

**UEFA Club Licensing System**

**Manual Version 2.0**

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## PREFACE

I am pleased to present you with the new and revised version of the UEFA club licensing manual. The implementation of the UEFA club licensing system in all UEFA member associations for the first time in the 2004/05 season represented a big step towards higher standards within the football family. The results achieved in such a short period of time showed that the system helped not only the clubs to achieve higher infrastructure standards, transparency in financial affairs and a more professional environment, but also helped the licensors to improve their professional management and to better assist their clubs.



I thank everybody who contributed to these first positive results which proved to be beneficial for our football fans, the sponsors, the media and last but not least the clubs, leagues and associations.

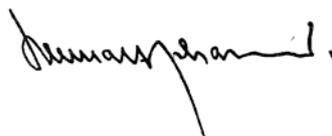
Out of the first assessment results, UEFA adapted the “UEFA Club Licensing Manual” with new specific criteria to better address the needs of today’s football. The document has been extensively revised with the assistance and the input of the national associations and several working groups so as to raise and improve the quality standards for clubs playing in UEFA competitions for the years to come.

This new version of the “UEFA Club Licensing Manual” helps us to further develop benchmarking for clubs in financial, sporting, legal, personnel, administrative and infrastructure related criteria throughout Europe, and also allows to compare each club with the other and take benefit out of these findings.

The following chapters explain the minimum mandatory criteria to be fulfilled by clubs to enter UEFA club competitions as from the 2008/09 season in detail and also include best practice recommendations and new examples and guidelines.

UEFA is strongly convinced that this document represents a further step in the achievement of higher quality standards, both at club and national association level, and will continue to give further emphasis to our motto ‘We Care About Football’, and support our members, fans, partners as well as the general public to continue to foster European football as a whole.

I would furthermore like to stress that several member associations implemented the club licensing system on national level in order to spread out the quality improvements throughout their whole top division or even at further levels. UEFA appreciates the steps taken by these associations and invites the remaining associations to follow the example and implement the club licensing system on national level too.



Lennart Johansson  
UEFA President

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## GLOSSARY OF TERMS

	<b>Definition</b>
Accounting policies	The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting its financial statements.
Agreed-upon procedures (“AUP”)	In an engagement to perform agreed-upon procedures, an auditor is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report must form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.
Amortisation	The systematic allocation of the depreciable amount of an intangible asset over its useful life. For example, for the capitalised direct costs of acquiring a player’s registration, the useful life is the contract period.
Annual financial statements	A complete set of financial statements prepared as at the statutory closing date normally including a balance sheet, profit and loss account, a statement of cash flows, and those notes and other statements and explanatory material that are an integral part of the financial statements.
Associate	An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.
Assessment process	See core process
Audit	<p>The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. The phrases used to express the auditor’s opinion are “give a true and fair view” or “present fairly, in all material respects,” which are equivalent terms. A similar objective applies to the audit of financial or other information prepared in accordance with appropriate criteria.</p> <p>In an audit engagement, the auditor provides a high, but not absolute, level of assurance that the</p>

	information subject to audit is free of material misstatement. This is expressed positively in the audit report as reasonable assurance.
Budget	The schedules containing an entity's future financial information, based on management's assumptions about events that may occur in the future and possible actions by an entity.
Cash and cash equivalents	Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Company	Any legal entity according to national law and/or national association statutes, which has a contractual relationship to a registered member, which fulfils the obligations set out in 4.3.1.3.
Consolidated financial statement	Financial statements of a group presented as those of a single economic company.
Control	The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
Core process	Minimum requirements that the licensor has to put in place for verification of compliance with the criteria described in the manual as basis for the issuance of a licence to an applicant.
Criteria	Requirements to be fulfilled by the licence applicant divided into five categories (sporting, infrastructure, personnel and administrative, legal and financial), each category being split in three grades A-C (mandatory and best practice recommendation).
Deadline for submission of the list of licensed clubs to UEFA	The date by which each licensor must submit to UEFA the list of clubs that were granted with a licence by the national decision-making bodies. This date is defined by UEFA each year and announced to the licensors.
Deadline for submission of the application to the licensor	The date by which each licensor requires licence applicants to have submitted all relevant information for its application for a licence.
Depreciable amount	The cost of an asset, or other amount substituted for cost, less its residual value.  Residual value is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful economic life.

Direct costs of acquiring a player's registration	<p>Those payments to third parties for the acquisition of a player's registration, excluding any internal development or other costs. Costs to include:</p> <ul style="list-style-type: none"> <li>a) Transfer fee payable for securing the registration;</li> <li>b) Transfer fee levy (if applicable); and</li> <li>c) Other direct costs of obtaining the player's registration (e.g. payments to agents for services to the club, legal fees, compensation payments for training and development of young players in accordance with FIFA and/or domestic transfer regulations and other direct costs in connection with the transfer).</li> </ul>
Employee benefits	All forms of consideration given by an entity in exchange for service rendered by employees.
Event or condition of major economic importance	An event or condition is of major economic importance if it is considered material to the financial statements of the reporting entity and would require a different (adverse) presentation of the results of the operations, financial position and net assets of the reporting entity if it had occurred during the preceding financial year or interim period.
Financial year	The financial reporting period ending on the statutory closing date, whether this is a year or not, and which is not an interim period.
Future financial information	Information about the prospective financial effects of future events and possible actions on the entity concerned.
Going concern	A reporting entity is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the entity has neither the intention nor the necessity of liquidation, ceasing trading nor seeking protection from creditors pursuant to laws or regulations.
Group	<p>A parent and all its subsidiaries.</p> <p>A parent is an entity that has one or more subsidiaries. A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).</p>
Historic financial information	Information about the financial effects of past events on the entity concerned. Historic financial information is in respect of the financial performance and position prior to the licensing decision.

Independent auditor	An auditor who is independent of the entity, in compliance with the IFAC Code of Ethics for Professional Accountants. For additional information, visit <a href="http://www.ifac.org">www.ifac.org</a> . The term 'auditor' may also be used when describing related services or assurance engagements other than audits.
Intangible asset	An identifiable non-monetary asset without physical substance, such as the registration of a player.
Interim financial statements	A financial report containing either a complete set of financial statements or a set of condensed financial statements for an interim period.
Interim period	A financial reporting period shorter than a full financial year.
International Financial Reporting Standards ("IFRS")	Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise: <ul style="list-style-type: none"> <li>(a) International Financial Reporting Standards;</li> <li>(b) International Accounting Standards; and</li> <li>(c) Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC)</li> </ul>
International Standards on Auditing ("ISA")	The International Auditing and Assurance Standards Board ("IAASB") issues International Standards on Auditing as the standards to be applied by auditors in reporting on historical financial information. According to the IAASB, one of its objectives is 'establishing high quality auditing standards and guidance for financial statement audits that are generally accepted and recognized by investors, auditors, governments, banking regulators, securities regulators and other key stakeholders across the world.'  For additional information about the IAASB and ISA, visit <a href="http://www.ifac.org">www.ifac.org</a>
International Standards on Review Engagements ("ISRE")	The IAASB issues standards applicable to a review of historic financial information. Current ISREs are available from <a href="http://www.ifac.org">www.ifac.org</a>
International Standards on Related Services ("ISRS")	The IAASB issues engagement standard that include the application of agreed-upon procedures to information. Current ISRSs are available from <a href="http://www.ifac.org">www.ifac.org</a> .

Joint venture	<p>A contractual arrangement whereby two or more parties (the venturers).undertake an economic activity that is subject to joint control</p> <p>Where an entity included in the consolidation manages jointly with another entity not included in the consolidation an economic activity that other entity (Joint venture) may be dealt with in the Group accounts.</p>
Licence	Certificate confirming fulfilment of all mandatory minimum requirements by the licensee in order to start the admission procedure for UEFA club competitions.
Licence applicant	Legal entity fully and solely responsible for the football team participating in national and international club competitions which applies for a licence.
Licensee	Licence applicant which has been granted with a licence by the licensor.
Licensing administration	Body or staff within the licensor that deals with club licensing matters.
Licensing cycle	See Core process
Licensing season	Season for which a licence has been granted (cf. also Season to be licensed)
Licensing process	See Core process
Licensor	Body that operates the licensing system and grants the licence
Management (personnel)	Describes those responsible for the preparation and fair representation of the financial statements and other financial information. Other terms may be appropriate depending on the legal framework in the particular jurisdiction. For example, in some jurisdictions, the appropriate reference may be 'to those charged with governance' (for example, the directors).
Material or Materiality	Omissions or misstatements of items or information are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial information. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances or context. The size or nature of the item, or a combination of both, could be the determining factor.

May	Indicates a party's discretion to do something (i.e. optional, rather than mandatory)
Must or shall	Indicates an obligation to do something (i.e. mandatory)
National accounting practice	The accounting and reporting practices and disclosures required of entities in a particular country.
National Club Licensing Manual	Working document which describes the national club licensing system in a particular country. It includes all minimum requirements of the UEFA club licensing system as well as any specific national particularities and objectives.
Parent	An entity that has one or more subsidiaries.
Recoverable amount	The higher of an asset's fair value less costs to sell and its value in use. 'Fair value less costs to sell' is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. 'Value in use' is the present value of future cash flows expected to be derived from the asset.
Registered member	Any legal entity according to national law and/or national association statutes, which is member of the national association and/or its affiliated league, provided that such membership has lasted at least for a period of three years.
Related party	<p>A party is related to an entity if:</p> <ul style="list-style-type: none"> <li>(a) directly, or indirectly through one or more intermediaries, the party: <ul style="list-style-type: none"> <li>(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);</li> <li>(ii) has an interest in the entity that gives it significant influence over the entity; or</li> <li>(iii) has joint control over the entity;</li> </ul> </li> <li>(b) the party is an associate of the entity;</li> <li>(c) the party is a joint venture in which the entity is a venturer;</li> <li>(d) the party is a member of the key management personnel of the entity or its parent;</li> <li>(e) the party is a close member of the family of any individual referred to in (a) or (d);</li> </ul>

- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

**Reporting entity/entities** The registered member and/or company or group which, according to the rules of this manual, must provide the licensor with respectively statutory or consolidated financial statements.

**Review** The objective of an engagement to review financial information is to enable an auditor to express a conclusion whether, on the basis of the review, anything has come to the auditor's attention that causes the auditor to believe that the financial information is not prepared, in all material respects, in accordance with an identified financial reporting framework.

A review, in contrast to an audit, is not designed to obtain reasonable assurance that the financial information is free from material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review may bring significant matters affecting the financial information to the auditor's attention, but it does not provide the evidence that would be required for an audit.

**Season to be licensed** Means the UEFA season for which the licence applicant has applied for the licence; i.e. 1<sup>st</sup> June – 31 May.

**Significant change** Means an event that is considered material to the documentation previously submitted to the licensor and that would require a different presentation if it had occurred prior to the submission of the licensing documentation.

**Significant influence** The power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

**Stadium** Means the the venue for a competition match including, but not limited to, all properties and facilities near to such stadium (for example, offices, hospitality areas, press centres and accreditation centres).

Statutory closing date	The annual accounting reference date of the reporting entity.
Subsequent events	Events or conditions occurring after the licensing decision.
Subsidiary	An entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent). Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
Supplementary information	If the minimum requirements of criterion F.01 for content and accounting are not met in the audited annual financial statements, additional information must be prepared and submitted by the licence applicant. The content and presentation of the supplementary information, if required at all, will vary between licence applicants depending on the amount of information already disclosed in the separate audited annual financial statements.
UEFA Club Licensing Manual	Working document which describes the UEFA club licensing system. The guidelines and requirements of the UEFA club licensing system must be transferred into a "National Club Licensing Manual".
UEFA Club Licensing system	Consists of five categories of criteria and a core process.
UEFA season	See Season to be licensed
UEFA Stadium Regulation	Working document which describes the requirements to be fulfilled by the clubs with regard to the Stadium to be used for UEFA club competition matches.

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# 1. INTRODUCTION

This “*UEFA Club Licensing Manual*”<sup>1</sup> is the basic working document for national associations to be transformed into a “*National Club Licensing Manual*”. It incorporates the UEFA minimum requirements, the necessary guidelines as well as further useful information in the appendices. It comes into force on its approval by the UEFA Executive Committee and applies for the first time for the 2008/09 season.

This UEFA Club Licensing Manual is divided into two main sections.

The first section addresses the national association as the *licensor*, explaining its tasks, defining the *licence applicant* and the licensing bodies as well as the *core process* to be applied.

The second section is directed at the clubs of the national association. The five categories of minimum *criteria* are described in five chapters, which are as follows: sporting criteria, infrastructure criteria, personnel and administrative criteria, legal criteria and financial criteria. The criteria are newly divided into three different grades (“A”, “B” and “C”).

Each chapter also includes the objectives and the benefits for the clubs. The national associations and clubs should first carefully read through the objectives of each category of criteria. For several criteria, the final wording has to be adapted by the licensor, taking into account the particular situation of the national association, the status of football and its top-division clubs as well as the minimum standards of its current “National Club Licensing Manual”. In contrast, UEFA lays down some “musts”, to ensure a certain unified quality standard throughout Europe, as a first step towards the development of European football. Some flexibility has been given to the discretion of the national association. In such circumstances the manual *shall* be individually tailored by each licensor according to its specific needs and in compliance with national law.

This UEFA Club Licensing Manual V2.0 has been published in English, French, German and Russian. In the event of any discrepancy, the English version shall be authoritative.

The national associations are invited to:

1. Compare their current “National Club Licensing Manual” with the new version 2.0 of the “UEFA Club Licensing Manual”;
2. Decide, if the club licensing system applies to the national context (which divisions or clubs and which criteria);
3. Review the format (layout) and structure of the current “National Club Licensing Manual” and adapt it accordingly;
4. Take any necessary steps to adapt the current system to this new content;
5. Take into account national law, statutes and regulations;

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<sup>1</sup> Terms in italics are defined in the Glossary. Representation in italics occurs however only the first time these are mentioned in the text.

6. Adapt its own structure and relevant organisation according to the minimum requirements regarding the core process and further procedures;
7. Consider increasing the minimum criteria set by UEFA, and upgrading or adding other criteria for the National Club Licensing Manual, according to the specific needs and the existing quality of domestic competitions;
8. Exchange opinions and experiences with UEFA and other UEFA member associations;
9. Integrate their own experiences into the new National Club Licensing Manual;
10. Set-up a working plan for the implementation of the new National Club Licensing Manual taking into account the UEFA deadlines for exceptions and accreditation as well as the national decision-making process.

Each National Club Licensing Manual will have to be accredited by UEFA (cf. 2.3.7).

## **1.1. OBJECTIVES FOR THE UEFA CLUB LICENSING SYSTEM**

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The *UEFA Club Licensing System* has the following objectives:

- Further promotion and continuous improvement of the standard of all aspects of football in Europe and continuing priority given to the training and care of young players in each club;
- Assuring that a club has an adequate level of management and organisation;
- Adaptation of clubs' sporting infrastructure to provide spectators and media with well-appointed, well-equipped and safe stadiums;
- Improvement of the economic and financial capability of the clubs, increasing their transparency and credibility, and placing the necessary importance on the protection of creditors;
- Safeguarding the continuity of international competitions for one season;
- Monitoring the financial fair play in the competitions;
- Allowing the development of benchmarking for clubs in financial, sporting, legal, personnel, administrative and infrastructure related criteria throughout Europe.

## 2. PROCEDURE

### 2.1. CRITERIA GRADUATION

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#### 2.1.1. PRINCIPLE

2.1.1.1. The criteria described in this UEFA Club Licensing Manual V 2.0 are graded into three separate categories. This new arrangement should guide the clubs and national associations through the whole process.

2.1.1.2. The different grades have been defined as follows:

- a) **“A”- criteria – “MUST”**: If the licence applicant does not fulfil any A-criteria, then it cannot be granted with a *licence* to enter the UEFA club competitions.
- b) **“B” – criteria – “MUST”**: If the licence applicant does not fulfil any B-criteria then it is sanctioned as specified by the licensor but can still receive a licence to enter the UEFA club competitions.
- c) **“C”- criteria – “BEST PRACTICE”**: C-criteria are best practice recommendations. Non-fulfilment of any C-criteria does not lead to any sanction or to the refusal of the licence. Certain C-criteria *may* become “MUST” criteria at a later stage.

2.1.1.3. The licensor is free to increase the minimum requirements or to upgrade the criteria established by UEFA (see chapters 6 to 10) for the purposes of entering in the UEFA and/or the national club competitions. The licensor may also introduce additional criteria not included in the UEFA Club Licensing Manual.

2.1.1.4. Where introduced by the licensor in its national licensing manual, any increased minimum requirements, upgraded or additional criteria will apply “mutatis mutandis” to enter in the UEFA club competitions. By way of illustration:

- UEFA minimum number of youth teams is 4.
- Licensor X establishes minimum number of youth teams per licence applicant is 5.
- ▶ Consequently, for all member clubs of Licensor X playing in UEFA club competitions, the minimum number of youth teams per licence applicant is 5.

## **2.2. LICENSING IMPLEMENTATION**

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### **2.2.1. PRINCIPLE**

2.2.1.1. The implementation of the club licensing system at national level includes the following steps and processes:

- a) existence of a legal basis within the statutes (cf. 2.2.2.);
- b) possibility for the national association to delegate club licensing responsibilities to an affiliated league (cf. 2.2.3.);
- c) establishment of rules regarding the sanction of the National Club Licensing System (cf. 2.2.4.);
- d) integration of the UEFA Club Licensing Manual V2.0 into a National Club Licensing Manual (cf. 2.2.5.);
- e) possibility for the national association to ask for exceptions (exception process, cf. 2.2.6);
- f) submission of the national licensing manual to UEFA for accreditation (accreditation process, cf. 2.2.7.);
- g) decision on the application of the licensing system to its licence applicants (cf. 2.2.8.).

### **2.2.2. EXISTENCE OF A LEGAL BASIS WITHIN THE STATUTES**

2.2.2.1. For the implementation of the club licensing system within all UEFA member associations, each national association *must* have a legal basis within its statutes that describes the objective of the system and the relevant authority and contains a reference to further more detailed regulations (an example is provided in Appendix I).

2.2.2.2. As an alternative the club licensing system can also be based on a contract between the club and the national association.

### **2.2.3. POSSIBILITY FOR THE NATIONAL ASSOCIATION TO DELEGATE THE CLUB LICENSING SYSTEM TO AN AFFILIATED LEAGUE**

2.2.3.1. Under certain conditions, the national association may delegate the club licensing system to an affiliated league.

2.2.3.2. Vis-à-vis UEFA, the national association as a UEFA member remains liable and responsible for the proper implementation of the club licensing system, regardless of whether there is delegation or not.

2.2.3.3. The UEFA Executive Committee approves any requests from national associations to delegate or to withdraw licensing responsibilities to/from the affiliated league.

- 2.2.3.4. Such well-founded requests can be made to the UEFA administration at any time. All the requests presented to UEFA in writing before August 31 will be considered for coming into effect in the following sporting season.
- 2.2.3.5. The timing of such a delegation request or its withdrawal must be carefully considered. UEFA would not accept any delegation request or its withdrawal during the core process in order to ensure continuity.
- 2.2.3.6. The UEFA Executive Committee may approve the delegation requests if the national association provides written confirmation that such a league:
- a) is affiliated to the national association and has accepted its statutes, regulations and the decisions of its responsible and competent bodies, in writing;
  - b) is responsible for running the top domestic championship;
  - c) has agreed with its national association on the use of the financial contributions paid by UEFA to the national associations for club licensing purposes;
  - d) has submitted a decision by the legislative body of this affiliated league to comply with the following obligations towards UEFA, in writing:
    - i. implementing the UEFA club licensing system requirements according to the provisions of the “UEFA Club Licensing Manual” and any future amendments thereto into a “National Club Licensing Manual”;
    - ii. granting UEFA and its nominated bodies/agencies full necessary access to verify the operation of the club licensing system and the decisions of the decision-making bodies at any time;
    - iii. allowing UEFA and its nominated bodies/agencies to conduct spot-checks at any time on clubs that qualify for a UEFA club competition;
    - iv. accepting any UEFA decision made with regard to the exceptions, the accreditation of the club licensing system and/or spot-checks;
    - v. issuing the appropriate sanction to the parties concerned according to UEFA’s recommendations or decisions.

## **2.2.4. RULES REGARDING SANCTIONS OF THE NATIONAL CLUB LICENSING SYSTEM**

- 2.2.4.1. To guarantee an appropriate *assessment process* the national association *shall*:
- a) Set up a catalogue of sanctions for the club licensing system (e.g. for the non fulfilment of B criteria). It pertains to the relevant licensing bodies to fix these sanctions against the licence applicants/*licensee* .
- The catalogue of sanctions may include a caution, a fine, and the obligation to submit evidence or fulfil certain conditions by a certain deadline, etc.

If the club licensing system also applies for participation in the national competitions, the catalogue of sanctions may additionally include the deduction of points, the prohibition to conclude new transfer agreements or players' contracts, the obligation to submit some guarantees, etc.. Furthermore the licensor may sanction the club before the start as well as during the season.

- b) Refer to the national disciplinary regulations for the violation of the licensing regulations as such (e.g. submission of falsified documents, non respect of deadlines, sanctions against individuals, etc.).

## **2.2.5. INTEGRATION OF THE UEFA CLUB LICENSING MANUAL V2.0 INTO A NATIONAL CLUB LICENSING MANUAL FOR THE 2008/09 SEASON**

- 2.2.5.1. Each national association defines the parties involved (licensor, licence applicant, decision-making bodies), their rights and duties, the criteria and the necessary processes in accordance with the "UEFA Club Licensing Manual" for entering in the UEFA club competitions in its "National Club Licensing Manual".
- 2.2.5.2. The transformation of the "UEFA Club Licensing Manual V2.0" into a "National Club Licensing Manual" has to take place during 2006 in view of the UEFA club competitions 2008/09 and includes the following processes which require the approval of UEFA:
  - a) Exception process and policy (cf. 2.2.6 below)
  - b) Accreditation process (cf. 2.2.7 below)
- 2.2.5.3. For the 2008/09 *UEFA season* the deadline for the submission of any exception request to UEFA is 31 March 2006.
- 2.2.5.4. For the 2008/09 *UEFA season* the deadline for the submission of the new National Club Licensing Manual to UEFA for accreditation is 31 March 2006.
- 2.2.5.5. The "UEFA Club Licensing Manual" is structured and worded in such a manner that the national association can use its full text as a master document. The national association may adapt the wording of the UEFA Club Licensing Manual according to:
  - a) the national associations objectives and priorities;
  - b) the statutes and regulations of the national association;
  - c) national law;
  - d) flexibility given by UEFA.

Such rewording by the national association is subject to compliance with the UEFA “musts” in each category of criteria and the *licensing process* itself. As a principle, for any given criterion, UEFA fixes the quality and the national association the quantity according to its needs. UEFA gives the national associations some flexibility in the finalisation of the wording of each single criterion as well as in the description of the licensing process for the member clubs. Where flexibility has been given to the discretion of the national association, the text must be individually tailored by each licensor according to its specific needs.

## **2.2.6. EXCEPTION PROCESS AND POLICY**

2.2.6.1. The following exception policy guidelines apply:

- a) Only clear and well-founded requests submitted in writing and within the given deadline to the UEFA club licensing unit (hereafter LU) by the national association will be dealt with;
- b) The exception will be granted to the national association;
- c) Exceptions granted to a national association apply to all clubs which play within the national association and which qualify for a UEFA club competition (UEFA Champions League, UEFA Cup, Intertoto Cup) for the season in question. Under specific circumstances, UEFA reserves the right not to apply exceptions granted to the national association to a specific individual club (e.g. club participating in the UEFA club competitions on a regular basis);
- d) The exception period granted is one season. Under specific circumstances such period may be extended and the national association may be placed on an improvement plan;
- e) A renewal of the exception is possible upon new request;
- f) The status and situation of football within the national association will be taken into account when granting an exception. The situation encompasses for example:
  - i. size of the country, population, geography, economic background;
  - ii. size of the national association (number of clubs, number of registered players and teams, size and quality of the administration of the association, etc.);
  - iii. the level of football (professional, semi-professional or amateur clubs and at the level of the association);
  - iv. status of football as a sport within the association and its market potential (average attendance, TV market, sponsorship, revenue potential, etc.);
  - v. UEFA coefficient (association and its clubs) and FIFA ranking;

- vi. stadium ownership situation (club, city/community, etc.) within the association;
- vii. support (financial and other) from the national, regional and local authorities, including the national sports ministry.

The UEFA CEO or the UEFA Deputy CEO acts as the first instance decision-making body on exception requests. He guarantees that decisions are made within a short deadline and ensures equal treatment within the UEFA family.

- 2.2.6.2. A request must be well-founded and submitted in writing by the national association at the latest by June 30 of the year preceding the *season to be licensed* (this deadline applies for the participation in the UEFA season 2009/2010 onwards – and therefore June 30, 2008 is the deadline in this example; cf. 2.2.5.3.).
- 2.2.6.3. An exception request must be clear and concrete. It may relate to:
  - a) non-applicability of a certain criterion within the national association due to national law or any other reason;
  - b) decrease of a criterion quantity under the minimum set by UEFA;
  - c) extension of the introduction period for the implementation of a criterion or a category of criteria;
  - d) non-applicability of a minimum requirement of the decision making process (cf. 3.2 ff.) due to national law or any other reason;
  - e) non-applicability of a minimum requirement of the core process (refer to chapter 5) due to national law or any other reason.
- 2.2.6.4. The UEFA CEO or the UEFA Deputy CEO shall use the necessary discretion to grant any exception within the guidelines set and approved by the UEFA Executive Committee. The procedure must be done in writing.
- 2.2.6.5. If a request exceeds the approved guidelines, the UEFA Executive Committee shall make a decision in accordance with the objectives of the licensing system and according to right and justice. The UEFA Executive Committee may also communicate decisions by circular.
- 2.2.6.6. Appeals can be lodged against decisions made by the UEFA CEO, the UEFA Deputy CEO or, if applicable, the UEFA Executive Committee in writing and within 10 days after submission of the decision to the national association by email/fax/mail.
- 2.2.6.7. The Court of Arbitration for Sport (hereafter CAS) in Lausanne is appointed as independent appeals body for the club licensing system. Decisions of the CAS are final and binding.

- 2.2.6.8. The LU examines such exception requests and prepares a report to the attention of the UEFA CEO or Deputy CEO.
- 2.2.6.9. The UEFA CEO or Deputy CEO decides according to the approved guidelines.
- 2.2.6.10. The decision must:
- a) be in writing;
  - b) state the reasoning;
  - c) include a deadline/time limit;
  - d) provide transparency for the involved parties subject to respect of confidentiality (e.g. financial aspects);
  - e) be communicated to the UEFA member associations (EXTRANET) with the reasoning;
  - f) include a statement of the rights to appeal.
- 2.2.6.11. The decision is communicated to the national association (and the affiliated league in case of delegation) with the reasoning. This must then be referred to in the National Club Licensing Manual and communicated to all licence applicants.

## **2.2.7. ACCREDITATION PROCESS**

- 2.2.7.1. The national associations finalise the wording of the “National Club Licensing Manual” and send it, translated in one of the UEFA official languages, to UEFA for accreditation.
- 2.2.7.2. UEFA approves the final version of the “National Club Licensing Manual” through what is known as the “accreditation process”. This process guarantees that in each single member association the UEFA “must” criteria and the “must” process steps are implemented at national level accordingly.
- 2.2.7.3. The licensor must confirm UEFA that all criteria contained in the “National Club Licensing Manual” sent to UEFA for accreditation are in compliance with the applicable national law.
- 2.2.7.4. UEFA specifies the season from which the new accredited manual can come into force. The national association must have its new accredited manual approved by its competent body (e.g. Executive Committee) within a date that allows proper implementation of the new rules for the season specified by UEFA.
- 2.2.7.5. The national associations are free to amend their club licensing manual at any time. However, for the new manual to come into force, this must first be accredited by UEFA. Any new accreditation request must be submitted in writing by the national association at the latest by August 31 of the year preceding the season to be licensed (this deadline applies for the participation in the UEFA season 2009/2010 season onwards – therefore August 31, 2008 in this example; cf. 2.2.5.4.).

- 2.2.7.6. The decision on the accreditation is communicated in writing to the national association and is final and binding.

## **2.2.8. DECISION ON THE APPLICATION OF THE SYSTEM TO ITS LICENCE APPLICANTS**

- 2.2.8.1. The national association has to make the decision to which clubs the system applies. As a minimum the club licensing system must be implemented only for the top division clubs which qualify to the UEFA club competitions on sporting merit or through the UEFA fair play ranking for the upcoming season. It is best practice to implement the club licensing system for all top division clubs of the national association as a condition for participation in the UEFA club competitions.
- 2.2.8.2. The national association may also decide to implement the system for participation not only in the UEFA competitions but as well for participation in the national competitions (top division and lower divisions). The quality standards will thereby be improved on a broader basis for the national championship as well as for UEFA club competitions and the clubs of the same division are treated equally. UEFA recommends that such decision is attentively evaluated. In particular it is very important that the national associations carefully consider the criteria to be implemented for entering the national competitions, the impact of such decision on the national competition regulations and the consequences of a licence refusal on national level.

## **2.3. SPOT-CHECKS BY UEFA**

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### **2.3.1. PRINCIPLE**

- 2.3.1.1. UEFA and/or its nominated bodies/agencies reserve, at any time, the right to conduct spot-checks with the licensors and, in the presence of the latter, with the applicant club in order to ensure that its licence was correctly awarded at the time of the final and binding decision of the licensor. The non-observance of the minimum mandatory requirements as defined in the National Club Licensing Manual accredited by UEFA may result in sanctions defined by the appropriate UEFA body according to the nature and the gravity of the violations (refer to relevant UEFA competition regulations).
- 2.3.1.2. UEFA and/or its nominated bodies/agencies reserve the right, at any time, to conduct spot-checks with the licensors to verify that the minimum requirements defined in the core process (cf. 5) are respected. The non-observance of the minimum mandatory requirements may result in sanctions defined by the appropriate UEFA body according to the nature and the gravity of the violations.
- 2.3.1.3. For the purpose of the spot-checks by UEFA, in the event of any discrepancy in interpretation between the UEFA official language and the National official language in the wording of the National Club Licensing Manual, the UEFA official language version is the authoritative text.

## **2.4. DEVELOPMENT PROCESS**

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### **2.4.1. PRINCIPLE**

- 2.4.1.1. The project organisation used by the UEFA administration for the development of the club licensing system will also be used for further developments of the system.
- 2.4.1.2. Any changes, clarifications, etc. in relation to the UEFA Club Licensing system will be communicated to the national associations by UEFA circular letter.

## **2.5. BODIES OF UEFA**

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### **2.5.1. PRINCIPLE**

- 2.5.1.1. The bodies through which UEFA will act with regard to the club licensing system shall be:
  - a) the Executive Committee for the approval of this manual, the exception policy and the delegation requests and any other matter which is not regulated by this manual;
  - b) the UEFA CEO or Deputy CEO for the approval of the exception requests, the execution of the spot checks, the accreditation of the National Club Licensing Manuals and the extraordinary application procedure to enter UEFA club competitions;
  - c) the Club Licensing Panel (hereafter CLP) which supports and assists the UEFA CEO and Deputy CEO in all tasks regarding club licensing;
  - d) the UEFA club licensing unit, under the Legal Services Division, which assists the UEFA CEO and Deputy CEO in the administration of all tasks regarding club licensing. Specific persons will deal with spot-checks;
  - e) specific working groups (e.g. legal working group, financial working group, etc.) composed by specialists delegated by the licensors to assist the LU in the development of the club licensing system. The national associations will therefore be informed about any changes beforehand and will have the possibility of delivering feedback on the proposals within a set deadline;
  - f) the Organs for the Administration of Justice for the penalisation of breaches of duties relating to the "UEFA Club Licensing Manual" and certain decisions on the spot check result (cf. 2.3). The UEFA Disciplinary regulations and the corresponding UEFA competition regulations apply.

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## **3. LICENSOR**

### **3.1. INTRODUCTION**

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This chapter defines the licensor and the decision-making bodies.

### **3.2. LICENSOR DEFINITION**

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#### **3.2.1. WHO IS THE LICENSOR?**

- 3.2.1.1. The national association is the licensor. Under certain conditions, the national association may delegate club licensing system to an affiliated league (cf.2.2.3.)
- 3.2.1.2. The licensor governs the licensing system, appoints the corresponding licensing bodies and fixes the necessary processes.
- 3.2.1.3. The licensor guarantees the licensee full confidentiality with regard to all information given by the licence applicant during the licensing process. Anyone involved in the licensing process or appointed by the licensor must sign a confidentiality clause before starting its tasks.

#### **3.2.2. DECISION-MAKING BODIES**

- 3.2.2.1. The licensor shall establish an appropriate administration and appoint its qualified staff members.
- 3.2.2.2. The licensor shall establish two decision-making bodies, the names of which it shall determine:
  - a) First Instance Body (FIB)
  - b) Appeals Body (AB)
- 3.2.2.3. The decision-making bodies shall be independent from each other. They shall receive administrative support from the administration of the licensor (cf. 3.2.3).

### **3.2.3. LICENSING ADMINISTRATION**

3.2.3.1. The tasks of the *Licensing administration* (LA) will include:

- a) preparing, implementing and further developing the club licensing system;
- b) providing administrative support to the decision-making bodies referred to in 3.2.2.3 above;
- c) assisting, advising and monitoring the licensees during the season;
- d) serving as the contact point for and sharing expertise with the licensing departments of other UEFA member associations and with UEFA itself.

3.2.3.2. The LA must be equipped with suitably qualified staff and the necessary infrastructure. These costs are borne by the licensor.

3.2.3.3. At least one staff member or an external financial adviser must have a financial background and a diploma in accountancy/auditing recognised by the appropriate national body (e.g. national trade association), or must have several years experience in the above matters (a “recognition of competence”).

3.2.3.4. All persons involved in the licensing process must comply with strict confidentiality rules regarding information received during the licensing procedure. The national association shall set up the necessary confidentiality clauses in this respect.

### **3.2.4. FIRST INSTANCE BODY (FIB)**

3.2.4.1. The FIB decides on whether a licence should be granted to an applicant on the basis of the documents provided and in accordance with the provisions of the National Club Licensing Manual at the submission deadline set by the licensor.

3.2.4.2. The Executive Committee, unless provided otherwise by the Statutes, of the national association decides on the composition of this body.

3.2.4.3. The licensor decides on the quorum of the FIB. The quorum must be of minimum three members. The chairman has the casting vote.

3.2.4.4. The decision must be put in writing and include the reasoning in case of a licence refusal.

3.2.4.5. As members of the FIB, the licensor may nominate administrative staff of the national association and its affiliated league, with the exception of the Licensing Manager who cannot be member of the FIB.

3.2.4.6. The Executive Committee of the national association decides if the members of the FIB are elected or appointed. UEFA recommends to elect them.

### **3.2.5. APPEALS BODY (AB)**

- 3.2.5.1. The AB decides on appeals submitted in writing and makes a final and binding decision on whether a licence should be granted.
- 3.2.5.2. Appeals may only be lodged by
  - a) The licence applicant, who received the refusal of the FIB
  - b) The licensor, the competent body of which must be defined (e.g. Licensing Manager).
- 3.2.5.3. The AB makes its decision based on the decision of the FIB and all the evidence provided by the licence applicant or licensor with its written request for appeal or within the deadline determined in the appeal procedure by the chairman of the AB. Any further evidence submitted to the AB at a later stage shall not be taken into account.
- 3.2.5.4. The decision must be put in writing and include the reasoning in case of a licence refusal.
- 3.2.5.5. If a national association has a court of arbitration specified in its statutes, it shall decide on whether the club licensing system comes under its authority. In this respect, particular attention will be paid to the relevant deadlines for entering the UEFA club competitions.
- 3.2.5.6. The Executive Committee of the national association, unless otherwise provided by the Statutes, decides on the composition of the AB.
- 3.2.5.7. The licensor decides on the quorum for the decisions of the AB. The quorum must be of minimum three members. The chairman has the casting vote.
- 3.2.5.8. Administrative staff of the national association and its affiliated league cannot be members of the AB.
- 3.2.5.9. Members of the AB must not simultaneously be members of any other statutory body or Committee of the licensor (i.e. other than the bodies mentioned in 3.2.6.2. below).
- 3.2.5.10. The Executive Committee of the national association decides if the members of the AB are elected or appointed. UEFA recommends to elect them.

### **3.2.6. REQUIREMENTS OF MEMBERS OF THE DECISION MAKING BODIES**

- 3.2.6.1. The decision making bodies must have at least one qualified lawyer and an auditor holding a qualification recognised by the appropriate national professional body among their members.
- 3.2.6.2. Members of the decision making bodies must not belong simultaneously to a statutory judicial body of the licensor and must act impartially in the discharge of their duties.

- 3.2.6.3. Members may be re-elected or re-appointed for specific terms to be specified.
- 3.2.6.4. Members of the decision making bodies must follow the strict confidentiality rules in the same way as members of the LA (cf. 3.2.3.4). The national association defines these rules and the members have to accept them in writing.
- 3.2.6.5. In addition to the requirements set out in 3.2.6.1 above, the licensor may establish further conditions to be satisfied by members of the licensing bodies (academic, professional training, experience, etc.) to ensure that they perform their functions to high professional standards.
- 3.2.6.6. A member must in all cases automatically abstain if there is any doubt as to his/her independence towards the licence applicant or if there is a conflict of interest.
- 3.2.6.7. In this connection, the independence of a member may not be guaranteed if he/she or any member of his/her family (spouse, children, parents, siblings) is a:
  - a) member
  - b) shareholder
  - c) business partner
  - d) sponsor or
  - e) consultant, etc.of the licence applicant. The foregoing list is illustrative and not exhaustive.
- 3.2.6.8. The licensor may establish further criteria regarding the independence of members in accordance with UEFA.

