



UEFA CLUB LICENSING AND FINANCIAL FAIR PLAY

Bulletin 2017

COMPLIANCE AND INVESTIGATION ACTIVITY REPORT 2015-17

WE CARE ABOUT FOOTBALL

1.	Introduction	4
2.	The CFCB investigatory chamber	6
2.1	Composition	7
2.2	Work schedule	8
3.	The work of the CFCB investigatory chamber in 2015–17	10
3.1	Ensuring compliance with the club licensing system	11
3.2	Ensuring clubs' eligibility to participate in UEFA competitions	16
3.3	Monitoring overdue payables	20
3.4	Monitoring the break-even requirement	28
3.5	Financial fair play compliance audits	34
3.6	Concluding and following up on settlement agreements	38
4.	The outlook for 2017/18	44



1. INTRODUCTION

This fourth biennial bulletin provides useful insights into the compliance and monitoring activities performed in the last two seasons (i.e. 2015/16 and 2016/17) by the investigatory chamber of the UEFA Club Financial Control Body (CFCB).

Since the publication of the previous edition of its bulletin, in 2015, the CFCB investigatory chamber has continued to play a fundamental role in the application and assessment of the club licensing system across all 55 UEFA member associations (see Section 3.1), as well as in monitoring the clubs' fulfilment of the financial fair play requirements during the UEFA club competitions (see Sections 3.3 and 3.4).

This bulletin provides information on the conclusion and subsequent monitoring of the five new settlement agreements concluded by the CFCB chief investigator between June 2015 and June 2017, as well as on the fulfilment of the final targets of settlement agreements previously concluded with fifteen clubs, thirteen of which have successfully exited the settlement regime as a result (see Section 3.6).

In addition to the above-mentioned activities, the CFCB investigatory chamber has for the first time been called on to assess, as part of the competitions

admission procedure, whether two clubs complied with the rules aimed at ensuring the integrity of UEFA's club competitions. After significant governance and structural changes had been made by the clubs concerned, the CFCB ultimately concluded that both clubs could be admitted to the 2017/18 UEFA Champions League (see Section 3.2).

As in previous editions, this bulletin provides a fully transparent overview of the compliance audits conducted within the framework of the UEFA Club Licensing and Financial Fair Play Regulations (CL&FFP Regulations) over the last two seasons, during which time 29 clubs were subject to detailed on-site verification of the monitoring information they submitted to the CFCB investigatory chamber (see Section 3.5).

This fourth bulletin is rounded off with an overview of the ongoing 2017/18 club monitoring process (see Section 4).

We hope that this detailed report on the compliance and investigation activities monitored by the CFCB investigatory chamber continues to provide football's stakeholders with useful information and helps to further increase transparency and good governance in European club football.

Pablo Rodriguez
Head of Financial Monitoring & Compliance



2. THE CFCB INVESTIGATORY CHAMBER

RESPECT

2. THE CFCB INVESTIGATORY CHAMBER

2.1 Composition

Since the publication of UEFA's last club licensing and financial fair play bulletin (2013–15), the CFCB investigatory chamber has undergone the following changes:

- The UEFA Executive Committee elected two new members in September 2016, namely Damien Neven (BEL) and Rick Parry (ENG), the latter having been proposed by ECA.

Mr Neven specialises in competition and anti-trust law and economics. He was Chief Competition Economist at the European Commission from 2006 to 2011 and is now professor of economics at the Graduate Institute in Geneva.

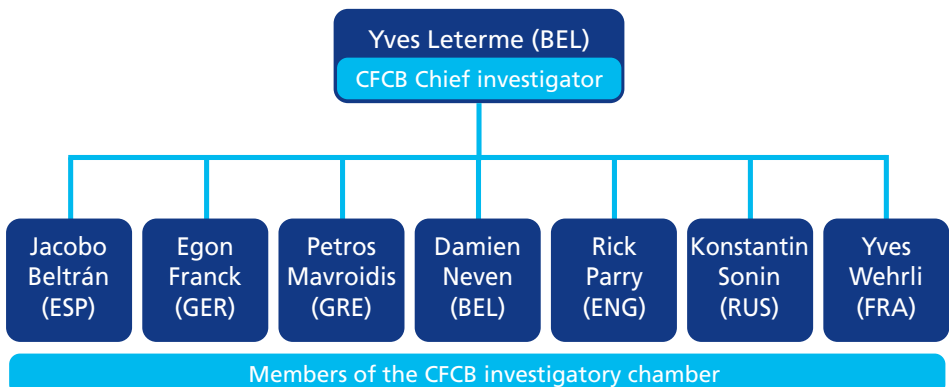
Mr Parry, a qualified chartered accountant, was the founding chief executive of the English

Premier League in 1991. From 1997 to 2009 he was CEO of Liverpool FC, with whom he won the UEFA Champions League in Istanbul in 2005. Since Mr Parry left Liverpool FC, he has been involved in numerous football projects in Asia and North America.

- After having served the CFCB since its creation in 2012, Umberto Lago (ITA) resigned in April 2017. Mr Lago acted as chief investigator when the first settlement agreements in respect of the break-even requirement were signed in May 2014.

At the end of 2017, the CFCB investigatory chamber therefore comprised the following eight members, each of whom was elected or re-elected in 2016 for a four-year term until 2020:

Composition of the CFCB investigatory chamber



2.2 Work schedule

Each year, the work of the CFCB investigatory chamber spans a full 12-month period, which generally starts on 1 June, i.e. as soon as UEFA has received the licensors' lists of licensing decisions.

During the 2015–17 period, the CFCB investigatory chamber's main tasks were again to ensure that licensors and clubs fulfilled their obligations as defined in the corresponding regulations, by:

- deciding on specific cases relating to clubs' eligibility to participate in UEFA competitions referred to it by the UEFA General Secretary;
- ensuring the proper application of the UEFA club licensing system and the fulfilment of the club licensing criteria by clubs and licensors;
- making sure UEFA's financial fair play (FFP) requirements are fulfilled by clubs admitted to UEFA competitions, i.e.:
 - ensuring the absence of overdue payables during UEFA competitions;
 - monitoring the fulfilment of the break-even requirement; and
- assessing whether clubs that had signed settlement agreements with the CFCB investigatory chamber complied with the targets set out in their respective agreements.

The season starts, for the CFCB investigatory chamber, with investigations and decisions on the admission of clubs referred to it by the UEFA General Secretary. In order to ensure the smooth running of UEFA's club competitions, expedited procedures are required in such cases, as the CFCB (and potentially

the CAS) need to issue final decisions before the corresponding qualifying draw takes place.

Once the clubs are admitted to the UEFA competitions, the monitoring process commences with the submission by the clubs of their first sets of financial information by mid-July. As of August, the CFCB investigatory chamber starts assessing this information against the FFP requirements, and more precisely the overdue payable and break-even requirements.

The assessment of overdue payables usually ends with the decisions of the CFCB chief investigator, issued in November. Should any clubs have overdue payables towards other clubs, in respect of employees or towards social/tax authorities as at 30 June and/or 30 September, proceedings are conducted before the CFCB adjudicatory chamber in December and possibly January.

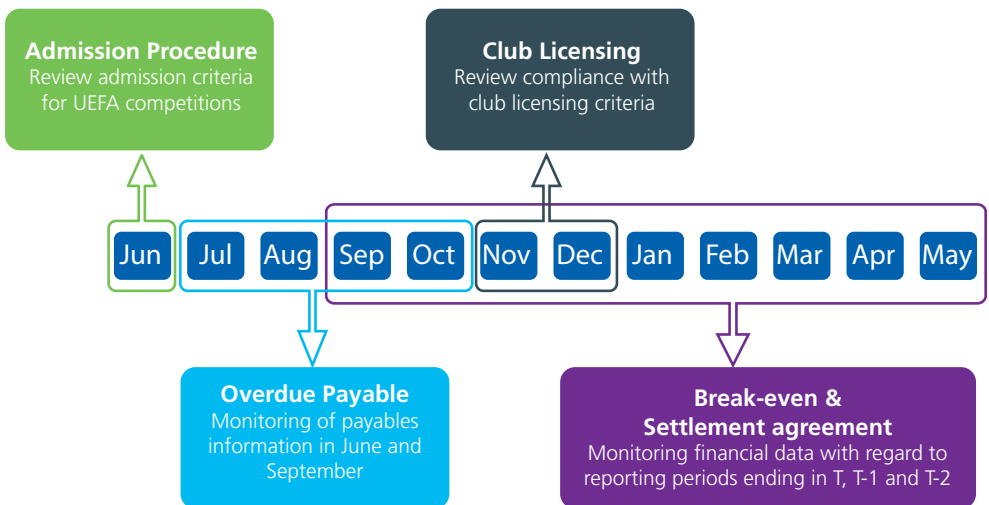
The assessment of whether clubs have fulfilled the break-even requirement takes more time as it is based on the audited annual financial statements submitted by the clubs in October (for those with a May/June statutory closing date) or March (for those with a December statutory closing date). The work of the CFCB investigatory chamber in that regard takes until the end of the licence season, i.e. in May.

