair value include the sale of sponsorship rights by a club to a related party; the sale of corporate hospitality tickets, and/or use of an executive box, by a club to a related party; and any transaction with a related party whereby goods or services are provided to a club. Under the provisions of Annex X, D, the difference between the income received from a related party and the fair value recognised in the break-even calculation can be treated as an equity contribution from a related party in terms of covering the acceptable deviation set out in Table 6.1.

Two other requirements add to the flexibility or elasticity of the breakeven concept. First, there is an opportunity to use breakeven surpluses from the two years immediately preceding the monitoring period to compensate for any breakeven deficit during the monitoring period (Article 63, para. 2b); and second, where the breakeven requirement is not fulfilled, the Club Financial Control Body can consider a number of mitigating factors as set out in Annex XI. These include the quantum and trend of the breakeven result, the projected breakeven result for the year $t + 1$, and the licensing applicant's budgeting accuracy.

While the breakeven requirement has dominated coverage of FFP, other requirements in Club Licensing have also now been reinforced, in particular those concerned with clubs having overdue payables to either their employees, the taxation authorities or to other clubs. Previously clubs had only to prove that they had no such overdue payables as at 31 March preceding the licensing season; the licensing decision being based on activities up until the cut-off date of 31 December in the year previous. Consequently there was an opportunity for clubs to engage in cash flow management over a 15-month period to the possible detriment of their employees, other clubs and/or the tax authorities, but without any risk of sanction in terms of the licence award. Under the new system, this information is also required at 30 June in the year that the UEFA club competitions commence. Should a club have overdue payables then it is deemed to be in breach of Indicator 4 (Article 62), meaning that it is then required to demonstrate that it has no overdue payables as at 30 September (Articles 65, 66), in practice moving clubs closer to quarterly monitoring.

Moreover if a club's financial statements include an emphasis of matter or a qualified audit opinion in respect of the club as a going concern (Indicator 1) or if they demonstrate a net liabilities position that has deteriorated relative to the prior year comparative figure (Indicator 2), then a club is required to provide future financial information including a budgeted profit and loss account, budgeted cash flow statement and explanatory notes (Articles 52). In addition, where a club's financial statements show that its wages and social costs are greater than 70 per cent of its turnover, or where its net debt exceeds 100 per cent of its turnover, the Club Financial Control Body may ask a club to submit additional financial information (Article 62).

6.6 FFP IN PRACTICE

The regulations are motivated by financial fairness rather than equality among clubs. Central to this is the desire that all clubs should align their football-related expenditure with their football-related income. While FFP makes no comment on particular ownership structures, FFP seeks to restrict the behaviour of owners, by limiting their ability to make good operating losses caused by overspending on player wages through *ex post* financial bail-outs. The emphasis afforded to the breakeven calculation and the high significance of salary costs in football clubs (and hence within the determination of breakeven), means that FFP acts as an implicit salary cap. Therefore clubs wishing to participate in Europe-wide club competitions are required to plan and control their player-related spending. Benefactor investment is not prohibited, however, but is limited to investment in things such as infrastructure or supporting community activities. In addition, this motivation to curb wage inflation also explains its focus on related party transactions, the intention of which is to ensure that these are not used to circumvent restrictions on financial bail-outs by owners.

It could be argued that the focus on relevant income and costs and on the alignment between them is artificial and makes arbitrary judgements about good and bad revenue and expenditure and about how a business should operate. An alternative interpretation is that FFP is doing no more than emphasising that unless an organisation abides by certain commonsense financial rules and concepts then it cannot be sustainable without external financial support. In broad terms FFP's focus is on the importance of matching: that recurring expenditure should be matched with recurring income; that longer-term investment in assets should be matched with longer-term funding. So, debt incurred to build or develop a training facility is 'good' as it matches investment with obligation: matches an asset with its expected future benefits. On the other hand debt incurred to pay for recurring player salaries or *ex post* investment to cover losses is 'bad' or mismatched. In these terms FFP is essentially prescribed financial management for football clubs; requiring clubs to ensure that they plan, direct, organise, monitor and control their monetary resources. As the headline figures referred to in the introduction indicate, the recent history of European football suggests, good financial management is something many clubs have found difficult or impossible.