### **3.2.7. PROCEDURE OF DECISION MAKING**

- 3.2.7.1. In the National Club Licensing Manual or in a specific regulation, the licensor defines procedural rules with respect to decision making (cf. 5.1.1.3.). These shall, as a minimum, regulate the following standards.
  - a) Deadlines (e.g. submission deadline, etc.)
  - b) Safeguarding the principle of equal treatment
  - c) Representation (e.g. legal representation, etc.)
  - d) The right to be heard (e.g. convocation, hearing)
  - e) Official language (if applicable)
  - f) Time limit to issue a request (e.g. calculation, compliance, interruption, extension)
  - g) Time limit to appeal
  - h) Effects of appeal (e.g. no delaying effect)
  - i) Type of evidence requested
  - j) Burden of proof (e.g. licence applicant has burden of proof)

- k) Decision (e.g. in writing with reasoning, etc.)
- l) Ground for complaints
- m) Content and form of pleading
- n) Deliberation / hearings
- o) Cost of procedure / administrative fee / deposit

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## **4. LICENCE APPLICANT AND LICENCE**

### **4.1. INTRODUCTION**

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This chapter defines the legal entity that should apply for the licence and the licence to enter UEFA club competitions.

The legal entity applying for a licence is called the licence applicant. Once the licence applicant has been granted with a licence by the licensor it becomes a licensee. For the purpose of this chapter only the term licence applicant is used.

### **4.2. CIRCLE OF LICENCE APPLICANTS**

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#### **4.2.1. AUTHORITY TO DEFINE LICENCE APPLICANTS**

- 4.2.1.1. The licensor defines the licence applicants according to the statutes and regulations of the national association, the following provisions and in accordance with the national law. This may be ruled within the licensing manual and/or in the statutes of the national association and/or in the respective specific national regulations. Furthermore, the FIFA and UEFA statutes as well as relevant regulations must also be taken into account (e.g. FIFA Regulations for the Status and Transfer of Players).

#### **4.2.2. STATUS OF FOOTBALL CLUBS**

- 4.2.2.1. The status of a football club (professional, semi-professional or amateur) is not relevant to the issuance of a licence.

#### **4.2.3. LEGAL FORM OF FOOTBALL CLUBS**

- 4.2.3.1. The legal form of a football club is not relevant to the issuance of the licence according to national statutes and law.

### **4.3. DEFINITION OF LICENCE APPLICANTS**

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#### **4.3.1. PRINCIPLE**

- 4.3.1.1. The licence applicant is defined as being the legal entity fully responsible for the football team participating in national and international club competitions and which is either:

- a) any legal entity according to national law and/or national association statutes, which is member of the national association and/or its affiliated league, provided that such membership has lasted at least for a period of three years<sup>2</sup> (hereafter, *registered member*), or
- b) any legal entity according to national law and/or national association statutes, which has a contractual relationship to a registered member (hereafter, *company*).

4.3.1.2. Only a registered member or a company can apply for / receive a licence. Individuals may not apply for / receive a licence.

4.3.1.3. The licence applicant is fully responsible for the participation in national and international football competitions as well as for the fulfilment of the club licensing criteria.

The licence applicant is, in particular, responsible for ensuring the following:

- a) that all players are registered with the national association and/or its affiliated league and, if professional players, that they have a written labour contract with either the registered member or the company (see Article 2 and 5 of the FIFA Regulations for the Status and Transfer of Players);
- b) that all the compensation paid to the players arising from contractual or legal obligations and all the revenues arising from gate receipts are accounted for in the books of either the registered member or the company;
- c) that the licence applicant is fully responsible for the football team composed of registered players participating in national and international competitions;
- d) that the licensor is provided with all necessary information and/or documents relevant to proving that the licensing obligations are fulfilled, as these obligations relate to the sporting, infrastructure, personnel and administrative, legal and financial criteria set out under Chapters 6, 7, 8, 9 and 10 respectively;
- e) that the licensor is provided with information on the *reporting entity/entities* in respect of which sporting, infrastructure, personnel and administrative, legal and financial information are required to be provided (cf. 4.3.1.5, 4.3.1.6 and 4.3.1.7 below). In turn, the licensor must assess whether, in respect of each licence applicant, the selected reporting entity/entities is appropriate for club licensing purposes.

4.3.1.4. If the licence applicant is a company, it must provide a written contract of assignment with a registered member that must be approved by the national association and/or its affiliated league and must include the following minimum content:

- a) The company shall comply with the applicable statutes, regulations and decisions of FIFA, UEFA, the national association and the league as amended from time to time. This system of rules shall constitute an integral part of the contract of assignment. This company shall also comply with decisions made by the said football bodies.

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<sup>2</sup> An exception to this rule may be foreseen in case of change of legal form and subject to the approval of UEFA.

- b) The company must not further assign the rights to participate to the competition on national or international level.
- c) The right of this company to participate in the competition operations shall cease to apply if the assigning club's membership of the association ceases.
- d) If the company is put into bankruptcy or enters into liquidation the right to apply for a licence in the international and/or national competition shall revert to the registered member. For the sake of clarity should the licence already be granted to the company, then it cannot be transferred from the company to the registered member (cf. 4.4.1.8.); only the right to apply for a licence in the following season shall revert to the registered member.
- e) The national association shall be reserved the right to approve the name under which the company participates in the national competitions.
- f) The company shall, on request of the competent national or international arbitration tribunal, provide views and information, as well as documents on matters regarding the company's participation in the national and/or international competition.
- g) Confirmation (e.g. share register) of the fact that the registered member has the majority of the voting rights of the company. The company may not be owned directly or indirectly by anyone who also has a decisive influence over another registered member or company entitled to participate at the same level in the association leagues system.
- h) The contract of assignment and any amendment to it shall be approved by the appropriate body of the national association to become valid.

4.3.1.5. If the licence applicant is a company it must provide the licensor with the financial information of the company and the registered member (e.g. *consolidated financial statements* as if they were a single company).

4.3.1.6. If the licence applicant has *control* on any *subsidiary*, then consolidated financial statements shall be prepared and submitted to the licensor as if the entities included in the consolidation ("the *group*") were a single company.

4.3.1.7. If the licence applicant is controlled by a parent, which may be controlled by another *parent* or which may have control over any other subsidiary or may exercise *significant influence* over any other *associate*, any transaction with the parent of the licence applicant or any parent or subsidiary or associate of such parent must be disclosed in the notes to the financial statements to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

4.3.1.8. In addition to the above-mentioned mandatory provisions, UEFA recommends the following guidelines for national associations to defining the licence applicant. In accordance with these guidelines, the licence applicant should:

- a) be based legally in the territory of the national association and play its home matches only in that territory. The national association may define exceptions, subject to the approval of the international federations (UEFA and FIFA);
- b) have the right to use the name and the brands of the club and not change the name of the club for advertising/promotional purposes;
- c) accept no clauses in contracts with television, sponsors or other commercial partners which could restrict the club in its freedom of decision or affect its management.

## **4.4. LICENCE**

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### **4.4.1. PRINCIPLE**

- 4.4.1.1. Licences must be issued according to the provisions of the accredited National Club Licensing Manual.
- 4.4.1.2. The licensor must issue an invitation to the football clubs concerned to apply for a licence punctually and in writing. The club applying for a licence (i.e. licence applicant) must submit a written application to the licensor. In this application, the club must, in particular, declare that it will fulfil the obligations of the licensing system.
- 4.4.1.3. Only clubs which fulfil the criteria set out in the accredited National Club Licensing Manual at the deadlines defined by UEFA and which have qualified on the basis of their sporting results or on the basis of the UEFA fair play ranking, may be granted with a licence by the national association to enter the UEFA club competitions of the coming season.
- 4.4.1.4. A licence expires without prior notice:
  - a) at the end of the season for which it was issued for, or
  - b) on the dissolution of the division in question.
- 4.4.1.5. A licence may be withdrawn during a season by the national decision making bodies if:
  - a) for any reason a licensee becomes insolvent and enters into liquidation during the season, as determined by the applicable national law (where a licensee becomes insolvent but enters administration during the season, for so long as the purpose of the administration is to rescue the club and its business, the licence should not be withdrawn);
  - b) any of the conditions for the issuing of a licence are no longer satisfied; or
  - c) the licensee violates any of its obligations under the National Club Licensing Manual.

- 4.4.1.6. As soon as a licence withdrawal is envisaged the national association must inform the UEFA LU.
- 4.4.1.7. If a club has its licence withdrawn, a decision concerning the elimination of the club from the current UEFA competition in question must be made by the UEFA Organs for the Administration of Justice.
- 4.4.1.8. A licence cannot be transferred.
- 4.4.1.9. UEFA reserves the right to sanction a club or eliminate a club from the future UEFA club competitions based on the applicable UEFA club competition regulations.

## **4.5. ADMISSION TO UEFA CLUB COMPETITIONS**

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### **4.5.1. PRINCIPLE**

- 4.5.1.1. The licence applicant must further fulfil all the requirements according to the relevant UEFA club regulations to be admitted to the relevant UEFA club competition.
- 4.5.1.2. The admission process falls under the sole jurisdiction of UEFA and its competent bodies (CEO, Club Competitions Committee, etc.).
- 4.5.1.3. The competent bodies of UEFA make the final decision regarding the admission of a club to participate in any UEFA club competition.
- 4.5.1.4. Such decisions are subject to all the statutes-based jurisdiction of UEFA including the Court of Arbitration for Sport in Lausanne as ordinary court of arbitration (Art 61 ff UEFA Statutes).

## **4.6. EXTRAORDINARY APPLICATION OF THE CLUB LICENSING SYSTEM FOR ENTERING UEFA CLUB COMPETITIONS**

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### **4.6.1. PRINCIPLE**

- 4.6.1.1. If a club qualifies for a UEFA competition based on its sporting results, but has not undergone at all a national licensing process or has undergone a licensing process which is lower/not equivalent to the one applicable for top division clubs because it belongs to a division other than the top division, the national association of the club concerned may - on behalf of such a club - request the extraordinary application of the club licensing system.
- 4.6.1.2. In practice, such a club could for example be the winner or the runner-up of the main domestic cup or league cup playing in a division other than the top division.
- 4.6.1.3. Based on such an extraordinary application UEFA may grant special permission to enter the corresponding UEFA club competition, which only applies to that specific applicant and for the season in question.

### **4.6.2. PROCEDURE**

- 4.6.2.1. The UEFA CEO or Deputy CEO defines the minimum criteria for the extraordinary procedure and communicates these criteria to the national associations via the Extranet by August 31 of the year preceding the season to be licensed at the latest.
- 4.6.2.2. The concerned national association must notify UEFA of the possibility of such extraordinary application in writing, by April 15 at the latest, stating the name(s) of the club(s) concerned.
- 4.6.2.3. The UEFA CEO or Deputy CEO may then increase the minimum criteria for the club(s) concerned by taking into account the requirements of the applicable national club licensing manual, as well as the status of the club(s) in question. The UEFA CEO or Deputy CEO defines as well the necessary deadlines and forward these to the concerned national association.
- 4.6.2.4. The national association in question is responsible for submitting the criteria, as soon as these are communicated by the UEFA CEO or UEFA Deputy CEO, to the club(s) concerned for the assessment for the extraordinary procedure at national level. It also has to take immediate actions with the club(s) for the preparation of that procedure.
- 4.6.2.5. The club(s) concerned must provide the necessary documentary proof to the national association. The licensor will assess the club(s) against the fixed minimum standards and forward the following documentation in one of the UEFA official languages to UEFA within the given deadline:
  - a) a written request to apply for special permission to enter the corresponding UEFA club competition;

- b) a recommendation by the licensor based on its executed assessment (incl. the dates and names of the persons having assessed the club(s));
- c) all documentary evidence provided by the club(s) and the licensor;
- d) any further document requested by UEFA during the extraordinary procedure.

4.6.2.6. The UEFA CEO or Deputy CEO bases his decision on the received documentation and grants special permission to enter UEFA club competitions if all the set criteria are fulfilled and if the club(s) ultimately qualifies on the basis of its sporting results. The decision will be communicated to the national association, which has to forward it to its concerned club(s).

4.6.2.7. With regard to an appeal of such a decision, reference is to be made to point 2.2.6.6ff.

4.6.2.8. UEFA reserves the right to execute spot-checks (cf. 2.3.)

4.6.2.9. If a concerned club is sportingly eliminated during this extraordinary procedure, the national association has to notify the UEFA administration immediately, and has to decide if this procedure shall immediately be terminated, without further decision. Such a terminated procedure cannot be restarted at a later stage.

## **4.7. *QUALIFICATION TO THE UEFA CLUB COMPETITIONS VIA THE UEFA FAIR PLAY COMPETITIONS***

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### **4.7.1. PRINCIPLE**

4.7.1.1. If a club qualifies for a UEFA club competition based on the UEFA fair play competition, it must, for entering UEFA competitions, fulfil all the minimum mandatory criteria defined by the accredited National Club Licensing Manual. Such a club needs a licence granted by the national association.

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## **5. CORE PROCESS**

### **5.1. INTRODUCTION**

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This chapter defines the assessment process (hereafter core process) of the club licensing system.

#### **5.1.1. PRINCIPLE**

5.1.1.1. In its national club licensing manual, the licensor defines the core process for the verification of the criteria described in this manual (sporting criteria, infrastructure criteria, personnel and administrative criteria, legal criteria and financial criteria) and thus to control the issuance of a licence to a licence applicant.

5.1.1.2. The core process is aimed at:

- a) helping the licensor in establishing an appropriate and efficient licensing process according to its needs and organisation;
- b) agreeing on the main requirements that the licensor has to comply with to issue the licence, necessary for entering UEFA club competitions;
- c) ensuring that the decision on the granting of a club licence is made by an independent body (FIB and/or AB cf. 3.2.);
- d) ensuring that the decision-making bodies receive adequate support from the licensing administration of the licensor.

5.1.1.3. The core process must, as a minimum, include the following information (an example is provided in Appendix II) and be supported by a timetable (UEFA recommends that the deadlines are fixed at the beginning of the season and be communicated to the licence applicants via circular letter):

- a) Submission of the licensing documentation to the licence applicants;
- b) Return of the licensing documentation to the licensor in order to prove compliance with the licensing criteria;
- c) The procedure with regard to the assessment of the documentation by the licensing administration (e.g. persons involved, inspections, site visits, etc.; cf. 3.2.3);
- d) Submission of the written representation letter to the licensor (cf. 10.10.1);
- e) The procedure with regard to the decision making (cf. 3.2.7.).

5.1.1.4. The licensor must submit to UEFA the list of licensed clubs within the deadline communicated by UEFA. Communication of this deadline to the national associations is done by August 31 of the year preceding the season to be licensed at the latest.

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## **6. SPORTING CRITERIA**

### **6.1 INTRODUCTION**

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For the future of football it is absolutely necessary to have a broad basis of footballers available who have the necessary skills and motivation to become professional players. Therefore, it is important to foster youth development programmes and to attract into football more and better-educated boys and girls who not only play the game but are also supporters.

In this UEFA Club Licensing Manual, UEFA stresses the importance of youth education and requires therefore higher quality standards for clubs qualifying for Europe. This is in line with the objective of the “Sports rule to encourage local training of players” that aims promoting the training of new local talent in order to safeguard the future of football.

### **6.2 OBJECTIVES**

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The objectives of the sporting criteria are that:

- licence applicants invest in quality-driven youth development programmes;
- licence applicants support football education and encourage non-football education of their youth players;
- licence applicants foster medical care of their youth players;
- licence applicants apply fair play on and off the pitch (including a common understanding of refereeing matters among all those involved in a match such as referees, players, coaches and officials).

### 6.3 **BENEFITS FOR CLUBS**

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The first and main advantage of the sporting criteria is to “produce” football talents for the club’s first squad every year. They also normally fit more easily and quickly into the first team squad since they have partly trained with them, know their tactics and speak the same language. They lack only experience. However, several top clubs in Europe already boast young talents who play regularly for the first team. These players, if trained by the club itself, are also crucial in respect of the identification process between fans and their clubs.

In light of the FIFA transfer system, which was agreed upon with the European Commission, clubs which have trained players under 23 and who are then transferred internationally receive financial compensation. Clubs will thus receive a return on their investment if they train young players. Programmes for improving relations and respect between coaches, officials, players and referees support the idea of fair play on and off the pitch. The image of the players and clubs will improve and on the other hand fines for disciplinary sanctions could be reduced.

### 6.4 **CRITERIA**

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#### 6.4.1 “A” CRITERIA

No.	Grade	Description
S.01	A	<p><b>APPROVED YOUTH DEVELOPMENT PROGRAMME</b></p> <p>The licence applicant must have a written youth development programme approved by the licensor. This education programme must include at least the following:</p> <ul style="list-style-type: none"><li>a) Objectives and youth development philosophy;</li><li>b) Organisation of youth sector (organisational chart; bodies involved, relation to licence applicant, youth teams etc.);</li><li>c) Personnel (technical, medical and administrative etc.) and required minimum qualifications;</li><li>d) Infrastructure available for youth sector (training and match facilities, others);</li><li>e) Financial resources (available budget, contribution by licence applicant, players or local community etc.);</li><li>f) Football education programme for the different age groups (playing skills, technical, tactical and physical);</li><li>g) Education programme on the “Laws of the game”;</li><li>h) Medical support for youth players (incl. medical checks);</li><li>i) Review and feedback process to evaluate the results and the achievements of the set objectives;</li><li>j) Validity of the programme (at least 3 years but maximum 7 years).</li></ul> <p>The youth development programme must further show the commitment and support of the licence applicant for mandatory and complementary school education of youth players through the introduction of the following mandatory</p>

No.	Grade	Description
		<p>provisions:</p> <p>a) the licence applicant ensures that every youth player involved in its youth development programme has the possibility to follow the mandatory school education according to national law;</p> <p>b) the licence applicant ensures that every youth player involved in this youth development programme is not prevented from continuing his non-football education (complimentary school education or profession).</p>
<p><b>UEFA comment:</b> This version further improves the quality of youth education. A club should not only have youth teams, but also needs to educate and train them effectively and efficiently. A written youth development programme creates the basis for a quality and objective-oriented development. Each club is invited to elaborate its youth development programme according to its own needs and objectives with regard to further improvements of the quality of youth education at all levels (administrative, technical, infrastructure, etc.). UEFA's Technical Division will help the licensors with the elaboration of a development document to use as a "toolkit" at club level. Licence applicants may use this development document and adapt it accordingly or create their own development programme taking into account the mandatory minimum requirements of the criterion described above. The licence applicant defines a regular review process and the validity of the programme. The education programme on the Laws Of The Game has the same objectives as specified in S.04.</p> <p><b>Recommended assessment process:</b> The licensor defines the competent body with education and coaching know-how and experience (e.g. Technical Committee, Education Manager of national association) to approve such a programme based on its defined minimum standards. This body should also monitor the implementation and application of the programme during the year.</p> <p>A youth development programme may cover at least a period from 3 up to a maximum of 7 years depending on the chosen time frame by the licence applicant. The approval for a submitted youth development programme may effect therefore several licensing cycles.</p> <p>Unless one of the following cases comes into effect, the licence applicant does not need to submit the previously approved youth development programme to the licensor for a subsequent licensing cycle:</p> <p>a) Withdrawal of the approval due to the licence applicant's non respect of its programme;</p> <p>b) Expiry of the validity of the programme;</p> <p>c) Change in the required minimum content of the programme.</p>		
S.02	A	<p><b>YOUTH TEAMS</b></p> <p>The licence applicant must at least have the following youth teams within its legal entity or affiliated to its legal entity:</p> <p>a) at least <u>two</u> youth teams within the age range of 15 to 21;</p> <p>b) at least <u>one</u> youth team within the age range of 10 to 14;</p> <p>c) at least <u>one</u> team below the age of 10.</p> <p>The youth teams in the above age ranges litera a) and litera b) must take part in official competitions or programmes recognised by the national association and played on national, regional or local level. Each youth player of those teams must be registered either on national and/or on regional level.</p> <p>There is no obligation for the youth teams in children football (litera c above) to take part in official competitions. For these teams suitable events should be organised (mini-tournaments, youth gatherings on local level etc.) in order to provide fun and give them the opportunity to gain experience playing with other children teams. No mandatory registration of these players is required.</p>
<p><b>UEFA comment:</b> The affiliation to a licence applicant is given as soon as the licence applicant provides, on a yearly basis, financial and technical support to the youth teams. Affiliated football clubs must geographically be</p>		

No.	Grade	Description
		<p>located within the territory of the national association.</p> <p>UEFA recommends that youth teams do not play more than the following number of competition matches or programmes per season and player:</p> <ul style="list-style-type: none"> <li>a) U-21, U-19 and U-17 do not play more than 40 (forty) competitive official matches per year/player.</li> <li>b) U-15 and U-13 do not play more than 30 (thirty) competitive official matches/tournaments per year/player.</li> </ul> <p>UEFA further promote to start with football education at the so-called “the golden age of learning” (i.e. under 10).</p> <p><b>Recommended assessment process:</b> The licensing administration or any other responsible body (e.g. youth department, registration department) within the national association verifies if the licence applicant complies with the following:</p> <ul style="list-style-type: none"> <li>a) required minimum number of teams within the given age groups (e.g. admission request to competition);</li> <li>b) teams playing in recognised competitions (e.g. list of competitions organised by national association and its affiliated members);</li> <li>c) youth players being registered (e.g. players’ lists with registration numbers; date of birth).</li> </ul> <p>This information should be corroborated with information submitted by the licence applicant (players’ list, website etc.).</p>
S.03	A	<p><b>MEDICAL CARE OF PLAYERS</b></p> <p>The licence applicant must ensure that <b>all its players</b> eligible to play for its first squad undergo a yearly medical examination, including a cardiovascular screening.</p>
		<p><b>UEFA comment:</b> The licensor defines the minimum content of such a medical examination for all players being eligible to play for the first squad. It also defines the period when such checks have to be done and by whom in order to have the possibility to assess it later. The registration of a new player (national or international transfers) may be such an opportunity to require a compulsory medical examination. The licensor may extend these medical tests to all players of the licence applicant.</p> <p>In collaboration with its Medical Committee UEFA will draft a “toolkit” with necessary explanations and recommendations. The execution of such a medical examination may be noted in a “medical pass of the player” which may become part of the players’ registration. It must be assured that these medical checks are done by qualified medical staff and institutions. The results of those tests have to be communicated to the player and club concerned taking into account the confidentiality.</p> <p>Due to incidents happened in the past few years, the licence applicant has the responsibility to minimise medical risks of its players, especially of those which are professional. For youth players the required medical care is covered according to the criterion S.01 (see above). The licensor may provide licence applicants with a template where the date, the content of the medical examination as well as the responsible medical doctor can be specified.</p> <p><b>Recommended assessment process:</b> The licensing administration or any other responsible body (e.g. Medical Committee) within the national association verifies if each player of the licence applicant has undergone a medical examination including cardiovascular screening within the given period by a medical doctor who is a specialist in that field through:</p> <ul style="list-style-type: none"> <li>a) a confirmation signed by the required players and the responsible doctor executing the medical examination with date and content of the examination; or</li> <li>b) copy of the medical passports of the required players; or</li> <li>c) other valuable documents provided by the licence applicant (e.g. forms created by licensor or licence applicant).</li> </ul>

#### 6.4.2 “B” CRITERIA

<b>S.04</b>	<b>B</b>	<p style="text-align: center;"><b>REFEREEING MATTERS AND LAWS OF THE GAME</b></p> <p>The licence applicant must prove that at least the captain or his replacement, the head coach or the assistant coach of the first squad have attended a session or an event for refereeing matters provided by the national association or with its collaboration during the year prior to the season to be licensed. The criterion is fulfilled if those persons have attended the session or event.</p>
<p><b>UEFA comment:</b> The national associations should provide the licence applicants with the necessary support in order to fulfil the requirement. He may organise such events for one or more clubs or he is represented by referees or a member of the Referees Committee at a session organised by the club(s).</p> <p>As an example, such an event could cover the following agenda:</p> <ul style="list-style-type: none"> <li>a) Welcome</li> <li>b) Laws of the Game</li> <li>c) New instructions</li> <li>d) Code of Conduct (proper behaviour)</li> <li>e) Questions and Answers</li> <li>f) Conclusions</li> </ul> <p><b>Recommended assessment process:</b> The licensing administration or any other responsible body (e.g. Referee Committee) within the national association verifies if the required persons took part in such an event during the season prior to the UEFA season to be licensed through:</p> <ul style="list-style-type: none"> <li>a) a signed presence list of the event; or</li> <li>b) other valuable document(s) provided by the licence applicant.</li> </ul> <p>If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf.2.2.4.).</p>		

#### 6.4.3 “C” CRITERIA

<b>S.05</b>	<b>C</b>	<p style="text-align: center;"><b>RACIAL EQUALITY PRACTICE</b></p> <p>It is recommended that the licence applicant establishes a policy to tackle racism in football.</p>
<p><b>UEFA comment:</b> Racism is still pervasive throughout our society. Everyone has a personal responsibility to treat other people fairly, whatever their colour, background, appearance status and circumstances in order to minimise the discriminatory effect of racism. UEFA recommends that clubs, with the support of their national association, establish creative activities to ensure the message is heard loud and clear.</p> <p>The Racial Equality Standard for Professional Football Clubs sets out a series of measures in a framework document to support racial equality practice at clubs level. Information may be found under <a href="http://www.kickitout.org">www.kickitout.org</a>.</p>		

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## 7. INFRASTRUCTURE CRITERIA

### 7.1. INTRODUCTION

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Several regulations, guidelines and directives refer to criteria with regard to the *stadium* and to the related safety and security (Laws of the Game, UEFA club competition regulations, UEFA Binding Safety and Security Instructions, Guidelines and Recommendations for Stadium Lighting for all UEFA Competitions, UEFA Media Guidelines and FIFA/UEFA brochure “Football Stadium” - Technical Recommendations and Requirements for the Construction or Modernisation of Football Stadium). Due to such big number of documents there has often been some unclarity around infrastructure requirements.

Based on these experiences UEFA decided to streamline the infrastructure approach for UEFA competitions by creating a specific “*UEFA Stadium Regulation*”, which includes all minimum standards as “must-requirements” in one single document.

As part of this new approach each single stadium needs to be “approved” or “certified” against the UEFA minimum standards and classified according to a given category (e.g. like the star-system for hotels). The national associations are responsible for this approval process and its renewal, which may be part of the yearly licensing process. The UEFA Stadium and Security unit will provide the necessary assistance, monitor the approvals and organises spot-checks on national level.

For this reason all criteria related to the Stadium, previously contained in the UEFA Club Licensing Manual V1.0 have been removed and only the criteria in respect of training facility continue to be part of the infrastructure chapter of this revised version of the UEFA Club Licensing Manual.

However, up to the approval of the above mentioned “UEFA Stadium Regulation” and communication by UEFA to the national associations of its entry into force, the criteria described in **Appendix XXIX** still apply and must be fulfilled by licence applicants in order to be granted with a licence.

### 7.2. OBJECTIVES

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The objectives of the following infrastructure criteria are that:

- licence applicants have an “approved” stadium available for playing UEFA club competitions matches which provide spectators and media and press representatives with well equipped, well appointed and safe and comfortable stadia;
- licence applicants have suitable training facilities for their players to help them improve their technical skills.

### **7.3. BENEFITS FOR CLUBS**

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With the new streamlined approach the clubs, and in particular the stadium owners, will know exactly which “UEFA quality level” the stadium currently achieves. The national association shall inspect and “approve” the stadium which will then be classified into one of the given quality categories (e.g. “UEFA 3-star level”). Reading the corresponding UEFA competition regulations a club and/or an owner of an “approved” stadium may easily verify for which UEFA competition and/or for which phases of a competition the stadium may host an UEFA match. The assessment report is an important tool and the bases for any improvements and necessary developments to get higher classification in future (e.g. “UEFA 4-star level”).

This approach allows the stadium owner in cooperation with the club to clearly plan and invest in missing requirements, which nowadays are necessary to host people at attractive and entertaining events. Therefore, each club, together with the stadium owner and the local community, should try to provide a stadium that is attractive, safe and secure, easily accessible by car (including parking facilities) and/or public transport, has comfortable seats with a close view of the pitch, has clean hospitality facilities and shops, is equipped with hygienic and spacious toilets for both sexes, provides communication installations (loudspeakers and a video screen) and has also seats and toilets for disabled spectators.

Higher quality standards and better facilities are creating more business opportunities and therefore more income for the owner and/or the club, which helps to finance investments in stadium facilities. Finally, the comfort of a stadium is an important element in terms of having a large crowd to support your team on the pitch.

## 7.4. CRITERIA

### 7.4.1. "A" CRITERIA

No.	Grade	Description
I.01	A	<p><b>APPROVED STADIUM FOR UEFA CLUB COMPETITIONS</b></p> <p>The licence applicant must have a stadium available to play UEFA club competitions. The licence applicant either</p> <ol style="list-style-type: none"> <li>owns the stadium, or</li> <li>can provide a written contract with the owner(s) of the stadium or with owners of different stadia it will use. This contract must guarantee the use of the stadium for the UEFA home matches for the coming season, for which the licence applicant qualifies in sporting terms.</li> </ol> <p>The stadium must fulfil all minimum requirements defined in the "UEFA Stadium Regulation" and be approved by the national association. Furthermore it must be based within the territory of the national association.</p>
<p><b>UEFA comment:</b> The licensor defines the competent body for approving the stadiums on its territory (e.g. Infrastructure expert, Stadium Committee of the national association, etc.) against the minimum requirements of the "UEFA Stadium Regulation". Furthermore it establishes the necessary approval process of stadium starting with the formal request by the owner and ending with the final decision by the competent body (e.g. who is doing what, how and by when and with what) as well as the review processes (re-inspection, update, duty to notify).</p> <p>UEFA reserves the right to perform at any time inspections of stadiums.</p> <p>The licence applicant must take into account that the requested UEFA minimum quality level for the three UEFA club competitions (incl. competition phases) differ and that the participation in one of the UEFA club competition is only known at the very end of the season.</p> <p>In order to start the UEFA competitions smoothly and to avoid the lack of approved stadium due to renovation or other use, UEFA recommends that by 31 March preceding the season to be licensed (or by an earlier date defined by the licensor) the stadium availability is clarified for each licence applicant.</p> <p><b>Recommended assessment process:</b> The licensor shall check that:</p> <ol style="list-style-type: none"> <li>the licence applicant legally owns the stadium (e.g. check land register) or that a written confirmation by the owner (e.g. contract, intention paper) for usage of the stadium during the entire UEFA club competition season is available;</li> <li>the stadium has been assessed and classified by the competent body according to the required minimum quality level;</li> <li>the stadium is within the territory of the association.</li> </ol>		
I.02	A	<p><b>TRAINING FACILITIES – AVAILABILITY</b></p> <p>The licence applicant must have training facilities available throughout the year. The licence applicant either</p> <ol style="list-style-type: none"> <li>owns the training facilities, or</li> <li>can provide a written contract with the owner(s) of the training facilities This contract must guarantee the use of the training facilities for the coming season, for which the licence applicant qualifies in sporting terms, for all teams which participate in a championship approved by the national/regional association (cf. I.03).</li> </ol>

No.	Grade	Description
		<p><b>UEFA comment:</b> The licensor is the owner of or provides contract(s) for the usage of the required training facilities.</p> <p><b>Recommended assessment process:</b> The licensor checks that:</p> <ul style="list-style-type: none"> <li>a) the licence applicant legally owns the training facilities for usage during the entire UEFA club competition season (e.g. check land register); and/or;</li> <li>b) the licence applicant has concluded a written contract with the owner of training facilities for their usage during the entire UEFA club competition season.</li> </ul>

#### 7.4.2. “B” CRITERIA

No.	Grade	Description
I.03	B	<p><b>TRAINING FACILITIES – APPROVED INFRASTRUCTURE</b></p> <p>The licence applicant must have available training facilities which comply with the requirements set by the licensor taking into account the approved youth development programme (cf. 6).</p> <p>As a minimum, the licensor must define the minimum number and size of:</p> <ul style="list-style-type: none"> <li>a) outdoor training facilities;</li> <li>b) indoor training facilities;</li> <li>c) the dressing rooms;</li> <li>d) the medical room(s).</li> </ul>
		<p><b>UEFA comment:</b> Based on the approved youth development programme (S.01) the licensor fixes the minimum training facilities for licence applicants.</p> <p>The licensor must define the minimum number and the minimum size of outdoor and indoor training facilities, the dressing rooms, the medical rooms and may define any other facility it feels is appropriate.</p> <p><b>Recommended assessment process:</b> The licensor verifies by on site inspection if the licence applicant provides the minimum number and size of the requested facilities.</p> <p>If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf.2.2.4.).</p>

## **8. PERSONNEL AND ADMINISTRATIVE CRITERIA**

### **8.1 INTRODUCTION**

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Nowadays a football club is not only a sports club but is also in contact with other parties. The members, the supporters, the media, the sponsors, the suppliers, the commercial partners, the local community and, in some cases already, the shareholders of the football club are more and more involved and interested in the development and results of a football club.

Therefore, professional support should be sought from specialists from various economic fields and industries (e.g. marketing, finance, entertainment, media, etc.). They can share their knowledge and experience with today's football clubs, to better satisfy the needs and demands of those participants and stakeholders of football who must be treated as clients. Football clubs already operate in a competitive environment on the sporting side but they are increasingly becoming involved in an economic competition. Clubs have to strengthen the profitability in the long term. Football clubs should look for new and different sources of revenue in addition to the existing ones (TV, gate receipts, sponsors) in order to be more independent of the income from the sporting success of the club and to have greater possibilities of functioning as a financially successful entity.

In this respect, football clubs need advice from other professionals, experienced, well-educated and innovative people who can bring different skills and know-how into the club and help to satisfy the additional needs and demands of today's football.

It is UEFA's intention to support the national associations in this direction and we are convinced that the following requirements constitute a first and right step towards a better and more professional future for the clubs.

Needless to say, UEFA does not want every football club in Europe to do the same thing. We believe that clubs should find their own strategy, according to their strength, demands and market possibilities, and do their utmost to achieve their objectives step by step.

In this revised version UEFA has restructured the personnel and administrative criteria. In addition the quality requirements have been increased based on your feedback and gained experiences during the first licensing cycles.

### **8.2 OBJECTIVES**

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The objectives of the personnel and administrative criteria are that:

- licence applicants are managed in a professional way;
- licence applicants have available well-educated, qualified and skilled specialists with a certain know-how and experience;
- the players of the first and other teams are trained by qualified coaches and supported by the necessary medical staff.

### **8.3 BENEFITS FOR CLUBS**

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Professional, well-educated and experienced staff is of key importance to run a football club in an efficient and effective manner. Being professional at all levels and in all functions does not mean that licence applicants have to recruit only full-time staff. UEFA's intentions are clear in this respect and our focus is on professional manner how the function is done by persons appointed for it. Each criterion in this chapter is really important for the smooth and successful running of the club, and every club could or should be able to afford these functions in financial terms. The professionalism will also be improved if clubs are defining clear profiles for these functions, which include the main activities, the main responsibilities (technical, financial and decision power, if applicable) and the requirements for the job (education, working experience, technical know-how, IT-skills, human competences, language skills and others incl. football know-how).

It is up to the decision-making body of the licence applicant to look for people, who meet the set requirements and to engage those candidates that comply with the defined profile (e.g. full-time, part-time, volunteer).

Qualified coaches are the basis for high quality of education within the football teams. In order to achieve this objective, licence applicants need the support of the national association to establish a coach education programme. To improve the football skills of your youth teams as well as your first team squad in all aspects (technically, tactically and physically), trained and qualified coaches are needed. Each youth player who dreams of becoming a professional footballer is entitled to the best-qualified coaches from the youngest age. Other skills (e.g. psychological training, media training, social skills, language skills, etc.) are necessary and must be achieved through specific training organised by the national association with a view to issuing a licence for coaches. This is not only desirable but is a must.

In collaboration with the national associations UEFA is progressing in the implementation of the UEFA coach convention throughout Europe. This offers an opportunity to attend coaching courses at different levels and to achieve corresponding diploma. The UEFA Pro-, UEFA A- and UEFA B-diploma offer "free movement of coaches" within the member associations being part of the UEFA Coach Convention.

Additional administrative support from specialists in safety and security matters will then ensure that matches are organised as safe events.