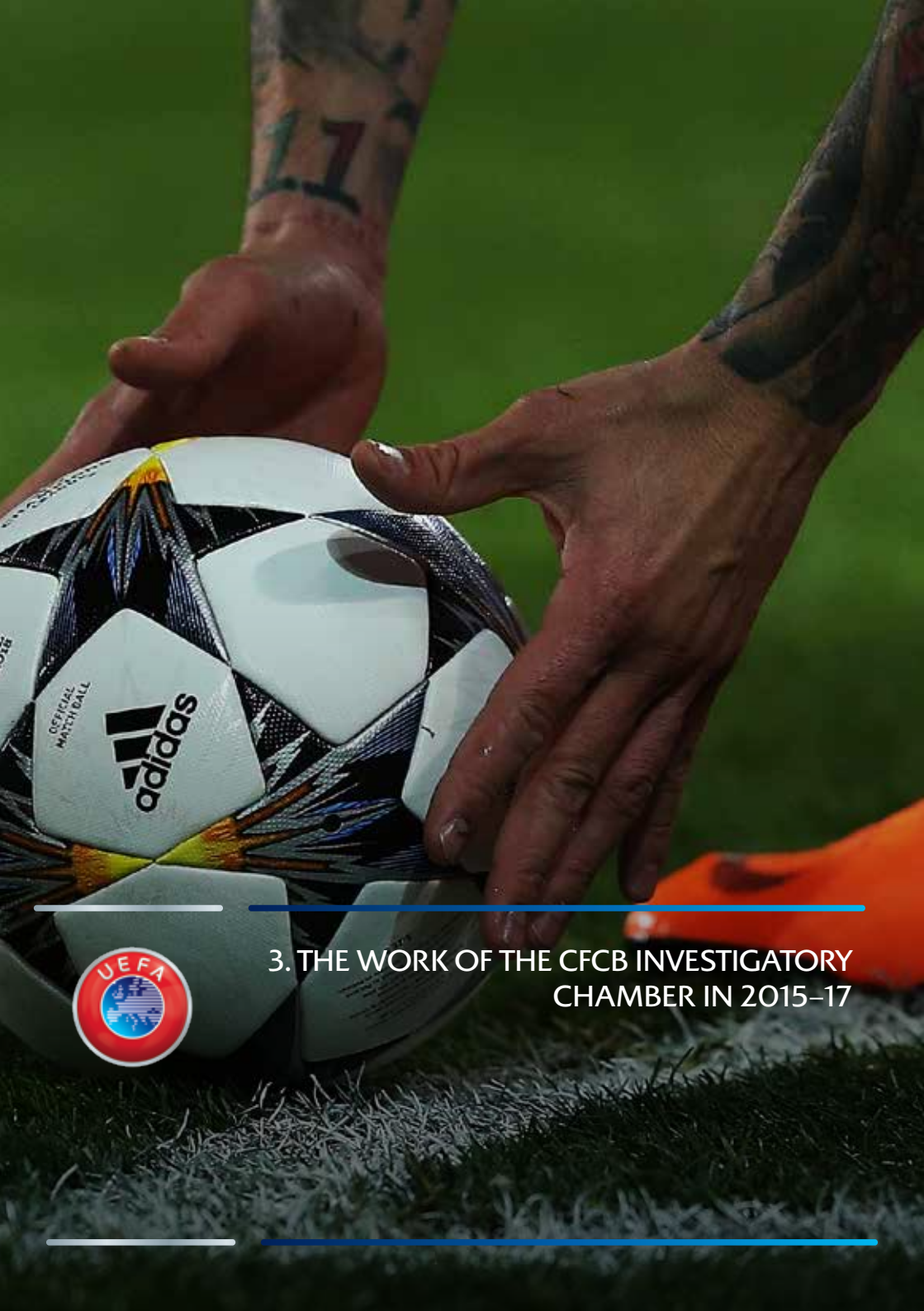
Alongside its FFP assessments, the CFCB investigatory chamber organises compliance audits of selected licensors, to be performed by independent auditors between September and October, to ensure the

2. THE CFCB INVESTIGATORY CHAMBER

UEFA club licensing system has been properly applied at national level. On the basis of the independent auditors' reports, the CFCB investigatory chamber then decides, usually in December and January, whether the selected licensors fulfilled their obligations as defined in the CL&FFP Regulations. Should issues be identified, the CFCB investigatory chamber usually requests further documentation and explanations from the licensor(s) concerned before making its decision(s) between February and April.

Work schedule of the CFCB investigatory chamber





3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

3.1.Ensuring compliance with the club licensing system

3.1.1 Club licensing compliance audits

During the 2015/16 and 2016/17 seasons, the CFCB investigatory chamber oversaw the proper application of the UEFA club licensing system across all 55 UEFA member associations. A total of 12 compliance audits were performed by the independent auditors from Deloitte and PwC under

the supervision of the UEFA administration. Those compliance audits were aimed at ensuring that the licensing process applied by the selected licensors for the 2015/16 or 2016/17 UEFA club competitions was in compliance with the 2015 CL&FFP Regulations.

Licensors audited in 2015/16	Licensors audited in 2016/17
Football Association of the Czech Republic (CZE)	Football Association of Albania (ALB)
Football Association of Finland (FIN)	Cyprus Football Association (CYP)
Georgian Football Federation (GEO)	Football Association of Moldova (MDA)
Football Federation of Kazakhstan (KAZ)	Portuguese Football Federation (POR)
Lithuanian Football Federation (LTU)	Swiss Football League (SUI)
Football Federation of Macedonia (MKD)	Slovak Football Association (SVK)

The conclusions of the CFCB investigatory chamber with regard to these licensors were as follows:

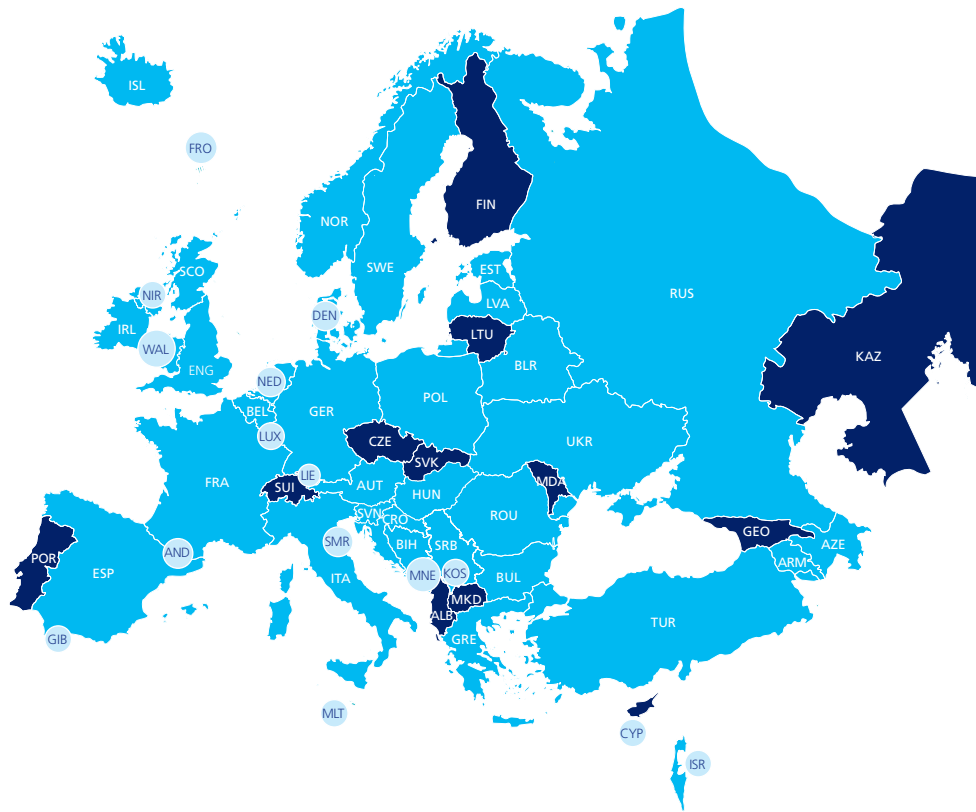
Licensors	CFCB investigatory chamber conclusions
CYP, CZE, GEO, FIN, MKD, KAZ, POR, SUI	The licensors had adequately applied the UEFA club licensing system. The CFCB investigatory chamber nevertheless requested that all appropriate measures be taken to improve the assessment of the overdue payables criteria and future financial information, and/or to obtain fuller/more detailed disclosures in the financial statements submitted by their affiliated clubs.