One weakness of FFP as currently structured is that it may lead to forms of creative accounting, for example, clubs seeking to report income from non-football operations as relevant income in order avoid the regulatory restrictions (Morrow, forthcoming; Vöpel, 2011). Consider the example in Box 6.3.

In keeping with attitudes towards financial reporting standards (Weetman, 2006), there is a risk that some clubs may see FFP as a rules-based approach to regulation, albeit one operating under some higher-level principles, with directors and executives thus seeking to find ways to avoid or evade the rules: a 'show me a rule that says I can't do this' approach. Moreover, as is accepted in financial reporting as well as in taxation, rules and definitions for things such as related parties and fair value, however well intentioned, are particularly productive sites for forms of creative accounting (Jones, 2010). This can be illustrated with another high-profile example (Box 6.4).

Another weakness is that FFP is primarily an inputs-based approach to regulation. Hence, expenditure incurred on, say, community activities or youth development activities is explicitly assumed to be 'good', in the sense that it can be excluded from relevant costs in determining breakeven. As above, one risk is that it may encourage clubs to

BOX 6.3 RELEVANT INCOME

Turkish side Trabzonspor has announced a plan to build a hydro-electric power station; an apparently rational attempt to generate revenue from Turkey's rapidly growing energy market. Assuming this is branded as the Trabzonspor Power Station, under Annex X,B,k (UEFA, 2012b):

1. Should it be excluded from the calculation of relevant income as it is clearly and exclusively not related to the activities, locations or brand of the football club?

or

2. Is it an example of an operation clearly using the name and brand of the club as part of its operations and hence relevant income should be adjusted to include it?

GODDARD 9781781003169 PRINT.indd 91 16/09/2014 14:34

BOX 6.4 RELATED PARTY TRANSACTION

In 2011 Manchester City signed a ten-year partnership agreement with Etihad Airways (Manchester City, 2011), a deal reported to be valued at £400 million (Taylor, 2011). Etihad Airways is owned by the government of Abu Dhabi. Manchester City's owner, Sheik Mansour is a member of the Abu Dhabi Royal family.

1. Is this simply an arm's-length commercial partnership, involving sport sponsorship, stadium naming rights and a highly innovative development, the Etihad Campus, (comprising a training facility, youth academy, sports science laboratories, accommodation, office space and retail outlets), which will benefit the club and the community, and is thus very much in keeping with UEFA's desire to encourage investment in youth and community development? If so, then the cost of the development would be excluded, while any profits from the non-football operations would be included in the breakeven calculation.

or

2. Is this a related party transaction as defined in Annex X, E (UEFA, 2012b) at a value above fair value, in which case the difference between fair value and the agreed value would have to be deducted from the club's relevant income when calculating its breakeven position? If so, given the unique nature of the agreement, how best can fair value be determined?

Note: For a very detailed discussion of this deal and FFP, see Swiss Ramble (2011).

classify activities or expenditure in a particular way in order to gain the maximum FFP relief. But more pertinently from a financial point of view, no consideration or judgement is made on the return on investment in these areas or on their effectiveness; this is simply about what a club spends on these activities. A further weakness is that by defining breakeven in terms of an acceptable deviation, it both clouds the commonsense understanding of breakeven and also potentially encourages clubs to focus not on breakeven per se, but instead on the maximum permissible loss. The absolute deviation is also itself arguably unfair in that it takes no account of the relative size of a club in terms of its turnover.

The desirability of regulatory intervention in European football and of FFP in particular, has been questioned by some sport economists (see, e.g., Peeters and Szymanski, 2012; Vöpel, 2011). They argue that FFP regulation may in fact be dynamically inefficient, stifling competition and inadvertently serving to protect well-established clubs from being challenged by other clubs, as a consequence of imposing a ceiling on deficits and restricting equity contributions by owners and others. Similarly Geey (2011) suggests that FFP will act as an effective barrier for mid-level teams, reinforcing the competitive advantage enjoyed by those clubs that generate

GODDARD 9781781003169 PRINT.indd 92 16/09/2014 14:34

the highest levels of revenue. Its fitness for purpose has also been questioned. For example, Szymanski (2012) suggests that such intervention initiatives are misguided as they do not address the actual causes of football club insolvencies, focusing instead on perceived management failures.