## 8.4 CRITERIA

### 8.4.1 “A” CRITERIA

No.	Grade	Description
P.01	A	<p><b>CLUB SECRETARIAT</b></p> <p>The licence applicant must have available office space to run its administration.</p> <p>The required surface of the office(s) and the required technical minimum infrastructure including phone, fax and email must be available.</p> <p>The licence applicant must have appointed the appropriate number of skilled secretarial staff according to its needs to run its daily business. It must also ensure that its office is open to communicate with the licensor and the public.</p>
<p><b>UEFA comment:</b> The licensor defines the required minimum surface of the office and the technical equipment. The licence applicant defines the opening hours of its secretariat (e.g. ordinary offices hours 5 days a week), which must either be owned or rented by the licence applicant.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor:</p> <ol style="list-style-type: none"> <li>reviews legal documents with regard to use of the club office: owned or rented premises;</li> <li>compares defined minimum standard with available office space;</li> <li>compares defined minimum technical infrastructure with available equipment (phone, fax and email);</li> <li>verifies if the club secretariat is reachable during the announced office hours.</li> </ol>		
P.02	A	<p><b>GENERAL MANAGER</b></p> <p>The licence applicant must have appointed a General Manager being responsible for running its daily business (operative matters).</p> <p>The appointment must have been done by the appropriate body (e.g. Executive Board) of the licence applicant.</p>
<p><b>UEFA comment:</b> The role of the “General Manager” (or any other appropriate denomination for it) is key for the organisation of a licence applicant. He reports to its supervisory body (e.g. Board of Directors). He must ensure that the licence applicant’s staff assumes its responsibilities in line with the guidelines and strategy set up by his supervisory body.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether :</p> <ol style="list-style-type: none"> <li>a “General Manager” has been appointed by the competent body of the licence applicant;</li> <li>this person has sufficient time available to execute the tasks of the General Manager.</li> </ol>		
P.03	A	<p><b>FINANCE OFFICER</b></p> <p>The licence applicant must have appointed a Finance Officer being responsible for its financial matters who can be either a person working in the club’s administration or an external partner mandated by the club through a written contract.</p> <p>The Finance Officer must hold as a minimum one of the following qualifications:</p> <ol style="list-style-type: none"> <li>a diploma of certified public accountant; or</li> <li>a diploma of qualified auditor; or</li> </ol>

No.	Grade	Description
		<p>c) a “recognition of competence” issued by the licensor based on its financial background and a practical experience in financial matters of at least 3 years’.</p> <p>The appointment must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The main activities of the Finance Officer are: book-keeping, preparation of financial documents for club licensing purposes, budgeting, regular financial reports to Executive Board, financial advisor in decision-making, financial monitoring, etc.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <p>a) a “Finance Officer” has been appointed by the competent body of the licence applicant;</p> <p>b) this person has the sufficient time available to execute the tasks of the Finance Officer;</p> <p>c) this person fulfils one of the given alternatives in respect of the required minimum qualification.</p>		
P.04	A	<p><b>SECURITY OFFICER</b></p> <p>The licence applicant must have appointed a Security Officer being responsible for safety and security matters.</p> <p>The Security Officer must hold as a minimum one of the following qualifications:</p> <p>a) a certificate as policeman or security person according to national law, or;</p> <p>b) a safety and security diploma based on a specific course issued by the national association or by a state recognised organisation, or;</p> <p>c) a “recognition of competence” approved by the national association, which is based on the participation in specific safety and security course of the national association and at least one year experience in such matters.</p> <p>The appointment must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The Security Officer ensures a safe and secure events and liaise with the police and other involved authorities.</p> <p>The national association must ensure that regular courses take place. It should organise meetings to exchange experiences, improve standards and train the Security Officers in cooperation with UEFA.</p> <p>The rights and duties of the Security Officer may include:</p> <p>a) drawings of the security basic principles;</p> <p>b) maintenance of close contact with supporters of the club and familiarise himself with their customs and preferences;</p> <p>c) co-operation with the local police and other authorities in security/safety matters;</p> <p>d) compilation of a list of all known troublemakers if in accordance with the national law;</p> <p>e) liaison with fellow security officers of other clubs, travel companies, supporters' clubs, police authorities, etc. in connection with matches played at home and away;</p> <p>f) responsibility for the evacuation plan and the safety and security strategy of the club in collaboration with the local authorities;</p> <p>g) responsibility for the emergency organisation of medical help and hospitals incl. regular testing of emergency plans with independent review and reporting;</p> <p>h) development of Crisis Management Plans;</p> <p>i) regular independent testing and review of all security standards;</p> <p>j) responsibility for the appointment and training of stewards within the licence applicant.</p>		

No.	Grade	Description
<p><b>Assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) a “Security Officer” has been appointed by the competent body of the licence applicant;</li> <li>b) this person has sufficient time available to execute the function of the Security Officer;</li> <li>c) this person fulfils one of the given alternatives in respect of the required minimum qualification.</li> </ul>		
P.05	A	<p><b>MEDIA OFFICER</b></p> <p>The licence applicant must have appointed a Media Officer being responsible for media matters.</p> <p>The Media Officer must hold as a minimum one of the following qualifications:</p> <ul style="list-style-type: none"> <li>a) diploma in journalism education;</li> <li>b) concluded a media officer education course provided by the national association or an organisation recognised by the national association;</li> <li>c) a “recognition of competence” approved by the national association, which requires at least one year experience in such matters.</li> </ul> <p>The appointment must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The national association may organise with the support of UEFA specific courses for media officers.</p> <p>The rights and duties of the Media Officer may include:</p> <ul style="list-style-type: none"> <li>a) distribution of information on both teams before, during and after official matches (team sheets, results, goal scorers, etc.);</li> <li>b) organisation of interviews with players and coaches after the match;</li> <li>c) organisation of regular media conferences before and during the season;</li> <li>d) organisation of simultaneous translation for media conferences for international matches;</li> <li>e) preparation of regular media releases about the club to the local media.</li> </ul> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) a “Media Officer” has been appointed by the competent body of the licence applicant;</li> <li>b) this person has sufficient time to execute the tasks of the Media Officer;</li> <li>c) this person fulfils one of the given alternatives in respect of the required minimum qualification.</li> </ul>		
P.06	A	<p><b>MEDICAL DOCTOR</b></p> <p>The licence applicant must have appointed at least one doctor being responsible for the medical support and advice for the first squad as well as for doping prevention policy. He must ensure medical support during matches and training.</p> <p>The doctor must be recognised and certified by the appropriate national health authorities and be duly registered with the national association or league.</p> <p>The appointment must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The doctor is responsible for the medical support and advice for the first squad as well as for the doping prevention policy within the licence applicant. He must be present during matches and must ensure his services during training (it is not necessary for a doctor to be present during all the trainings as long as appropriate emergency procedures are defined and implemented).</p>		

No.	Grade	Description
<p>The licensor defines in collaboration with the national health authorities the required minimum qualification for the doctor. The medical support for the youth teams is regulated in S.01.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the doctor has been appointed by the competent body of the licence applicant;</li> <li>b) this person is indeed executing the function of the doctor;</li> <li>c) this person is recognised and certified by the national health authorities;</li> <li>d) this person is duly registered with the national association or the league.</li> </ul>		
P.07	A	<p><b>PHYSIOTHERAPIST</b></p> <p>The licence applicant must have appointed at least one physiotherapist being responsible for medical treatment and massages for the first squad during the trainings and matches.</p> <p>The physiotherapist must be recognised and certified by the appropriate national health authorities and be duly registered with national association or league.</p> <p>The appointment is done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The physiotherapist (or any other adequate function/denomination) is responsible for the medical treatment and massages. He must be present during matches and must ensure his services during training (it is not necessary for the physiotherapist to be present during all the trainings as long as appropriate emergency procedures are defined and implemented)</p> <p>The licensor defines in collaboration with the national health authorities the required minimum qualification for the physiotherapist.</p> <p>The medical support for the youth teams is regulated in S.01.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the physiotherapist has been appointed by the competent body of the licence applicant;</li> <li>b) this person is indeed executing the function of the physiotherapist;</li> <li>c) this person is recognised and certified by the national health authorities;</li> <li>d) this person is duly registered with the national association or the league.</li> </ul>		
P.08	A	<p><b>HEAD COACH OF FIRST SQUAD</b></p> <p>The licence applicant must have appointed a Head Coach being responsible for football matters of the first squad.</p> <p>The Head Coach must:</p> <ul style="list-style-type: none"> <li>a) hold the highest available UEFA coaching licence of the national association of the territory on which the licence applicant is situated or any valid foreign coaching diploma which is equivalent to this one and recognized by UEFA as such (Alternative 1, 2, 3 or 4 according to table below; the licensor must define which alternative applies by taking into account the status of implementation of the UEFA Coach Convention);</li> <li>b) already have started the required education course, recognized by the national association, allowing him to achieve the required diploma as defined under a) above. The simple inscription to such an education course is not deemed to be in compliance with the criterion (Alternative 5 according to the table below);</li> </ul>

No.	Grade	Description
		<p>c) hold a “recognition of competence” issued by the national association if the head coach has a minimum of five years’ practical experience as head coach in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account</p> <p>The Head coach must be duly registered with the national association or league.</p> <p>The appointment of the head coach must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> The Head Coach is responsible for the first squad of the licence applicant. He must be a qualified coach with the necessary coaching diploma. Based on the status of implementation of the UEFA Coach Convention, UEFA requests that the head coach has the highest available UEFA coaching diploma of the national association in question.</p> <p>The licensor selects the applicable alternatives out of the following proposals. He is free to reduce the number of alternatives but may not change or add any further one: The Head coach must:</p> <p><b>Alternative 1:</b> hold a valid “UEFA Pro-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → For Members of the UEFA Coach Convention covering all <u>three</u> coaching levels (UEFA Pro-licence, A- and B-licence).</p> <p><b>Alternative 2:</b> hold at least a valid “UEFA A-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → For Members of the UEFA Coach Convention covering <u>two</u> coaching levels (UEFA A- and B-licence).</p> <p><b>Alternative 3:</b> hold at least a valid “UEFA B-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → For Members of the UEFA Coach Convention covering <u>one</u> single coaching level (UEFA B-licence).</p> <p><b>Alternative 4:</b> hold a valid highest national coaching diploma defined by the licensor → Members which are <u>not</u> part of the UEFA Convention.</p> <p><b>Alternative 5:</b> already have started the required education course, recognized by the national association, allowing him to achieve the required diploma. The simple inscription to such an education course is not deemed to be in compliance with the criterion.</p> <p><b>Alternative 6:</b> hold a valid “recognition of competence” issued by the national association if he already has a minimum of five years’ practical experience as head coach in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account</p> <p><b>Take note that the issuance of the “recognition of competence” is forbidden from the UEFA season 2009/10 onwards.</b> The “recognition of competences” issued earlier remain still valid for domestic purposes only.</p> <p>The national association ensures that the necessary coaching education courses at all levels are offered on a regular basis.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ol style="list-style-type: none"> <li>the Head Coach has been appointed by the competent body of the licence applicant;</li> <li>this person is indeed executing the function of the Head Coach;</li> <li>this person fulfils one of the given alternatives in respect of the required minimum qualification;</li> <li>this person is duly registered with the national association or the league.</li> </ol>		
P.09	A	<p><b>HEAD OF YOUTH DEVELOPMENT PROGRAMME</b></p> <p>The licence applicant must have appointed a head of the youth development programme being responsible for running the daily business and the technical aspects of the youth sector.</p>

No.	Grade	Description
		<p>The Head of the youth development programme must:</p> <ul style="list-style-type: none"> <li>a) hold a valid UEFA licence of the national association of the territory on which the licence applicant is situated or any valid foreign coaching diploma which is equivalent to this one and recognized by UEFA as such (Alternative 1, 2, or 3 according to table below; the licensor must define which alternative applies by taking into account the status of implementation of the UEFA Coach Convention);</li> <li>b) already have started the required education course, recognized by the national association, allowing him to achieve the required diploma as defined under a) above. The simple inscription to such an education course is not deemed to be in compliance with the criterion (Alternative 4 according to the table below);</li> <li>c) hold a “recognition of competence” issued by the national association if the head of youth development programme has a minimum of two years’ practical experience as head of youth development program in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account (Alternative 5 according to the table below).</li> </ul> <p>The Head of the youth development must be duly registered with the national association or league.</p> <p>The appointment of the Head of the youth development must have been done by the appropriate body of the licence applicant.</p>

**UEFA comment:** The head of youth development programme is responsible for running of the youth sector of the licence applicant in technical and administrative matters, for the support of the youth players and his parents as well as the link with the head coach. If an affiliated club is running the youth sector, this function has to be appointed by the affiliated club accordingly and the licence applicant has to proof the same requirements.

The Head of youth development programme must be a qualified coach. The licensor selects the applicable alternatives out of the following qualification proposals. He is free to reduce the number of alternatives but may not change or add any further one. The head of youth development programme must :

**Alternative 1:** hold at least a valid “UEFA A-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → Members of the UEFA Coach Convention covering all three coaching levels (UEFA Pro-licence, A- and B-licence)

**Alternative 2:** hold at least a valid “UEFA B-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → Members of the UEFA Coach Convention covering two coaching levels (UEFA A- and B-licence)

**Alternative 3:** hold a valid national coaching diploma defined by the licensor → Members of the UEFA Coach Convention covering one coaching level (UEFA B-licence) **or** members which are not part of this Convention.

**Alternative 4:** already have started the required education course, recognized by the licensor, allowing him to achieve the required diploma. The simple inscription to such an education course is not deemed to be in compliance with the criterion.

**Alternative 5:** hold a valid “recognition of competence” issued by the national association if he already has a minimum of two years’ practical experience as head of youth development program in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account.

**Take note that the issuance of the “recognition of competence” is forbidden from the UEFA season 2009/10 onwards.** The “recognition of competences” issued earlier remain still valid for domestic purposes only.

No.	Grade	Description
<p>The Head of youth development programme may at the same time take the function of either a youth coach (cf. P.11) or the assistant coach of the first squad (cf. P.12) within the same licence applicant.</p> <p>The national association ensures that the necessary coaching education courses at all levels are offered on a regular basis.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the Head of the youth development programme has been appointed by the competent body of the licence applicant;</li> <li>b) this person is indeed executing the function of the Head of the youth development programme;</li> <li>c) this person fulfils one of the given alternatives in respect of the required minimum qualification;</li> <li>d) this person is duly registered with the national association or the league.</li> </ul>		
P.10	A	<p><b>YOUTH COACHES</b></p> <p>The licence applicant must have appointed for each mandatory youth team at least one coach being responsible for this youth team in all football matters (cf. S.02).</p> <p>The youth coach must hold the minimum qualification as defined by the licensor. He must be duly registered with national association or league.</p> <p>The appointment must have been done by the appropriate body of the licence applicant.</p>
<p><b>UEFA comment:</b> There are three different main age groups (linked to FIFA transfer rules and UEFA’s local trained player requirements), which require the different minimum qualification of youth coaches:</p> <ul style="list-style-type: none"> <li>a) from 15 to 21</li> <li>b) from 10 to 14</li> <li>c) below 10</li> </ul> <p>The licensor defines the coaching diploma, which is required for each single age group taking into account the status of implementation of the UEFA Coach Convention. UEFA recommends the following qualifications:</p> <ul style="list-style-type: none"> <li>a) Youth teams U-21 to U-17 should have at least an UEFA “A”-diploma</li> <li>b) Youth teams U-15 to U-11 should have at least an UEFA “B”-diploma</li> <li>c) Youth teams below U-10 should have at least the national youth diploma.</li> <li>d) The licensor should in collaboration with UEFA start introducing specific youth coaching diplomas.</li> </ul> <p>A youth coach may take over the function of either the assistant coach of the first squad (cf. P.12) or the head of the youth development programme (cf. P.10) within the same licence applicant.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the youth coaches have been appointed by the competent body of the licence applicant;</li> <li>b) these persons are indeed executing the function of a youth coach;</li> <li>c) these persons fulfil one of the given alternatives in respect of the required minimum qualification;</li> <li>d) these persons are duly registered with the national association or the league.</li> </ul>		
P.11	A	<p><b>SAFETY AND SECURITY ORGANISATION - STEWARDING</b></p> <p>The licence applicant must have established a safety and security organisation for home matches through the engagement of stewards. For this purpose, he must:</p> <ul style="list-style-type: none"> <li>a) employ the stewards; or</li> <li>b) conclude a written contract with the stadium owner providing the stewards; or</li> </ul>

No.	Grade	Description
		<p>c) conclude a written contract with an external security company providing stewards.</p> <p>The licence applicant must provide appropriately qualified stewards (internal or external).</p>
<p><b>UEFA comment:</b> The licence applicant is responsible for organising the home matches. The licensor in collaboration with the competent local authority defines the required minimum qualification of a steward.</p> <p>The number of required stewards is operational matter and depends on the size of the stadium, the risk of the match, the number of visiting supporters, etc., the licensor shall not define a minimum number. It is up to the Security officer in collaboration with the local police and the involved authorities to fix this number on a case by case basis.</p> <p>The rights and duties of the Stewards may include:</p> <ul style="list-style-type: none"> <li>a) conduct pre-event safety checks on behalf of the Security Officer;</li> <li>b) Pre-match briefing of all people involved in the Security organisation;</li> <li>c) notify the Security Officer of any apparent visible defects or conditions that may affect the safety of the stadium;</li> <li>d) control and direct spectators who are entering or leaving the ground so that an even flow of people into and out of the stadium is assured safely;</li> <li>e) staff entrances, exits, concessionaire outlets, adjacent developments, perimeters and other areas as required for the control of spectator entry and exit;</li> <li>f) recognise and respond to crowd conditions including stress, and surges, so as to ensure the safe dispersal of spectators and prevent overcrowding;</li> <li>g) assist the emergency services as required;</li> <li>h) provide basic emergency first aid until a qualified medical practitioner is available;</li> <li>i) respond to an incident, investigative request or emergency, raise the alarm and take the necessary immediate action as ordered by the Security Officer;</li> <li>j) perform specific duties in an emergency or as directed by the Security Officer or appropriate emergency service.</li> </ul> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the stewards have been engaged by the licence applicant, contracted by the stadium owner or by a security company;</li> <li>b) the stewards fulfil the minimum qualification requirements.</li> </ul>		

#### 8.4.2 “B” CRITERIA

P.12	B	<p><b>ASSISTANT COACH OF FIRST SQUAD</b></p> <p>The licence applicant must have appointed an assistant coach assisting the head coach in all football matters of the first squad.</p> <p>The assistant coach must:</p> <ul style="list-style-type: none"> <li>a) hold a valid UEFA licence of the national association of the territory on which the licence applicant is situated or any valid foreign coaching diploma which is equivalent to this one and recognized by UEFA as such (Alternative 1, 2, or 3 according to table below; the licensor must define which alternative applies by taking into account the status of implementation of the UEFA Coach Convention);</li> </ul>
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	<p>b) already have started the required education course, recognized by the national association, allowing him to achieve the required diploma as defined under a) above. The simple inscription to such an education course is not deemed to be in compliance with the criterion (Alternative 4 according to the table below);</p> <p>c) hold a “recognition of competence” issued by the national association if the assistant coach has a minimum of five years’ practical experience as assistant coach in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account (Alternative 5 according to the table below).</p> <p>The assistant coach must be duly registered with national association or league. The appointment must have been done by the appropriate body of the licence applicant.</p>
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**UEFA comment:** The assistant coach supports the head coach in his tasks for the first squad but must not be the goalkeeper coach or the physical coach of the first squad. The goalkeeper coach and the physical coach are other functions so far not covered by the licensing system.

The licensor defines the required qualification alternatives, which are taking into account the status of implementation of the UEFA Coach Convention. The licensor may reduce the number of alternatives but may not change or add further ones. The assistant coach must:

**Alternative 1:** hold at least a valid “UEFA A-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → Members of the UEFA Coach Convention covering all three coaching levels (UEFA Pro-licence, A- and B-licence)

**Alternative 2:** hold at least a valid “UEFA B-licence” or any valid foreign coaching diploma, which is equivalent to this one and acknowledged by UEFA as such. → Members of the UEFA Coach Convention covering two coaching levels (UEFA A- and B-licence)

**Alternative 3:** hold at least a valid national coaching diploma defined by the licensor → Members of the UEFA Coach Convention covering one coaching level (UEFA B-licence) **or** members which are not part of this Convention.

**Alternative 4:** already have started the required education course, recognized by the licensor, allowing him to achieve the required diploma. The simple inscription to such an education course is not deemed to be in compliance with the criterion.

**Alternative 5:** hold a valid „recognition of competence“ issued by the national association if he already has a minimum of five years’ practical experience as assistant coach in any top or 2<sup>nd</sup> division club of a UEFA member association. Where professional football is played below the two top divisions also the further division may be taken into account.

**Take note that the issuance of the “recognition of competence” is forbidden from the UEFA season 2009/10 onwards.** The “recognition of competences” issued earlier remain still valid for the domestic purposes.

The national association ensures that the necessary coaching education courses at all levels are offered on a regular basis.

The assistant coach may take over the function of either the Head of the youth development programme (cf. P.10) or a youth coach (cf. P.11) within the same licence applicant.

**Recommended assessment process:** In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:

- a) the assistant coach has been appointed by the competent body of the licence applicant;
- b) this person is indeed executing the function of the assistant coach;
- c) this person fulfils one of the given alternatives in respect of the required minimum qualification;
- d) this person is duly registered with the national association or the league.

If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf. 2.2.4.)

**P.13**

**B**

**RIGHTS AND DUTIES**

The rights and duties of the licence applicant's staff members defined in P.01 to P.12 must be defined in writing

**UEFA comment:** An effective and efficient organisation has the responsibilities, the decision-making power, the required education and qualification and the rights and duties clearly defined in writing in order to:

- a) avoid conflicts of competences (incl. decision-making);
- b) allow monitoring;
- c) improve the content on a regular basis; and
- d) finally offer the replacement person and easy and quick understanding of the tasks and responsibilities, which he has to take over in case of absence of the function holder (holidays, illness, accident, release, etc.).

Rights and duties may be specified in the following documents: terms of reference, job description, labour contract, internal rule book, etc.

The licence applicant and specifically its supervisory body (e.g. Board of Directors) are considered as responsible for approving those rights and duties, which may be proposed by the General Manager.

The function holder has to confirm its acknowledgement in writing. This could be done by the signature of the contract, the mandate or the terms of reference.

**Recommended assessment process:** In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:

- a) the appointed persons have their rights and duties defined in writing;
- b) the appointed persons duly signed the document.

If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf. 2.2.4.)

**P.14**

**B**

**DUTY TO NOTIFY SIGNIFICANT CHANGES**

Any event occurring after the submission of the licensing documentation to the licensor representing a significant change compared to the information previously submitted and related to criteria P.01 to P.12, must be notified to the licensor within the fixed deadline.

The compliance with this criterion shall be assessed by the licensor in respect of the next licensing cycle.

**UEFA comment:** The licence applicant is responsible that all information submitted to the licensor is accurate. Therefore, it is also his duty to notify the licensor of any event, which has represented a *significant change* to the information previously submitted and that has an impact on the assessment of the licence applicant (i.e. "A" or "B"-criterion). This may open the possibility of assistance and support by the licensor to the licence applicant. We consider the notification within ten working days as appropriate, but the licensor defines it accordingly.

**Recommended assessment process:** In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:

- a) the licensor has received a notification of any event, which is related to criteria P.01 to P.12- and which represents a significant change of the previously submitted information;
- b) the information has been provided within the given deadline.

If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf.2.2.4.). This may be done during the season or in respect of the following licensing cycle.

P.15	B	<p><b>DUTY OF REPLACEMENT DURING THE LICENSING SEASON</b></p> <p>If a function defined in criteria P.01 to P.11 becomes vacant during the licensing season <u>due to a reason beyond the control of the licence applicant</u> (illness, accident, etc.) then the licence applicant must ensure that such function is taken over by</p> <ul style="list-style-type: none"> <li>a) a person who holds the necessary qualification and fulfilling the criterion (in which case the replacement may be for an indefinite period of time);</li> <li>b) a person who does not hold the necessary qualification and does not fulfil the criterion (in which case the replacement is only temporarily and cannot last longer than until the end of the licensing season).</li> </ul> <p>If a function in criteria P.01 to P.12 becomes vacant <u>due to a decision of the licence applicant</u> (e.g. release of head coach) then the licence applicant must ensure that such function is taken over by</p> <ul style="list-style-type: none"> <li>a) a person who holds the necessary qualification and fulfilling the criterion (in which case the replacement may be for an indefinite period of time);</li> </ul> <p>The replacement must be notified to the national association within 7 working days.</p> <p>The compliance with this criterion shall be assessed by the licensor in respect of the next licensing cycle.</p>
<p><b>UEFA comment:</b> The licence applicant has also a responsibility to replace a vacant function during the season. Two cases are differentiated: the ones, which are beyond control of the licence applicant and the others, which are based on actions taken in the responsibility of the licence applicant.</p> <p>Due to a reason beyond control of the licence applicant: the replacement by another person of the licence applicant shall be possible for an indefinite or specific period of time depending whether the person who takes over the vacant function fulfils the criterion or not.</p> <p>Due to a decision of the licence applicant: as the licence applicant is responsible for such vacancy, the rule is stricter and requires that the replacement person fulfils the criterion.</p> <p>The national association fixes a short administrative period for the licence applicant to correct the vacancy. If for example a finance officer was released after the licensing decision but before the end of the season, the licence applicant must replace him by the start of the next season at the latest. If a release was done after the start of the season but before the document submission date for the next club licensing cycle, a replacement within the administrative deadline fixed by the national association is requested. A licence applicant that does not fulfil an “A”-criterion cannot be granted with a licence.</p> <p>The licensor may request to approve such replacement for registration purposes (cf. <b>Appendix III</b>).</p> <p><b>Recommended assessment process:</b> The licensor verifies whether the licence applicant:</p> <ul style="list-style-type: none"> <li>a) has communicated any replacement within the given period of time;</li> <li>b) the person taking in charge the function fulfils the criterion.</li> </ul> <p>If the criterion is not fulfilled, the licensor shall sanction the licence applicant according to its catalogue of sanctions (cf. 2.2.4.). This may be done during the season or in respect of the following licensing cycle.</p>		

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## 9. LEGAL CRITERIA

### 9.1 INTRODUCTION

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This chapter defines UEFA's minimum legal criteria for licence applicants.

### 9.2 CRITERIA

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#### 9.2.1 "A" CRITERIA

No.	Grade	Description
L.01	A	<p><b>DECLARATION IN RESPECT OF THE PARTICIPATION IN UEFA CLUB COMPETITIONS</b></p> <p>The licence applicant must submit a legally valid declaration confirming the following:</p> <ul style="list-style-type: none"><li>a) it recognises as legally binding the statutes, rules and regulations and decisions of FIFA, UEFA, the national association and, if they exist, of the national league;</li><li>b) at national level it will play in competitions that are recognised and endorsed by the national association (e.g. national championship, national cup);</li><li>c) at international level it will participate in competitions recognised by UEFA. To avoid any doubt, this provision does not relate to friendly matches;</li><li>d) it will inform the licensor about any significant change, event or condition of major economic importance and subsequent event occurred after the submission of the licensing documentation (cf.P.14, F.05 and F.07) within the fixed deadlines.</li></ul> <p>This declaration must be executed by an authorised signatory no more than three months prior to the corresponding deadline for its submission to the licensor.</p>
<p><b>UEFA comment:</b> This criterion is designed to get confirmations by the licence applicant on matters being legally important entering to UEFA club competitions.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"><li>a) the content of the written declaration is complete;</li><li>b) the declaration is signed by an authorised person of the licence applicant;</li><li>c) the declaration is signed not more than 3 months prior to its submission deadline.</li></ul>		

No.	Grade	Description
L.02	A	<p><b>OTHER DOCUMENTS AND CONFIRMATIONS FROM THE LICENCE APPLICANT</b></p> <p>The licence applicant must submit the following documents:</p> <ul style="list-style-type: none"> <li>a) Copy of the licence applicant's current valid statutes or company articles (e.g. company act).</li> <li>b) Written declaration confirming that: <ul style="list-style-type: none"> <li>i. it undertakes to abide by and observe the provisions and conditions of the National Club Licensing Manual;</li> <li>ii. all submitted documents are complete and correct;</li> <li>iii. it authorises the competent club licensing authority to examine documents and seek information and, in the event of any appeal procedure, to seek information from any relevant public authority or private body according to national law;</li> <li>iv. it acknowledges that UEFA reserves the right to execute spot-checks at national level reviewing the assessment process and the decision-making.</li> </ul> </li> </ul> <p>These documents must be executed by an authorised signatory no more than three months prior to the corresponding deadline for their submission to the licensor.</p>
<p><b>UEFA comment:</b> This criterion is designed to get confirmation on matters being legally important to run the club licensing systems.</p> <p>In order to avoid duplication, in case the licensor is already in possession of these documents from a previous licensing cycle the licence applicant may replace the submission of its statutes or its company articles (e.g. company act, by-laws) by a declaration confirming the validity of the previously submitted statutes or company articles.</p> <p>This simplified approach cannot be applied for litera b) above, for which a yearly declaration is required.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the licensor has a copy of the statutes or the company articles of the licence applicant;</li> <li>b) these documents have been declared as being valid by the licence applicant;</li> <li>c) the declaration is signed by an authorised person of the licence applicant;</li> <li>d) the declaration is signed not more than 3 months prior to its submission deadline.</li> </ul>		
L.03	A	<p><b>REGISTER EXTRACT</b></p> <p>The licence applicant must submit the following information:</p> <ul style="list-style-type: none"> <li>a) name</li> <li>b) headquarters (address)</li> <li>c) legal form</li> <li>d) list of authorised signatories (last name, first name, home address) and type of required signature (individual, collective, etc.).</li> </ul> <p>This can take the form of either:</p> <ul style="list-style-type: none"> <li>a) an extract from a public register (e.g. trade register) containing above information on the licence applicant; or</li> <li>b) an extract from the national association's club register containing above information on the licence applicant.</li> </ul>

No.	Grade	Description
		<p><b>UEFA comment:</b> The criterion is designed to get official confirmation of licence applicant's information.</p> <p>The licensor must determine what type of extract is appropriate according to national law and relevant for club licensing purposes. The licensor must receive an original or a certified copy of the appropriate extract.</p> <p><b>Recommended assessment process:</b> In order to verify if the licence applicant is in compliance with the criterion, the licensor assesses whether:</p> <ul style="list-style-type: none"> <li>a) the information on the name, headquarters, legal form as well as the list of authorised signatories and the type of required signature is valid and available;</li> <li>b) the information is given by a public register or by the club register of the national association.</li> </ul>

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## 10. FINANCIAL CRITERIA

### 10.1 INTRODUCTION

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The financial criteria have been a challenging category to develop in the UEFA club licensing manual. The improvements in this revised version provide a sensible and achievable level of minimum requirements to be met by clubs which want to compete in European competitions and, hence, benefit from the exposure and revenue this level of competition can generate.

The chapter is organised in the following way to better facilitate its use in the licensing process:

- the core part describes the mandatory criteria; and
- the appendices contain additional guidance and tools.

The financial criteria relate to:

- *historic financial information* about a club's financial performance and position;
- *future financial information* about a club's future prospects; and
- subsequent information after the licensing decision has been made

To facilitate the implementation of the financial criteria, historic financial information *may* continue to be prepared on the basis of *national accounting practice* requirements. The preparation and presentation of financial statements by entities differs from country to country due to a variety of social, economic and legal circumstances and due to different countries having in mind different users of financial statements when setting national requirements. The financial criteria in the revised version of the chapter 10 of the UEFA club licensing manual and the associated guidance and tools contained in the appendices, in some respects, draw from the content of certain *International Financial Reporting Standards* and *International Standards on Auditing, Assurance and Related Services* as available at July 2005. UEFA recognises that, at this stage, the total harmonisation of the preparation and presentation of financial statements by European football clubs is impractical and, therefore, has not been requested.

The financial criteria - to be met for participation in the 2008/09 UEFA season - are set out in this revised version of the chapter. This means that financial information in respect of the *financial year* ending in 2007 will form part of the information to be assessed by licensors for clubs to obtain a licence for the 2008/09 season.

The financial criteria to be met for the seasons up to 2007/08 are the phase I requirements as set out in version 1.0 of the UEFA club licensing manual issued in March 2002. Member associations or their affiliated leagues (i.e. licensors) are encouraged to try to implement the requirements of this revised version of chapter 10 at an earlier date so as to be in effect before the 2008/09 season.

UEFA recognises that the implementation of the financial criteria within the *national club licensing manual* presents a challenging task for many member associations and clubs. In addition to this working document, and the guidance and tools it includes, UEFA will provide support and assistance to associations to facilitate the implementation of the minimum requirements of the financial criteria.

## 10.2 OBJECTIVES

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The financial criteria aim principally to:

- Improve the economic and financial capability of the clubs;
- Increase clubs' transparency and credibility;
- Place the necessary importance on the protection of creditors;
- Safeguard the continuity of international competitions for one season; and
- Monitor financial fair play in UEFA club competitions.

## 10.3 BENEFITS

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Implementation of the financial criteria will help deliver both short and long term improvements for clubs, the licensors and for the football family in general.

For the **football family in general**, the financial criteria should help to:

- Safeguard the continuity and integrity of competitions;
- Increase the transparency and credibility of clubs' financial operations and, thereby, of European football generally;
- Improve confidence in the probity of the football industry;
- Create a more attractive market for the game's commercial partners and investors; and
- Provide the basis for fair competition, because competition is not just about the teams on-the-pitch.

For the **licensors**, the financial criteria should help to:

- Improve their understanding of the financial position and prospects of their member clubs;
- Encourage clubs to settle liabilities to creditors on a timely basis;
- Enhance their ability to be proactive in assisting clubs with financial issues; and
- Provide a starting point for club benchmarking, at a national level, for those licensors and clubs who want to develop this aspect.

For the **clubs**, the financial criteria should help to:

- Improve standards and quality of financial management and planning activities;
- Enable better management decision-making;
- Enhance clubs' financial and business credibility with stakeholders;
- Improve financial stability; and
- Enhance revenue generating ability and cost management.

## **10.4 OVERVIEW OF THE FINANCIAL CHAPTER**

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### **10.4.1 ACHIEVING THE OBJECTIVES**

The implementation of the financial club licensing system and the fulfilment of the criteria are directed to achievement of the objectives in 10.2 above.

In respect of each criterion, each licence applicant *must* submit certain financial information. Best practice, or statutory, requirements and procedures are likely to mean that much of the information specified by the criteria is required to be prepared by the licence applicant in any case in many countries.

In turn, some form of assessment procedures must be carried out by an *independent auditor* and/or the licensor in respect of the financial information.

There are three different types of assessment that an independent auditor might be required to undertake (see **Appendix V** for further guidance):

- a) *Audit*;
- b) *Review*; or
- c) *Agreed-upon procedures*.

The term auditor is used throughout this chapter when describing the individual or entity that will be performing the auditing, review or agreed-upon procedures. In respect of any work performed by an auditor for a licence applicant, unless national legislation prescribes otherwise, the auditor's contractual and legal responsibilities will be to the reporting entity they have engaged with.

When applicable, the licensor *shall* read and consider the content of the auditor's report and make the decision about whether each criterion has been met and what further information, if any, is required. In respect of certain criteria, the licensor will undertake assessment procedures instead of, or in addition to, the work performed by an auditor. In making his decision, the licensor is encouraged to apply common sense ("*cum grano salis*") especially when considering insignificant differences to the minimum requirements.

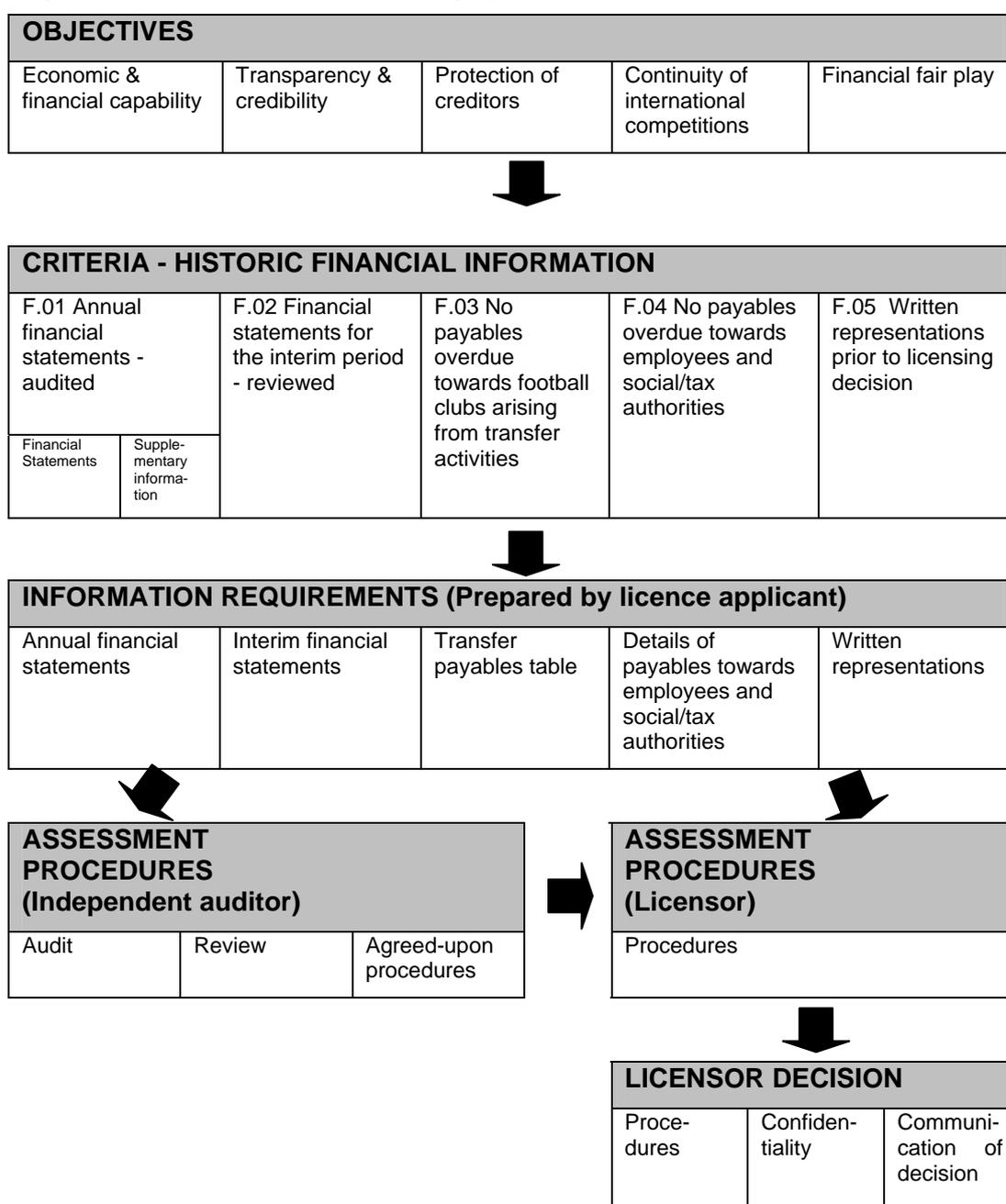
The minimum requirements of the financial criteria are set out in the core part of the chapter itself. For implementation within the national club licensing manual, the licensor may develop additional criteria, information requirements and assessment procedures. The appendices to the chapter provide supporting guidance and tools to help member associations develop their national club licensing manual and to help clubs comply with the requirements.

**Appendix IV** provides an overall summary of the club licensing process in respect of the financial criteria.

### 10.4.2 HISTORIC FINANCIAL INFORMATION

In relation to historic financial information, the link between the objectives, the financial criteria, the information requirements and the assessment procedures is summarised in the following diagram. The criteria relating to the historic financial information about a licence applicant's financial performance and position are addressed individually in 10.5 to 10.10.