CLUB LICENSING

Licensors	CFCB investigatory chamber conclusions (continued)
CYP, CZE, GEO, FIN, MKD, KAZ, POR, SUI	<p>In particular, the CFCB investigatory chamber recommended that the licensors:</p> <ul style="list-style-type: none"> • pay particular attention to the adequate disclosure of the outstanding amounts payable towards other football clubs, in respect of employees and towards social/tax authorities, which must be disclosed separately; • implement or improve templates for the preparation of financial statements and payables tables in order to help clubs comply with the minimum disclosure requirements; • formalise their assessment of future financial information and obtain the necessary supporting evidence, especially regarding each club's liquidity and its ability to continue as a going concern until the end of the licence season covered. <p>The preparation of complete annual financial statements and payables tables in accordance with the minimum disclosure requirements described in the CL&FFP Regulations is a fundamental principle of both club licensing and club monitoring designed to ensure a fair presentation of each club's financial situation and payables situation. It furthermore enables the licensor to perform a complete assessment of overdue payables in accordance with the CL&FFP Regulations.</p>
LTU, MDA, SVK	<p>The licensors were found to be in compliance with the CL&FFP Regulations. However, this positive conclusion could only be reached after the submission of additional information by selected clubs with regard to their reporting perimeters and the levels of compensation paid to players/employees.</p> <p>The complete and correct definition of reporting perimeters is fundamental for club licensing and club monitoring purposes. In that regard, the CFCB investigatory chamber reminded the clubs that any subsidiary which is considered material and related to football activities must be included in the club's reporting perimeter.</p> <p>Furthermore, any additional compensations paid to players by other company(ies) or individual(s) must be included in the reporting perimeter and reflected in the supplementary financial information provided to the licensors, one of the aims of the CL&FFP Regulations being to increase the financial transparency and credibility of the clubs.</p>
ALB	<p>The licensor was made aware by the CFCB investigatory chamber that its assessment procedures were not fully in line with the CL&FFP Regulations. The licensor was requested to take rapid corrective action to improve the required licensing documentation in order to grant the necessary licences to enter the 2017/18 UEFA club competitions.</p> <p>More specifically, the licensor was requested to implement a list of specific corrective actions with regard to the assessment of overdue payables towards other football clubs, in respect of employees and towards social/tax authorities. Furthermore, the licensor was asked to issue guidance with regard to the preparation of financial statements in order to help its affiliated clubs better comply with the minimum disclosure requirements.</p>

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

Overview of licensors audited in 2015/16 and 2016/17



3.1.2 Club Licensing Quality Standard certification audits

Just as clubs are required to fulfil minimum criteria to obtain licences, licensors are required to comply with minimum standards when operating the club licensing system and performing their responsibilities in respect of the FFP requirements.

Those standards are described in the UEFA Club Licensing Quality Standard, the goals of which are to improve the efficiency and effectiveness of each licensor’s club licensing administration by promoting professional management and continual development in the running of the club licensing system and club monitoring process. In order to ensure the credibility of the club licensing system and FFP, licensors are required to correctly apply the club licensing core process and the catalogue of sanctions foreseen in their domestic regulations. The UEFA Club Licensing Quality Standard also places great importance on the independence of members

of the decision-making bodies, the confidentiality of information provided and the equal treatment of all clubs.

As foreseen in the CL&FFP Regulations, each year an independent certification body – the Société Générale de Surveillance (SGS) – assesses each licensor’s compliance with all the requirements of the UEFA Club Licensing Quality Standard. If the requirements are met, SGS issues the licensor with a certificate which is valid for one season. If a licensor does not receive SGS certification, the related HatTrick incentive payments are withheld by UEFA and the licensor is placed under greater scrutiny.

The UEFA Club Licensing Quality Standard certification audits performed during the 2015/16 and 2016/17 seasons highlighted the following findings:

Licensors	SGS conclusions
ALB, BUL, GRE	Certification was not issued to the licensors in one of the two seasons as a result of non-compliance with the UEFA Club Licensing Quality Standard, in particular in relation to the independence, composition and procedures of the decision-making bodies.
Remaining 51 licensors ¹	No major issues were identified by SGS and the licensors therefore received the SGS certification in both seasons.

¹The Football Federation of Kosovo was not included in the audits performed in 2015/16 and 2016/17 having only become a licensor for 2017/18.

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17



3.2 Ensuring clubs' eligibility to participate in UEFA competitions

As part of the UEFA club competitions admission procedure, the CFCB investigatory chamber may be asked to take decisions with regard to two specific admission criteria stipulated in the competition regulations:

- the validity of the licence received by a club under the CL&FFP Regulations, and
- compliance with the integrity rules as defined in the competition regulations.

3.2.1. Admission criteria – UEFA licence

UEFA's competition regulations stipulate that a club must have obtained a licence issued by its licensor in accordance with the CL&FFP Regulations (UEFA licence) in order to be eligible to compete.

Should there be any doubt as to whether a club correctly received its UEFA licence to enter the UEFA club competitions, the UEFA General Secretary refers the case to the CFCB for decision.

The investigatory chamber then starts an investigation to determine whether the licensing criteria were met at the time the licensing decision was taken by the licensor and whether the club should be admitted to the UEFA competition in question.

During the period covered by this bulletin, an investigation was conducted into Greek club PAE Panionios GSS, which had qualified for the 2016/17 UEFA club competitions by finishing fifth in its 2015/16 domestic championship.

On the basis of its investigation, which included a compliance audit performed by independent auditors, the CFCB investigatory chamber concluded that the financial criteria, especially the requirements in relation to overdue payables and the absence of protection from creditors, had not been fulfilled at the time the licensing decision had been taken by the licensor. The case was therefore referred to the CFCB adjudicatory chamber, which refused the admission of Panionios to the 2016/17 UEFA Europa League.

As a result, the vacancy created in the UEFA Europa League was allocated to PAS Giannina FC, which had finished sixth in the Greek championship.

3.2.2. Admission criteria – Integrity rules

All clubs that qualify for a UEFA competition on sporting merit and are issued a valid UEFA licence to compete are subject to the relevant competition regulations. As part of the admission procedure, those clubs must, in particular, comply with the provisions aimed at ensuring the integrity of the UEFA club competitions ('integrity rules').

As with the validity of licences, if there is any doubt as to whether clubs comply with those integrity rules, the UEFA General Secretary refers the case to the CFCB.

Accordingly, following the qualification of RasenBallsport Leipzig (RBL) and FC Salzburg (FCS) for the 2017/18 UEFA Champions League, the UEFA General Secretary referred both clubs to the CFCB in May 2017.

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

The key question of the first investigation opened by the CFCB investigatory chamber was whether the legal entity under review, i.e. Red Bull GmbH (Red Bull), was able to exercise a decisive influence over more than one club participating in a UEFA club

competition (RBL and FCS). The CFCB investigatory chamber's extensive investigation included on-site compliance audits performed by independent auditors and covered, inter alia, the following areas:

Areas	Details
Legal group structure	Ultimate controlling party and reporting perimeter
Association	All statutory organs, including their composition, areas of competence, decision-making and decisions
Professional football entity	All statutory organs, including their composition, areas of competence, decision-making and decisions
Simultaneous involvement	Simultaneous involvement of a person, including key management personnel, in more than one club
Agreements between clubs & legal entity/sponsor under review	Objects, rights, obligations, duration, etc. of all agreements between the clubs and the legal entity/sponsor under review
Agreements between clubs	Objects, rights, obligations, duration, etc. of all agreements between the clubs
Financial data	Financial review with specific focus on direct and/or indirect support by the legal entity/sponsor under review
Visual identity	Characteristics, colours, shirts, logos, etc. of both clubs

The thorough investigation and detailed documentation received enabled an outline of the situation to be established at the end of May 2017. Taking all the facts into account, the CFCB investigatory chamber concluded that several key

links between Red Bull and the clubs (as well as between the clubs themselves) pointed to Red Bull having a "decisive influence" over both FCS and RBL, in contravention of the integrity rules.

Legal entities	CFCB chief investigator's findings
FCS	With regard to FCS, the CFCB chief investigator stated that Red Bull: <ul style="list-style-type: none">• had the ability to control access to the ordinary membership of the general assembly of the association FC Red Bull Salzburg e.V. (the FCS Association), which wholly owned FCS;• provided FCS with an unusually high level of income via sponsorship agreements; and• through its subsidiary, sublet a stadium and offices to FCS.