Like any form of regulation, it is also likely that FFP will have unintended consequences. For example, while one of UEFA's motivations may be to use FFP to curb player wage inflation, some clubs may respond to the challenges of FFP not by restricting wages but by seeking to increase income. While this is perfectly consistent with the matching concept referred to previously, if the approach adopted to increase income focuses on, say, increasing ticket prices, then this does not align well with the perceived socio-economic focus of FFP (see the following section). This point was raised in an open letter from Alisher Usmanov, 30 per cent shareholder in Arsenal Holdings plc, to his fellow directors. (Arsenal is a club seen by many, including the UK parliament's inquiry into football finance – Culture, Media and Sport Committee, 2011 – as a role model for FFP due to its self-financing model). In his letter he accuses the board of using long-term debt to fund the development of the Emirates stadium not as an example of matching or self-financing, but rather as a way of rewarding the former directors at the expense of the club's supporters:

> The real conflict seems to be between the supporters' expectations and your vision for the Club and at the heart of this is the policy of so-called self-financing. The self-financing model was created to suit the major shareholders at the time, all of whom subsequently sold their shares. The previous decision by the Board to fund the building of the Emirates Stadium with long-term debt was, we believe, certainly not about self-financing. If it had been, it would have been funded through a mixture of debt and non-dividend equity. Instead it allowed, in our view, the major shareholders of the time, who happened to all be Board directors, to load the Club with a liability, to benefit from increased future revenue streams and consequent increase in the value of their holdings, whilst avoiding dilution of their equity. The Board of the time then appeared to pursue a policy of increasing ticket prices and squeezing the fans to cover the short term cost increases which allowed them to bridge until all of these shareholders and Board directors sold 100 per cent of their holdings and cashed out at vast profits . . . This policy does not seem to have changed. (Usmanov and Moshiri, 2012)

While this accusation was firmly rejected by Arsenal Chairman, Peter Hill-Wood, it demonstrates emphatically the contested nature of financial behaviour and decision-making in a politicised sporting environment.

While FFP rules do not come into full effect until the 2013/14 season, 2011/12 was the first season to be included in the initial assessment. Following this assessment, UEFA announced its first FFP sanctions, withholding prize money from 23 clubs taking part in 2012/13 UEFA club competitions, including Atletico de Madrid from Spain and Sporting Lisbon from Portugal, due to their having overdue payables towards other clubs, and/or employees or social and taxation authorities (UEFA, 2012c). Subsequently the Spanish club Malaga was banned by UEFA for two years in December 2012 because of overdue payments to rival clubs and to the Spanish tax authorities. That was subsequently reduced to a year after the club regularised its overdue payables. The club unsuccessfully appealed to the Court of Arbitration for Sport to have the decision annulled or replaced with less severe sanctions (BBC, 2013).

6.7 THE POLITICAL CONSEQUENCES OF FFP

Ostensibly FFP is a form of financial regulation based on the information set out in clubs' general purpose financial statements (Morrow, 1999; Webb and Broadbent, 1986). The focus of these statements is on providing useful information to rational economic decision-makers, primarily shareholders and lenders; that information concentrates on economic events and transactions and on their predicted financial impacts. Yet, the nature of football clubs and the behaviour of many stakeholders involved with clubs, more often than not including their shareholders, leave them ill-suited to meet the perceived objectives and needs of stakeholders (Morrow, 2013). UEFA's requirement for modified financial information as set out above in the determination of relevant income and expenditure suggests that general-purpose financial statements do not meet its needs. For UEFA, there is a desired social and political outcome associated with its regulations, at its simplest, credible and sustainable sporting competition. FFP is socio-economic regulation based on a public interest argument, that is, the long-run integrity of its competitions is asserted to be for the greater good of football and hence of society. In contrast to conventional financial statements which emphasise financial performance at the level of a club focused on a narrow group of economically motivated users, FFP is about prioritising social and sporting public policy objectives at the level of the competition. Thus FFP can be interpreted as contributing to shaping a social (sporting) reality with beneficial social outcomes; this is a form of purpose-oriented financial reporting. In this context the accounting numbers required by UEFA are political in that they have been selected with a particular outcome in mind: that is, the determination of key performance indicators such as breakeven are dependent on political and value judgements about what activities clubs engage in, and about how these are funded and organised. At an organisational level, FFP acknowledges that the nature of football means that that the relevant performance of a club cannot be captured simply by relying on conventional measures of accounting performance. While accountability to stakeholders is not an explicit consideration for UEFA in terms of FFP, its framing of the regulations, for example the treatment of community and social expenditure, introduces the idea of reporting performance that extends beyond a conventional financial bottom line, and of accountability that extends beyond providers of financial capital. Financial fairness and the rules provided to clubs in terms of determining breakeven will make it more difficult for owners to behave in a manner detrimental to other stakeholders, including their supporters and other clubs. FFP also has social and political consequences in terms of whether clubs will be licenced to participate in UEFA's competitions. From the clubs' perspective, FFP and the accounting process provides an opportunity for them to legitimate themselves and to obtain (financial) resources from their environment, through participation in financially lucrative competitions.