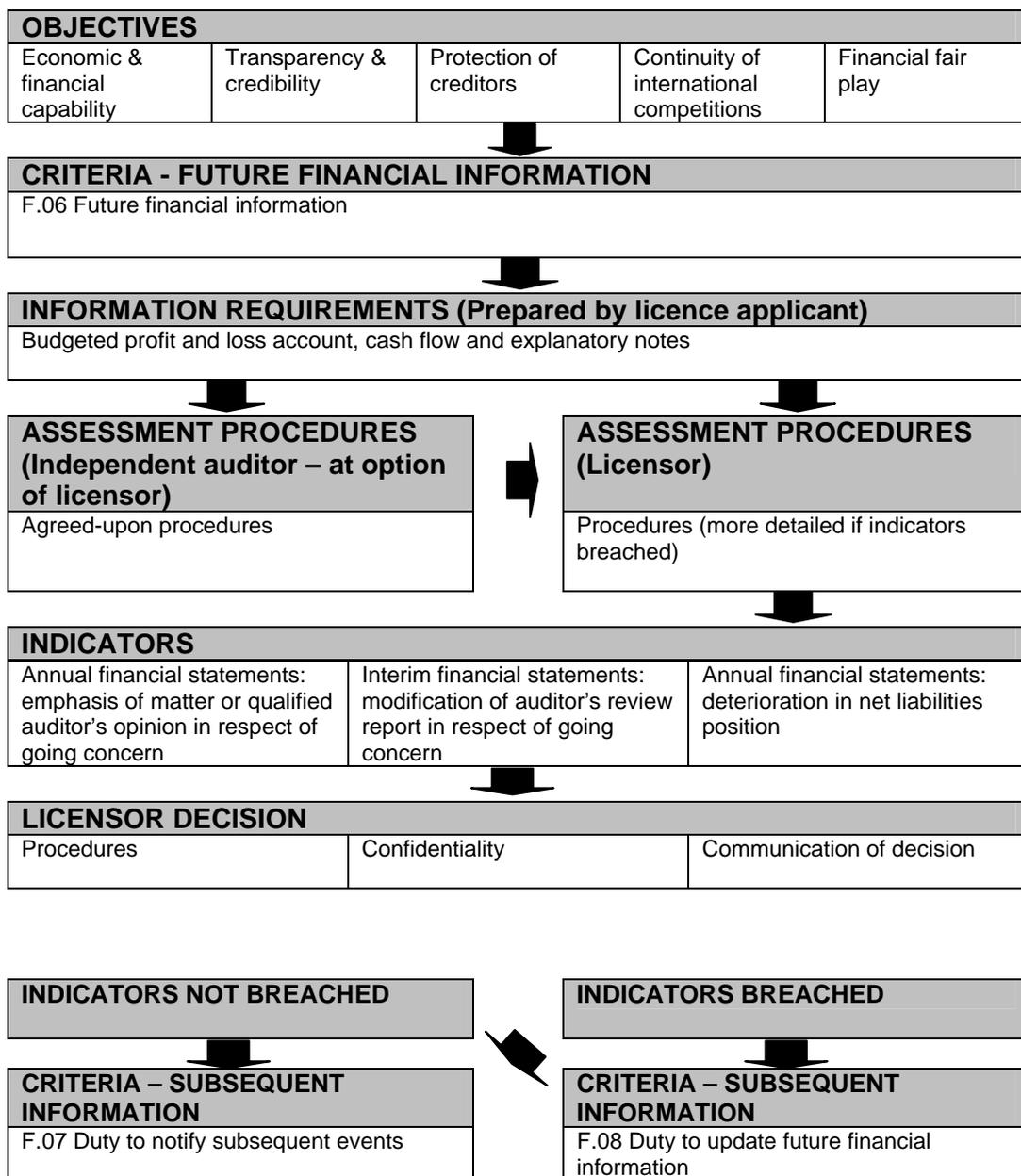
*Diagram I: Overview of the Club Licensing System in respect of historic financial information*



### 10.4.3 FUTURE FINANCIAL INFORMATION AND SUBSEQUENT INFORMATION

In relation to future financial information and subsequent information, the links between the objectives, the financial criteria, the indicators, the information requirements and the assessment procedures are summarised in the following diagram. The criterion in respect of future financial information is addressed in 10.11. The criteria for licensees in respect of subsequent information (after the licensing decision has been made) are addressed in 10.12 to 10.14.

*Diagram II: Overview of the Club Licensing System in respect of future financial information and subsequent information*



#### **10.4.4 CONFIDENTIALITY OF INFORMATION AND COMMUNICATION OF THE LICENSING DECISION**

The *management* of licence applicants will want to be satisfied that the information they provide to the licensor (or other bodies operating within the club licensing system) will be handled appropriately.

Where licensors handle information in respect of publicly listed entities, it may be necessary for the licensor to implement some supplementary management procedures to help reassure the clubs that confidential information is handled appropriately. This will be an obligation for the licensor.

Regardless of whether or not financial information in relation to a licence applicant is provided to the licensor, publicly listed entities have continuing obligations to their stock exchanges to protect confidential information and to announce 'to the financial market' unpublished price sensitive information without delay. Therefore, in respect of price sensitive information matters, the act, itself, of their provision of confidential financial information to the licensor should not create any additional burden on the licence applicants.

The real issue is confidentiality of information, not price sensitivity. That is, the management of listed entities may want to be satisfied that:

- a) Information they provide to the licensor (or other bodies operating within the club licensing system) will be handled appropriately; and
- b) the licensing process will be handled confidentially and the decision itself, to grant a licence or not, will be announced appropriately.

In respect of the latter point, because the licensing decision itself may be price sensitive, it will be necessary for the licensor to implement some supplementary management procedures to help ensure that the announcement of the licensing decision is handled appropriately and in co-ordination with licence applicants which are publicly listed entities.

The National Football Body Licensing Standard provides licensors with a management framework in order to carry out the club licensing system and provides a core process, defining the specific steps that the licensor has to follow. This can help satisfy the management of licence applicants that appropriate procedures have been developed for the handling of confidential financial information and the handling of the announcement of the licensing decision by the licensor (or other bodies operating within the club licensing system).

## 10.5 CRITERIA: HISTORIC FINANCIAL INFORMATION

Every licensor has to ensure that, in respect of the clubs which qualify for UEFA club competitions, the following minimum criteria are met. For implementation within the national club licensing manual, the licensor may develop additional criteria, information requirements and assessment procedures.

No.	Grade	Description
F.01	A	<p><b>Annual financial statements – audited</b></p> <p>Regardless of the legal structure of the licence applicant, annual financial statements based on the local legislation for incorporated companies shall be prepared and audited by independent auditors.</p> <p>The annual financial statements shall meet the minimum disclosure requirements and accounting principles defined by this manual.</p> <p><b>Alternative 1:</b></p> <p>If the audited annual financial statements meet the minimum disclosure requirements and accounting principles defined by this manual, then no further supplementary information has to be provided.</p> <p><b>Alternative 2:</b></p> <p>If the audited annual financial statements do not meet the minimum disclosure requirements and accounting principles defined by this manual, then supplementary information must be prepared by the licence applicant and assessed by the auditor.</p>
F.02	A	<p><b>Financial statements for the interim period – reviewed</b></p> <p>If the statutory closing date of the licence applicant is more than six months before the deadline for submission of the list of licensed clubs to UEFA, then additional financial statements covering the interim period must be prepared and submitted. These must cover the interim period up to a date within six months preceding the deadline for submission of the list of licensed clubs to UEFA and must be reviewed by independent auditors.</p> <p>The interim financial statements shall meet the minimum disclosure requirements and accounting principles defined by this manual.</p>
F.03	A	<p><b>No payables overdue towards football clubs arising from transfer activities</b></p> <p>The licence applicant must prove that it has no payables overdue towards football clubs arising from transfer activities as at 31 December of the year preceding the season to be licensed, unless by the following 31 March they have been fully settled, deferred by mutual agreement with the creditor or are subject to a not obviously unfounded dispute submitted to a competent authority.</p>

F.04	A	<p><b>No payables overdue towards employees and social/tax authorities</b></p> <p>The licence applicant must prove that, in respect of contractual and legal obligations with its employees, it has no payables overdue towards employees and social/tax authorities as at 31 December of the year preceding the season to be licensed, unless by the following 31 March they have been fully settled, deferred by mutual agreement with the creditor or are subject to a not obviously unfounded dispute submitted to a competent authority.</p>
F.05	A	<p><b>Written representations prior to the licensing decision</b></p> <p>Within seven days prior to the start of the period in which the licensing decision is to be made by the First Instance Body, the licence applicant must make written representations to the licensor.</p> <p>The written representations shall state whether or not any events or conditions of major economic importance have occurred, that may have an adverse impact on the licence applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable).</p>

## 10.6 ANNUAL FINANCIAL STATEMENTS

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### 10.6.1 THE CRITERION

No.	Grade	Description
F.01	A	<p><b>Annual financial statements - audited</b></p> <p>Regardless of the legal structure of the licence applicant, annual financial statements based on the local legislation for incorporated companies shall be prepared and audited by independent auditors.</p> <p>The annual financial statements shall meet the minimum disclosure requirements and accounting principles defined by this manual.</p> <p><b>Alternative 1:</b></p> <p>If the audited annual financial statements meet the minimum disclosure requirements and accounting principles defined by this manual, then no further supplementary information has to be provided.</p> <p><b>Alternative 2:</b></p> <p>If the audited annual financial statements do not meet the minimum disclosure requirements and accounting principles defined by this manual, then supplementary information must be prepared by the licence applicant and assessed by the auditor.</p>

### 10.6.2 PURPOSE OF THE CRITERION

Financial statements are a structured representation of the financial position and financial performance of an entity. Financial statements also show the results of management's stewardship of the resources entrusted to it. The historic financial information can also assist users of financial statements in predicting the entity's future cash flows and, in particular, their timing and certainty.

The discipline of preparing *annual financial statements* can help improve the economic and financial capability of clubs. The disclosures in the financial statements provide a level of transparency with regard to a club's financial transactions.

Since the *going concern* assumption is a fundamental principle in the preparation of the financial statements, management has a responsibility to assess the licence applicant's ability to continue as a going concern. In turn, the auditor's responsibility is to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements, and to consider whether there are *material* uncertainties about the licence applicant's ability to continue as a going concern that need to be disclosed in the financial statements. Whilst the absence of any reference to going concern uncertainty cannot be viewed as a guarantee as to the licence applicant's ability to continue as a going concern, this assessment can help safeguard the financial situation of clubs and, hence, the continuity of competitions.

Clubs are encouraged, but not required, to make their annual financial statements publicly available. The objective of general purpose financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users - including creditors/potential creditors of clubs - in making economic decisions.

To facilitate the implementation of the financial criteria, historic financial information may continue to be prepared on the basis of national accounting practice requirements, or can be prepared on the basis of IFRS. Notwithstanding the requirements of national accounting practice or IFRS, the financial criteria do require licence applicants to disclose a specific minimum level of historic financial information to the licensor.

### **10.6.3 REPORTING PERIOD**

The licence applicant must submit audited annual financial statements (and, if required to meet the criterion, *supplementary information*) in respect of the *statutory closing date* prior to the *deadline for submission of the application to the licensor* and prior to the *deadline for submission of the list of licensed clubs to UEFA*.

### **10.6.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT**

#### **10.6.4.1 INTRODUCTION**

It is the responsibility of the licensor to define the licence applicant/licensee according to the statutes and regulations of the member association and in accordance with the national law. It is the responsibility of the licence applicant to determine the reporting entity (or combination of entities) in respect of which financial information is required to be provided (cf. 4.3). In turn, the licensor must assess whether, in respect of each licence applicant, the selected reporting entity is appropriate for club licensing purposes.

Licence applicants must prepare annual financial statements based on the accounting standards required by local legislation for incorporated companies – either the financial reporting framework of a particular country or IFRS.

For the purpose of club licensing requirements, the audited annual financial statements must consist of:

- a) A balance sheet;
- b) A profit and loss account;
- c) A cash flow statement;
- d) Notes, comprising a summary of significant *accounting policies* and other explanatory notes; and
- e) A financial review by management.

National accounting practice, suitable as a basis for preparation of financial statements, shall contain certain underlying principles, including:

- Fair presentation and compliance with national accounting practice;
- Consistency of presentation;
- Going concern assumption, unless circumstances dictate otherwise;
- Accrual basis for accounting;
- Each material class of items shall be presented separately in the financial statements; and
- Assets and liabilities, and income and expenses, shall not be offset unless required or permitted by national accounting practice.

Further commentary about underlying financial reporting principles is contained within **Appendix VI**.

Each component of the annual financial statements shall be identified clearly. In addition, the following information shall be displayed prominently, and repeated where necessary within the financial statements, for a proper understanding of the information presented:

- a) the name (and legal form), domicile and business address of the reporting entity and any change in that information from the preceding statutory closing date;
- b) whether the financial information covers the individual licence applicant or a group of entities or some other combination of entities and to describe the structure and composition of any such *group* or combination;
- c) the statutory closing date and the period covered by the financial information (for both current and comparative information); and
- d) the presentation currency.

The annual financial statements must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

#### **10.6.4.2 MINIMUM REQUIREMENTS FOR THE CONTENT OF ANNUAL FINANCIAL STATEMENTS**

Notwithstanding the requirements of national accounting practice or IFRS, the financial criteria do require licence applicants to present a specific minimum level of historic financial information to the licensor. This manual sets out the minimum requirements for the content of annual financial information. Other than in respect of player accounting matters, this manual does not prescribe the basis for recognition and measurement of transactions and other events; as such matters are addressed by national accounting practice and/or IFRS.

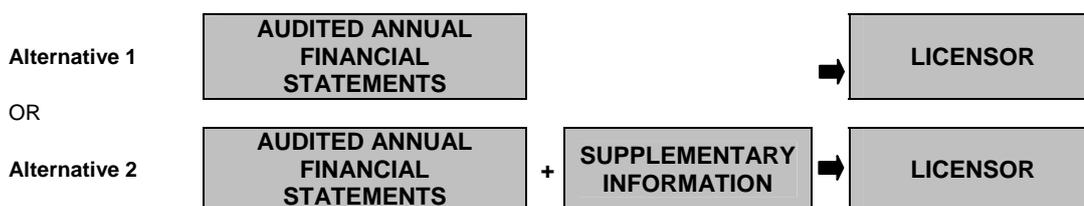
The audited annual financial statements should aim to meet the minimum requirements for content and accounting summarised in 10.6.4.4 to 10.6.4.9 below. **Appendix VII** sets out a model annual financial statements (and commentary) that illustrate typical disclosures to meet these minimum requirements.

If the audited annual financial statements meet the minimum disclosure requirements and accounting principles defined by this manual, then no further supplementary information has to be provided to the licensor (i.e. alternative 1 in Diagram III below), unless the licensor requests otherwise.

### 10.6.4.3 SUPPLEMENTARY INFORMATION

If the minimum requirements for the content and accounting are not met in the audited annual financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirements (i.e. alternative 2 in the diagram below). Together, the audited annual financial statements and the supplementary information comprise the annual financial information that is submitted to the licensor.

*Diagram III: The acceptable alternatives for annual financial information submitted to the licensor*



The content and presentation of the supplementary information, if required at all, will vary between licence applicants depending on the amount of information already disclosed in the separate audited annual financial statements. For example, the supplementary information document might simply include a certain disclosure note, or notes, not otherwise included in the audited financial statements. For some licence applicants, the supplementary information document might be more extensive and might have to include a full balance sheet, profit and loss account, cash flow statement and associated notes if these are not required by the relevant national law for incorporated companies or if, for example, there is a requirement for the licence applicant to restate figures as set out in 10.6.4.9 (Accounting requirements for player registration costs).

The supplementary information must be prepared on a basis of accounting, and accounting policies, consistent with the annual financial statements. Financial information must be extracted from sources consistent with those used for the preparation of the annual financial statements. Where appropriate, disclosures in the supplementary information must agree to, or reconcile to, the relevant disclosures in the annual financial statements.

#### 10.6.4.4 BALANCE SHEET

The minimum requirements for the content in respect of balance sheet items at the statutory closing date (and comparative figures in respect of the prior statutory closing date) are stated below. These minimum requirements are also illustrated in **Appendix VII**.

##### Current assets

- i) *cash and cash equivalents*;
- ii) accounts receivable from player transfers;
- iii) accounts receivable from group entities and related parties<sup>(3)</sup>;
- iv) accounts receivable - other;
- v) inventories;

##### Non current assets

- vi) tangible fixed assets<sup>(1)</sup>;
- vii) *intangible assets* – players<sup>(1)</sup>;
- viii) *intangible assets* – others<sup>(1)</sup>;
- ix) investments<sup>(2)</sup>;

##### Current liabilities

- x) bank overdrafts and loans;
- xi) accounts payable relating to player transfers;
- xii) accounts payable to group entities and related parties<sup>(3)</sup>;
- xiii) accounts payable - other;
- xiv) tax liabilities;
- xv) short term provisions<sup>(4)</sup>;

##### Non current liabilities

- xvi) bank and other loans
- xvii) other long term liabilities;
- xviii) tax liabilities;
- xix) long term provisions<sup>(4)</sup>;

##### Net assets/liabilities

- xx) net assets/liabilities<sup>(5)</sup>;

##### Equity

- xxi) treasury shares;
- xxii) issued capital and reserves.<sup>(6)</sup>

Management may consider that line items (i) to (xxii) are best presented on the face of the balance sheet and the additional information (described below) in notes.

The minimum information requirements in respect of certain balance sheet items shall also include the following:

- <sup>(1)</sup> In respect of each of tangible fixed assets and intangible assets, a reconciliation of the carrying amount at the beginning and end of the period, showing additions, disposals, revaluations, impairment, depreciation/*amortisation* and any other changes.

- (2) Investments shall include investments in subsidiaries, jointly controlled entities and associates. In respect of investments in subsidiaries, jointly controlled entities and associates, as a minimum, the following information must be disclosed for each investment:
- i) The name;
  - ii) Country of incorporation or residence;
  - iii) Type of business/operations of the entity;
  - iv) Proportion of ownership interest;
  - v) If different, proportion of voting power held; and
  - vi) A description of the method used to account for the investments.
- (3) Sub-classification of the total balance receivable to disclose separately amounts receivable from group entities and amounts receivable from other *related parties*; and, sub-classification of the total balance payable to disclose separately amounts payable to group entities and amounts payable to other related parties.
- (4) For each class of provision, disclose the carrying amount at the beginning and end of the period, the amount utilised and any amount released, or credited, in the period.
- (5) The net assets/liabilities figure, being the aggregate of total assets less total liabilities, is used to determine whether or not the licence applicant is in breach of indicator IND.03 as described in 10.11.5.2.
- (6) Sub-classification of the total balance of issued capital and reserves to disclose separately share capital, share premium, other reserves and retained earnings.

#### **10.6.4.5 PROFIT AND LOSS ACCOUNT**

The minimum requirements for the content in respect of profit and loss account (sometimes referred to as an income statement) items for the financial year (and comparative figures in respect of the prior financial year) are stated below. These minimum requirements are also illustrated in the model financial statements in **Appendix VII**.

##### Revenue

- i) gate receipts;
- ii) sponsorship and advertising;
- iii) broadcasting rights;
- iv) commercial;
- v) other operating income;

##### Expenses

- vi) cost of sales/materials;
- vii) *employee benefits* expense;
- viii) depreciation and amortisation <sup>(1)</sup>;
- ix) impairment of fixed assets <sup>(2)</sup>;
- x) other operating expenses;

#### Other

- xi) profit/loss on disposal of assets<sup>(3)</sup>
- xii) finance costs;
- xiii) tax expense;
- xiv) profit or loss after taxation.

The minimum information requirements in respect of certain profit and loss account items also include the following:

- (1) Separate disclosure required of depreciation of tangible fixed assets, amortisation of player registration costs and amortisation of other intangible assets.
- (2) Separate disclosure required of impairment of player registration costs and impairment of other tangible or intangible fixed assets.
- (3) Separate disclosure required of profit or loss from disposal of player registrations and profit or loss from disposal of other tangible or intangible fixed assets.

#### **10.6.4.6 CASH FLOW STATEMENT**

A cash flow statement, when used in conjunction with the rest of the financial statements, provides information that enables users to evaluate the changes in net assets/liabilities of an entity, its financial structure (including its liquidity and solvency) and its ability to manage the amounts and timing of cash flows in order to adapt to changing circumstances and opportunities.

The cash flow statement shall report cash flows for the financial year (and comparatives for the prior financial year) classified separately by operating, investing and financing activities, in a manner which management consider most appropriate.

The components of *cash and cash equivalents* shall be disclosed and there shall be presented a reconciliation of the amounts in the cash flow statement with the equivalent items reported in the balance sheet. These minimum requirements are also illustrated in the model financial statements in **Appendix VII**.

#### **10.6.4.7 NOTES TO THE FINANCIAL STATEMENTS**

Notes to the annual financial statements shall be presented in a systematic manner. Each item on the face of the balance sheet, profit and loss account and cash flow statement shall be cross-referenced to any related information in the notes. The minimum requirements for disclosure in notes are as follows:

- a) Accounting policies  
The basis of preparation of the financial statements and a summary of the significant accounting policies used.
- b) Controlling party  
When the reporting entity is controlled by another party, there must be disclosure of the *related party* relationship and the name of that party and, if different, that of the ultimate controlling party. If the controlling party or ultimate controlling party of the reporting entity is not known, that fact shall be disclosed. This information shall be disclosed irrespective of whether any transactions have taken place between the controlling parties and the reporting entity.

c) Related party transactions

If there have been transactions between related parties during the period, the reporting entity shall disclose the nature of the related party relationship, as well as information about the transactions during the period and outstanding balances at the period end, necessary for an understanding of the potential effect of the relationship on the financial statements.

At a minimum, disclosures must include:

- i. the amount of the transactions;
- ii. the amount of outstanding balances and:
  - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - details of any guarantees given or received;
- iii. provisions for doubtful debts related to the amount of outstanding balances; and
- iv. the expense recognised during the period in respect of bad or doubtful debts due from related parties.

d) Pledged assets and assets under reservation of title

Disclose the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities or guarantees.

e) Contingent liabilities

Unless the possibility of any outflow in settlement is remote, the reporting entity shall disclose for each class of contingent liability at the statutory closing date a brief description of the nature of the contingent liability and, where practicable:

- i. an estimate of its financial effect;
- ii. an indication of the uncertainties relating to the amount or timing of any outflow; and
- iii. the possibility of any reimbursement.

f) Other disclosure

Any additional information or disclosure that is not presented on the face of the balance sheet, profit and loss statement or cash flow statement, but is relevant to an understanding of any of those statements and/or is required to meet the minimum financial information requirements.

#### **10.6.4.8 FINANCIAL REVIEW BY MANAGEMENT**

The annual financial statements must include a financial review or commentary by management (sometimes referred to as a Directors' Report) that describes and explains the main features of the reporting entity's financial performance and financial position and the principal risks and uncertainties it faces. These minimum requirements are also illustrated in the model financial statements set out in **Appendix VII**.

The annual financial statements must also include the names of persons who were members of the executive, or board of directors, and supervisory bodies of the reporting entity at any time during the year.

#### **10.6.4.9 ACCOUNTING REQUIREMENTS FOR PLAYER REGISTRATION COSTS**

Notwithstanding that each licence applicant has to prepare audited annual financial statements under its own national accounting practice for incorporated companies or IFRS, the manual does include a specific accounting requirement in relation to player registration costs carried as intangible fixed assets.

Player transfers are a particular feature of the football industry. The accounting treatment adopted by licence applicants in respect of player registration costs can have a significant impact on the reported financial results and financial position. Therefore, UEFA consider that certain minimum accounting requirements must be applied by licence applicants for the purpose of club licensing and to have a common approach within the European football family (cf. 4.3).

The **licence applicants that have to apply these minimum accounting requirements** are those entities that capitalise costs relating to the acquisition of a player. For the avoidance of doubt, if a licence applicant has an accounting policy to expense player registration costs rather than capitalise them, and this is permitted under their national accounting practice, there is no requirement for such entities to have to apply the minimum accounting requirements set out below and they do not have to prepare restated figures.

The **minimum accounting requirements** for player registration costs are described as follows:

- a) For those licence applicants that capitalise costs relating to the acquisition of a player then, in respect of each individual player's registration, the *depreciable amount* must be allocated on a systematic basis over its useful life. This is achieved by the systematic allocation of the cost of the asset as an expense over the period of the player's contract.
- b) Only *direct costs of acquiring a player's registration* can be capitalised. For accounting purposes, the carrying value of an individual player must not be re-valued upwards, even though management may believe market value is higher than carrying value. In addition, whilst it is acknowledged that a licence applicant may be able to generate some value from the use and/or transfer of local trained players, for accounting purposes, costs relating to an applicant's own youth sector must not be included in the balance sheet – as only the cost of players purchased is to be capitalised.
- c) Amortisation must begin when the player's registration is acquired. Amortisation shall cease at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised (i.e. the registration is transferred to another club).

In addition, the following principle must be applied: 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.

It is recommended that each licensor requires each of its licence applicants to apply consistent accounting policies in respect of players' registration costs.

The licence applicant must prepare **supplementary information** (to be submitted to the licensor) if the accounting requirements described in this sub-section are not met by the disclosures and accounting treatment in the audited annual financial statements. The supplementary information must include a restated balance sheet, profit and loss account and any associated notes to meet the requirements set out above. There must also be included a note (or notes) reconciling the results and financial position shown in the supplementary information document to those shown in the audited financial statements (that were prepared under the national accounting practice). As set out in 10.6.5, the restated financial information must be assessed by the auditor by way of agreed-upon procedures.

#### **10.6.4.10 REQUIREMENT FOR PREPARATION OF A PLAYER IDENTIFICATION TABLE**

Due to the specificity and, for many clubs, significance of player acquisition costs, licence applicants must prepare a player identification table. The player identification table is also a tool that can be used by management (and auditors) to reconcile the balance sheet and profit and loss account figures relating to player registrations to the underlying detail, and for annual impairment considerations.

The **licence applicants that must prepare a player identification table** are all those entities that capitalise costs relating to the acquisitions of players. For the avoidance of doubt, if a licence applicant, under national accounting practice, has an accounting policy to expense player registration costs rather than capitalise, or has no player registration costs arising in the period or brought forward, there is no requirement for such entities to have to prepare the player identification table.

The player identification table must be provided to the auditor. However, the player identification table does not need to be disclosed within the annual financial statements, nor does it have to be submitted to the licensor.

An illustration of a player identification table is included in **Appendix VIII**.

The **minimum information for the content of the player identification table** in respect of each relevant player's registration held during the period is as follows:

- a) Name and date of birth;
- b) Start and end date of contract;
- c) The direct costs of acquiring the player's registration;
- d) Accumulated amortisation brought forward and as at the end of the period;
- e) Expense/amortisation in the period;
- f) Impairment cost in the period;
- g) Disposals (cost and accumulated amortisation);
- h) Net book value (carrying amount); and
- i) Profit/(loss) from disposal of player's registration.

The relevant players about whom details are required in the table are all those players whose registration is held by the licence applicant at any time during the period and some direct acquisition cost has been incurred (at some point in time in the period or prior periods) in respect of the player(s).

The following aggregate figures in the player identification table must be reconciled to the relevant figures in the balance sheet and profit and loss account in the audited annual financial statements.

- a) The aggregate of the amortisation of player registrations in the current period as shown in the player identification table must agree/reconcile to 'Amortisation of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);
- b) The aggregate of impairment provisions made in the current period as shown in the player identification table must agree/reconcile to 'Impairment of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);
- c) The aggregate of profit/(loss) on disposal of player registrations in the player identification table must agree/reconcile to 'Profit/(loss) from disposal of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);
- d) The aggregate of the net book value of players' registrations in the player identification table must agree/reconcile to the figure for 'Intangible assets – players' in the balance sheet (on the face or in the notes thereto) for the period end.

Note: For licence applicants who have restated player accounting figures to meet the accounting requirements of the manual, these aggregate figures from the player identification table must agree/reconcile to the restated figures in the annual financial information.

## **10.6.5 ASSESSMENT OF THE ANNUAL FINANCIAL STATEMENTS**

### **10.6.5.1 DETERMINATION OF THE AUDITOR**

The licence applicant selects the *independent auditor*, independent in compliance with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. The licence applicant and the auditor enter into an engagement for the performance of the assessment procedures on the annual financial information prepared by management.

Within each territory, if there is a national accountancy organisation which is a member body of the IFAC, it is strongly recommended that the licensor requires the licence applicant's auditor to be a member of one of the relevant IFAC member bodies.

If there is no IFAC member body in a territory, licence applicants shall be required to use an independent auditor who is permitted by national law to carry out audit work.

### 10.6.5.2 ASSESSMENT PROCEDURES

The annual financial statements must be audited by an independent auditor in accordance with either International Standards on Auditing or relevant national auditing standards or practices where these comply with, as a minimum, the requirements of International Standards on Auditing.

The auditors' report must include a scope paragraph describing the nature of an audit, including a statement that the audit was conducted in accordance with International Standards on Auditing or in accordance with relevant national standards or practices as appropriate.

In turn, the licensor inspects the submitted information and addresses the consequences of any modifications to the audit report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements. If the annual financial statements meet the minimum requirements for content and accounting defined by this manual, then no further supplementary information has to be provided (i.e. alternative 1 in 10.6.1), unless the licensor requests otherwise.

If the annual financial statements do not meet the minimum requirements for content and accounting, then the licence applicant must prepare some supplementary information (i.e. alternative 2 in 10.6.1). The supplementary information must then be assessed by the auditor by way of performance of, as a minimum, agreed-upon procedures. The auditor will provide a report of the factual findings of the agreed-upon procedures.

The agreed-upon procedures shall, as a minimum, include:

- a) Reading the supplementary information prepared by management;
- b) Making enquiries of management regarding the compilation of the supplementary information; and
- c) Comparing the supplementary information to the sources from which it was obtained.

*International Standard on Related Services (ISRS) 4400, 'Engagements to Perform Agreed-upon Procedures Regarding Financial Information'* provides guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement.

The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in the territory. Some further guidance is provided in **Appendix IX**.

### **10.6.5.3 THE AUDITOR'S REPORT**

The type of audit opinion provided will have implications for the licensor's own assessment of the licence applicant's audited annual financial statements.

The auditor shall review and assess the conclusions drawn from the audit evidence obtained, as the basis for the expression of an opinion on the financial statements. The auditor's report shall contain a clear written expression of opinion on the financial statements taken as a whole.

In **Appendix X**, further guidance is provided in relation to the basic elements of the auditor's report and the meaning of different types of opinion. The different types of auditor's opinion are described below, albeit there may be some variation in national requirements.

An unqualified opinion shall be expressed when the auditor concludes that the financial statements give a true and fair view (or are presented fairly, in all material respects) in accordance with the identified financial reporting framework (identifying the country of origin of the financial reporting framework when the framework used is not IFRS).

An auditor's report is considered to be modified in the following four situations:

- i) Emphasis of matter;
- ii) Qualified opinion;
- iii) Disclaimer of opinion; or
- iv) Adverse opinion.

Since the going concern assumption is a fundamental principle in the preparation of the financial statements, management of the licence applicant have a responsibility to assess the reporting entity's ability to continue as a going concern. In turn, the auditor's responsibility is to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements, and consider whether there are material uncertainties about the reporting entity's ability to continue as a going concern that need to be disclosed in the financial statements. Matters relating to going concern can give rise to modifications to the audit report (any of the items i) to iv) above) and will have implications for the licensor's own assessment procedures (as set out in 10.6.6 below).

### **10.6.6 LICENSOR DECISION**

It is the responsibility of the licensor to assess the annual financial statements (that may also include supplementary information) to form the basis for his licensing decision. As part of his assessment, the licensor shall read and consider the annual financial statements and the auditor's report thereon.

The licence must be refused:

- A) If the annual financial statements (that may also include supplementary information) are not submitted to the licensor within the defined deadline.
- B) If the licence applicant submits annual financial statements (that may also include supplementary information) that do not meet the minimum requirements for the content and accounting.

Having read the auditor's report on the annual financial statements, the licensor must assess it according to the points below:

- C) If the auditor's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the licence in respect of criterion F.01.
- D) If the auditor's report has a disclaimer of opinion or an adverse opinion, the licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or an adverse opinion is provided (in relation to another set of financial statements for the same financial year, that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion.
- E) If the auditor's report has, in respect of **going concern**, either an emphasis of matter or a qualified 'except for' opinion, the licence must be refused, unless either:
  - i) a subsequent audit opinion without going concern emphasis of matter or qualification is provided, in relation to the same financial year; or
  - ii) additional documentary evidence demonstrating the licence applicant's ability to continue as a going concern until at least the end of the season to be licensed has been provided to, and assessed by, the licensor to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in 10.11 (Future financial information).

If the auditor's report in respect of the annual financial statements submitted in accordance with F.01 includes an emphasis of matter or a qualified 'except for' opinion in respect of going concern, then the licence applicant/licensee shall be in breach of indicator IND.01 (as set out in 10.11.5.). As a result, the licensor must undertake more extensive assessment procedures in respect of criterion F.06 (Future financial information) and, if granted a licence, the licensee must also comply with criterion F.08 (Duty to update future financial information).

- F) If the auditor's report has, in respect of **a matter other than going concern**, either an emphasis of matter or a qualified 'except for' opinion, then the licensor must consider the implications of the modification for club licensing purposes.

The licence may be refused, unless additional documentary evidence is provided, and assessed, to the satisfaction of the licensor. The additional evidence that may be requested by the licensor will be dependent on the reason for the modification to the audit report.

If the licence applicant provides supplementary information (according to alternative 2 in 10.6.1) the licensor shall additionally assess the auditor's report of the agreed-upon procedures in respect of the supplementary information.

- G) If the auditor's report of factual findings from the agreed-upon procedures includes reference to errors and/or exceptions found, the licence may be refused.

**Appendix XI** provides a diagrammatic summary of implications on the licensing decision of different modifications to the audit report. The licensor may ask for additional evidence to enable the assessment of the licence applicant to his satisfaction.

#### **10.6.7 RELEVANT APPENDICES**

- IV) Summary of the club licensing process in respect of the financial criteria
- V) Audits, reviews and agreed upon procedures: the differences in the procedures
- VI) Annual financial reporting: overall considerations and underlying principles
- VII) Annual financial reporting: model financial statements and commentary
- VIII) Annual financial reporting: player identification table
- IX) Annual financial reporting: illustrative form of agreed-upon procedures on supplementary information
- X) Annual financial reporting: commentary regarding audit reports – contents and different forms of opinion
- XI) Annual financial reporting: diagrammatic summary of implications on the licensing decision of different modifications to the auditor's report
- XXVIII) Promoted applicants: guidance on relaxation of disclosure requirements

## 10.7 INTERIM FINANCIAL STATEMENTS

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### 10.7.1 THE CRITERION

No.	Grade	Description
F.02	A	<p><b>Financial statements for the interim period - reviewed</b></p> <p>If the statutory closing date of the licence applicant is more than six months before the deadline for submission of the list of licensed clubs to UEFA, then additional financial statements covering the interim period must be prepared and submitted. These must cover the interim period up to a date within six months preceding the deadline date for submission of the list of licensed clubs to UEFA and must be reviewed by independent auditors.</p> <p>The interim financial statements shall meet the minimum disclosure requirements and accounting principles defined by this manual.</p>

### 10.7.2 THE PURPOSE OF THE CRITERION

Criterion F.02 is only applicable if the *statutory closing date* of the licence applicant is more than six months before the *deadline for submission of the list of licensed clubs to UEFA*.

*Interim financial statements* shall contain either a complete or condensed set of financial statements for a period shorter than a licence applicant's full financial year.

Interim financial statements are intended to provide an update on the latest complete set of annual financial statements. Accordingly, a set of interim financial statements focuses on new activities, events and circumstances and does not duplicate information previously reported. It helps to ensure that the licensor's decision is based on more timely and up-to-date financial information, which helps provide a more consistent approach amongst the member associations.

In addition, the preparation of interim financial statements can help improve the economic and financial capability of clubs and provides greater transparency to licensors. As part of the processes for the preparation and review of the interim financial statements, the going concern assumption is re-assessed, which can help safeguard the financial situation of clubs and, hence, the continuity of competitions.

The requirement for an independent auditor to review and report on the interim financial statements enhances the credibility of the information, the process undertaken by management to prepare it, and helps provide a more consistent approach amongst the member associations.

Licence applicants are also encouraged, but not required, to make their interim financial statements publicly available.

For implementation within the national club licensing manual, the licensor may request additional information and develop further assessment procedures.

### 10.7.3 REPORTING PERIOD

For those licence applicants required to prepare interim financial statements, they shall cover the *interim period* beginning on the day immediately after the statutory closing date and ending on a date within six months preceding the deadline for submission of the list of licensed clubs to UEFA. An interim period does not necessarily have to be a six month period, but is defined as a financial reporting period shorter than a full financial year.

For example, if the licence applicant has a statutory closing date of 30 June, and UEFA has set a deadline of 31 May (in the following year) for the submission date, the interim financial statements would cover at least the 5 months from 1 July to 30 November or would normally be expected to cover the 6 months to 31 December.

Interim financial statements must be presented to include the following:

- a) balance sheet as of the end of the interim period and a comparative balance sheet as of the end of the immediately preceding full financial year;
- b) profit and loss account for the interim period, with comparative profit and loss accounts for the comparable interim period of the immediately preceding financial year; and
- c) cash flow statement for the interim period, with a comparative statement for the comparable interim period of the immediately preceding financial year.

If the licence applicant did not have to prepare interim financial statements for the comparable interim period of the immediately preceding financial year, comparative figures may refer to the figures from the financial statements of the immediately preceding full financial year. For example, this may be the case for a club promoted from a lower division not having previously undergone the licensing system in its preceding financial years (see **Appendix XXVIII**).

### 10.7.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT

#### 10.7.4.1 INTRODUCTION TO THE CONTENT OF INTERIM FINANCIAL STATEMENTS

Licence applicants must prepare and present interim financial statements based on the accounting standards required by local legislation and these interim financial statements must be reviewed by an independent auditor.

Notwithstanding the requirements of national accounting practice or IFRS, the financial criteria do require licence applicants to present a minimum level of historic financial information to the licensor. This manual sets out the minimum requirements for the content of interim financial reporting. This manual does not prescribe the basis for recognition and measurement of transactions and other events, in interim financial statements, as such matters are addressed by national accounting practice and/or IFRS.

The interim financial statements provide a structured representation of the financial position and performance of the licence applicant. In the interests of timeliness and cost considerations, and to avoid repetition of information previously reported, a licence applicant may be required by the licensor to provide less information at interim dates as compared with its annual financial statements.

Interim financial statements shall include, as a minimum, the following components:

- a) Balance sheet;
- b) Profit and loss account;
- c) Cash flow statement; and
- d) Specific explanatory notes.

In general, it is expected that the interim financial statements will include fewer explanatory notes compared to the annual financial statements. However, the licence applicant must disclose any events or transactions that are material to an understanding of the current interim period

The interim financial statements must be approved by management and this shall be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

A licence applicant must apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except for accounting policy changes made after the date of the most recent full annual financial statements that are to be reflected in the next annual financial statements - in which case details shall be disclosed in the interim financial statements. For club licensing purposes, interim financial statements must be based on national accounting practice or IFRS.