ADMISSION TO UEFA COMPETITIONS

Legal entities	CFCB chief investigator's findings (continued)
RBL	With regard to RBL, the CFCB chief investigator stated that Red Bull: <ul style="list-style-type: none">• had the ability to exercise decisive influence over the association RasenBallsport Leipzig e.V. which held the majority of the voting rights in RBL;• provided RBL with an unusually high level of income via sponsorship agreements; and• significantly financed RBL with loans on favourable terms.
FCS and RBL	With regard to the relationship between the clubs, the CFCB chief investigator drew attention to: <ul style="list-style-type: none">• the formal cooperation agreement entered into by the clubs;• the unusually high level of player loans/transfers which had taken place between the clubs in previous seasons;• the previous involvement of certain individuals allegedly connected to Red Bull in the operations of both clubs; and• the common visual identity/similar branding of the clubs.

As part of subsequent procedures before the CFCB adjudicatory chamber, FCS and RBL provided documentary evidence of significant changes they had made to address the issues raised by the CFCB investigatory chamber:

Legal entities	Changes made
FCS	<ul style="list-style-type: none">• The statutes of the FCS Association had been amended to address the CFCB investigatory chamber's concerns regarding the lack of a quorum for resolutions of the general assembly.• The sponsorship agreement between FCS and Red Bull had been amended (reducing the rights granted to Red Bull and the amounts paid by Red Bull).• Red Bull's membership of the general assembly of the FCS Association had been terminated.• The cooperation agreement with RBL had been terminated.

On 16 June 2017, based on the situation and facts available at that time, when a final decision had to be taken on the question of the clubs' admission, the CFCB took due regard of all of the important governance and structural changes made by FCS and concluded that Red Bull did no longer have a decisive influence over FCS. On this basis, there was no need to consider RBL's relationship with Red Bull and both clubs were admitted to the 2017/18 UEFA Champions League.



3.3. Monitoring overdue payables

During the 2015/16 and 2016/17 seasons, the CFCB investigatory chamber continued its monitoring of overdue payables in order to ensure that clubs settle their liabilities towards employees, social/tax authorities and other clubs punctually.

The 2015 edition of the CL&FFP Regulations, which came into force on 1 July 2015, included one key amendment concerning the monitoring of overdue payables requirements, which have to be met by every club participating in UEFA competitions as at 30 June as well as at 30 September, irrespective of their payables situations in June. In previous seasons, only clubs having overdue payables in June had to resubmit updated information in September. Following the introduction of the 2015 edition of the regulations, the CFCB investigatory chamber therefore requested more clubs to provide their payables situations as at 30 September than in previous years, including those which showed overdue payables in their 30 June submissions, but also those which had significant deferred payables or disputes or unusual balances in their 30 June submissions.

During the assessment of these self-declarations provided by the clubs, the UEFA administration and the CFCB investigatory chamber asked the clubs to submit copies of any other relevant information, i.e. deferral agreements with creditors and/or documents confirming disputes before the competent authorities.

The jurisprudence established in previous seasons continued to apply. Should compliance procedures establish the existence of hidden overdue payables, the clubs concerned, i.e. clubs which declared incomplete or misleading information, would face harsher disciplinary measures, in most cases firm exclusion from future participation in UEFA competitions.

3.3.1 Overdue payables – Clubs monitored

In total, 236 clubs and 232 clubs submitted the required overdue payables information as at 30 June 2015 and 30 June 2016 respectively.

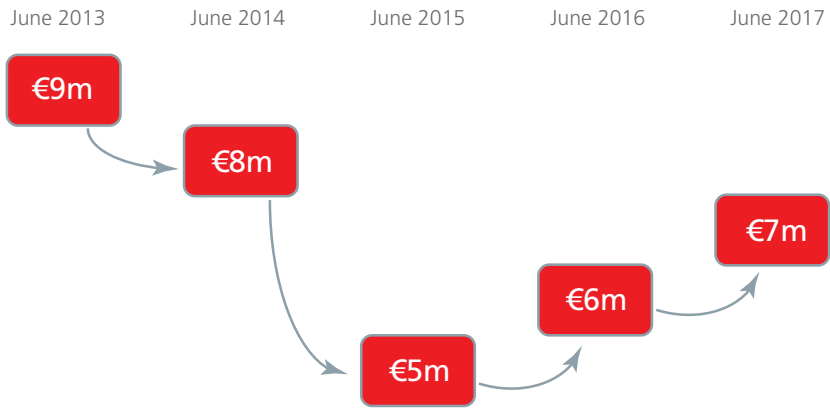
As at 30 June 2015, the overdue payables declared amounted to €5.3m, which represented a continued improvement on previous years. Subsequently, as at 30 June 2016, the overdue payables declared remained stable at €5.6m.

Regarding the current monitoring process in the 2017/18 season, overdue payables as at 30 June 2017 amounted to €6.9m. Although this is a slight increase on 2015 and 2016, it should be noted that the actual number of clubs declaring overdue balances in June has decreased.

This relative stability in the level of outstanding payables declared by clubs from 2015/16 to 2017/18 comes despite the significant increase in revenues seen over the years, indicating the positive impact that the CL&FFP Regulations have had in respect of overdue payables, one of the pillars of financial fair play.

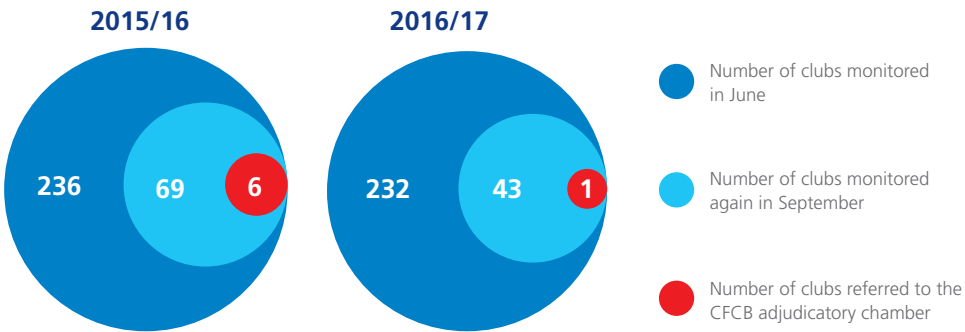
3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

Evolution of overdue payables since 30 June 2013



Following their June submissions, 69 clubs were kept under monitoring as at 30 September 2015. Similarly, 43 clubs were requested to provide an update as at 30 September 2016.

Number of clubs monitored in relation to overdue payables during 2015/16 and 2016/17



MONITORING OVERDUE PAYABLES

Of the clubs under monitoring as at 30 September 2015 and 2016, seven were referred to the CFCB adjudicatory chamber, on the basis of the investigatory chamber's conclusion that they were in breach of the overdue payables requirements laid down in the CL&FFP Regulations.

As in previous seasons, the CFCB investigatory chamber imposed a conservatory measure on all clubs subject to investigations, temporarily withholding the UEFA revenues those clubs were otherwise entitled to receive from the UEFA club competitions. Such measures usually remained in force until the relevant investigation was closed or the CFCB's decision-making process had been completed.

Clubs referred in 2015/16	Clubs referred in 2016/17
Inter Baki (AZE)	FK Partizan (SRB)
SC Braga (POR)	
FC Astra (ROU)	
FC Botosani (ROU)	
FCM Targu Mures (ROU)	
FC Dnipro (UKR)	



3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

In respect of those seven clubs, the following disciplinary measures were ultimately imposed:

Clubs	Situations	Disciplinary measures
FC Astra (ROU)	The club reported significant overdue payables and was informed that, in addition to receiving a fine, it would be excluded from the next UEFA club competition for which it would otherwise qualify unless it was able to pay all amounts identified as overdue as at 30 September by the following 31 January. The club satisfied the condition imposed by the CFCB.	Fine of €80,000.
FC Dnipro (UKR)	The clubs reported significant overdue payables and were informed that, in addition to receiving a fine, they would be excluded from the next UEFA club competition for which they would otherwise qualify unless they were able to pay all amounts identified as overdue as at 30 September by the following 31 January.	Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. Fine of €100,000.
Inter Baki (AZE)		Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. Fine of €50,000.
FCM Târgu Mureş (ROU)		Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. Fine of €50,000.
FK Partizan (SRB)	The club reported overdue payables and was excluded from the next UEFA club competition for which it would otherwise qualify. On the basis of satisfactory evidence submitted by the club during its appeal before CAS with regard to its overdue payables situation as at 30 September, the club was eligible to compete in future UEFA club competitions.	The CFCB decision was successfully appealed against by the club.
SC Braga (POR)	The clubs reported smaller overdue payables, which were partially or fully paid after the submission deadline.	Fine of €20,000.
FC Botosani (ROU)		Fine of €15,000.