6.8 CONCLUSION

Financial Fair Play initiatives represent the most radical attempt to date to regulate football finances and to deal with the instability of football clubs. The involvement by stakeholders including the European Club Association, National Associations, the European Professional Football Leagues, FIFPro Europe and Supporters Direct Europe in UEFA's FFP initiative suggests that there is widespread acceptance that the market cannot be relied upon to regulate the business of football, given its sporting, social and economic nature. While based on conventional financial information, FFP is akin to socio-economic regulation, where the determination of key performance indicators such as breakeven is dependent on political and value judgements about what activities clubs engage in, and how these are funded and organised; about the structure of sporting competition and leagues; and about the social context within which professional football exists. Notwithstanding the high levels of revenue and finance at the top levels of professional football, the introduction of FFP reinforces the argument that the specificity of sport is of continuing relevance to football (Arnaut, 2006).

Despite the consultation process and stakeholder engagement that has preceded the introduction of FFP, inevitably issues will arise in its implementation and in its enforcement. But such challenges should not distract from the core and relatively simple ambition at the heart of FFP: that the often financially lucrative business of football be run in a way which is also sustainable and socially responsible. Football policy initiatives which encourage due emphasis on financial management and stewardship are certainly a move in the right direction.

NOTE

1. 'Why should the business model of one football club be predicated on the health of another?' This was the strapline in one Scottish newspaper article focusing on the ramifications of the collapse of Rangers (Winton, 2012). The article continued: 'The question, posed by David Reid [director as Stenhousemuir FC, a Community Interest [Football] Company], should be rhetorical but instead some of his colleagues in the boardrooms of Scottish football are desperately trying to agree upon an answer to appease their creditors'.

REFERENCES

Amir, E. and Livne, G. (2005), 'Accounting, valuation and duration of football player contracts', *Journal of Business Finance and Accounting*, 32(34), 549–586.

Andreff, W. (2007), 'French football: a financial crises rooted in weak self-governance', *Journal of Sports Economics*, 8(2), 652–661.

Arel/PWC (2012), *Report Calcio 2012*, Federazione Italiana Giuoco Calcio.

Arnaut, J.L. (2006), 'Independent European sport review', a report by Jose Luis Arnaut.

Badenhausen, K. (2013), Real Madrid tops the world's most valuable sports teams', *Forbes*, 15 July. Available at: http://www.forbes.com/sites/kurtbadenhausen/2013/07/15/real-madrid-tops-the-worlds-most-valuable-sports-teams/, accessed 16 April 2014.

Bale, J. (2002), *Sport, Space and the City*, London: Blackburn Press.

Barajas, A. and Álvarez-Santullano, M.M. (2012), 'La calidad de la información financiera en el fútbol español', *Estrategia Financiera*, 293, 30–35.

Barajas, A. and Rodríguez, P. (2010), 'Spanish football clubs' finances: crisis and player salaries', *International Journal of Sport Finance*, 5(1), 52–66.

Barnes, J. (2012), 'Dunfermline hit by shortfall in wages', *BBC Sport*, 1 March. Available at: www.bbc.co.uk/sport/0/football/17210537, accessed 7 September 2012.