The frequency of a licence applicant's reporting should not affect the measurement of its annual results. To achieve that objective, measurements for interim reporting purposes are made on a year-to-date basis. In **Appendix XII**, some further guidance notes are provided about recognition and measurement principles that may be appropriate for the management to consider in preparing interim financial statements.

Each component of the interim financial statements shall be identified clearly. In addition, the following information shall be displayed prominently, and repeated where necessary within the interim financial statements, for a proper understanding of the information presented:

- a) the name (and legal form), domicile and business address of the reporting entity and any change in that information from the preceding statutory closing date;
- b) whether the financial information covers the individual entity or a group of entities or some other combination of entities, and to describe the structure and composition of any such group or combination;
- c) the balance sheet date and the interim period covered by the financial information; and
- d) the presentation currency.

#### **10.7.4.2 INTERIM FINANCIAL STATEMENTS**

The content of the interim financial statements must include, as a minimum:

- a) In respect of the balance sheet, each of the line items listed from (i) to (xxii) in 10.6.4.4;
- b) In respect of the profit and loss account, each of the line items listed from (i) to (xiv) in 10.6.4.5;

- c) In respect of the cash flow statement, report cash flows during the period classified separately by operating, investing and financing activities, in a manner which management consider most appropriate, and which is not inconsistent with the classification selected under 10.6.4.6 for annual financial statements;
- d) Specific explanatory notes, being:
  - i) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change; and
  - ii) disclosure of any events or transactions that are material to an understanding of the current interim period.

Additional line items or notes shall be included if their omission would make the interim financial statements misleading.

The minimum requirements for the explanatory notes, as set out above, are limited. **Appendix XIII** provides some additional commentary about what explanatory notes may be included as good practice.

#### **10.7.4.3 ACCOUNTING REQUIREMENTS FOR PLAYER REGISTRATION COSTS**

Each licence applicant that has to prepare interim financial statements must also comply with specific accounting requirements in relation to player registration costs carried as intangible fixed assets.

For criterion F.02, the minimum accounting requirements and the licence applicants to whom they apply are the same as the requirements for criterion F.01 (that relates to the annual financial statements), as described in 10.6.4.9.

All those licence applicants that capitalise costs relating to the acquisitions of players must prepare a player identification table as at the interim reporting date. The minimum information for the content of the player identification table is the same as the requirements for criterion F.01, as described in 10.6.4.10. The player identification table must be provided to the auditor, but does not need to be disclosed within the interim financial statements, nor does it have to be submitted to the licensor.

### **10.7.5 ASSESSMENT OF THE INTERIM FINANCIAL STATEMENTS**

#### **10.7.5.1 DETERMINATION OF THE AUDITOR**

The licence applicant selects the independent auditor and enters into an engagement for the performance of the assessment procedures on the interim financial statements prepared by management.

The auditor selected by the licence applicant to review the interim financial statements should be the same as the auditor selected to carry out the audit of the annual financial statements – cf.10.6.5.1. The accumulated knowledge of an auditor from his experience of performing the audit in respect of the annual financial statements is an important requirement that assists the auditor to appropriately undertake the interim review work.

### **10.7.5.2 ASSESSMENT PROCEDURES**

The interim financial statements must, as a minimum, be the subject of a review by an independent auditor in accordance with either *International Standard on Review Engagements* (ISRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' or relevant national standards or practices for such reviews where these comply with, as a minimum, the requirements of ISRE 2410. Alternatively, the licence applicant may choose to have the interim financial statements audited.

The auditors' report must include a scope paragraph describing the nature of a review, including a reference to ISRE 2410 or relevant national standards or practices.

A review, in contrast to an audit, is not designed to obtain reasonable assurance that the financial information is free from material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review may bring significant matters affecting the financial information to the auditor's attention, but it does not provide the evidence that would be required for an audit. As part of the work, the auditor considers whether any significant factors identified at the previous audit have changed to such an extent as to affect the appropriateness of the going concern assumption.

See **Appendix V** for a further description of the different form of audit and review procedures. An illustrative form of reporting by the independent auditor for the scope of the review of the interim financial statements is set out in **Appendix XIV**. The licensor may wish to develop a standard form of review report, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in the territory.

In turn, as described in 10.7.6, the licensor inspects the submitted information and, if necessary, addresses the consequences of any modifications to the review report.

### **10.7.5.3 THE AUDITOR'S REVIEW REPORT**

Based on the work performed, the auditor shall assess whether any information obtained during the review indicates that the interim financial statements do not give a true and fair view (or are not presented fairly, in all material respects) in accordance with the identified financial reporting framework (identifying the country of origin of the financial reporting framework when the framework used is not IFRS).

If matters have come to the auditor's attention, the auditor shall describe, in his review report, those matters that impair a true and fair view (or a fair presentation, in all material respects) in accordance with the identified financial reporting framework. This description shall include, unless impracticable, a quantification of the possible effect(s) on the interim financial statements, and either:

- a) Express a qualified conclusion; or
- b) When the effect of the matter is so material and pervasive to the interim financial statements that the auditor concludes that a qualified conclusion is not adequate to disclose the misleading or incomplete nature of the interim financial statements, the auditor express an adverse conclusion.

If there has been a material scope limitation, the auditor shall describe the limitation and either:

- c) Express a qualified conclusion in respect of the possible adjustments to the financial statements that might have been determined to be necessary had the limitation on the scope of the auditors work not existed; or
- d) When the possible effect of the limitation is so significant and pervasive that the auditor concludes that no level of assurance can be provided, he shall not provide any assurance and disclaim a conclusion.

In certain circumstances, an emphasis of matter paragraph may be added to a review report, without affecting the auditor's conclusion, to highlight a matter that is included as a note to the interim financial statements that more extensively discusses the matter.

Going concern is a fundamental accounting concept. Whilst management may not consider going concern as fully at the interim stage as they would for annual financial statements, they must undertake a review of their previous work performed in respect of the previous statutory closing date. They shall look at the position in respect of the previous statutory closing date to see whether any of the significant factors which they had identified at that time have changed in the interim to such an extent as to affect the appropriateness of the going concern assumption.

As part of the review, the auditor should inquire whether management has changed its assessment of the entity's ability to continue as a going concern. When, as a result of this inquiry or other review procedures the auditor becomes aware of events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, the auditor should inquire of management as to its plans for future action and consider the adequacy of the disclosures about such matters in the interim financial statements. If necessary, the auditor may consider that the uncertainties in respect of going concern need to be expressed in his review report and will, in turn, have implications for the licensor's own assessment procedures (as set out in 10.7.6 below).

#### **10.7.6 LICENSOR DECISION**

For those licence applicants required to submit reviewed interim financial statements, they must be assessed by the licensor to form the basis for his licensing decision in respect of criterion F.02. As part of his assessment, the licensor shall read the interim financial statements and the auditor's review report on the interim financial statements.

The licence must be refused:

- A) If the interim financial statements are not submitted to the licensor within the defined deadline.
- B) If the licence applicant submits interim financial statements that do not meet the minimum requirements for the content and accounting.

Having read and considered the auditor's review report on the interim financial statements, the licensor must assess it according to the points below:

- C) If the auditor's review report states that nothing has come to the auditor's attention, based on the review, that causes the auditor to believe the financial statements do not give a true and fair view (or are not presented fairly, in all material respects) in accordance with the identified financial reporting framework (negative assurance), this provides a satisfactory basis for granting the licence in respect of criterion F.02.
- D) If the auditor's review report disclaims a conclusion or gives an adverse conclusion, the licence must be refused.
- E) If the auditor's review report expresses, in respect of **going concern**, either an emphasis of matter or a qualified conclusion, then the licence must be refused, unless additional documentary evidence demonstrating the licence applicant's ability to continue as a going concern until at least the end of the season to be licensed has been provided to, and assessed by, the licensor to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in 10.11 (Future financial information).

If the auditor's review report in respect of the interim financial statements submitted in accordance with F.02 expresses an emphasis of matter or a qualified conclusion in respect of going concern, then the licence applicant/licensee shall be in breach of indicator IND.02 (as set out in 10.12.5). As a result, the licensor must undertake more extensive assessment procedures in respect of criterion F.06 (Future financial information) and, if granted a licence, the licensee must also comply with criterion F.08 (Duty to update future financial information).

- F) If the auditor's review report expresses, in respect of **a matter other than going concern**, either an emphasis of matter or a qualified conclusion, then the licensor must consider the implications of the modification for club licensing purposes.

The licence may be refused, unless additional documentary evidence is provided to, and assessed by, the licensor to his satisfaction.

**Appendix XV** provides a diagrammatic summary of the implications on the licensing decision of different modifications to the auditor's review report.

If the interim financial statements have been subject to an audit, rather than a review, having read and considered the auditor's report on the interim financial statements, the licensor must assess it according to the points set out in (C) to (F) in 10.6.6.

### **10.7.7 RELEVANT APPENDICES**

- V) Audits, reviews and agreed upon procedures: the differences in the procedures
- XII) Interim financial reporting: commentary on recognition and measurement
- XIII) Interim financial reporting: commentary on specific explanatory notes
- XIV) Interim financial reporting: illustrative form of review report that may be issued from an engagement to review interim financial statements
- XV) Interim financial reporting: diagrammatic summary of implications on the licensing decision of different modifications to the auditor's review report
- XXVIII) Promoted applicants: guidance on relaxation of disclosure requirements

## **10.8 NO PAYABLES OVERDUE TOWARDS FOOTBALL CLUBS ARISING FROM TRANSFER ACTIVITIES**

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### **10.8.1 THE CRITERION**

<b>No.</b>	<b>Grade</b>	<b>Description</b>
F.03	A	<p><b>No payables overdue towards football clubs arising from transfer activities</b></p> <p>The licence applicant must prove that it has no payables overdue towards football clubs arising from transfer activities as at 31 December of the year preceding the season to be licensed, unless by the following 31 March they have been fully settled, deferred by mutual agreement with the creditor or are subject to a not obviously unfounded dispute submitted to a competent authority.</p>

### **10.8.2 PURPOSE OF THE CRITERION**

This criterion primarily aims to help ensure that clubs receive transfer monies as agreed. This criterion will increase the protection of the creditors within the 'family of football', increase clubs' transparency, assist the financial management of clubs that are owed transfer monies from other clubs, and contribute towards fair play on and off the pitch. The assessment of the criterion at the same date for all clubs is equitable.

### **10.8.3 REPORTING DATE**

Regardless of the statutory closing date or interim financial reporting date of a licence applicant, the criterion is to be assessed as at 31 December of the year preceding the season to be licensed.

### **10.8.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT**

#### **10.8.4.1 INTRODUCTION TO THE CONTENT OF THE TRANSFER PAYABLES TABLE**

For the purpose of criterion F.03, payables are only those amounts due to football clubs arising from the *direct costs of acquiring a player's registration*. These include training compensation as defined in the "FIFA Regulations for the Status and Transfer of Players" as well as clauses for future compensation.

Agreements between clubs for the transfer of a player's registration often include clauses for future compensation payments dependent on certain conditions being met at some stage in the future (i.e. contingent liabilities). Typically, these clauses are related to the future 'success' of the player concerned and/or the new club he plays for – for example, number of appearances, goals scored, international caps, promotion of the club, avoiding relegation, qualification for European competition. Until a particular condition is actually met, the associated liability is not a payable and cannot be overdue.

If a dispute arises between clubs about payables arising from transfer activities, and if the matter is 'a not obviously unfounded dispute' submitted to a competent authority, and is at 31 March subject to resolution by the competent national or international body, then for the purpose of criterion F.03 the matter is not an 'overdue payable'.

#### **10.8.4.2 TRANSFER PAYABLES TABLE**

The licence applicant must disclose the transfer activities in a separate transfer payables table (see **Appendix XVI**), unless the information is already disclosed to the licensor under existing national transfer requirements (e.g. national clearing house system).

The transfer payables table must contain a separate entry in respect of each player acquisition (including loans) for which there is an amount outstanding to be paid at 31 December. The following information must be given as a minimum:

- a) player (identification by name or number);
- b) date of the transfer/loan agreement;
- c) the name of the football club that formerly held the registration;
- d) transfer (or loan) fee paid and/or payable (including training compensation);
- e) other direct costs of acquiring the registration paid and/or payable;
- f) amount settled/paid; and
- g) the balance in respect of each player acquisition payable at 31 December, detailed by due date(s) for each unpaid element of the transfer payables.

The licence applicant must reconcile the total liability per the transfer payables table with the figure in the balance sheet (if applicable) for 'Accounts payable relating to player transfers'. The licence applicant is required to report in this table all overdue payables even if payment has not been requested by the creditor.

The transfer payables table must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

The licensor may request further information.

It is recommended that similar information be provided by each licence applicant for the player transfer receivables (i.e. receivables arising from the transfer of player registrations to other clubs). An illustration of a transfer receivables table is provided in **Appendix XVII**.

#### **10.8.5 ASSESSMENT OF THE INFORMATION**

##### **10.8.5.1 DETERMINATION OF THE ASSESSOR**

The licensor may decide to carry out, itself, all of the assessment procedures in respect of criterion F.03, or it may decide to have independent auditors carry out the assessment procedures.

In the latter case, an auditor can be recognised by the licensor as competent to assess the payables on the same basis as described in 10.6.5.1 for the audit of the annual financial statements.

If an auditor is used, the auditor selected by the licence applicant for F.03 should be the same as the auditor who carried out the audit of the annual financial statements.

### **10.8.5.2 ASSESSMENT PROCEDURES**

The procedures to be performed to assess the information from licence applicants may vary depending on whether they are to be performed by the licensor or by independent auditors. It will also depend on the licensor's size, internal structure and organisation.

The licensor can implement its own framework of assessment procedures, with or without the use of independent auditors, that it believes fits best to its needs and organisation. Through the accreditation process, UEFA will ensure that the applied processes are suitable and consistent with the procedures proposed in this manual.

If the assessment procedures involve an auditor, the work may be performed by way of agreed-upon procedures. The licensor will still be required to perform some assessment work, including reading the auditor's report on the agreed-upon procedures in respect of the payables towards football clubs from transfer activities.

International Standard on Related Services 4400 'Engagements to Perform Agreed-Upon Procedures Regarding Financial Information' provides guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement.

The agreed-upon procedures include procedures such as:

- a) Reading the transfer payables table prepared by management;
- b) Making enquires of management regarding the compilation of the transfer payables table; and
- c) Comparing the information to the sources from which it was obtained.

The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body).

In **Appendix XVIII** further guidance is provided in respect of the agreed-upon procedures steps that may be performed by the auditor.

### **10.8.6 LICENSOR DECISION**

The licensor shall, as part of his assessment, read the information in respect of payables from transfer activities and also read the auditor's report on the agreed-upon procedures, if such a report is submitted.

The licence must be refused:

- A) If the information in respect of payables from transfer activities is not submitted to the licensor.
- B) If the licence applicant submits information that does not meet the minimum disclosure requirements.
- C) If the licence applicant has payables overdue towards football clubs arising from transfer activities as at 31 December of the year preceding the season to be licensed.

For the purpose of the licensing system, if the licence applicant has overdue payables at 31 December preceding the season to be licensed (see point C) above), the licence may still be granted if the licence applicant is able to prove by the following 31 March that:

- i) It has fully settled; i.e. paid in full the overdue payables, unless otherwise individually agreed with the creditor; or
- ii) It has concluded a written agreement with the creditor to extend the deadline of the payment of these payables overdue. (Note, if the creditor has not requested payment of an overdue amount, this is not considered as an extension of the deadline for payment); or
- iii) Proceedings have been opened with the competent authority according to national legislation, or proceedings have been opened with the statutory national or international football authorities or relevant Arbitration Tribunal, with regard to these overdue payables.

If the decision-making bodies consider that proceedings may have been opened by the licence applicant with the sole purpose to bring overdue balances into the disputed category (as a way of creating a situation as described in iii) above and 'buying time'), the licensor may request additional evidence in order to be satisfied that it is 'a not obviously unfounded dispute'.

#### **10.8.7 RELEVANT APPENDICES**

- XVI) Transfer payables table
- XVII) Transfer receivables table
- XVIII) Transfer payables reporting: illustrative form of agreed-upon procedures

## **10.9 NO PAYABLES OVERDUE TOWARDS EMPLOYEES AND SOCIAL/TAX AUTHORITIES**

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### **10.9.1 THE CRITERION**

<b>No.</b>	<b>Grade</b>	<b>Description</b>
<b>F.04</b>	<b>A</b>	<b>No payables overdue towards employees and social/tax authorities</b> The licence applicant must prove that, in respect of contractual and legal obligations with its employees, it has no payables overdue towards employees and social/tax authorities as at 31 December of the year preceding the season to be licensed, unless by the following 31 March they have been fully settled, deferred by mutual agreement with the creditor or are subject to a not obviously unfounded dispute submitted to a competent authority.

### **10.9.2 PURPOSE OF THE CRITERION**

This criterion primarily aims to help ensure that the designated employees receive payments due to them and associated social charges and taxes are also settled. This helps improve the protection of certain creditors, enhance clubs' credibility and contribute towards fair play on and off the pitch. The assessment of the criterion at the same date for all clubs is equitable.

### **10.9.3 REPORTING DATE**

Regardless of the statutory closing date or interim financial reporting date of a licence applicant, the criterion is to be assessed as at 31 December of the year preceding the season to be licensed.

### **10.9.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT**

#### **10.9.4.1 INTRODUCTION TO THE CONTENT OF PAYABLES TOWARDS EMPLOYEES AND SOCIAL/TAX AUTHORITIES**

For the purpose of criterion F.04, the term 'employees' includes the following persons:

- All professional players according to the applicable FIFA Regulations for the Status and Transfer of Players, and
- Those administrative, technical and security staff who are, according to Chapter 8 of the UEFA Club Licensing Manual (version 2.0E), graded "A" and more specifically: the General manager (P.02), the Finance officer (P.03), the Security officer (P.04), the Media officer (P.05), the Medical doctor (P.06), the Physiotherapist (P.07), the Head coach of first squad (P.08), the Head of youth development programme (P.09) and the Youth coaches (P.10). The list is exhaustive.

Amounts payable at 31 December will sometimes include amounts due to people who, for various reasons, are no longer employed by the applicant. Regardless of the way such payables are accounted for in the financial statements, they fall within the framework of criterion F.04 which requires the obligation to be settled/paid within the period or duration stipulated in the contract and/or defined by law.

The licensor may, if he chooses, also include within the requirements of this criterion employees other than those described above.

#### **10.9.4.2 LIST OF EMPLOYEES**

The licence applicant shall prepare a schedule showing all employees who were employed at any time during the year to 31 December preceding the season to be licensed; i.e. not just those who remain at year end. The schedule shall be submitted to the licensor.

The following information must be given, as a minimum, in respect of each employee:

- a) Name of the employee;
- b) Position/Function of the employee;
- c) Start date;
- d) Termination date (if applicable); and
- e) Any overdue payable as at 31 December, together with explanatory comment.

The employees schedule must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

#### **10.9.4.3 DOCUMENTATION IN RESPECT OF PAYABLES TOWARDS SOCIAL/TAX AUTHORITIES**

The licence applicant shall submit to the auditor and/or the licensor the necessary documentary evidence showing the amount payable (if any), as at 31 December of the year preceding the season to be licensed, to the competent social/tax authorities in respect of contractual and legal obligations with its employees.

### **10.9.5 ASSESSMENT OF THE INFORMATION**

#### **10.9.5.1 DETERMINATION OF THE ASSESSOR**

The licensor may decide to carry out, itself, all of the assessment procedures in respect of criterion F.04, or it may decide to have independent auditors carry out the assessment work, by way of agreed-upon procedures.

In the latter case, an auditor can be recognised by the licensor as competent to assess the payables on the same basis as described in 10.6.5.1 for the audit of the annual financial statements.

If an auditor is used, the auditor selected by the licence applicant for F.04 should be the same as the auditor who carried out the audit of the annual financial statements.

### **10.9.5.2 ASSESSMENT PROCEDURES**

The procedures to be performed to assess the information from licence applicants may vary depending on whether they are to be performed by the licensor or by an independent auditor. They will also depend on the licensor's size, internal structure and organisation.

The licensor can implement its own framework of assessment procedures, with or without the use of independent auditors, that it believes fits best to its needs and organisation. Through the accreditation process, UEFA will ensure that the applied processes are suitable.

If the assessment procedures involve an auditor, the work may be performed by way of agreed-upon procedures. The licensor will still be required to perform some assessment work, including reading the auditor's report of the agreed-upon procedures in respect of the payables towards employees and social/tax authorities.

International Standard on Related Services 4400 'Engagements to Perform Agreed-Upon Procedures Regarding Financial Information' provides guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement.

The agreed-upon procedures include procedures such as:

- a) Reading the information prepared by management;
- b) Making enquires of management regarding the compilation of the information;
- c) Obtaining and inspecting confirmation letters from employees; and
- d) Comparing the information to the sources from which it was obtained.

The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body).

**Appendices XIX and XX** contain further guidance in respect of the agreed-upon procedures that may be performed by the auditor.

### **10.9.6 LICENSOR DECISION**

The licensor shall, as part of his assessment, read the information in respect of payables towards employees and social/tax authorities and also read the auditor's report of factual findings, if such a report is submitted.

The licence must be refused:

- A) If the information in respect of payables overdue towards employees and social/tax authorities is not submitted to the licensor.
- B) If the licence applicant submits information that does not meet the minimum disclosure requirements.
- C) If the licence applicant has payables overdue towards employees and social/tax authorities as at 31 December of the year preceding the season to be licensed.

For the purpose of the licensing system, if the licence applicant has overdue payables at 31 December preceding the season to be licensed (see point C above), the licence may still be granted if the licence applicant is able to prove by the following 31 March that:

- i) It has fully settled; i.e. paid in full the overdue payables, unless otherwise individually agreed with the creditor; or
- ii) It has concluded a written agreement with the creditor to extend the deadline of the payment of these payables overdue (Note, if the creditor has not requested payment of an overdue amount, this is not considered as an extension of the deadline for payment); or
- iii) Proceedings have been opened with the competent authority according to national legislation, or proceedings have been opened with the statutory national or international football authorities or relevant Arbitration Tribunal, with regard to these payables overdue.

If the decision-making bodies consider that proceedings may have been opened by the licence applicant with the sole purpose to bring overdue balances into the disputed category (as a way of creating a situation as described in iii) above and 'buying time'), the licensor may request additional evidence in order to be satisfied that it is 'a not obviously unfounded dispute'.

#### **10.9.7 RELEVANT APPENDICES**

- XIX) Employee payables reporting: illustrative form of agreed-upon procedures
- XX) Employee payables reporting: illustrative confirmation letter from employees

## **10.10 WRITTEN REPRESENTATIONS PRIOR TO THE LICENSING DECISION**

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### **10.10.1 THE CRITERION**

<b>No.</b>	<b>Grade</b>	<b>Description</b>
<b>F.05</b>	<b>A</b>	<p><b>Written representations prior to the licensing decision</b></p> <p>Within seven days prior to the start of the period in which the licensing decision is to be made by the First Instance Body, the licence applicant must make written representations to the licensor.</p> <p>The written representations shall state whether or not any events or conditions of major economic importance have occurred, that may have an adverse impact on the licence applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable).</p>

### **10.10.2 PURPOSE OF THE CRITERION**

Criterion F.05 applies to all licence applicants.

The purpose of this criterion is to help safeguard the continuity of the competition. Prior to making the licensing decision, the licensor is provided with updated information from each licence applicant, about whether or not there have been any *events or conditions of major economic importance* since the balance sheet date of the preceding audited financial statements or reviewed interim financial statements, whichever is the latest document submitted. Therefore, the licensing decision can be made on the basis of more up-to-date information.

### **10.10.3 REPORTING PERIOD**

The licence applicant must prepare and submit to the licensor a management representations letter, within the seven day period prior to the start of the period in which the licensing decision is to be made by the FIB.

The deadline date must be defined by the licensor and communicated, in advance, to the licence applicants in writing.

### **10.10.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT**

Each licence applicant must prepare and submit to the licensor a management representations letter. The management representations letter must state whether or not there have been any events or conditions of major economic importance since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements. If any events or conditions of major economic importance have occurred, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made.

Approval by management shall be evidenced by way of a signature on behalf of the executive body of the licence applicant.

The licensor may request additional information and/or representations from management.

**Appendix XXI** provides an illustration of a management representations letter to the licensor.

Examples of events or conditions which, individually or collectively, may be considered of major economic importance include:

- a) Fixed term borrowing approaching maturity without realistic prospects of renewal or repayment;
- b) Indications of withdrawal of financial support by financiers and other creditors;
- c) Substantial operating losses since the last submitted financial statements;
- d) Inability to pay creditors on due dates;
- e) Inability to comply with the terms of loan agreements with finance providers;
- f) Discovery and confirmation of material fraud or errors that show the financial statements are incorrect;
- g) Determination of pending legal proceedings against the applicant that result in claims that are unlikely to be satisfied;
- h) The executive responsibilities of the licence applicant are being undertaken by a person(s) under some external appointment, relating to legal or insolvency procedures, rather than by the management;
- i) A significant change of key management;
- j) Management determines that it intends to liquidate the entity, cease trading, or seek protection from creditors pursuant to laws or regulations, or that it has no realistic alternative but to do so.

This listing is not all-inclusive, nor does the existence of one or more of the items always signify that an adverse impact on the licence applicant's financial position exists.

#### **10.10.5 ASSESSMENT OF THE WRITTEN REPRESENTATIONS**

In respect of criterion F.05, there is no requirement for the written representations submitted by the licence applicant to be subject to assessment procedures by an independent auditor.

The licensor may decide to carry out the assessment procedures itself, or it may request the applicant to have independent auditors carry out the assessment procedures.

If an auditor is used, the auditor selected by the licence applicant for F.05 should be the same as the auditor who carried out the audit of the preceding annual financial statements.

**10.10.6 LICENSOR DECISION**

The licensor shall, as part of his assessment, read and consider the information in respect of any *event or condition of major economic importance*, in combination with the historic financial information and future financial information provided by the licence applicant.

The licence must be refused:

- A) If the management representations letter is not submitted to the licensor within the defined deadline.
- B) If, based on the information in respect of any event or condition of major economic importance, historic financial information and future financial information that the licensor has assessed, in the licensor's judgement, the applicant may not be able to continue as a going concern until at least the end of the season to be licensed.

**10.10.7 RELEVANT APPENDICES**

- XXI) Illustrative management representations letter to licensor

## 10.11 CRITERION: FUTURE FINANCIAL INFORMATION

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### 10.11.1 THE CRITERION

No.	Grade	Description
F.06	A/B  Cf. Note	<b>Future financial information</b>  Future financial information shall be prepared and submitted by the licence applicant, consisting of:  a) A budgeted profit and loss account; b) A budgeted cash flow; and c) Explanatory notes including assumptions and risks and comparison of budget to actual figures.  The future financial information shall be based on assumptions that are not unreasonable and meet the minimum disclosure requirements defined by this manual.

Note: If the licence applicant exhibits a breach of any of the indicators, then the licensor must undertake more detailed assessment procedures upon the submitted future financial information and, in certain circumstances, this may provide the basis for a licence refusal. If the licence applicant does not exhibit a breach of any indicators, then the licensor does not have to undertake more detailed assessment procedures and, in certain circumstances, the licence applicant may be subject to a sanction, but not a licence refusal.

### 10.11.2 PURPOSE OF THE CRITERION

Future financial information relates to the time subsequent to the financial reporting period of the annual financial statements and, if applicable, the interim financial statements, and covers the period of the season to be licensed.

Future financial information is financial information based on assumptions about events that may occur in the future and possible actions by the management of clubs. It is subjective in nature and its preparation requires the exercise of judgement.

For the clubs, the discipline of preparing future financial information can help improve their economic and financial capability. The future financial information can be an important management tool to help predict future cash flows and, in particular, their timing and certainty. In turn, this can help improve financial stability and protect creditors. Financial *budgeting* and its subsequent monitoring is good business practice.

For the licensor receiving the future financial information, it can assist the licensor to predict a club's future cash flow and ability to meet its financial obligations in the future. The licensor's understanding of the financial position and prospects of member clubs can be improved. In turn, this can be used to help protect creditors and safeguard the continuity of competitions.

In relation to future financial information, the link between the objectives, the financial criteria, the information requirements and the assessment procedures is summarised in the diagram in 10.4.3.

Every licence applicant must prepare and submit future financial information. Every licensor must ensure that, in respect of the clubs which qualify for UEFA club competitions, criterion F.06 is met. If a licence applicant exhibits certain conditions (termed indicators), then the licence applicant must also fulfil criterion F.08 (Duty to update future financial information), as set out in 10.14.

Submission of the future financial information to the licensor helps to ensure that such information has been prepared and helps provide a more consistent approach amongst member associations.

### **10.11.3 REPORTING PERIOD**

The licence applicant must prepare future financial information covering the period commencing immediately after the later of the statutory closing date of the annual financial statements (submitted in accordance to F.01) or, if applicable, the balance sheet date of the interim financial statements (submitted in accordance with criterion F.02); and covering the entire season to be licensed. The information must be prepared, as a minimum, on a six month basis.

For example, the future financial information would cover the 18 month period from 1 January to 30 June of the following year and would be disaggregated into three six month periods – to interval dates of 30 June, 31 December and 30 June of the following year, respectively.

### **10.11.4 INFORMATION TO BE PREPARED BY THE LICENCE APPLICANT**

#### **10.11.4.1 INTRODUCTION TO THE MINIMUM REQUIREMENTS FOR FUTURE FINANCIAL INFORMATION**

The licence applicant must prepare and submit future financial information consisting of:

- i) A budgeted profit and loss account;
- ii) A budgeted cash flow; and
- iii) Explanatory notes, including assumptions and risks and comparison of budget to actual figures. There must also be a statement that the future financial information has been prepared on a consistent basis with the audited annual financial statements.

The future financial information schedules must include, as a minimum, a comparative profit and loss account and cash flow statement for the immediately preceding financial year and interim period (if applicable).

In addition, the following information shall be disclosed:

- a) The name (and legal form) of the reporting entity and any change in that information from the preceding statutory closing date;
- b) Whether the financial information covers the individual entity or a group of entities or some other combination of entities; and
- c) The presentation currency.

The future financial information must be based on assumptions that are not unreasonable.

The future financial information, together with the assumptions upon which they are based, must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

#### **10.11.4.2 MINIMUM REQUIREMENTS FOR THE CONTENT OF FUTURE FINANCIAL INFORMATION**

The future financial information must include, as a minimum:

- a) In respect of the budgeted profit and loss account, the equivalent of each of the line items listed from (i) to (xiv) in 10.6.4.5, plus the total equity at the beginning of the period and budgeted for the end of the period; and
- b) In respect of the budgeted cash flow, budget cash flows during the period(s) classified by operating, investing and financing activities, in a manner which management consider most appropriate.

Additional line items or notes shall be included if they provide clarification or if their omission would make the future financial information misleading.

A licence applicant must apply the same accounting policies for its future financial information as are applied in its annual financial statements, except for accounting policy changes which have been made after the date of the most recent annual financial statements and which are to be reflected in the next annual financial statements. In such a case, details of the changes shall be disclosed.

The future financial information must include a brief description of each of the significant assumptions (by reference to the relevant aspects of historic financial and other information) that have been used to prepare the budgeted profit and loss account and cash flow statement, and also briefly describe the key risks that may affect the future financial results.

This manual does not prescribe the basis for recognition or measurement of transactions and other events and does not prescribe the basis for determining reasonable assumptions, except that the bases adopted should be consistent with those used in the licence applicant's historic financial information. Hence, each of the significant assumptions should be described by reference to the relevant aspects of historic financial and other information. Some commentary about the preparation of future financial information is contained in **Appendix XXIII**. The minimum disclosure requirements for future financial information in accordance with F.06 are also illustrated in **Appendix XXIV**.

For the purpose of the minimum requirements of criterion F.06, there is no requirement for a balance sheet to be prepared. However, it is good practice for the licence applicant to prepare a balance sheet, integrated with the profit and loss account and cash flow, covering the same period.

### **10.11.5 ASSESSMENT OF THE FUTURE FINANCIAL INFORMATION**

#### **10.11.5.1 INDICATORS**

All licence applicants must submit future financial information that meet the minimum requirements for content set out in 10.11.4. If the licence applicant's historic financial

information exhibits certain warning signs, the future financial information must be assessed by the licensor and/or an independent auditor and, subsequently, the licensee is required to prepare and submit updated future financial information during the season to be licensed. The warning signs are measured by a set of financial indicators that, if breached, may indicate to the licensor some concern about the financial performance and future prospects of that licence applicant.

The indicators are defined in 10.11.5.2. The licensor is responsible for assessing whether or not an indicator is breached.

The indicators are part of the risk-based approach, whereby those licence applicants that exhibit certain 'warning signs' will be subject to more extensive requirements. If a licence applicant breaches one or more of the indicators, then:

- a) The licensor will undertake more extensive assessment procedures on the information submitted in respect of criterion F.06 (cf. 10.11.5.3); and
- b) If the applicant is granted a licence, subsequently it has an obligation to submit updated future financial information during the year thereafter (cf. 10.14; criterion F.08).

In some respects, this risk-based approach should encourage better financial management and results by clubs. It also enables the licensor to focus efforts on those licence applicants exhibiting 'warning signs' that may indicate to the licensor some concern about the financial performance and future prospects of that licence applicant.

For implementation within the national club licensing manual, if some licensors want to have additional criteria, indicators, information requirements and assessment procedures, as some already do, they can do so.

The requirement for an independent auditor and/or the licensor to examine and report on the future financial information enhances the credibility of the information and the process undertaken by management to prepare it.

#### **10.11.5.2 DEFINITION OF THE INDICATORS**

If a licence applicant exhibits any of the conditions described by IND.01, IND.02 or IND.03 (below), the licence applicant shall be in breach of the indicator(s).

No.	Description
<b>IND.01</b>	The auditor's report in respect of the audited annual financial statements submitted in accordance with criterion F.01 includes an emphasis of matter or a qualified 'except for' opinion in respect of going concern. (cf. 10.6.6).
<b>IND.02</b>	For those licence applicants required to submit reviewed interim financial statements in accordance with criterion F.02, the auditor's review report expresses an emphasis of matter or qualified conclusion in respect of going concern. (cf. 10.7.6).
<b>IND.03</b>	In the audited annual financial statements (including where required the supplementary information) submitted in accordance with criterion F.01, there is disclosed a net liabilities position that has deteriorated relative to the comparative figure at the preceding statutory closing date. (cf. 10.6.4.4 and <b>Appendix XXV</b> ).

### 10.11.5.3 ASSESSMENT PROCEDURES

The licensor may choose to perform, or request performance by the applicant's independent auditor, of any reasonable assessment procedures it believes are appropriate.

#### **No breach of indicators**

If the licence applicant is not in breach of any indicator, the licensor may evaluate the future financial information provided to it.

#### **Breach of indicators**

If the licence applicant is in breach of any indicator, the future financial information must be subject to certain minimum assessment procedures carried out by the licensor or an independent auditor.

The assessment procedures must include, as a minimum, the following:

- a) check whether the future financial information is arithmetically accurate;
- b) through discussion with management and review of the future financial information, determination whether the future financial information has been prepared using the disclosed assumptions and risks;
- c) check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding audited annual financial statements or reviewed interim financial statements (if such interim statements have been submitted); and
- d) check that the future financial information has been formally approved by the executive body of the licence applicant.

If an independent auditor is involved, the work can be carried out by way of agreed-upon procedures. The auditor should be the same as the auditor selected to carry out the audit of the immediately preceding annual financial statements. The licence applicant must submit to the licensor a copy of the future financial information approved by management and a copy of the auditor's report of factual findings which must be assessed by the licensor.

#### **10.11.6 LICENSOR DECISION**

##### **No breach of indicators**

- A) The licence applicant must be sanctioned if it does not submit future financial information that meets the minimum requirements for the content within the defined deadline.

##### **Breach of indicators**

- B) The licence must be refused if, based on the historic financial information and future financial information, in the licensor's judgement, the applicant may not be able to continue as a going concern until at least the end of the season to be licensed.
- C) If, in the licensor's judgement, the licence applicant is in breach of any indicator then, subsequent to the licensing decision, the licensee must also fulfil criterion F.08 (Duty to update future financial information), as set out in 10.14.

#### **10.11.7 RELEVANT APPENDICES**

- XXIII) Future financial information: commentary on preparation
- XXIV) Illustrative future financial information
- XXV) Indicators: guidance on interpretation of IND.03 in respect of net assets/liabilities
- XXVI) Future financial information: commentary on possible additional assessment procedures

## 10.12 CRITERIA: SUBSEQUENT INFORMATION

Criteria F.07 and F.08 apply to licensees in the time after the licensing decision. Criterion F.07 (Duty to notify *subsequent events*) applies to all licensees. Criterion F.08 (Duty to update future financial information) only applies to those licensees who exhibited a breach of one or more of the indicators. Both criteria will help to safeguard the continuity of the competitions and will provide the licensor with more transparency and possibility to better assist the clubs during the whole season.

No.	Grade	Description
F.07	B	<p><b>Duty to notify subsequent events</b></p> <p>Following the licensing decision by the decision-making body, the licensee must promptly notify the licensor in writing about any subsequent events that may cast significant doubt upon the licensee's ability to continue as a going concern until at least the end of the season for which the licence has been granted.</p> <p>Compliance with this criterion shall be assessed by the licensor in respect of the following licensing cycle.</p>
F.08	B	<p><b>Duty to update future financial information</b></p> <p>If the licensee is in breach of one or more of the indicators, then the licensee must prepare and submit an updated version of the future financial information (prepared according to F.06). In addition, the prepared information shall include a comparison of budget to actual figures including explanations of variances. The updated version of the future financial information must be prepared, as a minimum, on a six-month basis.</p> <p>The updated future financial information shall meet the minimum disclosure requirements defined by this manual.</p> <p>Compliance with this criterion shall be assessed by the licensor in respect of the following licensing cycle.</p>

## **10.13 DUTY TO NOTIFY SUBSEQUENT EVENTS**

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### **10.13.1 THE CRITERION**

<b>No.</b>	<b>Grade</b>	<b>Description</b>
F. 07	B	<p><b>Duty to notify subsequent events</b></p> <p>Following the licensing decision by the decision-making body, the licensee must promptly notify the licensor in writing about any subsequent events that may cast significant doubt upon the licensee's ability to continue as a going concern until at least the end of the season for which the licence has been granted.</p> <p>Compliance with this criterion shall be assessed by the licensor in respect of the following licensing cycle.</p>

### **10.13.2 PURPOSE OF THE CRITERION**

Criterion F.07 applies to all licensees.