MONITORING OVERDUE PAYABLES

In addition to the above-mentioned cases, the CFCB investigatory chamber also fined the following clubs, in application of the Procedural rules governing the UEFA Club Financial Control Body:

Clubs	Situations	Disciplinary measures
CS Pandurii (ROU)	<p>The club reported overdue payables as at 30 September and entered insolvency proceedings in October. In line with the CL&FFP Regulations, the club would therefore not be eligible for the licence necessary to enter the following UEFA club competitions.</p> <p>On that basis, the CFCB investigatory chamber decided not to refer the case to the CFCB adjudicatory chamber, but fined the club for its breach of the overdue payables requirements.</p>	Fine of €80,000.
FC Zorya Luhansk (UKR)	Despite clear notifications sent by the CFCB investigatory chamber in previous seasons, the clubs again reported small overdue payables as at 30 September, which were settled shortly after the submission deadline.	Fine of €20,000.
SC Braga (POR)		Fine of €20,000.
Buducnost Podgorica (MNE)		Fine of €10,000.
FC Viktoria Plzen (CZE)	<p>The club repeatedly failed to provide complete information on its payables situation as at 30 June and 30 September and had to update its initial submissions.</p> <p>Given that the updated information did not disclose any overdue payables, the CFCB investigatory chamber decided to fine the club for its repeated failures to provide complete information.</p>	Fine of €10,000.

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

3.3.2 Overdue payables – Feedback provided by the CFCB investigatory chamber

Following its review of the overdue payables declarations made by the clubs in the 2015/16 and 2016/17 seasons and, in particular, the results of the compliance audits conducted, the CFCB investigatory chamber highlighted the following points with regard to cases relating to overdue payables requirements, which concern not only the club monitoring process but also club licensing:

(i) Disclosure of conditional payables

CL&FFP Regulations – Articles 49 and 65	Case
As stated in Article 49(2) (for club licensing) and 65(3) (for club monitoring) of the CL&FFP Regulations, payables to other football clubs are those amounts due to football clubs as a result of transfer activities, including training compensation and solidarity contributions as defined in the FIFA Regulations on the Status and Transfer of Players, as well as any amount due upon fulfilment of certain transfer conditions.	A conditional transfer compensation was triggered by certain conditions having been satisfied between the date of the transfer and the assessment date. Given that the transfer took place two years before the date when the conditional amount became due, these additional transfer payables were not included in the initial monitoring information submitted by the club concerned.

The player transfer information disclosed in the transfer table for club monitoring and club licensing purposes should include not only agreed transfer compensation, but also conditional transfer payments such as payables related to sell-on clauses on player transfers and any other payables due following the achievement of certain conditions as stated in the transfer agreement.

Any amounts due as a result of particular conditions being fulfilled should either be paid by the assessment date (i.e. 30 June/30 September for club monitoring and 31 March for club licensing) or, if payments become due after the assessment date, be fully disclosed, including the due date for each unpaid instalment.

In particular, within the club licensing assessment of overdue payables, if any conditional amounts become due between 1 January and 31 March with regard to transfers undertaken prior to the previous 31 December, then these amounts should be also included in the scope of the assessment of overdue payables for club licensing purposes.

MONITORING OVERDUE PAYABLES

(ii) Disclosure of new player registrations

CL&FFP Regulations – Article 65	Case
As per Article 65(5)(a), licensees must disclose all new player registrations (including loans) in the 12-month period up to 30 June/ 30 September, irrespective of whether there is an amount outstanding to be paid as at 30 June/ 30 September.	A club did not disclose several new player registrations in the transfer table as at 30 June/ 30 September as they concerned “free agents” (there was no transfer fee involved between the clubs).

In line with the CL&FFP Regulations, all new player registrations, including those involving players who are considered “free agents” and those that were settled as at 30 June/30 September, must be disclosed in the transfer submissions for the sake of completeness, even if they have no monetary impact on the monitoring information.

The CFCB investigatory chamber reminds the licensors that one of the assessment steps to be taken before validating the clubs’ information and submitting it to the UEFA administration is to compare the player information in the payables submissions against the information already disclosed to the licensor for the purpose of player registrations. This verification should confirm that all new professional players transferred in from another club or registered as “free agents” after 1 July have been properly disclosed by their affiliated clubs.

(iii) Conditional bonuses paid to employees

CL&FFP Regulations – Articles 50 & 66	Case
For the purpose of Article 50 (for club licensing) and Article 66 (for club monitoring) of the CL&FFP Regulations, payables are defined as all forms of consideration due in respect of employees as a result of contractual or legal obligations, including wages, salaries, image-rights payments, bonuses and other benefits. Amounts payable to people who, for various reasons, are no longer employed by the licensee fall within the scope of this requirement and must be settled within the period stipulated in the contract and/or defined by law.	A club did not accrue for team bonuses due to employees as a result of qualifying for the UEFA Champions League group stage at the time of qualification. These conditional amounts were accrued by the club only in the month when the bonuses were actually paid and no evidence was provided to substantiate the due dates of these bonuses.

The CFCB investigatory chamber reminds the clubs that the accrual of conditional bonuses should be accounted for when the condition or event that triggers the bonuses occurs and not when the payment is made. Unless documentary evidence of the agreed due date for such conditional amounts is provided, the CFCB investigatory chamber considers the payment to be due on the date when the relevant condition is fulfilled.

Failure to comply with this accounting principle may result in incomplete payables information, but also potentially inaccurate break-even information. Full disclosure of all liabilities related to individual and team bonuses must be ensured.



3.4. Monitoring the break-even requirement

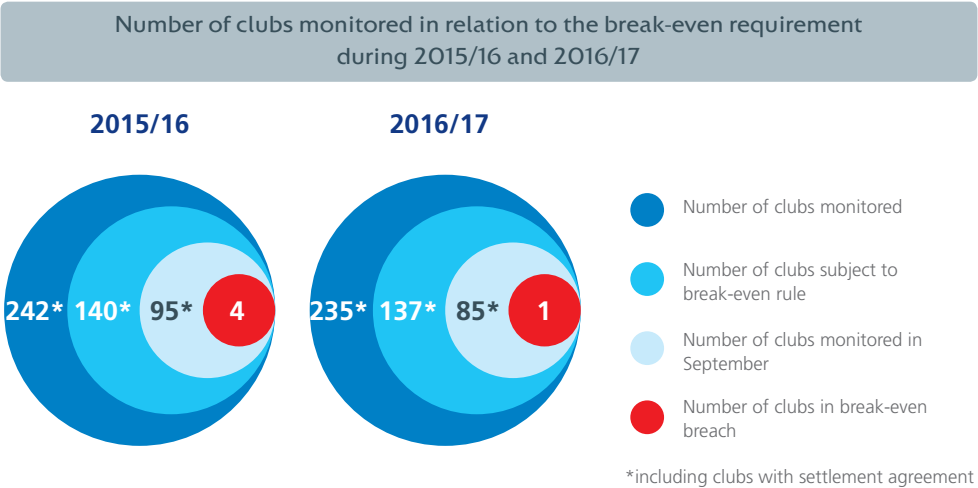
2015/16 and 2016/17 were the third and fourth seasons respectively in which the break-even requirement had been assessed following its adoption by the UEFA Executive Committee on 27 May 2010, with one significant change compared with the first two seasons in relation to the amount by which clubs may exceed the standard level of acceptable deviation if such excess is entirely covered by contributions from equity participants and/or related parties.

Since the introduction of the break-even requirement in 2012/13, that maximum level of the acceptable deviation was €45m for the first two monitoring periods, assessed in 2013/14 and 2014/15, the aim being to give clubs time to adjust to the break-even requirement and adapt their business models if necessary. As initially foreseen in the CL&FFP

Regulations, it was then reduced to €30m for the monitoring periods assessed in 2015/16 and 2016/17.

3.4.1 Break-even requirement – Clubs monitored

Within the 2016/17 season, 235 clubs were subject to break-even assessments, i.e. 232 clubs that qualified for the 2016/17 UEFA Champions League and UEFA Europa League and three additional clubs with which settlement agreements had been signed. Of those 235 clubs, 98 were exempt from the break-even requirement as their relevant income and relevant expenses were below €5m. In 2015/16, 102 clubs were exempt from the break-even requirement and 140 were subject to it.