Baur, D.G. and McKeating, C. (2011), 'Do football clubs benefit from Initial Public Offerings?', *International Journal of Sport Finance*, 6(1), 40–59.

BBC (2013), 'Malaga: Europa League ban upheld by CAS'. Available at: http://www.bbc.co.uk/sport/0/football/22862618, accessed 15 October 2013.

BBC Sport (2011), 'Scudamore defends Chelsea-led spending spree', 4 February. Available at: http://news.bbc.co.uk/sport1/hi/football/eng_prem/9387975.stm, accessed 7 September 2012.
BBC Sport (2012), 'Championship clubs vote in favour of financial fair play', 25 April. Available at: www.bbc.co.uk/sport/0/football/17841566?, accessed 25 April 2012.
Beech, J. (2010), 'Finance in the football industry', in S.Hamil and S.Chadwick (eds), *Managing Football: An International Perspective*, Oxford: Elsevier, pp. 119–150.
Beech, J., Horsman, S. and Magraw, J. (2010), 'Insolvency events among English football clubs', *International Journal of Sports Marketing and Sponsorship*, 11(3), 236–249.
Boscá, J.E., Liern, V., Martínez, A. and Sala, R. (2008), 'The Spanish football crisis', *European Sport Management Quarterly*, 8(2), 165–177.
Brown, A., Crabbe, T. and Mellor, G. (2008), 'Introduction: football and the community – practical and theoretical considerations', *Soccer and Society*, 9(3), 303–312.
Brown, A., Crabbe, T., Mellor, G., Blackshaw, T. and Stone, C. (2006), *Football and its Communities: Final Report*, London: Football Foundation.
Burns, T. (2006), 'Structured finance and football clubs: an interim assessment of the use of securitisation', *Entertainment and Sports Law Journal*, 4(3). Available at: http://www2.warwick.ac.uk/fac/soc/law/elj/eslj/issues/volume4/number3/burns/.
Carlsson, B. (2009), Insolvency and the domestic juridification of football in Sweden, *Soccer and Society*, 10(3–4), 477–494.
Christian Aid (2010), 'Blowing the whistle: time's up for financial secrecy', A Christian Aid Report, May.
Cooper, C. and Johnston, J. (2012), 'Vulgate accountability – insights from the field of football', *Accounting, Auditing and Accountability Journal*, 25(4), 602–634.
Cooper, C. and Joyce, Y. (2013), 'Insolvency practice in the field of football', *Accounting, Organizations and Society*, 38, 108–129.
Crompton, J. and Howard, D. (2003), 'The American experience with facility naming rights: opportunities for English professional football teams', *Managing Leisure*, 8(4), 212–226.
Culture, Media and Sport Committee (2011), *Football Governance*, Seventh Report of Session 2010–12, London: House of Commons.
Deloitte (2012), *New Rules, Narrower Margins: Annual Review of Football Finance 2012*, Manchester: Deloitte.