The purpose of this criterion is to help safeguard the continuity of the competition. Furthermore it will improve transparency and allow the licensor to better assist the licensee during the season.

### **10.13.3 REPORTING PERIOD**

After it has been issued a licence, up until the end of the season for which the licence has been granted, the licensee must promptly notify the licensor in writing of any *subsequent event* that may cast significant doubt upon the licensee's ability to continue as a going concern up to the end of the season for which the licence has been granted.

At any time, the licensor may request information and/or written representations from management about any possible such events or conditions.

### **10.13.4 INFORMATION TO BE PREPARED BY THE LICENSEE**

The information prepared by management must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement (with supporting reasons) that such an estimate cannot be made. The licensor may request additional information and/or representations from management.

Some examples of events or conditions which, individually or collectively, may cast significant doubt about the licensee's ability to continue as a going concern until at least the end of the season for which the licence has been granted are listed in 10.10.4.

### **10.13.5 ASSESSMENT OF THE SUBSEQUENT EVENTS**

The licensor may decide to carry out some assessment procedures itself, or it may request the licensee to have independent auditors carry out some of the assessment procedures.

If an auditor is used, the auditor selected by the licensee for F.07 should be the same as the auditor who carried out the audit of the preceding annual financial statements.

**10.13.6 LICENSOR DECISION**

Compliance with criterion F.07 shall be assessed by the decision-making bodies in respect of the following *licensing cycle*.

The licensee must be sanctioned if any subsequent event that may cast significant doubt about the licensee's ability to continue as a going concern until at least the end of the season for which the licence has been granted, is not notified to the licensor without undue delay.

## **10.14 DUTY TO UPDATE FUTURE FINANCIAL INFORMATION**

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### **10.14.1 THE CRITERION**

<b>No.</b>	<b>Grade</b>	<b>Description</b>
F.08	B	<p><b>Duty to update future financial information</b></p> <p>If the licensee is in breach of one or more of the indicators, then the licensee must prepare and submit an updated version of the future financial information (prepared according to F.06). In addition, the prepared information shall include a comparison of budget to actual figures including explanations of variances. The updated version of the future financial information must be prepared, as a minimum, on a six-month basis.</p> <p>The updated future financial information shall meet the minimum disclosure requirements defined by this manual.</p> <p>Compliance with this criterion shall be assessed by the licensor in respect of the following licensing cycle.</p>

### **10.14.2 PURPOSE OF THE CRITERION**

As described in 10.11.5, the indicators are part of the risk-based approach whereby those licence applicants that exhibit certain 'warning signs' will be subject to more extensive requirements. Criterion F.08 is only applicable if the licensee was in breach of one or more of the indicators.

No matter how diligent and disciplined the approach to preparing future financial information, the actual results are likely to be different from the budget results because events and circumstances frequently do not occur as expected, and the differences may be material.

The discipline of preparing future financial information, and then monitoring it on a periodic basis, can help improve the economic and financial capability of clubs. It is good business practice for budgets to be monitored, compared to actual results and updated on a regular basis. The future financial information is an important management tool to help predict the entity's future cash flows and, in particular, their timing and certainty.

When the updated future financial information is submitted to the licensor on a regular basis, it can assist the licensor to develop an understanding of the financial dynamics of the licence applicant and, so, to predict the entity's future cash flow and ability to meet its financial obligations in the future. The licensor's understanding of the financial position and prospects of member clubs will be improved, as will its ability to proactively offer assistance to any club with potential financial issues. In turn, this can be used to safeguard the continuity of competitions.

### **10.14.3 REPORTING PERIOD**

The licensee must prepare, as a minimum, updated future financial information on a six month basis; e.g. in respect of the period from the interval date of 30 June and 31 December of the *licensing season* through to 30 June of the following year. .

The updated future financial information must be submitted to the licensor within the set deadlines. The deadline for submission of the updated future financial information must be no later than three months after each of the interval dates.

### **10.14.4 INFORMATION TO BE PREPARED BY THE LICENSEE**

#### **10.14.4.1 MINIMUM DISCLOSURE REQUIREMENTS FOR THE UPDATED FUTURE FINANCIAL INFORMATION**

The licensee must prepare and submit updated future financial information consisting of:

- i) Budgeted profit and loss account;
- ii) Budgeted cash flow statement; and
- iii) Explanatory notes, including assumptions and risks and comparison of budget to actual figures. There must also be a statement that the future financial information has been prepared on a consistent basis with the preceding audited annual financial statements and a summary of the significant deviations between the budget and actual figures.

To comply with criterion F.08, the licensee must prepare and submit the same minimum level of detail in the future financial information schedules as set out in 10.11.4 above. This manual does not prescribe the basis for recognition or measurement of transactions and other events and does not prescribe the basis for determining reasonable assumptions.

The comparative financial information that must be included within the updated future financial information schedules is described below in 10.14.4.2.

In addition, the following information shall be disclosed:

- a) The name (and legal form) of the reporting entity and any change in that information from the preceding statutory closing date;
- b) Whether the financial information covers the individual entity or a group of entities or some other combination of entities; and
- c) The presentation currency.

The updated future financial information must be based on assumptions that are not unreasonable.

The updated future financial information, together with the assumptions upon which they are based, must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

#### **10.14.4.2 COMPARATIVES DISCLOSURE REQUIREMENTS FOR THE UPDATED FUTURE FINANCIAL INFORMATION**

The updated future financial information schedules must also include, as a minimum:

- a) The original budgeted profit and loss account and cash flow figures in respect of the six-month period immediately preceding the interval date (as submitted in accordance with criterion F.06);
- b) The actual profit and loss account and cash flow figures for the six-month period immediately preceding the interval date; and
- c) The difference between the budgeted and actual figures for the six-month period immediately preceding the interval date. That is, brief explanations of significant differences between the budgeted and actual results for the preceding six month period (e.g. ending 30 June or 31 December, as appropriate).

For an illustrative summary of the updated future financial information to be prepared by the relevant licensees at each interval date see **Appendix XXVII**.

For the following licensing cycle, some of the information requirements for F.06 and F.08 may coincide and duplication of information should be avoided.

#### **10.14.5 ASSESSMENT OF THE UPDATED FUTURE FINANCIAL INFORMATION**

In respect of criterion F.08, there is no requirement for the updated future financial information prepared and submitted by the licensee to be subject to assessment procedures by an independent auditor.

The licensor may choose to perform or request performance by the applicant's independent auditor of any reasonable assessment procedures it believes are necessary in relation to the matters notified to the licensor.

If an auditor is used, the auditor selected by the licensee for F.08 should be the same as the auditor who carried out the audit of the preceding annual financial statements.

The licensor shall read and consider the future financial information provided to it. The licensor may request any additional information it believes is necessary.

#### **10.14.6 LICENSOR DECISION**

Compliance with criterion F.08 shall be assessed by the decision-making bodies in respect of the following licensing cycle.

For the following licensing cycle, the licensee must be sanctioned:

- A) If the updated future financial information is not submitted within the defined deadline.
- B) If the licensee submits information that does not meet the minimum information requirements for the content (as set out in 10.14.4).

- C) If the licensee does not submit further information and/or representations from management regarding its plans for the future, if such information/representations have been requested by the licensor, or if such information/representations are not complete.

**10.14.7 RELEVANT APPENDICES**

- XXVII) Updated future financial information: summary of information to be provided as part of the updated future financial information.

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## **APPENDIX I            EXISTENCE OF LEGAL BASIS WITHIN THE STATUTES OF THE NATIONAL ASSOCIATION**

In order for the club licensing system to be implemented within all UEFA member associations, each single national association must have a legal basis within its statutes.

Therefore, the national association shall introduce into its statutes a provision which describes the objective of the system and the relevant authority and contains a reference to further more detailed regulations and/or a separate rulebook.

The following is an example of such a provision:

“The entry of a member club in national and UEFA club competitions is subject to a licence granted by the licensor, which is (to be decided by the national association)

Alternative A: the national association,

Alternative B: the affiliated league.

The licensing process as well as the set of criteria which have to be fulfilled by the member club for entering in the national and international competitions is described in a specific club licensing regulation approved by the executive body of the licensor and accredited by UEFA”.

The national association must assure that such a provision is approved and implemented.

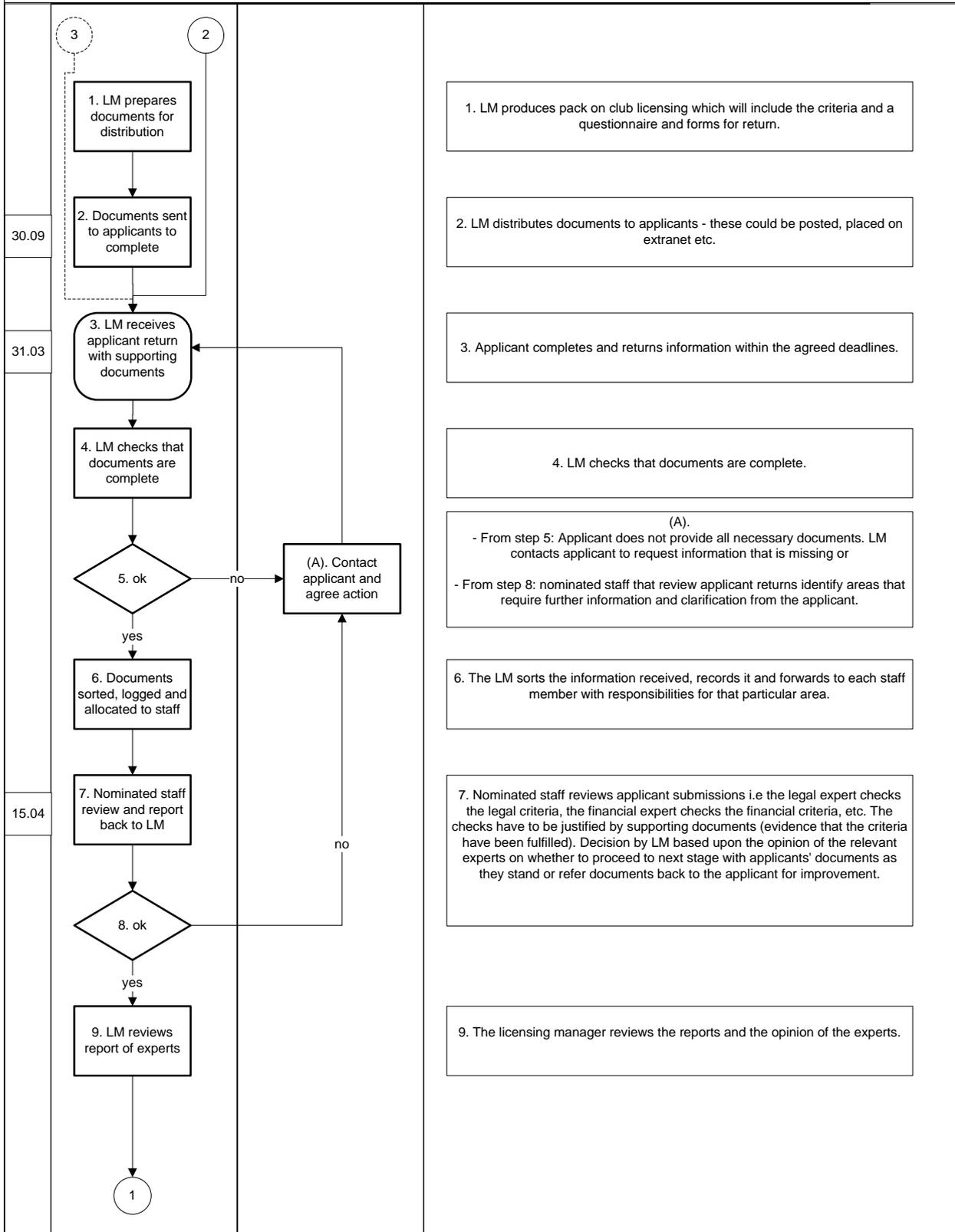
## APPENDIX II      **CORE PROCESS**

The following chart provides an example of a core process:

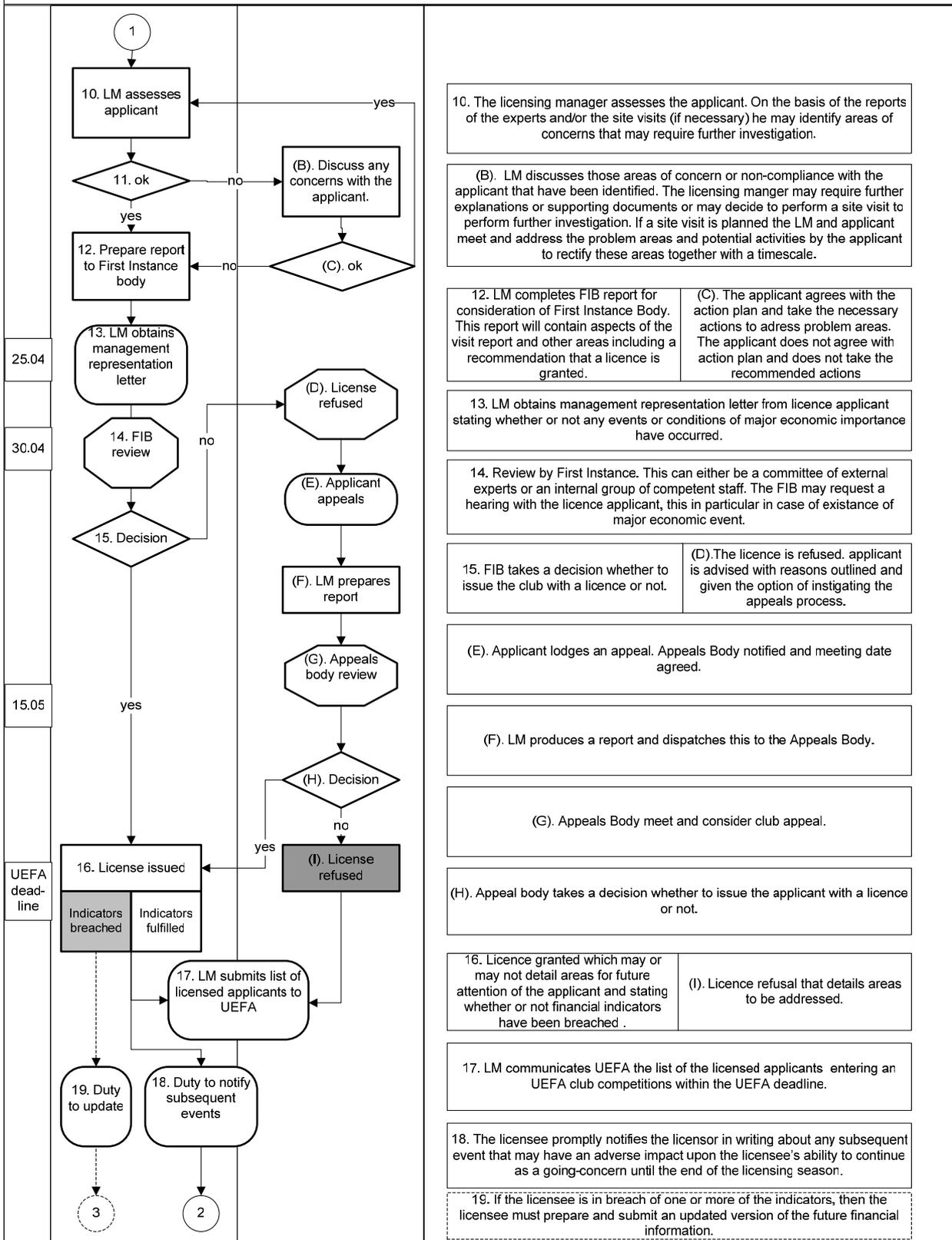
The **numbers** in the chart detail in logical order refer to the steps to be taken in terms of processing a club licence on behalf of the licence applicants. The chart follows the sequence of numbers from 1 to 19 (left column). These steps will be the ones to follow where no issues arise in the process, i.e. a licence applicant meets all the requirements and the licensor's management proceeds according to the ideal plan.

The **letters** in the chart refer to the issues that may or are likely to arise in the process and which need to be dealt with appropriately. The chart follows the sequence of letters from (A) to (I) (central column). The right column provides the reader with a short description of each single step.

# Core Process



licensor's administration    
  decision-making bodies    
  license applicant / licensee



10. The licensing manager assesses the applicant. On the basis of the reports of the experts and/or the site visits (if necessary) he may identify areas of concerns that may require further investigation.

(B). LM discusses those areas of concern or non-compliance with the applicant that have been identified. The licensing manager may require further explanations or supporting documents or may decide to perform a site visit to perform further investigation. If a site visit is planned the LM and applicant meet and address the problem areas and potential activities by the applicant to rectify these areas together with a timescale.

12. LM completes FIB report for consideration of First Instance Body. This report will contain aspects of the visit report and other areas including a recommendation that a licence is granted.

(C). The applicant agrees with the action plan and take the necessary actions to address problem areas. The applicant does not agree with action plan and does not take the recommended actions

13. LM obtains management representation letter from licence applicant stating whether or not any events or conditions of major economic importance have occurred.

14. Review by First Instance. This can either be a committee of external experts or an internal group of competent staff. The FIB may request a hearing with the licence applicant, this in particular in case of existence of major economic event.

15. FIB takes a decision whether to issue the club with a licence or not.

(D).The licence is refused. applicant is advised with reasons outlined and given the option of instigating the appeals process.

(E). Applicant lodges an appeal. Appeals Body notified and meeting date agreed.

(F). LM produces a report and dispatches this to the Appeals Body.

(G). Appeals Body meet and consider club appeal.

(H). Appeal body takes a decision whether to issue the applicant with a licence or not.

16. Licence granted which may or may not detail areas for future attention of the applicant and stating whether or not financial indicators have been breached .

(I). Licence refusal that details areas to be addressed.

17. LM communicates UEFA the list of the licensed applicants entering an UEFA club competitions within the UEFA deadline.

18. The licensee promptly notifies the licensor in writing about any subsequent event that may have an adverse impact upon the licensee's ability to continue as a going-concern until the end of the licensing season.

19. If the licensee is in breach of one or more of the indicators, then the licensee must prepare and submit an updated version of the future financial information.

1. Prior to the deadline for the submission to UEFA of the list of clubs entering a UEFA club competition and at a date to be defined by the licensor, the licensing manager produces the documents on club licensing which will include the criteria, the questionnaires and forms for return.
2. The licensing manager distributes the prepared pack of documents to the licence applicant. These can be posted, faxed, posted on the extranet, etc. The licensing manager may request an acknowledgement of receipt.
3. The licence applicant completes the documents (questionnaires, templates, etc.) and returns them to the licensing manager within the agreed deadline. These documents can be returned by mail, faxed, posted on the extranet, etc.. Supporting documents can be enclosed if required.
4. The licensing manager checks at the reception that the documents returned by the licence applicant are complete and that they are returned within the agreed deadline.
5. Decision.  
Two alternatives: step 6 or step (A)
6. If the documents are complete and sent within the agreed deadline the licensing manager sorts the information received, records it and forwards it to the appointed experts with responsibilities for that particular area for review (e.g. legal documents will be forwarded to the legal expert, financial information to the financial expert, etc.).
7. The nominated experts receive the licence applicants' documents from the licensing manager, review the documents, check the fulfilment of the criteria and then report back to the licensing manager within the agreed deadline and according to prepared forms (checklists, reports etc.). The checks have to be justified by supporting documents (evidence that the criteria have been fulfilled), e.g. Criteria I.01 Stadium-certification has to be supported by a copy of the valid stadium certificate.
8. Decision.  
Two alternatives: step 9 or step (A)
9. The licensing manager verifies that the reports of the experts are complete and returned within the agreed deadline. The licensing manager reviews the reports and the opinion of the experts.
10. The licensing manager assesses the licence applicant. On the basis of the reports of the experts he may identify areas of concern that may require further investigation.
11. Decision.  
Two alternatives: step 12 or step (B)
12. If the licensing manager does not identify any area that requires further review, he prepares the report for consideration of the FIB within the agreed deadline. This report will contain aspects of the review (analysis of the documents received and, if performed, information on site visits).

13. LM obtains management representation letter from licence applicant stating whether or not any events or conditions of major economic importance have occurred. This is included to his report. According to the results of the review the report will include the recommendation to grant or to refuse the licence.
14. The FIB receives the report of the licensing manager within the agreed deadline, reviews it, asks the licensing manager for further explanations and documents if necessary and makes the decision whether to grant the licence or not.  
The FIB has to fulfil the requirements of qualification, independence and confidentiality as described in section 3.3 and 3.4 of this club licensing manual.
15. Decision.  
Two alternatives: step 16 or step (D).
16. After careful review of the licence applicant's documents and of the report of the licensing manager, the decision-making body issues the licence. The issuance of the licence is subject to the condition that the licence applicant fulfils all MUST criteria defined in the UEFA club licensing manual. The issued licence may or may not detail areas for future attention of the licence applicant.
17. The licensing manager receives the report of the decision-making body. On the basis of the decision made by the decision-making body, he prepares the list of the licence applicants authorised to enter in a UEFA club competition. The list of licensed clubs is sent to UEFA within the deadline fixed and communicated by UEFA by August 31<sup>st</sup> of the year preceding the season to be licensed.
18. After it has been issued a licence, up until the end of the season to be licensed, the licensee must promptly notify the licensor in writing of any subsequent event, that it is aware of at any time, that may cast significant doubt upon the licensee's ability to continue as a going concern until at least the end of the season for which the license has been granted.
19. If the licensee is in breach of one or more of the indicators, then the licensee must prepare and submit an updated version of the future financial information. The future financial information must be prepared, as a minimum, on a six-month basis.
  - (A) From step 5:  
If the documents are not complete or if they are not sent within the agreed deadline the licensing manager contacts the licence applicant in order to agree on the next actions to be taken (e.g. to request information, supporting documents, questionnaire or form that is missing).
  - (B) From step 8:  
If the licensing expert identifies areas that require further information, he contacts the licence applicant to discuss any issue to obtain clarifications, and reaches a mutual agreement on the actions to be taken.

If the licensing manager identifies areas that require further review (non-compliance with certain criteria, errors, lack of information, etc.) he contacts the licence applicant to discuss any concerns. The licensing manager may require further explanations or supporting documents or may decide to perform a site visit for the purposes of further investigation. If a site visit is planned, the licensing manager and/or the expert meet with the licence applicant and address the problem areas.

They identify potential actions by the club to rectify these areas together with a timescale.

(C) Decision.

Two alternatives:

- If the licence applicant agrees with the licensing manager on the actions to be taken, then go back to step 10.
- If the licence applicant does not agree with the licensing manager's report and refuses to deliver new information or to take the necessary actions, then go back to step 12.

(D) After careful review of the licence applicant's documents and of the report of the licensing manager the FIB refuses to grant the licence. The refusal details the areas to be addressed and the licence applicant is given the possibility of lodging an appeal with the AB.

(E) The licence applicant lodges an appeal. The AB is notified and the meeting date is set by agreement.

(F) The licensing manager produces a report and delivers it to the AB. The report details areas of concern and the reasons for the refusal.

(G) The AB meets and considers the licence applicant's appeal. The AB may require further information and/or supporting documentation from the licensing manager and /or licence applicant.

(H) Decision.

Two alternatives: step 15 or to step (I).

(I) After careful review of the licence applicant's documents and of the report of the licensing manager, the AB refuses to grant the licence. The report of the AB details the reasons for the refusal and the areas to be addressed.

Fulfilment of steps 18 and 19 shall be assessed in respect of the following licensing cycle.

## APPENDIX III      **REGISTRATION OF FOOTBALL STAFF – INDIVIDUAL LICENCE FOR PERSONS IN THE TECHNICAL ZONE**

UEFA recommends the national associations to establish a regulation for the registration of individuals taking over the function defined by criteria P.06 – P.10 and P.12. These persons are allowed to be in the technical zone during a UEFA competition match.

The registration of the person occupying these functions aims to:

- a) define the obligations of an individual taking over such a function and provide him with a licence like the players' passport;
- b) describe the licence for those functions and its scope of application (territory and duration);
- c) subordinate him to the disciplinary power of the national association and all other football bodies (FIFA, UEFA, etc.);
- d) verify that this individual has successfully completed the corresponding education course for which he provides a diploma;
- e) ensure that the knowledge is maintained and updated through mandatory participation in "repetition courses" (e.g. for coaches yearly weekend course for A-license holders);
- f) define the obligations of the club with regard to the registration (submit a copy of the signed contract to the national association, etc.);
- g) describe consequences of the non-fulfilment of the registration requirements for any person and the club. (fine, reduction of points, etc.).

The national association defines the interval of this registration procedure for all these individuals.

The national association is responsible for the registration procedure and requires for example the submission of the following documents (e.g.):

- a) copy of the contract (if an employee);
- b) proof that the required coaching diploma/certificate has been achieved;
- c) proof to have successfully participated in the required repetition course;
- d) working permit (if applicable and required by law);
- e) confirmation from the person in charge to recognize the statutes, regulations of and decisions taken by the football authorities (FIFA, UEFA, FA, League and club) as well as to recognize the corresponding arbitration tribunal for any dispute (insert correct name);
- f) other documents (e.g. CV, activity report before joining the new association etc.).

The output of a successful registration procedure within the national association is a "licence" for the individual valid for the fixed period/season.

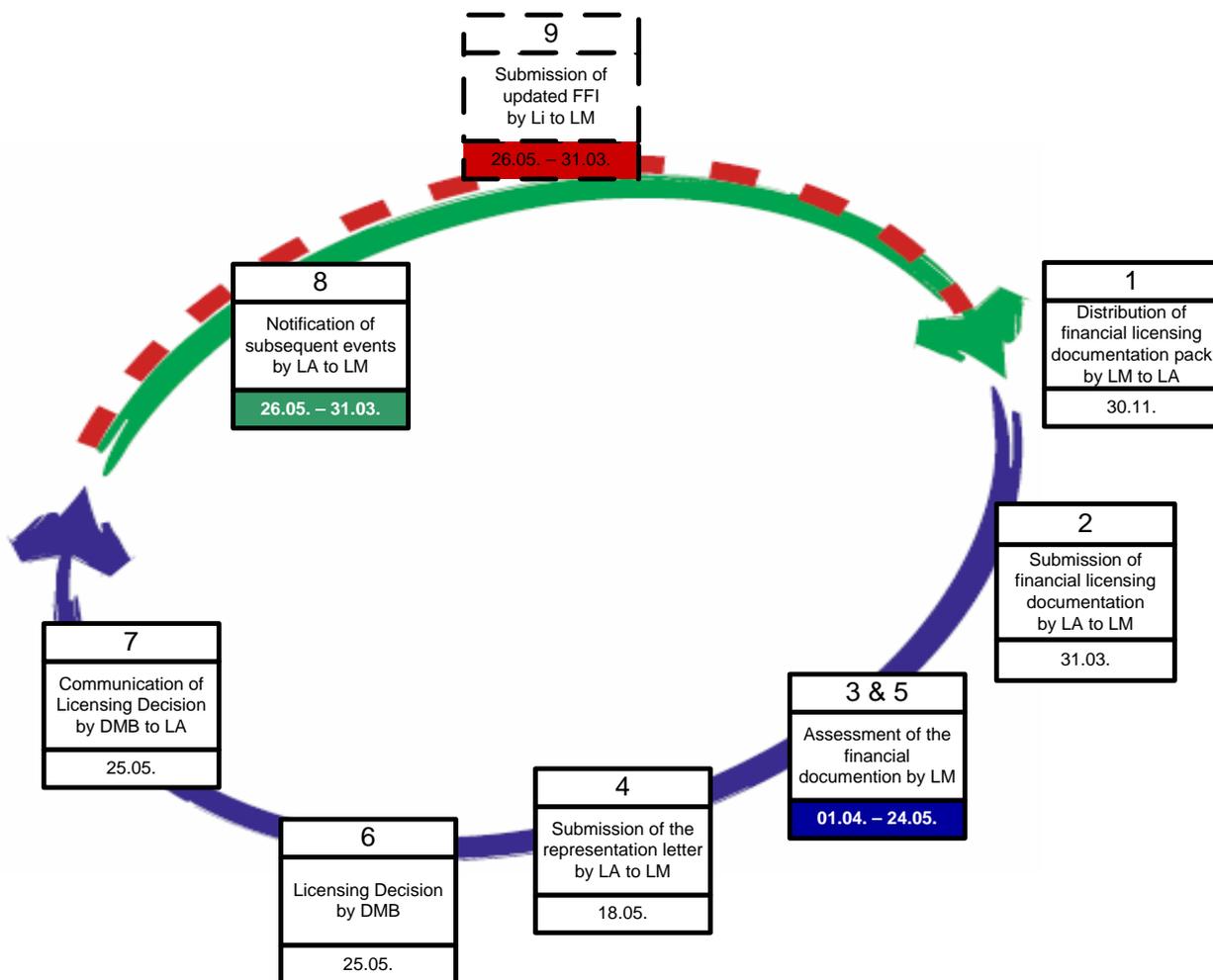
## APPENDIX IV SUMMARY OF THE CLUB LICENSING PROCESS IN RESPECT OF THE FINANCIAL CRITERIA

This appendix provides a summary of:

- The documentation that the licence applicant must submit in respect of the financial criteria; and
- The processes undertaken by the licensor (being the licensing manager and the decision making bodies).

For the purpose of this summary, it is assumed that the licensor's submission deadline is 31 March 200t.

*Diagram: Overview of the club licensing system in respect of financial criteria*



**Legend:**

LM = Licensing Manager LA = Licence Applicant DMB = Decision-making Body Li = Licensee

1. By a date to be defined by the licensor (for example, 30.11.t-1), the licensing manager (LM) prepares the pack of documents on club licensing and distributes the pack to each licence applicant (LA).
2. By 31.03.200t, the licence applicant must submit the following documentation to the licensor:
  - a. In respect of criterion F.01, audited annual financial statements (and, if required to meet the criterion, supplementary information) in respect of the statutory closing date prior to the deadline for submission of the application to the licensor;
  - b. In respect of criterion F.02, financial statements for the interim period, reviewed by an auditor (unless the statutory closing date of the licence applicant is less than six months before the deadline for submission of the list of licensed clubs to UEFA);
  - c. In respect of criterion F.03, a transfer payables table as at 31.12.200t-1 (unless the information is already disclosed to the licensor under the existing national transfer requirements);
  - d. In respect of criterion F.04, the employees schedule as at 31.12.200t-1 and documentary evidence showing the amount payable (if any), as at 31.12.200t-1, to the competent social/tax authorities; and
  - e. In respect of criterion F.06, the future financial information covering the period 01.01.200t to 30.06.200t+1.
3. The LM reads and considers the documentation from the licence applicant.
  - a. In respect of criterion F.01, read and consider the annual financial statements, including the auditor's report;
  - b. If applicable, in respect of criterion F.02, read and consider the interim financial statements, including the auditor's review report;
  - c. In respect of criterion F.03, perform some assessment work, including reading the auditor's report on agreed-upon procedures if an auditor is used.
  - d. In respect of criterion F.04, perform some assessment work, including reading the auditor's report on agreed-upon procedures if an auditor is used.
  - e. In respect of criterion F.06, read and consider the future financial information and whether or not the licence applicant is in breach of any indicators.

The LM may request further information and/or representations from the LA, in particular if the LM judges that the licence applicant is in breach of any of the indicators.

The LM must report in writing to the decision-making body the work performed in 3a.-3e.
4. Within the seven day period prior to the start of the period in which the licensing decision has to be made by the decision-making body, in respect of criterion F.05, the licence applicant must submit to the licensor a management representations letter disclosing any events or conditions of major economic importance.
5. The LM reads and considers the management representations letter from the LA. The LM may request further information from the LA, in particular if the LM has been made aware of events or conditions of major economic importance.

6. Decision-making bodies take the decision regarding the granting of the licence, having read and considered the report by the LM on the documentation from the LA.
  - a. In respect of F.01, consider the annual financial statements, including the auditor's report;
  - b. If applicable, in respect of F.02, consider the interim financial statements, including the auditor's review report;
  - c. In respect of F.03, assess the work performed by the LM and, if an auditor has been used, consider the auditor's report on agreed-upon procedures;
  - d. In respect of F.04, assess the work performed by the LM and, if an auditor has been used, consider the auditor's report on agreed-upon procedures;
  - e. In respect of F.06, assess the work performed by the LM and the appropriateness of the LM's view as to whether or not any indicator has been breached;
  - f. In respect of F.05, assess the management representations letter.
7. Communication of the licensing decision and notification of whether or not any indicator has been breached.
8. In respect of criterion F.07, the licensee must promptly notify the licensor in writing of any subsequent events that may cast significant doubt upon the ability to continue as a going concern.
9. If a licensee was in breach of any indicator, the licensee must comply with criterion F.08. In respect of criterion F.08, the licensee must submit to the licensor by 30.09.200t and 31.03.200t+1 the updated future financial information covering the period to 30.06.200t+1.

## APPENDIX V      AUDITS,    REVIEWS    AND    AGREED    UPON PROCEDURES:    THE    DIFFERENCES    IN    THE PROCEDURES

This appendix provides some commentary to help distinguish between an audit, a review and agreed-upon-procedures work.

As illustrated in the diagram below, audits and reviews are designed to enable the auditor to provide, respectively, reasonable and limited levels of assurance, such terms being used to indicate their comparative ranking. Engagements to undertake agreed-upon procedures are not intended to enable the auditor to express any form of positive assurance.

*Diagram – Differences between audit, review and agreed-upon procedures*

Nature of service	AUDIT	REVIEW	AGREED-UPON PROCEDURES
Comparative level of assurance provided by the auditor	REASONABLE ASSURANCE	LIMITED ASSURANCE	NO ASSURANCE
Report provided	POSITIVE ASSURANCE ON ASSERTION(S)	NEGATIVE ASSURANCE ON ASSERTION(S)	FACTUAL FINDINGS OF PROCEDURES

### Levels of assurance

Assurance refers to the auditor’s satisfaction as to the reliability of an assertion being made by one party for use by another party. To provide such assurance, the auditor assesses the evidence collected as a result of procedures conducted and expresses a conclusion. The degree of satisfaction achieved and, therefore, the level of assurance which may be provided is determined by the procedures performed and their results.

In an audit engagement, the auditor provides a reasonable, but not absolute, level of assurance that the information subject to audit is free of material misstatement. The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the auditor’s conclusion.

In a review engagement, the auditor provides a limited level of assurance that the information subject to review is free of material misstatement. The objectives of a limited assurance engagement is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the engagement, but where the risk is greater than for a reasonable assurance engagement, as the basis for a negative form of expression of the auditor’s conclusion.

For agreed-upon procedures, as the auditor simply provides a report of the factual findings, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the auditor and draw their own conclusions from the auditor's work.

### **Audit**

The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. The phrases used to express the auditor's opinion are "give a true and fair view" or "present fairly, in all material respects," which are equivalent terms. A similar objective applies to the audit of financial or other information prepared in accordance with appropriate criteria.

In forming the audit opinion, the auditor designs his tests and verification procedures and then obtains sufficient appropriate audit evidence to be able to draw conclusions on which to base that opinion.

Although the auditor's opinion enhances the credibility of the financial statements, the user cannot assume that the opinion is an assurance as to the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity. Also, an audit is not a guarantee that the financial statements are free of material misstatement. Absolute assurance in auditing is never attainable as a result of the inevitable application of such factors as the need for judgement, the use of testing, the inherent limitations of any accounting and internal control systems and the fact that most of the evidence available to the auditor is persuasive, rather than conclusive, in nature.

### **Review**

The objective of an engagement to review financial statements is to enable an auditor to state whether, on the basis of the review, anything has come to the auditor's attention that causes the auditor to believe that the financial statements are not prepared, in all material respects, in accordance with an identified financial reporting framework.

A review, in contrast to an audit, is not designed to obtain reasonable assurance that the financial information is free from material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review may bring significant matters affecting the financial information to the auditor's attention, but it does not provide the evidence that would be required for an audit.

### **Agreed-upon procedures**

In an engagement to perform agreed-upon procedures, an auditor is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report must form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

Care must be taken in reports which are not assurance reports, to avoid users from assuming that it is an assurance report. In this regard, references to ISAs, ISREs, "audit" or "review", for instance, should be avoided.

## **APPENDIX VI ANNUAL FINANCIAL REPORTING: OVERALL CONSIDERATIONS AND UNDERLYING PRINCIPLES**

This appendix provides additional commentary about the underlying principles of accounting practice, such that the accounting practice provides a suitable framework for the preparation and presentation of financial statements.

### **Fair presentation and compliance with accounting standards**

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the framework.

A fair presentation also requires an entity:

- (a) to select and apply accounting policies in accordance with applicable accounting standards;
- (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- (c) to provide additional disclosures when compliance with the specific requirements in the applicable accounting standards is insufficient to enable users to understand properly the impact of particular transactions, other events and conditions on the entity's financial position and financial performance or when the omission of the 'additional disclosures' would render the information presented as misleading.

Inappropriate accounting policies are not rectified either by disclosure of the accounting policies used or by notes or explanatory material.

### **Going concern**

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date (this may be different in some jurisdictions). The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, a conclusion that the going concern basis of accounting is appropriate may be reached without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected

profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

### **Accrual basis of accounting**

An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. Under this basis, the effects of transactions and other events are recognised when they occur (and not as cash or its equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

Financial statements prepared on the accruals basis inform users not only of past transactions involving the payment and receipt of cash but also of obligations to pay cash in the future and of resources that represent cash to be received in the future. Hence, they provide the type of information about past transactions and other events that is most useful to users in making economic decisions.

### **Consistency of presentation**

The presentation and classification of items in the financial statements shall be retained from one period to the next unless:

- (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in the applicable accounting standard;
- (b) a Standard or an Interpretation requires a change in presentation.

### **Materiality and aggregation**

Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.

Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data, which form line items on the face of the balance sheet, profit and loss account, statement of changes in equity and cash flow statement, or in the notes. If a line item is not individually material, it is aggregated with other items either on the face of those statements or in the notes. An item that is not sufficiently material to warrant separate presentation on the face of those statements may nevertheless be sufficiently material for it to be presented separately in the notes to the statements.

### **Offsetting**

Assets and liabilities, and income and expenses, shall not be offset unless offset is specifically required or permitted by national accounting practice.