3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

3.4.2 Break-even requirement – Clubs in breach and evolution of results

Of the clubs monitored during the 2015/16 and 2016/17 seasons, the CFCB investigatory chamber concluded that the following five failed to fulfil the break-even requirement:

Clubs in break-even breach in 2015/16	Clubs in break-even breach in 2016/17
FC Astana (KAZ)	FC Porto (POR)
Dinamo Zagreb (CRO)	
Fenerbahçe (TUR)	
Trabzonspor AŞ (TUR)	

All five clubs were offered settlement agreements by the CFCB chief investigator as the conditions for a settlement agreement were met in each case. Further details on the conclusion and monitoring of those agreements are provided in Section 3.6 of this bulletin (Concluding and following up on settlement agreements).

The remaining 71 clubs still subject to monitoring by the CFCB investigatory chamber at the end of the period (i.e. 85 minus the 14 clubs under settlement agreements in 2016/17) showed very positive trends in terms of their break-even results over the reporting periods ending in 2014, 2015 and 2016.

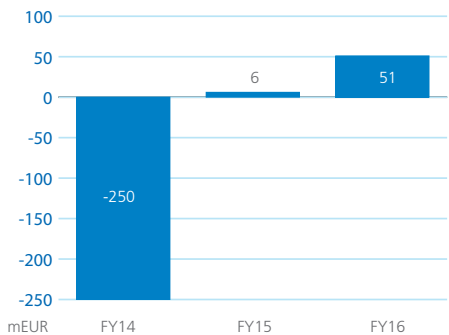
Overall, those 71 clubs achieved a net break-even surplus of €6m in 2015 and €51m in 2016, compared with a net break-even deficit of €250m in 2014! The same positive trend can be seen in the number of clubs showing a break-even surplus: in the 2014 reporting period, only 22 of the 71 clubs achieved an annual break-even surplus, but this number increased to 37 in 2016, which represents more than 50% of the clubs monitored.



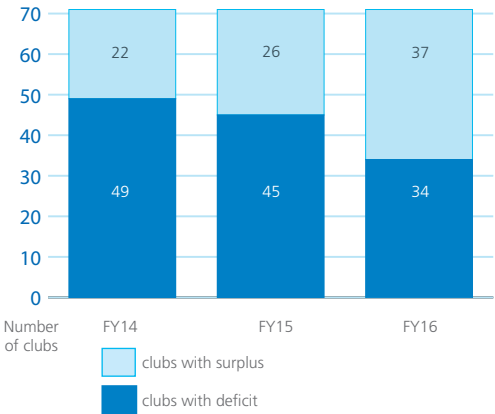
BREAK-EVEN REQUIREMENT

Evolution of net annual break-even (BE) surplus/deficit and number of clubs with break-even surplus/deficit out of the 71 monitored in 2016/17 (i.e. excluding clubs with settlement agreements (SA))

Evolution of net break-even results
of 71 clubs within scope (excl. clubs with SA)



Number of clubs with BE surplus/deficit
of 71 clubs within scope (excl. clubs with SA)



3.4.3 Break-even requirement – Cases dealt with by the CFCB investigatory chamber

As part of the club monitoring process, the CFCB investigatory chamber sometimes has to rule on how to apply and/or interpret certain provisions of

the CL&FFP Regulations, as presented in previous bulletins. In 2015/16 and 2016/17, it dealt with the following cases and questions:

(i) Reporting entity/entities and reporting perimeter

CL&FFP Regulations – Article 46(1)(2)	Case and question
Clubs must provide their reporting perimeter which “must include the licence applicant [...] and any other entity included in the legal group structure which generates revenues and/or performs services and/or incurs costs in respect of the football activities [...]”.	Some clubs excluded entities that carried out football activities (e.g. the association that is responsible for youth development) from their reporting perimeter. Are such exclusions compliant with the CL&FFP Regulations?
The CFCB investigatory chamber confirmed that an entity performing football activities may be excluded from the reporting perimeter only if “performed football activities are already reflected in the financial statements of one of the entities included in the reporting perimeter”.	

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

(ii) Non-football operations related to the club (relevant income)

CL&FFP Regulations – Annex X(B)(i)	Case and question
“Income from non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) may be included in the calculation of the break-even result if the corresponding expenses are also included.”	Some clubs generate income from property/land-related activities which are based at or in close proximity to the club. Can such income be factored into the calculation of the break-even result?
<p>The CFCB investigatory chamber confirmed that, as expressly stated in the CL&FFP Regulations, income from non-football operations which are based at or in close proximity to the club (i.e. operations physically based at or in close proximity to a club's home stadium and/or training facilities such as hotels, restaurants, conference centres, business premises (for rental), health centres and other sports teams) may be factored into the break-even calculation if the corresponding expenses are also included and the types of income/expenses included are consistent from one reporting period to the next.</p> <p>The nature of the relationship between the non-football operations and the football club should be taken into account, including both the current and historical relationship, the history of the legal ownership of the non-football operations, the financing of the non-football operations (whether the development of a non-football operation has been financed from the football club's own resources or not), and the completeness of the financial reporting of the non-football operations (including all corresponding expenses). If the non-football operations are not related to the club, then the corresponding income/expense must be excluded from the break-even calculation as stated in the CL&FFP Regulations.</p>	

(iii) Non-football operations related to the club (excluded expense)

CL&FFP Regulations – Annex X(C)(m)	Case and question
“Expenses of non-football operations not related to the club (i.e. not related to the football activities, locations or brand of the football club) may be excluded from the calculation [...]”.	Some clubs excluded the costs of administrative personnel involved in non-football operations (e.g. other teams sports) from the break-even calculation. Are such exclusions compliant with the CL&FFP Regulations?
<p>The CFCB investigatory chamber acknowledged that only direct and exclusive costs related to non-football operations, i.e. costs not related to the football club, can be excluded. Any administrative costs and/or salaries of employees partially involved in football activities are to be included in the break-even calculation.</p> <p>The approach followed by the CFCB investigatory chamber is in line with the treatment of expenditure on youth football, community development and women's football activities, whereby the costs of employees working only partly on youth, community development and women's football activities cannot be deducted from the break-even calculation.</p>	

BREAK-EVEN REQUIREMENT

(iv) Consideration of impairment costs (and their reversal) for player registrations

CL&FFP Regulations – Annex X(C)(e)	Case and question
In accordance with the minimum accounting requirements, “all capitalised player values must be reviewed individually each year by management for impairment. If the recoverable amount for an individual player is lower than the carrying amount on the balance sheet, the carrying amount must be adjusted to the recoverable amount and the adjustment charged to the profit and loss account as an impairment cost.”	In addition to yearly amortisation, some clubs made impairments of player rights and reversed the impairment charge the following year, recognising an income in the profit and loss account. How is the income to be treated under the CL&FFP Regulations?
As explicitly foreseen in the CL&FFP Regulations, the CFCB investigatory chamber underlined that appropriate adjustments must be made such that non-monetary credits (e.g. upwards revaluations of intangible fixed assets) are excluded from relevant income for the break-even calculation.	

(v) Temporary transfer of player’s registration with an obligation to buy in the future

CL&FFP Regulations – Annex VII(C)	Case and question
Clubs have to fulfil the minimum accounting requirements for the acquisition of player registrations. Such costs include amounts paid and/or payable for the acquisition of a player’s registration.	Some clubs conclude loan agreements (temporary transfers of players) which include an obligation to permanently transfer the players in the future. How should this be reflected in the break-even calculation?
The CFCB investigatory chamber is of the opinion that a loan agreement (temporary transfer of a player’s registration) with an obligation to permanently transfer the player in the future should be considered in substance as a permanent transfer of the player as from the date of the loan agreement.	
Therefore, such types of loan must be reflected by the lender club as a permanent transfer and the player’s registration rights must be derecognised from its intangible assets. The proceeds from the loan and from the future permanent transfer must be recognised from the date of the loan agreement, and the direct costs of the loan and the future permanent transfer for the new club must be recognised in accordance with the accounting requirements for permanent player registrations.	
A similar situation arises when a loan agreement includes an option to buy (i.e. acquire the player’s registration) which is automatically triggered if some condition, which is mandatory in substance (i.e. virtually certain), is fulfilled. Such loans with conditional options must also be treated in substance as permanent transfers from the date of the loan agreement and the relevant “future” costs have to be recognised in accordance with the accounting requirements for permanent player registrations.	

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17



3.5. Financial fair play compliance audits

Following detailed financial analysis of FFP submissions, the CFCB investigatory chamber requested that compliance audits of 29 clubs be conducted (covering 16 licensors) in order to assess in more detail the break-even and/or overdue payables information submitted as part of the 2015/16 and 2016/17 monitoring processes. The selection of clubs for break-even audits was based, inter alia, on benchmarking analysis and/or the identification of unusual balances, while those selected for overdue payables audits were selected based, inter alia, on complaints and publicly available information.