Deloitte (2013), *Turn On, Tune In, Turnover. Annual Review of Football Finance 2013*, Manchester: Deloitte.
Dietl, H.M. and Franck, E. (2007), 'Governance failure and financial crisis in German football', *Journal of Sports Economics*, 8(6), 662–669.
Dietl, H., Franck, E. and Nüesch, S. (2006), 'Are voluntary salary cap agreements self-enforcing?', *European Sport Management Quarterly*, 6(1), 602–634.
Dimitropoulos, P. (2011), 'Corporate governance and earnings management in the European football industry', *European Sport Management Quarterly*, 11(5), 495–523.
Dimitropoulos, P.E. and Tsagkanos, A. (2012), 'Financial performance and corporate governance in the European football industry', *International Journal of Sport Finance*, 7(4), 280–308.
Dobson, S. and Goddard, J. (2011), *The Economics of Football*, 2nd edn, Cambridge: Cambridge University Press.
Drut, B. and Raballand, G. (2012), 'Why does financial regulation matter for European professional football clubs?', *International Journal of Sport Management and Marketing*, 11(1–2), 73–88.
Duff & Phelps (2012), 'The Rangers Football Club plc (in administration). Joint administrators' report to creditors and statement of proposals'.
Emery, R. and Weed, M. (2006), 'Fighting for survival? The financial management of football clubs outside the "top flight" in England', *Managing Leisure*, 11(1), 1–21.
EPFL (2012), 'Record revenues for Bundesliga'. Available at: www.epfl-europeanleagues.com/dfl_record_revenues.htm, accessed 4 September 2012.
Ernst & Young (2010), *Football Meets Finance VII*, Munich: Ernst & Young.
Financial Action Task Force (2009), *Money Laundering in Football*, Paris: FATF/OECD.
Franck, E. (2010), 'Private firm, public corporation or member's association governance structures in European football', *International Journal of Sport Finance*, 5(2), 108–127.
Gammelsæter, H. and Senaux, B. (eds) (2011), *The Organisation and Governance of Top Football Across Europe*, Abingdon: Routledge.
Garcia, J. and Rodriguez, P. (2003), 'From sports clubs to stock companies: the financial structure of football in Spain, 1992–2001', *European Sport Management Quarterly*, 3(4), 253–269.
Geey, D. (2011), 'The UEFA financial fair play rules: a difficult balancing act', *Entertainment and Sports Law Journal*, 9(1). Available at: www2.warwick.ac.uk/fac/soc/law/elj/eslj/issues/volume9/number1/geey/.
Gerrard, B. (ed.) (2006a), *The Economics of Association Football*, Volume I, Cheltenham: Edward Elgar.
Gerrard, B. (ed.) (2006b), *The Economics of Association Football*, Volume II, Cheltenham: Edward Elgar.
Grundy, T. (2004), 'Strategy and financial management in the football industry', *Strategic Change*, 13(8), 405–422.