It is important that assets and liabilities, and income and expenses, are reported separately. Offsetting in the profit and loss account or the balance sheet, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity's future

cash flows. Measuring assets net of valuation allowances - for example, obsolescence allowances on inventories and doubtful debts allowances on receivables - is not offsetting.

### **Comparative information**

Except when national accounting practice permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative information shall be included for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

## APPENDIX VII ANNUAL FINANCIAL REPORTING: MODEL FINANCIAL STATEMENTS AND COMMENTARY

### Introduction

These model financial statements illustrate the typical disclosures to meet the minimum requirements of criterion F.01 for reporting annual financial information. In some instances the commentary and/or the model financial statements, contained within this Appendix VII, illustrate greater disclosures than the minimum requirements – where this is the case, the disclosure is marked as “good practice” and has a shaded background.

The model financial statements are presented on each right hand page and the associated commentary and guidance is presented on each facing page. This commentary and guidance is applicable as at the date of publication of the revised manual. It is the responsibility of the licensor to ensure that commentary and guidance included in the national licensing manual is kept up to date so that it reflects, for instance, any future changes to International Standards on Auditing (‘ISAs’) and International Accounting Standards (‘IASs’)

The model financial statements and commentary are only a summary and are not a substitute for using a comprehensive disclosure checklist to meet nationally accepted accounting practice requirements. Reference to the underlying law and accounting standards will be required in more complex situations.

In many cases the wording used in the financial statements is purely illustrative and, in practice, will need to be modified to reflect the specific circumstances of the licence applicant.

The annual financial statements shall be prepared on the basis of national accounting practice requirements. In general, the manual and this appendix are intended to provide illustrative guidance on disclosure and financial reporting. Note that the requirements of national accounting practice may require presentation in a different form, in certain respects, from the illustrative presentation given in this Appendix. This manual and this Appendix are not meant to provide guidance on accounting practice. However, as set out in 10.6.4.9, this manual does include specific accounting requirements in relation to player registration costs carried as intangible fixed assets.

As described in section 10.6 of the manual, if the audited financial statements do not meet the minimum disclosure requirements and accounting principles defined by this manual, then supplementary information must be prepared by the licence applicant and assessed by the auditor.

## Commentary/Guidance

### **Entity name**

The name and legal form of the reporting entity should be clearly disclosed.

It must be clear whether the financial information covers the individual entity or a group of entities or some other combination of entities.

Consolidated financial statements are the financial statements of a group presented as those of a single economic entity.

A group is a parent and all its subsidiaries.

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

It is a requirement to describe in the financial statements the structure and composition of any such group or combination.

### **Registered number**

It is good practice for the reporting entity's registered number (if relevant under national corporation or tax law) to be prominently displayed on the financial statements.

### **Statutory closing date**

If the directors wish to change the statutory closing date, they may do so. The resulting financial statements will be presented for an accounting period which may be more than or less than one year.

Any changes to the statutory closing date shall be clearly marked on the balance sheet.

The resulting changes to the accounting period shall be clearly marked on both the profit and loss account and the cash flow statement.

The prior year comparative figures shall not be restated.

**[Name of Reporting Entity]**

**[Annual] financial statements  
for the year/period ended [date] 20XX**

Registered Number: [insert]

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## **Contents**

**Management review / Directors' report**

**Balance sheet**

**Profit and loss account**

**Cash flow statement**

**Notes to the financial statements**

## Management review/Directors' report - Commentary/Guidance

The management review/directors' report must be attached to the financial statements.

### **Principal activities**

It is good practice to provide details of the principal activities of the entity and any significant changes in those activities during the year.

### **Business review**

A fair review of the development of the business of the entity during the year and of its position at the year end.

An indication of the likely future developments in the business of the entity. Statements which may be construed as forecasts should be made with due care.

Particulars should be given of any important events affecting the entity (and its subsidiary undertakings) that have occurred since the end of the financial year covered by the financial statements.

### **Directors**

Disclose the names of persons who were directors of the entity at any time during the year. It is considered good practice to state the dates of appointment or retirement/resignation.

It would also be good practice to include changes in directors since the end of the financial year and (if applicable) rotation of directors at the annual general meeting.

### **Directors' interests**

It is good practice to disclose directors' interests. This information is based on the interests notified to the entity by the directors, including those of the directors' spouses and minor children. If no interests are held, this shall also be stated.

Where the licence applicant is reliant on Directors' loans for its funding, such details would provide good practice disclosures.

### **Approval and signature of directors' report**

The directors' report shall be approved by the board of directors and signed by a director or the company secretary on its behalf. The name of the signatory shall be stated.

### **Domicile and business address**

The domicile and business address of the entity must be disclosed.

## Management review/Directors' report

The directors present their annual report on the affairs of the entity, together with the financial statements and auditors' report, for the year ended [date] 20XX.

### Principal activity

The principal activity of the entity is the operating of a professional football club together with related and ancillary activities. The business review describes the activities of the entity during the year and likely future developments.

### Business review

A review of the business of the entity, including comment on:

- The development and performance of the football club business;
- The year-end position;
- Underlying trends and factors ( relating to both past and future developments, performance and position); and
- Major business developments and plans (for example – stadium projects; new business ventures; significant contracts; major player transfers; etc)

### Directors

The directors, who served throughout the year, except as noted, were as follows:  
[insert full list of directors].

### Directors' interests

The directors who held office at [year end date] had the following interests in the shares and debentures of the entity:  
[insert details of name of director and shares/debentures held]  
[insert details of the name of director, number of shares held and percentage of called up share capital held]

[Address of entity's registered office]

[Date]

By order of the Board,

[Signature]

[Director/Secretary]

[Name of signatory to be stated]

## **Independent auditors' report – Commentary/Guidance**

The auditors' report on financial statements shall contain:

- (a) a title;
- (b) the addressee;
- (c) an introductory paragraph identifying the financial statements audited and the respective responsibilities of the directors and auditors;
- (d) a scope paragraph describing the nature of an audit, including reference to International Standards on Auditing or relevant national standards or practices;
- (e) an opinion paragraph referring to the financial reporting framework used to prepare the financial statements and expressing an opinion on whether the financial statements give a true and fair view in accordance with that financial reporting framework;
- (f) the date of the report;
- (g) the auditors' address; and
- (h) the auditors' signature.

Further guidance about auditors' reports is included in **Appendix X**.

## **Independent auditors' report**

[Format of auditors' report to be in accordance with International Standards on Auditing or relevant national law and auditing standards.]

## **Balance Sheet - Commentary/Guidance**

### **Introduction**

Licence applicants are required to prepare and present annual financial statements based on the accounting standards required by local legislation. For the purpose of club licensing requirements, the audited financial statements must contain all items listed in section 10.6.4.1 – i) to v) of the chapter.

Notwithstanding the national accounting practice, the financial criteria require licence applicants to present a minimum level of historic financial information in the balance sheet – as summarised in section 10.6.4.4 of the chapter.

The balance sheet opposite provides an illustration of how the minimum information may be presented. However, the requirements of national accounting practice may require presentation in a different form, in certain respects, from the illustrative presentation given in this Appendix, which is acceptable as long as all the minimum information is contained therein. The note numbers opposite refer to the relevant Notes to the financial statements on the following pages.

### **Approval and signature**

The entity's financial statements must be approved by the board of directors. The entity's balance sheet shall be signed by a director, or more than one director, on behalf of the board, with the name of the signatory stated. Although only one signature is required, it is good practice for the entity's balance sheet to be signed by two directors, usually the chairman or chief executive and the finance director.

The balance sheet date and the period covered by the financial information (for both current and comparative information) shall be disclosed.

### **Classification of assets and liabilities**

For each asset and liability line item that combines both amounts expected to be recovered or settled (a) within 12 months after the balance sheet date and (b) more than 12 months after the balance sheet date, the amount expected to be recovered or settled after more than 12 months shall be disclosed separately.

A liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the entity's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the balance sheet date; or
- (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

All other liabilities shall be classified as non-current.

## [Illustrative] Balance Sheet

At [date] 20XX

	Notes	[date] 20XX [currency]	[date] 20YY [currency]
<b>Current assets</b>			
Cash and cash equivalents			
Accounts receivable from player transfers			
Accounts receivable from group entities and other related parties	5		
Accounts receivable - other			
Inventories			
<b>Non current assets</b>			
Tangible fixed assets	7		
Intangible assets – players	8		
Intangible assets – others	8		
Investments	6		
<b>Total assets</b>			
<b>Current liabilities</b>			
Bank overdrafts and loans	9		
Accounts payable relating to player transfers			
Accounts payable to group entities and other related parties	10		
Accounts payable - other			
Tax liabilities			
Short term provisions	11		
<b>Non current liabilities</b>			
Bank and other loans	9		
Other long term liabilities			
Tax liabilities			
Long term provisions	11		
<b>Total liabilities</b>			
<b>Net assets/(liabilities)</b>			
<b>Equity</b>			
Treasury shares (own shares)	12		
Issued capital and reserves	12		
<b>Total equity</b>			

The financial statements were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:

[Name]

Director

[Name of signatory to be stated]

Date: [Date]

## **Balance Sheet – Commentary/Guidance**

### **ASSETS**

#### **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **Accounts receivable from player transfers**

Amounts receivable from third parties in respect of the transfer of a player's registration to another football club.

#### **Accounts receivable from group entities and other related parties**

Refer to note [5] Accounts receivable from group entities and other related parties and note [13] Related party transactions.

#### **Inventories**

Inventories are goods held for resale, such as replica football shirts and club merchandise.

#### **Tangible fixed assets**

Tangible fixed assets refers to property, plant and equipment. Property, plant and equipment are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes (for example, the club's stadium, training ground and offices); and
- Are expected to be used during more than one financial period.

#### **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible fixed assets includes the capitalised direct costs of obtaining players' registrations. This total should be disclosed separately (see 10.6.4.9 of the manual). This disclosure will be supported by a Player identification table – see **Appendix VIII** – although the Player identification table does not have to be included in the annual financial statements.

## [Illustrative] Balance sheet

At [date] 20XX

	Notes	[date] 20XX [currency]	[date] 20YY [currency]
<b>Current assets</b>			
Cash and cash equivalents			
Accounts receivable from player transfers			
Accounts receivable from group entities and other related parties	5		
Accounts receivable - other			
Inventories			
<b>Non current assets</b>			
Tangible fixed assets	7		
Intangible assets – players	8		
Intangible assets – others	8		
Investments	6		
<b>Total assets</b>			
<b>Current liabilities</b>			
Bank overdrafts and loans	9		
Accounts payable relating to player transfers			
Accounts payable to group entities and other related parties	10		
Accounts payable - other			
Tax liabilities			
Short term provisions	11		
<b>Non current liabilities</b>			
Bank and other loans	9		
Other long term liabilities			
Tax liabilities			
Long term provisions	11		
<b>Total liabilities</b>			
<b>Net assets/(liabilities)</b>			
<b>Equity</b>			
Treasury shares (own shares)	12		
Issued capital and reserves	12		
<b>Total equity</b>			

The financial statements were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:

[Name]

Director

[Name of signatory to be stated]

[Date]

## **Balance Sheet – Commentary/Guidance - continued**

### **Investments**

Investments include investments by the licence applicant in subsidiaries, jointly controlled entities and associates.

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

### **LIABILITIES**

#### **Loans**

Short term loans are defined as loans, or parts thereof, which are due to be settled within 12 months after the balance sheet date – and are to be included under current liabilities. For example, loans from banks, other commercial lenders or from directors.

Long term loans are defined as loans, or parts thereof, which are due to be settled more than 12 months after the balance sheet date – and are to be included under non current liabilities.

#### **Accounts payable relating to player transfers**

Amounts payable to other parties in respect of the acquisition of players' registrations from other football clubs.

#### **Accounts payable to group entities and other related parties**

Refer to note [10] Amounts payable to group entities and other related parties and note [13] Related party transactions.

## [Illustrative] Balance Sheet

At [date] 20XX

	Notes	[date] 20XX [currency]	[date] 20YY [currency]
<b>Current assets</b>			
Cash and cash equivalents			
Accounts receivable from player transfers			
Accounts receivable from group entities and other related parties	5		
Accounts receivable - other			
Inventories			
<b>Non current assets</b>			
Tangible fixed assets	7		
Intangible assets – players	8		
Intangible assets – others	8		
Investments	6		
<b>Total assets</b>			
<b>Current liabilities</b>			
Bank overdrafts and loans	9		
Accounts payable relating to player transfers			
Accounts payable to group entities and other related parties	10		
Accounts payable - other			
Tax liabilities			
Short term provisions	11		
<b>Non current liabilities</b>			
Bank and other loans	9		
Other long term liabilities			
Tax liabilities			
Long term provisions	11		
<b>Total liabilities</b>			
<b>Net assets/(liabilities)</b>			
<b>Equity</b>			
Treasury shares (own shares)	12		
Issued capital and reserves	12		
<b>Total equity</b>			

The financial statements were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:

[Name]

Director

[Name of signatory to be stated]

[Date]

## **Balance Sheet – Commentary/Guidance - continued**

### **Tax liabilities**

Tax assets and liabilities shall be presented separately in the balance sheet, with current assets and liabilities distinguished from deferred.

Current tax assets shall be classified within the total for '*accounts receivable – other*' if they are not separately disclosed in the balance sheet.

Current tax liabilities shall be separately disclosed as per section 10.6.4.4 of the manual.

Deferred tax assets shall be disclosed as a separate line item within non current assets.

Deferred tax liabilities shall be separately disclosed as per section 10.6.4.4 of the manual.

Taxes include all taxes which are based on taxable profits, and include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint venture on distributions to the reporting entity.

### **Provisions**

A provision is a liability of uncertain timing or amount.

Short term provisions (expected to be settled or utilised within 12 months after the balance sheet date) and long term provisions (expected to be settled or utilised more than 12 months after the balance sheet date) shall be shown separately.

## **EQUITY**

### **Treasury shares**

Treasury shares (own shares) are shares in the company which have been re-acquired by the entity.

### **Issued capital and reserves**

Issued capital and reserves includes share capital, share premium, revaluation reserves, retained earnings (i.e. accumulated profit or loss) and other reserves.

### **Net assets/liabilities**

Net assets/liabilities is the aggregate of current assets plus non current assets, less current and non current liabilities. The figure for net assets/liabilities must balance with the figure for total equity.

## [Illustrative] Balance Sheet

At [date] 20XX

	Notes	[date] 20XX [currency]	[date] 20YY [currency]
<b>Current assets</b>			
Cash and cash equivalents			
Accounts receivable from player transfers			
Accounts receivable from group entities and other related parties	5		
Accounts receivable - other			
Inventories			
<b>Non current assets</b>			
Tangible fixed assets	7		
Intangible assets – players	8		
Intangible assets – others	8		
Investments	6		
<b>Total assets</b>			
<b>Current liabilities</b>			
Bank overdrafts and loans	9		
Accounts payable relating to player transfers			
Accounts payable to group entities and other related parties	10		
Accounts payable - other			
Tax liabilities			
Short term provisions	11		
<b>Non current liabilities</b>			
Bank and other loans	9		
Other long term liabilities			
Tax liabilities			
Long term provisions	11		
<b>Total liabilities</b>			
<b>Net assets/(liabilities)</b>			
<b>Equity</b>			
Treasury shares (own shares)	12		
Issued capital and reserves	12		
<b>Total equity</b>			

The financial statements were approved by the board of directors and authorised for issue on [date]. They were signed on its behalf by:

[Name]

[Name of signatory to be stated]

Director

[Date]

## **Profit and loss account – Commentary/Guidance**

### **Introduction**

Licence applicants are required to prepare and present annual financial statements based on the accounting standards required by local legislation. For the purpose of club licensing requirements, the audited financial statements must contain all items listed in section 10.6.4.1 – i) to v) of the chapter.

Notwithstanding the national accounting practice, the financial criteria require licence applicants to present a minimum level of historic financial information in the profit and loss account – as summarised in section 10.6.4.5 of the chapter.

The profit and loss account opposite provides an illustration of how the minimum information may be presented – however, the requirements of national accounting practice may require presentation in a different form, in certain respects, from the illustrative presentation given in this Appendix, which is acceptable as long as all the minimum information is contained therein.

### **Presentation**

Additional line items, headings and subtotals shall be presented on the face of the profit and loss account when such presentation is relevant to an understanding of the entity's performance. When items of income and expense are material, their nature and amount shall be disclosed separately. Circumstances that could give rise to the separate disclosure of specific items of income and expense include, for example, disposals of items of property, plant and equipment, litigation settlements and other reversals of provisions.

### **Revenue**

**Gate receipts** includes match day revenue from season tickets, match day tickets and memberships in relation to both domestic and international matches.

**Sponsorship and advertising** includes main sponsor (shirt and stadium), touch-line and board advertising, suppliers, co-sponsors and other advertising revenue.

**Broadcasting** includes revenue from television, radio and other broadcast media, from both domestic and international competitions.

**Commercial** includes conferencing, catering, merchandising revenues and any other commercial revenue not otherwise categorised.

The disaggregation of revenue in a note, rather than on the face of the profit and loss account, is considered to be good practice.

### **Expenses**

**Cost of sales/materials** includes medical care, kits and sport material, cost of sales for club merchandise and other significant expenses.

**Employee benefits expense** are all forms of consideration given by an entity in exchange for service rendered by employees and includes wages and salaries (including bonuses), social contributions, pension costs and termination benefits.

## **[Illustrative] Profit and loss account**

For the year ended [date] 20XX

	Notes	20XX [currency]	20YY [currency]
<b>Revenue</b>			
Gate receipts			
Sponsorship and advertising			
Broadcasting rights			
Commercial			
Other operating income			
		<hr/>	<hr/>
<b>Expenses</b>			
Cost of sales/materials			
Employee benefits expense			
Depreciation and amortisation			
Impairment of fixed assets			
Other operating expenses			
		<hr/>	<hr/>
		<hr/>	<hr/>
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		<hr/>	<hr/>
<b>Profit/loss on disposal of fixed assets</b>	2		
<b>Finance costs</b>	3		
<b>Tax expense</b>	4		
		<hr/>	<hr/>
<b>Profit or loss after taxation</b>	12	<hr/>	<hr/>

## **Profit and loss account – Commentary/Guidance**

**Depreciation and amortisation** includes:

- depreciation of tangible fixed assets (such as the stadium);
- amortisation of player registration costs; and
- amortisation of other intangible fixed assets.

Separate disclosure is required in the financial statements. In this illustration; these items are shown as separately disclosed in the notes to the financial statements. Refer to note [7] (Tangible fixed assets) and [8] (Intangible fixed assets)

### **Impairment of fixed assets**

Separate disclosure required of impairment of player registration costs and impairment of other tangible or intangible fixed assets. In this illustration; these items are shown as separately disclosed in the notes to the financial statements.

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. Both tangible assets (for example, a club's stadium) and intangible assets (for example, a player's registration) may be impaired in relevant and applicable circumstances.

Carrying amount is the amount at which an asset is recognised in the balance sheet after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon.

Recoverable amount is the higher of an asset's net selling price and its value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss must be recognised as an expense in the income statement immediately.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset should be adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **[Illustrative] Profit and loss account**

For the year ended [date] 20XX

	Notes	20XX [currency]	20YY [currency]
<b>Revenue</b>			
Gate receipts			
Sponsorship and advertising			
Broadcasting rights			
Commercial			
Other operating income			
		<hr/>	<hr/>
		<hr/>	<hr/>
<b>Expenses</b>			
Cost of sales/materials			
Employee benefits expense			
Depreciation and amortisation			
Impairment of fixed assets			
Other operating expenses			
		<hr/>	<hr/>
		<hr/>	<hr/>
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		<hr/>	<hr/>
<b>Profit/loss on disposal of fixed assets</b>	2		
<b>Finance costs</b>	3		
<b>Tax expense</b>	4		
		<hr/>	<hr/>
<b>Profit or loss after taxation</b>	12	<hr/>	<hr/>

## **Profit and loss account – Commentary/Guidance - continued**

### **Profit or loss on disposal of fixed assets**

In the financial statements, profit or loss on disposal of player registrations shall be reported separately from profit or loss on disposal of other fixed assets, either on the face of the profit and loss account or in the notes to the financial statements.

Profits and losses on disposal of players' registrations shall be shown separately from the amortisation of the players' registrations and cannot be netted off against amortisation expense.

### **Finance costs**

Finance costs includes interest on bank overdrafts and on bank and other loans.

### **Tax expense**

Tax expense (or tax income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current tax and deferred tax – i.e. tax expense will be based on taxable profits.

## **[Illustrative] Profit and loss account**

For the year ended [date] 20XX

	Notes	20XX [currency]	20YY [currency]
<b>Revenue</b>			
Gate receipts			
Sponsorship and advertising			
Broadcasting rights			
Commercial			
Other operating income			
		<hr/>	<hr/>
<b>Expenses</b>			
Cost of sales/materials			
Employee benefits expense			
Depreciation and amortisation			
Impairment of fixed assets			
Other operating expenses			
		<hr/>	<hr/>
		<hr/>	<hr/>
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		<hr/>	<hr/>
<b>Profit/loss on disposal of fixed assets</b>	2		
<b>Finance costs</b>	3		
<b>Tax expense</b>	4		
		<hr/>	<hr/>
<b>Profit or loss after taxation</b>	12	<hr/>	<hr/>

## **Cash Flow Statement – Commentary/Guidance**

### **Introduction**

Licence applicants are required to prepare and present annual financial statements based on the accounting standards required by local legislation. For the purpose of UEFA club licensing requirements, the audited financial statements must contain all items listed in section 10.6.4.1 – i) to v) of the chapter.

Notwithstanding the national accounting practice, the financial criteria require licence applicants to present a minimum level of historic financial information in the cash flow statement – as summarised in section 10.6.4.6 of the chapter.

The cash flow statement (opposite) provides an illustration of how the minimum information may be presented (using the direct method). However, the requirements of national accounting practice may require presentation in a different form, in certain respects, from the illustrative presentation given in this Appendix, which is acceptable as long as all the minimum information is contained therein.

The cash flow statement may also be presented using the indirect method – an example of which is also given at the end of this Appendix. Cash flows are inflows and outflows of cash and cash equivalents.

### **Cash flows from operating activities**

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. An entity shall report cash flows from operating activities using either:

- i. the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- ii. the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income and expense associated with investing or financing cash flows.

The amount of cash flows arising from operating activities is a key indicator of the extent to which the operations of the entity have generated sufficient cash flows to repay loans, maintain the operating capability of the entity, pay dividends and make new investments without recourse to external sources of financing. Information about the specific components of historical operating cash flows is useful, in conjunction with other information, in forecasting future operating cash flows.

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of net profit or loss. Examples of cash flows from operating activities of a football club are shown opposite (in a direct method format). Licence applicants are encouraged to report cash flows from operating activities using the direct method. The direct method provides information which may be useful in estimating future cash flows and which is not available under the indirect method.

## **[Illustrative] Cash flow statement – direct method**

For the year ended [date] 20XX

	Notes	20XX [currency]	20YY [currency]
<b>Cash flows from operating activities</b>			
Cash receipts from gate receipts			
Cash receipts from sponsorship and advertising			
Cash receipts from broadcasting rights			
Cash receipts from commercial activities			
Cash receipts from other operating activities		_____	_____
Cash payments to suppliers for goods and services			
Cash payments to and on behalf of employees			
Cash payments in relation to other operating expenses		_____	_____
<b>Cash inflow/outflow from operating activities</b>		_____	_____
<b>Taxation</b>		_____	_____
<b>Cash flows from investing activities</b>			
Cash receipts from sale of property, plant and equipment			
Cash payments to acquire property, plant and equipment			
Cash receipts from sale of player registrations			
Cash payments to acquire player registrations			
Cash receipts from sale of other long term assets			
Cash payments to acquire other long term assets			
Cash receipts from sale of financial investments			
Cash payments to acquire new financial investments			
Cash receipts in relation to receipts of loans from non-financial institutions			
Cash payments in relation to repayment of loans to non-financial institutions			
<b>Cash inflow/outflow from investing activities</b>		_____	_____
<b>Cash flows from financing activities</b>			
Cash receipts from issuing short or long-term borrowings			
Cash payments in relation to repayment of amounts borrowed			
Cash receipts from an increase in capital			
Cash payments to acquire or redeem the entity's shares			
<b>Cash inflow/outflow from financing activities</b>		_____	_____
<b>Net increase/decrease in cash</b>		_____	_____

## **Cash Flow Statement – Commentary/Guidance - continued**

### **Cash flows from investing activities**

Investing activities are the acquisition and disposal of long-term assets (including player registrations) and other investments not included in cash equivalents. The entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing activities.

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Examples of cash flows arising from investing activities of a football club are shown opposite.

### **Cash flows from financing activities**

Financing activities are activities that result in changes in the size and composition of the contributed equity share capital and borrowings of the entity. The entity shall report separately major classes of gross cash receipts and gross cash payments arising from financing activities.

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are shown opposite.

### **Other cash flows**

Cash flows from interest and dividends received and paid should each be disclosed separately. Each should be disclosed in a consistent manner from period to period as either operating, investing or financing activities.

Cash flows arising from taxes on income should be separately disclosed and shall be classified as cash flows from operating activities unless they can be appropriately and specifically identified with financing and investing activities.

## [Illustrative] Cash flow statement – direct method

For the year ended [date] 20XX

	Notes	20XX [currency]	20YY [currency]
<b>Cash flows from operating activities</b>			
Cash receipts from gate receipts			
Cash receipts from sponsorship and advertising			
Cash receipts from broadcasting rights			
Cash receipts from commercial activities			
Cash receipts from other operating activities			
Cash payments to suppliers for goods and services			
Cash payments to and on behalf of employees			
Cash payments in relation to other operating expenses			
<b>Cash inflow/outflow from operating activities</b>			
<b>Taxation</b>			
<b>Cash flows from investing activities</b>			
Cash receipts from sale of property, plant and equipment			
Cash payments to acquire property, plant and equipment			
Cash receipts from sale of player registrations			
Cash payments to acquire player registrations			
Cash receipts from sale of other long term assets			
Cash payments to acquire other long term assets			
Cash receipts from sale of financial investments			
Cash payments to acquire new financial investments			
Cash receipts in relation to receipts of loans from non-financial institutions			
Cash payments in relation to repayment of loans to non-financial institutions			
<b>Cash inflow/outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Cash receipts from issuing short or long-term borrowings			
Cash payments in relation to repayment of amounts borrowed			
Cash receipts from an increase in capital			
Cash payments to acquire or redeem the entity's shares			
<b>Cash inflow/outflow from financing activities</b>			
<b>Net increase/decrease in cash</b>			

## **Notes to the financial statements – Commentary/Guidance**

### **The notes to the financial statements shall:**

- (a) present information about the basis of preparation of the financial statements and the specific accounting policies used;
- (b) disclose required information that is not presented on the face of the balance sheet, profit and loss account or cash flow statement; and
- (c) provide additional information that is not presented on the face of the balance sheet, profit and loss account or cash flow statement, but is relevant to an understanding of any of them or items disclosed in them.

Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the balance sheet, profit and loss account and cash flow statement shall be cross-referenced to any related information in the notes.

An entity shall disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

### **1. Significant Accounting Policies**

#### **Intangible Fixed Assets**

Guidance on player accounting is provided in 10.6.4.9. 'Accounting Requirements for Player Registration Costs'.

## **[Illustrative] Notes to the financial statements**

Year ended [date] 20XX

### **1. Significant accounting policies**

#### **Basis of accounting**

The financial statements have been prepared in accordance with [name of country] [national accounting practice].

The financial statements have been prepared under the historical cost basis, [except for the revaluation of certain properties].

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings (including stadium)	[ ] % per annum
Fixtures and equipment	[ ] % per annum

Assets held under finance leases are depreciated over their expected useful economic lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

#### **Intangible fixed assets**

The transfer and incidental costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the respective players' contracts. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

#### **Revenue**

Revenue represents income receivable from the entity's principal activities excluding transfer fees for the sale of player registrations and sales tax.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

#### **Gate receipts**

Gate receipts comprises revenue from all home matchday activities, together with the club's share of gate receipts from matches at other venues.

#### **Sponsorship and advertising**

Comprises revenue from the exploitation of the club's brand through sponsorship and advertising agreements.

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## **[Illustrative] Notes to the financial statements**

### **Broadcasting**

Broadcasting represents revenue receivable from all domestic and overseas media contracts.

### **Deferred revenue**

Revenue from gate receipts, broadcasting, sponsorship and commercial contracts, which has been received prior to the year end, in respect of future football seasons is treated as deferred income.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted in legislation or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## Notes to the financial statements – Commentary/Guidance

### 2. Profit/loss on disposal of fixed assets

Separate disclosure of profit or loss from disposal of player registrations and profit or loss from disposal of other tangible or intangible fixed assets.

### 3. Finance costs

The financial statements shall disclose material items of income, expense, and gains and losses resulting from financial assets and financial liabilities, whether included in profit or loss or as a separate component of equity.

### 4. Tax expense

The tax expense (or income) related to the profit or loss from ordinary activities shall be disclosed on the face of the profit and loss account. The major components of tax expense (or income) should be separately disclosed.

Disclosure of an explanation of changes in the applicable tax rate compared to the previous accounting period is good practice.

An explanation of the relationship between the tax expense (income) and the accounting profit is good practice. This can be by way of a reconciliation between tax expense (income) and the tax computed on accounting profit ( using the applicable tax rate) and/or a numerical reconciliation between average effective tax rate and the applicable tax rate. In either case disclosure on the basis on which the applicable tax rate is computed may be provided.

## [Illustrative] Notes to the financial statements

### 2. Profit/loss on disposal of fixed assets

	Notes	20XX [currency]	20YY [currency]
Profit/loss on disposal of player registrations			
Profit/loss on disposal of other intangible fixed assets			
Profit/loss on disposal of tangible fixed assets			
<b>Total</b>		<hr/> <hr/>	<hr/> <hr/>

### 3. Finance costs

	Notes	20XX [currency]	20YY [currency]
Interest on bank overdrafts and loans			
Interest on convertible loan notes			
Interest on obligations under finance leases			
<b>Total borrowing costs</b>		<hr/> <hr/>	<hr/> <hr/>

### 4. Tax expense

	Notes	20XX [currency]	20XX %	20YY [currency]	20YY %
Current tax					
Deferred tax					
Profit before tax					

Tax is calculated at [x] percent (20YY: [x] per cent) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	Notes	20XX [currency]	20XX %	20YY [currency]	20YY %
Tax at the [name of country] [name of tax] rate of [25]% (20YY: [25]%)					
Tax effect of share of results of associates					
Tax effect of expenses that are not deductible in determining taxable profit					
Tax effect of utilisation of tax losses not previously recognised					
Increase in opening deferred tax liability resulting from an increase in tax rates					
Effect of different tax rates of subsidiaries operating in other jurisdictions					
<b>Tax expense and effective tax rate for the year</b>		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## **Notes to the financial statements – Commentary/Guidance**

### **5. Accounts receivable from group entities and other related parties**

Group entities are entities that are under common control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Group entities include parents, subsidiaries and fellow subsidiaries.

Other related parties include associates. For further details about related parties, refer to note 13 “related party transactions”.

### **6. Investments**

Investments includes, but is not limited to, interests in subsidiaries, jointly controlled entities and associates.

A list of significant investments in subsidiaries, jointly controlled entities (which are not illustrated opposite) and associates shall be given, including:

- (a) the name;
- (b) country of incorporation or residence;
- (c) type of business/operations of the entity
- (d) proportion of ownership interest;
- (e) if different, proportion of voting power held; and
- (f) a description of the method used to account for the investments.

## [Illustrative] Notes to the financial statements

### 5. Accounts receivable from group entities and other related parties

	Notes	20XX [currency]	20YY [currency]
Amounts receivable from group entities		_____	_____
Amounts receivable from other related parties		_____	_____
		=====	=====

### 6. Investments in subsidiaries and associates

Year ended [date] 20XX

Details of the entity's subsidiaries as at [date] 20XX are as follows:

Name of <u>subsidiary</u>	Place of incorporation (or registration)	Type of business/ operations	Proportion of ownership <u>interest</u> %	Proportion of voting <u>power held</u> %	Method used to account for <u>investment</u>
[Names]					

Details of the entity's associates as at [date] 20XX are as follows:

Name of <u>associate</u>	Place of incorporation (or registration)	Type of business/ operations	Proportion of ownership <u>interest</u> %	Proportion of voting <u>power held</u> %	Method used to account for <u>investment</u>
[Names]					

## Notes to the financial statements – Commentary/Guidance

### 7. Tangible fixed assets

Items classified as tangible fixed assets in the financial statements shall be limited to tangible assets that are both:

- Held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Expected to be used during more than one financial period.

Separate disclosure of each class of tangible fixed assets shall be made. A class of property, plant and equipment is a grouping of assets of a similar nature and use in an enterprise's operations. The following are examples of separate classes:

- Land;
- Land and buildings (including stadium and training ground);
- Plant and machinery;
- Motor vehicles;
- Fixtures and fittings;
- Office equipment

The following information shall be disclosed for each class of tangible fixed assets:

- The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- A reconciliation of the carrying amount at the beginning and the end of the period showing:
  - Additions;
  - Disposals;
  - Increases or decreases during the period resulting from revaluations;
  - Impairment losses recognised in the profit and loss account during the period (if any);
  - Impairment losses reversed in the profit and loss account during the period (if any);
  - Depreciation; and
  - Other changes.

The depreciation methods and useful lives (or depreciation rates) used shall be disclosed in the accounting policy note. These are matters of judgement and such disclosure provides information that allows comparison to be made with other entities.

The financial statements shall also disclose the existence and amounts of restrictions on title, and tangible fixed assets pledged as security for liabilities.

Where tangible fixed assets such as the stadium, are stated at revalued amounts, the following additional information may be disclosed (as good practice)

- The effective date of the revaluation;
- Whether an independent valuer was involved;
- The methods and significant assumptions applied in estimating the items' fair value;

## [Illustrative] Notes to the financial statements

### 7. Tangible fixed assets

	Notes	Total [currency]
<b>Cost or valuation</b>		
At beginning of period		
Additions		
Disposals		
Revaluation increase		
At end of period		
<b>Comprising</b>		
At cost		
At valuation		
<b>Accumulated depreciation and impairment</b>		
At beginning of period		
Charge for the year		
Eliminated on disposals		
Impairment		
Eliminated on revaluation		
At end of period		
<b>Carrying amount</b>		
At end of period		
At beginning of period		

The entity has pledged tangible fixed assets having a carrying value of approximately [amount] to secure banking facilities granted for the entity.

Land and buildings were revalued at [date of revaluation] by [name of company which performed valuation], independent valuers not connected with the entity, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

As at [date of revaluation], had the land and buildings been carried at historical cost less accumulated depreciation, their carrying value would have been approximately €100 (20YY: €100 ).

The revaluation surplus is disclosed in note 12.

## Notes to the financial statements – Commentary/Guidance

### 7. Tangible fixed assets (continued)

- The extent to which the items' fair values were determined by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques;
- The carrying amount that would have been recognised had the assets been carried under the historical cost model; and
- The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to the shareholders.

### 8. Intangible fixed assets

Separate disclosure of each class of intangible fixed assets shall be made. A class of intangible assets is a grouping of assets of a similar nature and use in an enterprise's operations. The following are examples of separate classes:

- Player registrations
- Goodwill
- Other intangible assets

#### Player registrations

In relation to amounts capitalised and amortised in respect of player registrations, the note should include a reconciliation of the cost, amortisation, net carrying value and movements in the accounting period.

For further information and guidance in relation to accounting for player registrations, refer to section 10.6 and **Appendix VIII**.

#### Goodwill and other intangible assets

In relation to amounts capitalised and amortised in respect of other intangible assets, the note should include a reconciliation of the cost, amortisation, net carrying value and movements in the accounting period.

The existence and carrying amounts of intangible assets whose title is restricted and the carrying amount of intangible assets pledged as security for liabilities shall be disclosed.

**[Illustrative] Notes to the financial statements**

**8. Intangible fixed assets**

	Notes	Player Registrations [currency]	Other [currency]	Total [currency]
<b>Cost</b>				
Brought forward from previous period				
Additions				
Disposals				
Carried forward at end of period				
<b>Amortisation</b>				
Brought forward from previous period				
Amortisation charge for the period				
Disposals				
Impairment				
Carried forward at end of period				
<b>Carrying amount</b>				
At end of period				
At beginning of period				

## Notes to the financial statements – Commentary/Guidance

### **9. Bank overdrafts and loans**

For each class of financial asset, financial liability and equity instrument, the following may be disclosed as good practice:

- Information about the extent and nature of the financial instruments, including amounts and duration and also any significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and
- The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied.

For borrowing facilities the following information may be disclosed as good practice:

- Promised credit facilities;
- Balance outstanding at closing date;
- Name of lender; and
- Duration of the facilities.

### **10. Accounts payable to group entities and other related parties**

Group entities are entities that are under common control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Group entities include parents, subsidiaries and fellow subsidiaries.

Other related parties include associates. For further details and definitions of other related parties, refer to note [13] Related party transactions.

## [Illustrative] Notes to the financial statements

### 9. Bank overdrafts and loans

	Notes	20XX [currency]	20YY [currency]
Bank overdrafts		_____	_____
Bank loans		_____	_____
The borrowings are repayable as follows:			
On demand or within one year			
In the second year			
In the third to fifth years inclusive		_____	_____
After five years		_____	_____
Less: amount due for settlement within 12 months (shown under current liabilities)			
		_____	_____
		_____	_____
Amount due for settlement after 12 months		_____	_____

### 10. Accounts payable to group entities and other related parties

	Notes	20XX [currency]	20YY [currency]
Amounts payable to group entities			
Amounts payable to other related parties			
<b>Total</b>		_____	_____
		=====	=====

## Notes to the financial statements – Commentary/Guidance

### 11. Provisions

A provision is a liability of uncertain timing or amount.

Provisions can be distinguished from other liabilities such as trade payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. Although it is sometimes necessary to estimate the amount or timing of accruals, the uncertainty is generally much less than for provisions. Accruals are often reported as part of trade and other payables, whereas provisions are reported separately.

Provisions shall be disclosed in separate classes. In determining which provisions or contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar to be combined in a statement of a single amount.

#### **For each class of provision, the entity shall disclose:**

- The carrying amount at the beginning and end of the period;
- Additional provisions made in the period, including increases to existing provisions;
- Amounts used (i.e. incurred and charged against the provision) during the period;
- Unused amounts reversed during the period; and
- The increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

Comparative information is not required for the disclosures described above.