These audits, which were aimed at both verifying the completeness, validity and accuracy of the clubs' FFP submissions and establishing a detailed understanding of the items specific to the clubs, were performed by independent local auditors, i.e. Deloitte or PwC, working under the supervision of the UEFA administration.

The scope of the compliance audits varied from club to club depending on the element(s) of the FFP information under scrutiny by the CFCB investigatory chamber. For example, during the 2015/16 and 2016/17 seasons:

- 21 clubs were subject to an FFP compliance audit on the break-even information submitted;
- five clubs (marked with * in the table on the next page) were subject to an FFP compliance audit that focused mainly on the completeness and validity of the declarations submitted in June and September with regard to overdue payables;
- two clubs (marked with ** in the table on the next page) were subject to an extended fair-value assessment by external industry experts in addition to the standard monitoring of the clubs' related party transactions.

The main modules assessed were as follows:

Relating to overdue payables information	Relating to financial statements	Relating to break-even adjustments
Confirmation of absence of overdue payables	Reconciliation of the break-even information with the annual financial statements	Fair-value assessment of sponsorship and other income
Validation of declared deferred or disputed payables	Assessment of the legal group structure and confirmation of the reporting perimeter	Validation of donations/ contributions from related parties
Verification of completeness (payroll, transfers, conditional amounts)	Identification and review of transactions with related parties	Validation of non-monetary items excluded from the break-even calculation
Validation of the movement in payables balance from June until September	Review of unusual items within annual financial statements	Validation of expenses related to youth development or women's football activities
Confirmation of subsequent payments	Assessment of future financial information (reporting period T+1)	Verification of non-football operations excluded from the break-even calculation

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

The clubs subjected to compliance audits in 2015/16 and 2016/17 in relation to the break-even and/or overdue payables requirements were as follows:

Licensors	Clubs
Royal Belgian Football Association (BEL)	RSC Anderlecht KAA Gent
The Football Association (ENG)	Arsenal FC Manchester City FC
Spanish Football Federation (ESP)	Club Atlético de Madrid RC Celta de Vigo* Valencia CF
French Football Federation (FRA)	Olympique Marseille* AS Saint Étienne Paris Saint-Germain
German Football League (GER)	VfL Wolfsburg**
Hellenic Football Federation (GRE)	Olympiacos FC
Italian Football Federation (ITA)	FC Internazionale Milano SS Lazio UC Sampdoria
Football Federation of Kazakhstan (KAZ)	FC Astana**
Royal Netherlands Football Association (NED)	AFC Ajax
Portuguese Football Federation (POR)	FC Porto
Romanian Football Federation (ROU)	FC Astra Giurgiu*
Russian Football Union (RUS)	FC Rostov*
Football Association of Serbia (SRB)	FK Crvena zvezda*
Swiss Football League (SUI)	FC Basel
Turkish Football Federation (TUR)	Fenerbahçe SK Galatasaray AŞ İstanbul Başakşehir Trabzonspor AŞ
Football Federation of Ukraine (UKR)	FC Dnipro FC Dynamo Kyiv FC Shakhtar Donetsk

The compliance audits performed during the 2015/16 and 2016/17 seasons highlighted several findings which were systematically followed up on by the CFCB investigatory chamber.

FFP COMPLIANCE AUDITS

Findings related to financial statements and/or break-even adjustments included:

- incorrect exclusion of entities from the reporting perimeter (e.g. entities covering part of the youth development income and expenses);
- undisclosed related-party transactions potentially subject to fair-value adjustment;
- sponsorship income from related parties above fair value;
- provisions (e.g. for litigation expenses) incorrectly excluded from the break-even calculation; and
- expenses related to football and to the club incorrectly reflected as exclusively unrelated to football activities.

Findings with regard to overdue payables included:

- incomplete disclosure of payables related to sell-on clauses on player transfers or conditional payments;
- conditional bonuses to employees not accrued in the club's accounts when the relevant condition or event was triggered;
- incomplete disclosure of outstanding amounts subject to disagreement with creditors (i.e. amounts which are in dispute or contested);
- incomplete list of new player registrations (players with no outstanding amount at 30 June or 30 September);
- payables previously subject to a dispute not properly disclosed following the final and binding decision of the competent authority (football authorities or arbitration tribunal).

The CFCB investigatory chamber expects full transparency as well as true and accurate submissions from clubs. As a result, in all the above-mentioned cases, the clubs were requested by the CFCB investigatory chamber to correct the break-even information they had previously submitted, and/or received sanctions on the grounds of deliberate misstatements in relation to their overdue payables information.





SETTLEMENT AGREEMENTS

3.6. Concluding and following up on settlement agreements

3.6.1 Conclusion of new settlement agreements

The main objective of settlement agreements is to ensure that clubs in breach of the break-even requirement become break-even compliant within a certain timeframe, and no more than four years after being found to be in breach by the CFCB investigatory chamber.

As mentioned previously, the CFCB chief investigator concluded new settlement agreements with five clubs during the 2015/16 and 2016/17 seasons.

The clubs concerned were those with an aggregate break-even deficit higher than €30m, as well as those with an aggregate break-even deficit between

€5m and €30m, where the excess was not covered by contributions from equity participants and/or related parties.

The CFCB investigatory chamber followed the same model as in the settlement agreements concluded in previous seasons, i.e. including intermediate break-even targets, financial covenants, financial contributions from clubs and sporting restrictions. The overview of the above-mentioned five new settlement agreements is described below:

Clubs	BE objectives	Financial contributions		Financial covenants	Sporting restrictions	
		Unconditional	Conditional		List A	Transfers
Fenerbahçe SK (TUR)	By T+4	€2m	€5.5m	Yes	22 players	Yes
FC Porto (POR)	By T+4	€0.7m	€1.5m	Yes	22 players	Yes
Trabzonspor AŞ (TUR)	By T+3	€1m	€1m	Yes	22 players	Yes
FC Astana (KAZ)	By T+3	€0.5m	€1.5m	Yes	22 players	Yes
Dinamo Zagreb (CRO)	By T+1	€0.2m	€0m	No	23 players	No

All settlement agreements concluded by the CFCB chief investigator may be consulted on: www.uefa.com/insideuefa/disciplinary/club-financial-controlling-body.

Once in the settlement regime, clubs have to provide the CFCB investigatory chamber with the following additional information in order to prove their compliance with the terms of their settlement agreements:

- break-even information for the monitoring of their break-even targets and supplementary

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

financial data related to their financial covenants;

- player transfer data for the monitoring of the registration of newly transferred players for UEFA club competitions; and
- progress reports (submitted every six months) with an update on their overall financial situation and their expected compliance with the break-even targets.

It should be noted that even if a club does not participate in a UEFA club competition in the season(s) following the conclusion of its settlement agreement, it remains subject to the monitoring of the terms of the agreement.

3.6.2 Follow-up on settlement agreements

In accordance with the Procedural rules governing the UEFA Club Financial Control Body, the proper and timely implementation of settlement agreements is monitored by the CFCB investigatory chamber.

Overall, 27 clubs were under the settlement regime in the 2015/16 and 2016/17 seasons, i.e. 22 clubs with which settlement agreements had already been concluded in previous seasons and the 5 clubs listed above.

On a positive note, the vast majority of those clubs complied with the overall objectives of their settlement agreements. Over the 2014/15, 2015/16 and 2016/17 seasons, 13 clubs (FC Anji Makhachkala (RUS), Hull City AFC (ENG), PFC Levski Sofia (BUL), Panathinaikos FC (GRE), Hapoel Tel Aviv FC (ISR), Ruch Chorzow (POL), Sporting Clube de Portugal (POR), FC Rostov (RUS), Bursaspor (TUR), Trabzonspor AŞ (TUR), GNK Dinamo Zagreb (CRO), Manchester City FC (ENG) and Paris Saint-Germain (FRA)) successfully exited the

settlement regime, having complied with the full terms of their respective settlement agreements.

Furthermore, with regard to those clubs which remained under the settlement regime, the CFCB investigatory chamber concluded that most complied with the intermediate break-even targets and/or financial covenants set for the 2015/16 and 2016/17 seasons. FC Internazionale Milano (ITA), Beşiktaş JK (TUR) and Trabzonspor AŞ (TUR) only partially fulfilled the targets they were set for the 2016/17 season. The conditional sporting measures foreseen for those clubs, such as a limitation on the number of players that may be included in List A and transfer restrictions, were therefore not lifted and continue to apply in the 2017/18 season.