Hamil, S., Michie, J. and Oughton, C. (eds) (1999), *A Game of Two Halves? The Business of Football*, Edinburgh: Mainstream.
Hamil, S., J. Michie, C. Oughton and S. Warby (eds) (2000), *Football in the Digital Age: Whose Game is it Anyway?* Edinburgh: Mainstream.
Hamil, S., J. Michie, C. Oughton and S. Warby (eds) (2001), *The Changing Face of the Football Business: Supporters Direct*, London: Frank Cass.
Hamil, S., Morrow, S., Idle, C., Rossi, G. and Faccendini, S. (2010), 'The governance and regulation of Italian Football', *Soccer and Society*, 11(4), 373–413.
Hamil, S. and Walters, G. (2010), 'Financial performance in English professional football: an inconvenient truth', *Soccer and Society*, 11(4), 354–372.
Holt, M. (2007), 'The ownership and control of elite club competition in European football', *Soccer and Society*, 8(1), 50–67.
Hope, S. (2003), 'The ownership structure of nationwide league football clubs 2002–03', Football Governance Research Centre Research Paper No. 5, London: FGRC.
IJSF (2010), 'The financial crisis in European football: proceedings of the conference on Football and Finance', *International Journal of Sport Finance*, 5(1).
Jones, M. (2010), *Creative Accounting, Fraud and International Accounting Scandals*, Chichester: John Wiley & Sons.
JSE (2006), 'Special issue on the crises in European football', *Journal of Sports Economics*, 7(1).
Kesenne, S. (2003), 'The salary cap proposal of the G-14 in European football', *European Sport Management Quarterly*, 3(2), 120–128.
Lago, U., Simmons, R. and Szymanski, S. (2006), 'The financial crisis in European football: an introduction', *Journal of Sports Economics*, 7(1), 3–12.
Mackenzie, M. and Mackan, A. (2012), 'Man Utd shares kick off with slow run', *Financial Times*, 10 August. Available at http://www.ft.com/cms/s/0/62c56e2c-e2fe-11e1-a78c-00144feab49a.html#axzz25mP4dDzV, accessed 7 September 2012.
Manchester City (2011), 'City and Etihad announce 10 year partnership'. Available at www.mcfc.co.uk/news/club-news/2011/july/8-july-manchester-city-and-etihad-partnership-announcement, accessed 6 July 2012.
Michie, J. and Oughton, C. (2005), 'The corporate governance of professional football clubs in England', *Corporate Governance: An International Review*, 13(4), 517–531.
Morrow, S. (1996), 'Football players as human assets. Measurement as the critical factor in asset recognition', *Journal of Human Resource Costing and Accounting*, 1(1), 75–97.
Morrow, S. (1997), 'Accounting for football players. Financial and accounting implications of "*Royal Club Liegois and others versus Bosman*" for football in the United Kingdom', *Journal of Human Resource Costing and Accounting*, 2(1), 55–71.
Morrow, S. (1999), *The New Business of Football. Accountability and Finance in Football*, Basingstoke: Palgrave Macmillan.
Morrow, S. (2003), *The People's Game? Football, Finance and Society*, Basingstoke: Palgrave.
Morrow, S. (2005), *The Business of Football: Image Management in Narrative Communication*, Edinburgh: Institute of Chartered Accountants of Scotland,
Morrow, S. (2006), 'Impression management in football club financial reporting', *International Journal of Sports Finance*, 1(2), 96–108.
Morrow, S. (2012), 'The financial collapse of Rangers: lessons for the business of football', *Perspectives*, 33, 15–18.
Morrow, S. (2013), 'Football club financial reporting: time for a new model?', *Sport, Business and Management: An International Journal*, 3(4), 297–311.
Morrow, S. (forthcoming), *Financial Fair Play – Implications for Football Club Financial Reporting*, Edinburgh: Institute of Chartered Accountants of Scotland.
Müller, J.C., Lammert, J. and Hoveman, G. (2012), 'The financial fair play regulations of UEFA: an adequate concept to ensure the long-term viability and sustainability of European club football?', *International Journal of Sport Finance*, 7(2), 117–140.
Olsson, L.C. (2011), 'Decisive moments in UEFA', in Gammmelsæter, H. and Senaux, B. (eds), *The Organisation and Governance of Top Football Across Europe*, Abingdon: Routledge, pp. 17–31.
Ozanian, M. (2012), 'Manchester United IPO changes make Glazers richer and fans angrier', *Forbes*, 31 July. Available at: http://www.forbes.com/sites/mikeozanian/2012/07/31/manchester-united-ipo-revised-to-make-glazer-family-wealthier/, accessed 7 September 2012.
Peeters, T. and Szymanski, S. (2012), 'Vertical restraints in soccer: financial fair play and the English Premier League', *University of Antwerp Research Paper*, 2012–028.
PWC (2012), *Calm Before the Storm: Scottish Premier League Football*, 23rd Annual Review of Scottish Premier League Football Season 2010–11, Glasgow: PricewaterhouseCoopers.

Risaliti, G. and Verona, R. (2013), 'Players' registration rights in the financial statements of the leading Italian clubs. A survey of Inter, Juventus, Lazio, Milan and Roma', *Accounting, Auditing and Accountability Journal*, 26(1), 16–47.
Rowbottom, N. (2002), 'The application of intangible asset accounting and discretionary policy choices in the UK football industry', *British Accounting Review*, 34(4), 335–355.
Sabbagh, D. (2012), 'It's the most expensive show on television – Hollywood movies are made for less', *Guardian*, 14 June, p. 42.
SEC (2012), *United States Securities and Exchange Commission, FormF1, Manchester Ltd*. Available at: http://www.sec.gov/Archives/edgar/data/1549107/00010474691200 7026/a2210109zf-1.htm#bg71301a_main_toc, accessed 7 September 2012.
Senaux, B. (2011), 'Playing by the rules . . . but which ones?', *Sport, Business and Management: An International Journal*, 1(3), 252–266.
Shareef, F. and Davey, H. (2005), 'Accounting for intellectual capital: evidence from listed English football clubs', *Journal of Applied Accounting Research*, 7(3), 78–116.
Simmons, R. (2006), 'The demand for spectator sports', in W. Andreff and S. Szymanski (eds), *Handbook on the Economics of Sports*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar, pp. 77–89.
Slack, R. and Shrives, P. (2008), 'Social disclosure and legitimacy in Premier League football clubs: the first ten years', *Journal of Applied Accounting Research*, 9(1), 17–28.
Solberg, H.A. and Haugen, K.K. (2010), 'European club football: why enormous revenues are not enough?', *Sport in Society*, 13(2), 329–343.
SportBusiness (2012), 'Financial losses widen for Italian football'. Available at: www.sportbusiness.com/news/185315/financial-losses-widen-for-italian-football, accessed 19 April 2012.
Storm, R. (2009), 'The rational emotions of FC København: a lesson on generating profits in professional soccer', *Soccer and Society*, 10(3–4), 459–476.
Storm, R. (2011), 'Winners and losers in Danish football: commercialization and developments in European and Danish first tier clubs', *Soccer and Society*, 12(6), 737–753.
Storm, R.K. and Nielsen, K. (2012), 'Soft budget constraints in professional football', *European Sport Management Quarterly*, 12(2), 183–201.
Swiss Ramble (2011), 'Manchester City's amazing deal: know your rights', 19 July. Available at: http://swissramble.blogspot.co.uk/2011/07/manchester-citys-incredible-deal-know.html, accessed 25 August 2011.
Szymanski, S. (2010), *Football Economics and Policy*, Basingstoke: Palgrave.
Szymanski, S. (2012), 'Insolvency in English professional football: irrational exuberance or negative shocks?', Working Paper No. 12–02, International Association of Sports Economists and North American Association of Sports Economists.
Szymanski, S. and Kuypers, T. (1999), *Winners and Losers: The Business Strategy of Football*, London: Viking.
Taylor, D. (2011), 'Manchester City bank record £400m sponsorship deal with Etihad Airways', *Guardian*, 8 July. Available at: www.guardian.co.uk/football/2011/jul/08/manchester-city-deal-etihad-airways, accessed 7 September 2012.
UEFA (2010), *The European Club Footballing Landscape. Club Licensing Benchmarking Report financial Year 2008*, Nyon: UEFA.
UEFA (2011), *The European Club Footballing Landscape. Club Licensing Benchmarking Report Financial Year 2009*, Nyon: UEFA.
UEFA (2012a), *The European Club Footballing Landscape. Club Licensing Benchmarking Report Financial Year 2010*, Nyon: UEFA.
UEFA (2012b), *UEFA Club Licensing and Financial Fair Play Regulations Edition 2012*, Nyon: UEFA.
UEFA (2012c), 'Prize money for 23 clubs withheld'. Available at: www.uefa.com/uefa/footballfirst/protectingthegame/financialfairplay/news/newsid=1857626.html, accessed 12 September 2012.
UEFA (2013), *The European Club Footballing Landscape. Club Licensing Benchmarking Report Financial Year 2011*, Nyon: UEFA.
Usmanov, A. and Moshiri, F. (2012), 'Open letter to the Board of Directors of Arsenal Holdings plc', 5 July. Available at: www.bbc.co.uk/sport/0/football/18725835, accessed 12 July 2012.
Vamplew, W., Coyle, J., Heath, J. and Naysmith, B. (1998), 'Sweet FA: fans' rights and club relocations', *Occasional Papers in Football Studies*, 1(2), 55–68.
Vöpel, H. (2011), 'Do we really need financial fair play for European club football? An economic analysis', CESifo DICE Report, *Journal for International Comparisons*, 3, 54–59.
Webb, B.J. and Broadbent, J.M. (1986), 'Finance and football clubs: what cash flow analysis reveals', *Managerial Finance*, 12(11), 6–10.
Weetman, P. (Ed.) (2006), *Principles-Based or Rules-Based Accounting Standards? A Question of Judgement*, Edinburgh: Institute of Chartered Accountants of Scotland.

Weston, R. (2002), 'Treading an uneasy path? The securitization of gate receipts', *Proceedings of the Academy of Commercial Banking and Finance*, 2(1), 49–52.
Wilson, R. (2011), *Managing Sport Finance*, Abingdon: Routledge.
Winton, R. (2012), 'Community is at the hub of Stenhousemuir initiative', *Herald*, 6 July.
www.swissinfo.ch (2012), 'Game over as Neuchâtel Xamax declared bankrupt'. Available at www.swissinfo.ch/eng/sport/Game_over_as_Neuchatel_Xamax_declared_bankrupt.html?cid=32013702, accessed 2 July 2012.