The CFCB investigatory chamber regretfully identified that three clubs (PFC CSKA Sofia (BUL), Galatasaray AŞ (TUR) and Kardemir Karabükspor (TUR)) had failed to comply with the terms of their settlement agreements in the 2015/16 season. They were therefore referred to the CFCB adjudicatory chamber for final decisions. The CFCB adjudicatory chamber decided to exclude the three clubs from the next UEFA club competition for which they would otherwise qualify for failure to comply with their settlement agreements. Galatasaray AŞ and Kardemir Karabükspor both appealed to the CAS, which rejected their appeals in June 2016 and January 2017 respectively.

With regard to the 12 clubs that remained under the settlement regime at the end of 2017, six (AS Monaco FC, AS Roma, FC Krasnodar, FC Lokomotiv Moskva, FC Rubin Kazan and FC Zenit) were expected to exit the settlement regime at the end of the 2017/18 season.

SETTLEMENT AGREEMENTS

Status of the 27 clubs under settlement agreements as at December 2017

Clubs	Dates of agreements	Status
FC Zenit (RUS)	May 2014	Clubs under settlement regime with ongoing monitoring of the applicable intermediate break-even targets and/or financial covenants in 2015/16 and 2016/17.
FC Krasnodar (RUS)	May 2015	
FC Lokomotiv Moskva (RUS)	May 2015	
AS Monaco FC (FRA)	May 2015	
AS Roma (ITA)	May 2015	
FC Astana (KAZ)	May 2016	
Fenerbahçe SK (TUR)	May 2016	
Trabzonspor AŞ (TUR)	May 2016	
FC Porto (POR)	May 2017	
FC Rubin Kazan (RUS)	May 2014	Clubs under settlement regime. Applicable intermediate break-even targets and/or financial covenants found to be partially fulfilled in 2016/17.
FC Internazionale Milano (ITA)	May 2015	
Beşiktaş JK (TUR)	May 2015	
FC Anji Makhachkala (RUS)	May 2014	Clubs found to have fulfilled the objectives of their settlement agreements and exited the settlement regime in 2014/15.
Bursaspor (TUR)	May 2014	
PFC Levski Sofia (BUL)	May 2014	
Trabzonspor AŞ (TUR)	May 2014	
Hapoel Tel Aviv FC (ISR)	Feb 2015	Clubs found to have fulfilled the objectives of their settlement agreements and exited the settlement regime in 2015/16.
Hull City AFC (ENG)	Feb 2015	
Panathinaikos FC (GRE)	Feb 2015	
Ruch Chorzów (POL)	Feb 2015	
FC Rostov (RUS)	May 2015	
Sporting Clube de Portugal (POR)	May 2015	
Manchester City FC (ENG)	May 2014	Clubs found to have fulfilled the objectives of their settlement agreements and exited the settlement regime in 2016/17.
Paris Saint-Germain (FRA)	May 2014	
Dinamo Zagreb (CRO)	May 2016	
Galatasaray AŞ (TUR)	May 2014	Clubs found to be in breach of their settlement agreements and referred to the CFCB adjudicatory chamber in 2015/16.
PFC CSKA Sofia (BUL)	May 2015	
Kardemir Karabükspor (TUR)	May 2015	

3. THE WORK OF THE CFCB INVESTIGATORY CHAMBER IN 2015–17

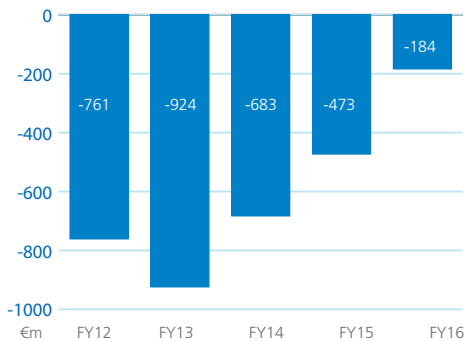
3.6.3 Financial evolution of clubs which have been under the settlement regime

Overall, the 26 clubs which were under settlement agreements in the 2015/16 and 2016/17 seasons (excluding FC Porto, whose settlement was concluded in May 2017) showed a total net break-even deficit of €184m in the reporting period ending in 2016. Compared with the previous reporting periods of 2013, 2014 and 2015, when the cumulative net break-even deficits amounted to €924m, €683m and €473m respectively, the recent figures clearly reflect

a significant improvement in the clubs’ financial situations, and de facto their compliance with the break-even requirement. Not only has the cumulative break-even result substantially improved, but the number of clubs reporting a positive annual break-even result has also increased. This further indicates that the clubs have taken steps to bring themselves into compliance with the CL&FFP Regulations.

Evolution of the net annual break-even deficit of clubs under settlement agreements and the number of clubs with a break-even surplus/deficit

Evolution of net break-even deficits of the 26 clubs with settlement agreement



Number of clubs with surplus/deficit of the 26 clubs with settlement agreement



SETTLEMENT AGREEMENTS

3.6.4 Redistribution of the financial contributions foreseen in settlement agreements

As in previous seasons, the settlement agreements concluded by the CFCB investigatory chamber had a direct positive impact on the other clubs participating in the UEFA Champions League or UEFA Europa League which were fully in compliance with FFP.

Concretely, the financial contributions withheld and/or paid by clubs in a given season as per their settlement agreements were redistributed to the compliant clubs participating in that season's UEFA

club competitions on the basis of a redistribution mechanism previously ratified by the UEFA Executive Committee. This resulted in:

- €9m being redistributed in December 2016 to the compliant clubs that participated in the 2015/16 UEFA club competitions; and
- €6m being redistributed in December 2017 to the compliant clubs that participated in the 2016/17 UEFA club competitions.

Overview of financial fair play redistributions for 2015/16 and 2016/17

Overall financial fair play redistribution	2015/16		2016/17	
	Number of clubs	Amount received per club	Number of clubs	Amount received per club
Compliant clubs that participated in the group stage of the UEFA Champions League or UEFA Europa League	70	€104,000	65	€78,000
Compliant clubs that participated only in the qualifying stage of the UEFA Champions League or UEFA Europa League	155	€12,000	149	€9,000
Total redistributions	€9m		€6m	

Overall, since the redistribution mechanism was put in place in September 2014, compliant clubs that have participated in the UEFA Champions League or UEFA Europa League between 2013/14 and 2016/17 have benefited from additional distributions amounting to €68m in total.





4. THE OUTLOOK FOR 2017/18

The current CL&FFP Regulations, which entered into force on 1 July 2015, are under review with the various stakeholders and a new edition is expected to be released at the end of the 2017/18 season.

With regard to the monitoring of overdue payables during the 2017/18 season, participating clubs were subject to similar compliance activities as in previous years and only one (Panathinaikos (GRE)) was referred to the CFCB adjudicatory chamber, thus confirming the overall improvement of the clubs' financial discipline as previously observed.

Concerning the break-even requirement, here too the overall positive trend highlighted in previous years should be confirmed, despite the transfer records seen in summer 2017. The CFCB investigatory chamber is closely following up on clubs subject to investigations of their compliance with the break-even requirement for the 2017/18 monitoring period, which covers the reporting periods ending in 2017 (period T), 2016 (period T-1) and 2015 (period T-2). It is paying particular attention to sponsorship income with related parties and the corresponding fair value recognised in the break-even calculations. In parallel, the CFCB investigatory chamber is continuing to monitor the remaining 12 clubs under settlement agreements, all of which are expected to further reduce their total break-even net deficits for the reporting period ending in 2017 and thus maintain the clear positive trend set in motion thanks to the concrete compliance plans implemented by the clubs. The CFCB investigatory chamber's decisions on clubs under investigation

with regard to the break-even requirement or subject to settlement agreements are expected by May/June 2018.

The CFCB investigatory chamber also continues to oversee the licensors' proper implementation of the club licensing system and the fulfilment of the club licensing criteria by clubs participating in UEFA competitions. In that regard, several investigations into licensors and clubs were opened in November 2017 for alleged violations of the club licensing criteria which must be fulfilled to enter the UEFA club competitions. Final decisions on those cases are expected by the end of the 2017/18 season.

Meanwhile, after careful examination of all the documentation and explanations provided by AC Milan (ITA) as part of its application for a voluntary agreement under the CL&FFP Regulations, in December 2017 the CFCB investigatory chamber finally decided not to conclude a voluntary agreement with this club, having found that uncertainties persisted in relation to the refinancing of some material loans to be paid back in October 2018 and the financial guarantees provided by the main shareholder.

NOTES

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



UEFA
ROUTE DE GENÈVE 46
CH-1260 NYON 2
SWITZERLAND
TELEPHONE: +41 848 00 27 27
TELEFAX: +41 848 01 27 27
UEFA.com

WE CARE ABOUT FOOTBALL