The entity is encouraged to disclose (as good practice) the following for each class of provision:

- A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
- An indication of the uncertainties about the timing of those outflows including, where necessary to provide adequate information, the major assumptions made concerning future events; and
- The amount of any expected reimbursement (for example from a counterclaim or insurance recovery), stating the amount of any asset that has been recognised for that expected reimbursement.

**[Illustrative] Notes to the financial statements**

**11. Provisions**

	Notes	Provision Class A [currency]	Provision Class B [currency]	Provision Class C [currency]	Total [currency]
At beginning of period					
Additional provision in the year					
Utilisation of provision					
At end of period					
<b>Total</b>		<hr/>	<hr/>	<hr/>	<hr/>
Included in current liabilities					
Included in non-current liabilities					
		<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements – Commentary/Guidance

### 12. Issued capital and reserves

#### Share capital

The following may be disclosed (as good practice) for each class of share capital:

- The number of shares authorised;
- The number of shares issued and fully paid, and issued but not fully paid;
- Par value per share ( or that the shares have no par value);
- A reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- The rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;
- Shares in the entity held by the entity or by its subsidiaries or associates; and
- Shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts.

The following may be disclosed (as good practice) in relation to share capital issued during the current year:

- The number and type of shares issued;
- The share premium (if applicable) arising on the shares issued;
- The total amount raised as a result of the issuing of shares;
- The reason for the issuing of new shares.

#### Other reserves

For instance, it is good practice, where items of property, plant and equipment are stated at revalued amounts, the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders, shall be disclosed.

#### Retained earnings

The balance of retained earnings (i.e. accumulated profit or loss) at the beginning of the period and at the balance sheet date, and the changes during the period, shall be disclosed.

It is good practice to disclose the amount of distributable and non-distributable reserves.

## [Illustrative] Notes to the financial statements

### 12. Issued share capital and reserves

#### Share capital

	Notes	20XX [currency]	20YY [currency]
Authorised:			
[number] ordinary shares of [amount] each			
Issued and fully paid:			
[number] ordinary shares of [amount] each			

During the year an amount of €x was raised for [insert the purpose of the issue of the share capital] through the issue of [y] ordinary shares [at a premium of [€y] per share]

#### Reserves

	Share premium	Treasury shares (Own shares)	Other reserves	Retained earnings
At beginning of period				
Premium arising on issue of equity shares	[x]			
Expenses of issue of equity shares	[x]			
Acquired in the period		[x]		
Disposal of an exercise of options		[x]		
Increase in reserve			[x]	
Decrease in reserve			[x]	
Dividends paid				[x]
Retained profit after tax for the year				[x]
At end of period				

## Notes to the financial statements – Commentary/Guidance

### 13. Related party transactions

The objective of the requirements for disclosure of related party transactions in the club licensing manual is to help ensure that an entity's financial statements (or supplementary information) contain disclosures to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties and also, that its ability to continue its business in an orderly manner may be dependent on related party loans and other funding.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity;
- (b) the party is an associate of the entity;
- (c) the party is a joint venture in which the entity is a venturer;
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity,.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependants of the individual or the individual's domestic partner.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

## [Illustrative] Notes to the financial statements

### 13. Related party transactions

During the year, the entity entered into the following transactions with related parties:

	<u>Sale of goods/ services</u>		<u>Purchase of goods/ services</u>		<u>Amounts owed by related parties</u>		<u>Amounts owed to related parties</u>	
	20XX	20YY	20XX	20YY	20XX	20YY	20XX	20YY
<b>ABC Holdings</b>								
<b>Associates</b>								

The following paragraphs give details of all related party transactions involving the entity and any of its subsidiary undertakings.

ABC Holdings is a related party of the entity because [give reasons]. The amount owing to ABC Holdings at the year end of [€100] is interest bearing at a rate of [5]% per annum.

[Name of subsidiary] is a related party because it is under common control. Both [name of subsidiary] and [entity name] are owned by [insert name of parent company or individual].

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Companies of which [insert name of Director] is a Director, were invoiced [€100] for [insert description of services] during the year. [Insert name of Director] is an Executive Director of [name of entity].

During the year, the entity purchased from Company A, an associated company, [€100] (20YY - €200) of merchandise at normal trade price. At the financial year end, [€10] (2002 - [€20]) was due to Company A in respect of finished goods. This amount is included within creditors due within one year.

## Notes to the financial statements – Commentary/Guidance

### 13. Related party transactions (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a *joint venture*.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

#### Disclosures

If there have been transactions between related parties during the period, an entity shall disclose the nature of the related party relationship as well as information about the transactions during the period and outstanding balances at the period end necessary for an understanding of the potential effect of the relationship on the financial statements. At a minimum, disclosures must include:

- (a) the amount of the transactions;
- (b) the amount of outstanding balances and:
  - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
  - details of any guarantees given or received;
- (c) provisions for doubtful debts related to the amount of outstanding balances; and
- (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

As good practice, disclosures should also include any other elements of any related party transactions that are necessary for an understanding of the financial statements.

The following are examples of transactions that are disclosed if they are with a related party:

- (a) purchases or sales of goods;
- (b) purchases or sales of property and other assets;
- (c) rendering or receiving of services;
- (d) leases;
- (e) transfers under licence agreements;
- (f) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
- (g) provision of guarantees or collateral; and
- (h) settlement of liabilities on behalf of the entity by another party or by the entity on behalf of another party.

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## Notes to the financial statements – Commentary/Guidance

### 13. Related party transactions (continued)

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. If applicable, certain intragroup related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of a group.

### 14. Contingent liabilities

Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the balance sheet date a brief description of the nature of the contingent liability and, where practicable:

- an estimate of its financial effect;
- an indication of the uncertainties relating to the amount or timing of any outflow; and
- the possibility of any reimbursement.

Examples of contingent liabilities include:

- amounts that may become payable to other parties, in respect of player registrations;
- guarantees to Banks in respect of related parties; or
- amounts that are subject to litigation.

This listing is not all-inclusive.

### 15. Controlling party

When the reporting entity is controlled by another party, there shall be disclosure of the related party relationship and the name of that party and, if different, that of the ultimate controlling party. If the controlling party or ultimate controlling party of the reporting entity is not known, that fact shall be disclosed. This information shall be disclosed irrespective of whether any transactions have taken place between the controlling parties and the reporting entity.

### 16. Events after the balance sheet date

It is considered good practice to disclose material non-adjusting events after the balance sheet date. Disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made. Examples of events or conditions which would fall into this category include:

- Fixed term borrowing approaching maturity without realistic prospects of renewal or repayment;
- Substantial operating losses;
- Discovery of material fraud or errors that show the financial statements are incorrect;
- Management determines that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.
- Player transactions where the amounts paid or received are significant;
- Transactions relating to property – for example, in relation to the club's stadium.

## Notes to the financial statements – Commentary/Guidance

### 14. Contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations future payments may be due, dependent on the future success of the team and/or the future team selection of individual players. As at [period end] the maximum that could be payable is [amount].

### 15. Controlling party

The ultimate parent undertaking of the [reporting entity] is [entity name], a company incorporated in [country].

### 16. Events after the balance sheet date

[Disclose the nature of the event and an estimate of the financial effect].

## **Cash Flow Statement – indirect method – Commentary/Guidance**

### **Introduction**

Licence applicants are required to prepare and present annual financial statements based on the accounting standards required by local legislation. For the purpose of UEFA club licensing requirements, the audited financial statements must contain all items listed in section 10.6.4.1 – i) to v) of the chapter.

Notwithstanding the national accounting practice, the financial criteria require licence applicants to present a minimum level of historic financial information in the cash flow statement – as summarised in section 10.6.4.6 of the chapter.

The cash flow statement (opposite) provides an illustration of how the minimum information may be presented (using the indirect method) – however, the requirements of national accounting practice may require presentation in a different form, in certain respects, from the illustrative presentation given in this Appendix, which is acceptable as long as all the minimum information is contained therein.

The cash flow statement may also be presented using the direct method – an example of which is also given earlier in this Appendix. Cash flows are inflows and outflows of cash and cash equivalents.

### **Cash flows from operating activities**

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. An entity shall report cash flows from operating activities using either:

- i. the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or
- ii. the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income and expense associated with investing or financing cash flows.

The amount of cash flows arising from operating activities is a key indicator of the extent to which the operations of the entity have generated sufficient cash flows to repay loans, maintain the operating capability of the entity, pay dividends and make new investments without recourse to external sources of financing. Information about the specific components of historical operating cash flows is useful, in conjunction with other information, in forecasting future operating cash flows.

Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of net profit or loss. Examples of cash flows from operating activities of a football club are shown opposite (in a direct method format). Licence applicants are encouraged to report cash flows from operating activities using the direct method. The direct method provides information which may be useful in estimating future cash flows and which is not available under the indirect method.

## **[Illustrative] cash flow statement – indirect method**

For the year ended [date] 20XX

**Reconciliation of operating profit to operating cash flows**

	Notes	20XX [currency]	20YY [currency]
Operating profit		_____	_____
Depreciation and amortisation			
Profit on sale of tangible fixed assets			
Increase in inventories			
Decrease in debtors			
Increase in creditors			
Decrease in provisions			
Other [ <i>describe</i> ]			
<b>Net cash inflow from operating activities</b>		_____	_____
<b>Cash flows from investing activities</b>			
Cash receipts from sale of property, plant and equipment			
Cash payments to acquire property, plant and equipment			
Cash receipts from sale of player registrations			
Cash payments to acquire player registrations			
Cash receipts from sale of other long term assets			
Cash payments to acquire other long term assets			
Cash receipts from sale of financial investments			
Cash payments to acquire new financial investments			
Cash receipts in relation to receipts of loans from non-financial institutions			
Cash payments in relation to repayment of loans to non-financial institutions			
<b>Cash inflow/outflow from investing activities</b>		_____	_____
<b>Cash flows from financing activities</b>			
Cash receipts from issuing short or long-term borrowings			
Cash payments in relation to repayment of amounts borrowed			
Cash receipts from an increase in capital			
Cash payments to acquire or redeem the entity's shares			
<b>Cash inflow/outflow from financing activities</b>		_____	_____
<b>Net increase/decrease in cash</b>		_____	_____

## **Cash Flow Statement – Commentary/Guidance**

### **Cash flows from investing activities**

Investing activities are the acquisition and disposal of long-term assets (including player registrations) and other investments not included in cash equivalents. The entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing activities.

The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Examples of cash flows arising from investing activities of a football club are shown opposite.

### **Cash flows from financing activities**

Financing activities are activities that result in changes in the size and composition of the contributed equity share capital and borrowings of the entity. The entity shall report separately major classes of gross cash receipts and gross cash payments arising from financing activities.

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are shown opposite.

### **Other cash flows**

Cash flows from interest and dividends received and paid should each be disclosed separately. Each should be disclosed in a consistent manner from period to period as either operating, investing or financing activities.

Cash flows arising from taxes on income should be separately disclosed and shall be classified as cash flows from operating activities unless they can be appropriately and specifically identified with financing and investing activities.

## **[Illustrative] cash flow statement – indirect method**

For the year ended [date] 20XX

<b>Reconciliation of operating profit to operating cash flows</b>	<b>Notes</b>	<b>20XX [currency]</b>	<b>20YY [currency]</b>
Operating profit		<hr/>	<hr/>
Depreciation and amortisation			
Profit on sale of tangible fixed assets			
Increase in inventories			
Decrease in debtors			
Increase in creditors			
Decrease in provisions			
Other [ <i>describe</i> ]			
<b>Net cash inflow from operating activities</b>		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Cash receipts from sale of property, plant and equipment			
Cash payments to acquire property, plant and equipment			
Cash receipts from sale of player registrations			
Cash payments to acquire player registrations			
Cash receipts from sale of other long term assets			
Cash payments to acquire other long term assets			
Cash receipts from sale of financial investments			
Cash payments to acquire new financial investments			
Cash receipts in relation to receipts of loans from non-financial institutions			
Cash payments in relation to repayment of loans to non-financial institutions			
<b>Cash inflow/outflow from investing activities</b>		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Cash receipts from issuing short or long-term borrowings			
Cash payments in relation to repayment of amounts borrowed			
Cash receipts from an increase in capital			
Cash payments to acquire or redeem the entity's shares			
<b>Cash inflow/outflow from financing activities</b>		<hr/>	<hr/>
<b>Net increase/decrease in cash</b>		<hr/> <hr/>	<hr/> <hr/>

## APPENDIX VIII ANNUAL FINANCIAL REPORTING: PLAYER IDENTIFICATION TABLE

Refer to section 10.6.4.10 for the requirements in relation to the player identification table. The player identification table must be provided to the auditor. However, the player identification table does not need to be disclosed within the annual financial statements, nor does it have to be submitted to the licensor.

An illustration of a player identification table is set out below. The illustration of the player identification table includes examples of amounts capitalised in respect of a club that has incurred acquisition costs (at some point in time in the period or prior periods) in respect of four players and assumes the licence applicant's statutory closing date is 30 June 2007.

[Name] Licence applicant  
Player identification table  
Year ended 30 June 2007

Player details			Direct costs of acquiring the registration			Accumulated amortisation					Carrying amount		Other	
Name (and d.o.b.)	Start date of contract	End date of contract	Brought-forward from previous period	Additions/ (disposals)	As at end of period	Brought-forward from previous period	Amortisation in current period	Impairment in current period	Disposals	As at end of period	Brought-forward from previous period	As at end of period	Sales proceeds	Profit/(loss) on disposal of player registration
			(a)	(b)	(c) = (a)+(b)	(d)	(e)	(f)	(g)	(h)=(d)+(e)+(f)-(g)	(i)=(a)-(d)	(j)=(c)-(h)	(k)	(l)
Acquired players														
Player 1	30.01.2007	30.06.2009	0	200	200	0	33	0	0	33	0	0	167	n/a
Player 2	30.08.2006	30.06.2009	0	300	300	0	88	0	0	88	0	0	212	n/a
Player 3	30.01.2007	30.06.2009	0	320	320	0	55	0	0	55	0	0	265	n/a
Player 4	30.06.2006	30.06.2008	240	0	240	0	120	0	0	120	240	0	120	n/a
Loaned players														
[name]														
[name]														
[name]														
<b>Total</b>							(e)	(f)				(j)		(l)

(e) Aggregate figure must agree to Amortisation of players' registrations as disclosed in Profit & Loss Account and/or Balance Sheet in the annual financial statements

(f) Aggregate figure must agree to Impairment of player's registrations as disclosed in Profit & Loss Account and/or Balance Sheet in the annual financial statements

(j) Aggregate figure must agree to carrying value of intangible assets (players' registrations) as disclosed in the Balance Sheet in the annual financial statements

(l) Aggregate figure must agree to profit or loss from disposal of players' registrations as disclosed in the annual financial statements

Confirmed on behalf of licence applicant that the information in the table above is accurately compiled and completed

[signature]

[date]

On behalf of licence applicant

## APPENDIX IX ANNUAL FINANCIAL REPORTING: ILLUSTRATIVE FORM OF AGREED-UPON PROCEDURES ON SUPPLEMENTARY INFORMATION

As described in section 10.6, if the minimum requirements for the content of the annual financial information and accounting principles are not met in the annual financial statements, then the licence applicant will be required to prepare supplementary information in order to meet the minimum requirements. The content and presentation of the supplementary information, if required at all, will vary between licence applicants depending on the amount of information already disclosed in the separate annual financial statements.

The supplementary information must be prepared on a basis of accounting, and accounting policies, consistent with the annual financial statements. Financial information must be extracted from sources consistent with those used for the preparation of the financial statements. Where appropriate, disclosures in the supplementary information must agree, or reconcile, to the relevant disclosures in the financial statements.

International Standard on Related Services (ISRS) 4400, 'Engagements to Perform Agreed-upon Procedures Regarding Financial Information' provides further guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement. The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in the country.

Some guidance is provided in this appendix about agreed-upon procedures work and an illustrative factual findings report is provided.

### **Objective of agreed-upon procedures work**

The objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature, to which the auditor and the entity and any appropriate third parties have agreed, and to report on factual findings. As the auditor simply provides a report of the factual findings of agreed-upon procedures, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the auditor and draw their own conclusions from the auditor's work.

The auditor's report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

### **Procedures**

The auditor should carry out the procedures agreed-upon and use the evidence obtained as the basis for the report of factual findings. The procedures applied in an engagement to perform agreed-upon procedures may include the following:

- Inquiry and analysis;
- Recomputation, comparison and other clerical accuracy checks;
- Observation;
- Inspection; and
- Obtaining confirmations.

## **Illustrative contents of a report of factual findings for an agreed-upon procedures engagement**

The report of factual findings should contain:

- Addressee (the licence applicant who engaged the auditor to perform the agreed-upon procedures);
- Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied (i.e. in this illustration, the supplementary information);
- A statement that the procedures performed were those agreed upon with the recipient;
- Identification of the purpose for which the agreed-upon procedures were performed;
- A listing of the specific procedures performed;
- A description of the auditor's factual findings including sufficient details of errors and exceptions found;
- Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- A statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- A statement (when applicable) that the report relates only to the matters specified and that it does not extend to the entity's financial statements taken as a whole;
- Date of the report; and
- Auditor's address and signature.

## **ILLUSTRATIVE REPORT OF FACTUAL FINDINGS TO [LICENCE APPLICANT] (“THE CLUB”)**

Further to the requirements of the club licensing manual of [Licensor], we have been engaged by the Club, under the terms of our engagement letter dated [date], to perform certain procedures in relation to the attached supplementary information dated [date].

The supplementary information is the responsibility of, and has been approved by, the directors of the Club. The directors are responsible for preparing the supplementary information and must ensure that the accounting policies and presentation applied to the supplementary information are consistent with those applied in preparing the annual accounts for the year ended [date] 20XX, except where any changes, and the reasons for them, are disclosed.

Our report has been prepared solely for the Club in connection with its application for a Club Licence. It has been released to the Club and, for information purposes only, to [Licensor] on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save for the Club and [Licensor] own internal purposes), without our prior written consent.

Our report was designed to meet the agreed requirements of the Club. Our report should not therefore be regarded as suitable to be used or relied on by any party other than the Club. Any party other than the Club which obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at their own risk. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of our report to anyone other than the Club.

Our work consisted of the following procedures:

1. We compared the total(s) in the supplementary information to the related names and amounts in the annual financial statements.
2. We checked the arithmetical accuracy of the supplementary information and we compared the total(s) to the related descriptions and amounts in the trial balance.
3. We obtained the supporting analysis and information prepared by the directors and compared the information to the supplementary information.
4. We obtained representations from the directors of the Club that the information contained in the supplementary information was prepared on the basis of accounting policies and presentation consistent with those applied in preparing the annual accounts for the year ended [date] 20XX, except where any changes, and the reasons for them, are disclosed

Based solely on the work described above:

- With respect to item 1, we found the amounts compared to be in agreement.
- With respect to item 2, we found the addition to be correct and the total(s) to be in agreement.
- With respect to item 3, we found the amounts compared to be in agreement or reconciled.
- With respect to item 4, we found the representations to be consistent with the supplementary information we have inspected.

[Detail any exceptions]

Our work was restricted to the procedures set out above and was not directed to the discovery of errors or misstatements which we consider to be immaterial. The procedures we performed did not constitute an audit or a review of any kind. Had we performed additional procedures or had we performed an audit or review of the supplementary information, other matters might have come to our attention that would have been reported to you. This report relates only to the supplementary information of the Club and does not extend to any financial statements of the Club, taken as a whole.

We do not accept any responsibility for any reports previously given on any financial information used in the preparation of this report (including any audit reports on the financial statements or tax advice provided) beyond that owed to those to whom those reports were addressed by us at the date of their issue. This provision shall also apply to any reports (including audit reports and tax advice) issued in future.

(Signature)

**Auditor**

[Date of report]

## APPENDIX X      **ANNUAL FINANCIAL REPORTING: COMMENTARY REGARDING AUDIT REPORTS – CONTENTS AND DIFFERENT FORMS OF OPINION**

### **Introduction**

These are guidance notes to assist the reader's understanding of the basic elements of the auditor's report and the different types of audit opinion that can be provided in respect of the annual financial statements.

International Standard on Auditing (ISA) 700 (Revised), 'The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements' and ISA 701, 'Modifications to the Independent Auditor's Report', provide further guidance. However, national legislation and practice may differ.

The auditor should review and assess the conclusions drawn from the audit evidence obtained as the basis for the expression of an opinion on the financial statements.

The auditor's report should contain a clear written expression of opinion on the financial statements taken as a whole. The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

### **Basic elements of the auditor's report**

The auditor's report includes the following basic elements, ordinarily in the following layout:

- (a) Title;
- (b) Addressee;
- (c) Introductory paragraph, including:
  - (i) Identification of the entity whose financial statements have been audited;
  - (ii) Identification of the title of each of the financial statements that comprise the complete set of financial statements, reference to the summary of significant accounting policies and other explanatory notes and the date and period covered;
- (d) Management's responsibility for the financial statements;
- (e) Auditor's responsibility, including:
  - (i) A reference to the International Standards on Auditing or the relevant national standards/practices;
  - (ii) A description of the work the auditor performed;
- (f) Auditor's opinion;
- (g) Other reporting responsibilities (if applicable);
- (h) Auditor's signature;
- (i) Date of the auditor's report; and
- (j) Auditor's address.

### **Opinion paragraph**

The opinion paragraph of the auditor's report should clearly indicate the financial reporting framework used to prepare the financial statements (including identifying the country of origin of the financial reporting framework when the framework used is not IFRS) and state the auditor's opinion as to whether the financial statements give a true and fair view (or are presented fairly, in all material respects) in accordance with that financial reporting framework and, where appropriate, whether the financial statements comply with relevant statutory requirements.

The terms used to express the auditor's opinion are "give a true and fair view" or "present fairly, in all material respects" and are equivalent. Both terms indicate, amongst other things, that the auditor considers only those matters that are material to the financial statements.

### **The auditor's report**

The diagram in **Appendix VIII** summarises the different types of audit opinion and the implications of each for the licensor's decision making.

### **Unqualified opinion**

An **unqualified opinion** (or 'clean' opinion) should be expressed when the auditor concludes that the financial statements give a true and fair view (or are presented fairly, in all material respects) in accordance with the identified financial reporting framework. An unqualified opinion also indicates implicitly that any changes in accounting principles or in the method of their application, and the effects thereof, have been properly determined and disclosed in the financial statements.

The following is an illustration of an expression of an unqualified opinion:

"In our opinion, the financial statements give a true and fair view of (or present fairly, in all material respects,) the financial position of [reporting entity] as of [date] 20XX, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (or [title of financial reporting framework with reference to the country of origin]) (and comply with [relevant statutes or law])"

### **Modified reports**

An auditor's report is considered to be modified in the following situations.

- a) Matters that do not affect the auditor's opinion (and hence the auditor's opinion is still classed as 'unqualified'):
  - (i) Emphasis of matter
  
- b) Matters that do affect the auditor's opinion:
  - (i) Qualified opinion,
  - (ii) Disclaimer of opinion, or
  - (iii) Adverse opinion.

### **a) Matters that do not affect the auditor's opinion**

In certain circumstances, an auditor's report may be modified by adding an **emphasis of matter** paragraph to highlight a matter affecting the financial statements which is included in a note to the financial statements that more extensively discusses the matter. The addition of such an emphasis of matter paragraph does not affect the auditor's opinion. The paragraph would preferably be included after the opinion paragraph and would ordinarily refer to the fact that the auditor's opinion is not qualified in this respect.

The auditor should modify the auditor's report by adding a paragraph to highlight a material matter regarding a going concern problem.

The auditor should consider modifying the auditor's report by adding a paragraph if there is a significant uncertainty (other than a going concern problem), the resolution of which is dependent upon future events and which may affect the financial statements. An uncertainty is a matter whose outcome depends on future actions or events not under the direct control of the entity but that may affect the financial statements.

If adequate disclosure is made in the financial statements, the auditor should express an unqualified opinion but modify the auditor's report by adding an emphasis of matter paragraph that highlights the existence of a material uncertainty relating to the event or condition that may cast significant doubt on the entity's ability to continue as a going concern. The following is an example of such a paragraph:

“Without qualifying our opinion, we draw attention to Note X in the financial statements which indicates that the Company incurred a net loss of [amount] during the year ended [date] 20XX and, as of that date, the Company's current liabilities exceeded its total assets by [amount]. These conditions, along with other matters as set forth in Note X, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.”

### **b) Matters that do affect the auditor's opinion**

An auditor may not be able to express an unqualified opinion when either of the following circumstances exists and, in the auditor's judgment, the effect of the matter is or may be material to the financial statements:

- (I) There is a limitation on the scope of the auditor's work; or
- (II) There is a disagreement with management regarding the acceptability of the accounting policies selected, the method of their application or the adequacy of financial statement disclosures.

The circumstances described in (I) could lead to a qualified opinion or a disclaimer of opinion. The circumstances described in (II) could lead to a qualified opinion or an adverse opinion.

### **Circumstances that may result in other than an unqualified opinion**

- (I) A **limitation on the scope** of the auditor's work may sometimes be imposed by the entity. A scope limitation may be imposed by circumstances (for example, when the timing of the auditor's appointment is such that the auditor is unable to observe the counting of physical inventories). It may also arise when, in the opinion of the auditor, the entity's accounting records are inadequate or when the auditor is unable to carry out an audit procedure believed to be desirable. In these circumstances, the auditor would attempt to carry out reasonable alternative procedures to obtain sufficient appropriate audit evidence to support an unqualified opinion.

When there is a limitation on the scope of the auditor's work that requires expression of a qualified opinion or a disclaimer of opinion, the auditor's report should describe the limitation and indicate the possible adjustments to the financial statements that might have been determined to be necessary had the limitation not existed.

- (II) The auditor may **disagree with management** about matters such as the acceptability of accounting policies selected, the method of their application, or the adequacy of disclosures in the financial statements. If such disagreements are material to the financial statements, the auditor should express a qualified or an adverse opinion.

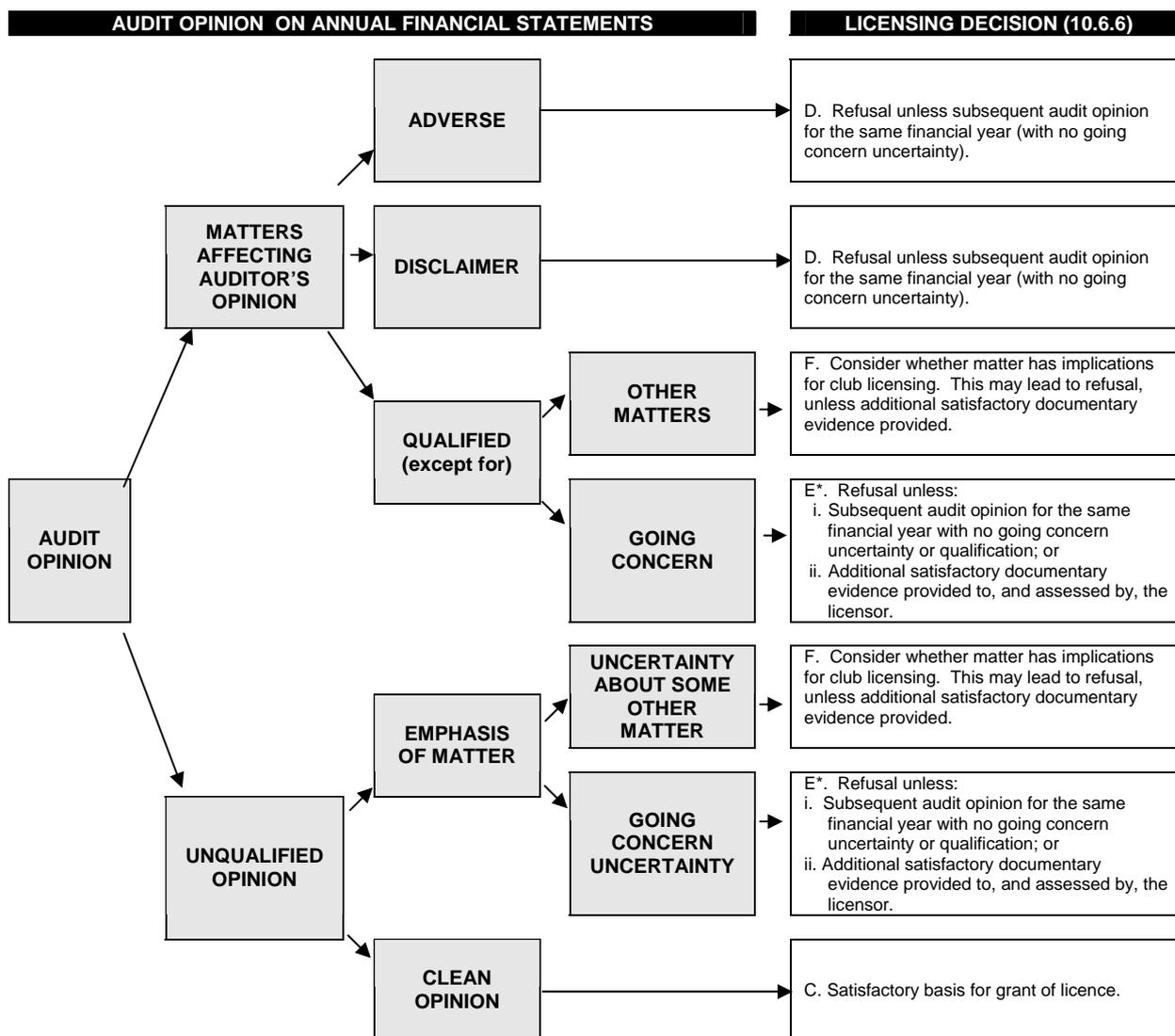
#### **Matters affecting auditor's opinion – type of opinion**

- (i) A **qualified opinion** should be expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not so material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.
- (ii) A **disclaimer of opinion** should be expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and accordingly is unable to express an opinion on the financial statements.
- (iii) An **adverse opinion** should be expressed when the effect of a disagreement is so material and pervasive to the financial statements that the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements.

Whenever the auditor expresses an opinion that is other than unqualified, a clear description of all the substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the financial statements. Ordinarily, this information would be set out in a separate paragraph preceding the opinion or disclaimer of opinion and may include a reference to a more extensive discussion, if any, in a note to the financial statements.

# APPENDIX XI ANNUAL FINANCIAL REPORTING: DIAGRAMMATIC SUMMARY OF IMPLICATIONS ON THE LICENSING DECISION OF DIFFERENT MODIFICATIONS TO THE AUDITOR'S REPORT

## Audit opinion



E\* = If the auditor's report in respect of the annual financial statements includes an emphasis of matter or a qualified 'except for' opinion in respect of going concern, then the licence applicant/licensee shall be in breach of indicator IND.01 (as set out in section 10.11.5). As a result, the licensor must undertake more extensive assessment procedures in respect of criterion F.06 (Future financial information) and, if granted a licence, the licensee must also comply with criterion F.08 (Duty to update future financial information).

## Other matters

MATTER	LICENSING DECISION (10.6.6)
ANNUAL FINANCIAL STATEMENTS NOT SUBMITTED	A. Refusal
ANNUAL FINANCIAL STATEMENTS DO NOT MEET MINIMUM REQUIREMENTS	B. Refusal
ERRORS AND/OR EXCEPTIONS IN AUP REPORTING	G. May be refused

## APPENDIX XII INTERIM FINANCIAL REPORTING: COMMENTARY ON RECOGNITION AND MEASUREMENT

As described in section 10.1, historic financial information may continue to be prepared on the basis of national accounting practice requirements. Notwithstanding that the manual does not prescribe the basis for the recognition and measurement of transactions and other events in interim financial statements, this appendix provides some guidance based on International Accounting Standard 34 'Interim Financial Reporting' (IAS 34).

For further information and guidance, refer to relevant national accounting practice or the full version of IAS 34.

For football clubs with a summer financial year end (for example, 30 June), interim reporting will occur in mid-season, most frequently between November and January. In particular, this presents the issue of how to treat, in interim financial statements, revenues and costs which are:

- Received or paid for the season as a whole; or
- Contingent on performance (and which is not certain at the interim stage).

In deciding how to recognise, measure, classify, or disclose an item for interim financial reporting purposes, materiality should be assessed in relation to the interim period financial data. In making assessments of materiality, it should be recognised that interim measurements may rely on estimates to a greater extent than measurements of annual financial data at the statutory closing date.

This appendix has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances.

### Revenues

Revenues that are received seasonally, cyclically, or occasionally within a financial year should not be either anticipated or deferred as of an interim date if that anticipation or deferral would not be appropriate if the same circumstances existed at the end of the licence applicant's full financial year.

The illustrative application of this principle to certain key revenue streams for football clubs is summarised below:

#### Gate receipts

Revenue from match day gate receipts and corporate sales should be recognised as it is earned as individual matches are played. Season ticket sales should be recognised with respect to the proportion of games that have been played at the interim financial reporting date.

#### Sponsorship and advertising

Basic receipts should be recognised in line with the club's revenue recognition accounting policy. Where contracted amounts are paid annually, revenue may be recognised with reference to the proportion of the season or year that has been completed.

### Broadcasting rights

Basic receipts should be recognised with respect to the proportion of the contract fulfilled at the interim financial reporting date (e.g. if there are 34 league matches in a season and 20 have been completed by the interim date, recognise 20/34ths of the amount for the season).

Performance related awards should not be anticipated.

UEFA competition revenue should be recognised as an appropriate proportion of the minimum amount that the club is contractually obliged to receive (performance should not be anticipated). If a club has been eliminated from a UEFA competition prior to its interim reporting balance sheet date, all revenue that the club is contractually obliged to receive from that competition should be recognised in the interim reporting period. If a club has not been eliminated from a UEFA competition by its interim reporting balance sheet date, only an appropriate proportion of the minimum amount that the club is contractually obliged to receive should be recognised.

### Commercial

Revenue for specific events or matches should be recognised as the event or match takes place. Revenue receipts relating to the whole season should be recognised on the basis of the proportion of matches completed at the interim date.

Merchandising sales should be recognised on an earned basis.

### **Costs**

Costs that are incurred unevenly during a licence applicant's financial year should be anticipated (accrued) or deferred (prepaid or carried forward) for interim reporting purposes if, and only if, it would also be appropriate to anticipate or defer that type of cost at the end of the financial year.

Players' basic wages, non-contingent bonuses (that effectively accrue over time), match day expenses and other staff salaries should be recognised on the basis of when they are incurred.

Signing on fees to players should be charged evenly to the Profit and Loss Account over the period of the player's contract, not on a 'cash accounting' basis. If these are paid annually in advance there will be a prepayment at the interim date.

Loyalty bonuses should be recognised on a proportional basis if they are not contingent. If the loyalty bonuses are contingent they should not be anticipated.

Contingent bonuses (e.g. bonuses for European competition qualification) should not be anticipated unless the contingency has already been met. If the contingency has been met then the entire amount should be expensed.

## APPENDIX XIII INTERIM FINANCIAL REPORTING: COMMENTARY ON SPECIFIC EXPLANATORY NOTES

In addition to the minimum information requirements set out in section 10.7.4, as good practice, a reporting entity should include the following information in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report.

Events or transactions that are material to an understanding of the current interim period may include:

- explanatory comments about the seasonality or cyclicity of interim operations;
- the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence;
- the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period;
- issuances, repurchases, and repayments of debt and equity securities;
- dividends paid (aggregate or per share) separately for ordinary shares and other shares;
- material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;
- the effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations; and
- changes in contingent liabilities or contingent assets since the last annual balance sheet date.

Examples of the kinds of disclosures that are good practice are set out below.

- recognition of a loss from the impairment of player registrations, property, plant, and equipment, or other assets, and the reversal of such an impairment loss;
- the reversal of any provisions for the costs of restructuring;
- acquisitions and disposals of items of property, plant, and equipment;
- commitments for the purchase of property, plant, and equipment;
- the write-down of inventories to net realisable value and the reversal of such a write-down;
- material litigation settlements;
- corrections of prior period errors such as fundamental errors in previously reported financial data;
- any loan debt default or any breach of a loan agreement debt covenant that has not been remedied on or before the balance sheet date; and a note as to whether it has been corrected subsequently; and
- related party transactions.

## **APPENDIX XIV INTERIM FINANCIAL REPORTING: ILLUSTRATIVE FORM OF REVIEW REPORT THAT MAY BE ISSUED FROM AN ENGAGEMENT TO REVIEW INTERIM FINANCIAL STATEMENTS**

The procedures required to conduct a review of the interim financial statements should be determined by the auditor having regard to, either:

- (i) the requirements of International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'; or
- (ii) relevant national standards or practices for review of interim financial information where these comply with, as a minimum, the requirements of ISRE 2410.

If an auditor is engaged to perform a review of interim financial information, and who is not the auditor of the entity, then the review should be conducted in accordance with ISRE 2400, 'Engagements to Review Financial Statements'.

It is recommended that, in the course of developing the national club licensing manual, each licensor should seek to agree, with its national institute of chartered accountants (or similar body), a form of review report in relation to interim financial statements.

Below is provided an illustrative example of a form of unqualified (or 'clean') review report that will need to be adjusted for the circumstances in each territory.

## **ILLUSTRATIVE REVIEW REPORT TO [LICENCE APPLICANT]**

In accordance with the terms of our engagement letter dated [date], we have reviewed the accompanying financial information of [Licence applicant] for the [six] months ended [date] 20XX comprising the profit and loss account, the balance sheet, the cash flow statement and related notes 1 to [number]. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with [the identified financial reporting framework, identifying the country of origin of the financial reporting framework when the framework used is not IFRS]. Our responsibility is to express a conclusion on this interim financial information based on our review.

This report has been prepared solely for [Licence applicant] in connection with the interim financial report. Our work has been undertaken so that we might state to [Licence applicant name] those matters we are required to state to them in an independent review report and for no other purpose. Our report has been released to [Licence applicant] and [Licensor] on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save for the [Licence applicant] and [Licensor] own internal purposes), without our prior written consent. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than [Licence applicant] for our review work, for this report, or for the conclusions we have formed.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' [or refer to relevant national standards or practices]. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of [or 'does not present fairly, in all material respects,'] the financial position of [licence applicant] at [date] 20XX, and of its financial performance and its cash flows for the [six] month period then ended in accordance with [the identified financial reporting framework, identifying the country of origin of the financial reporting framework when the framework used is not IFRS].

(Signature)

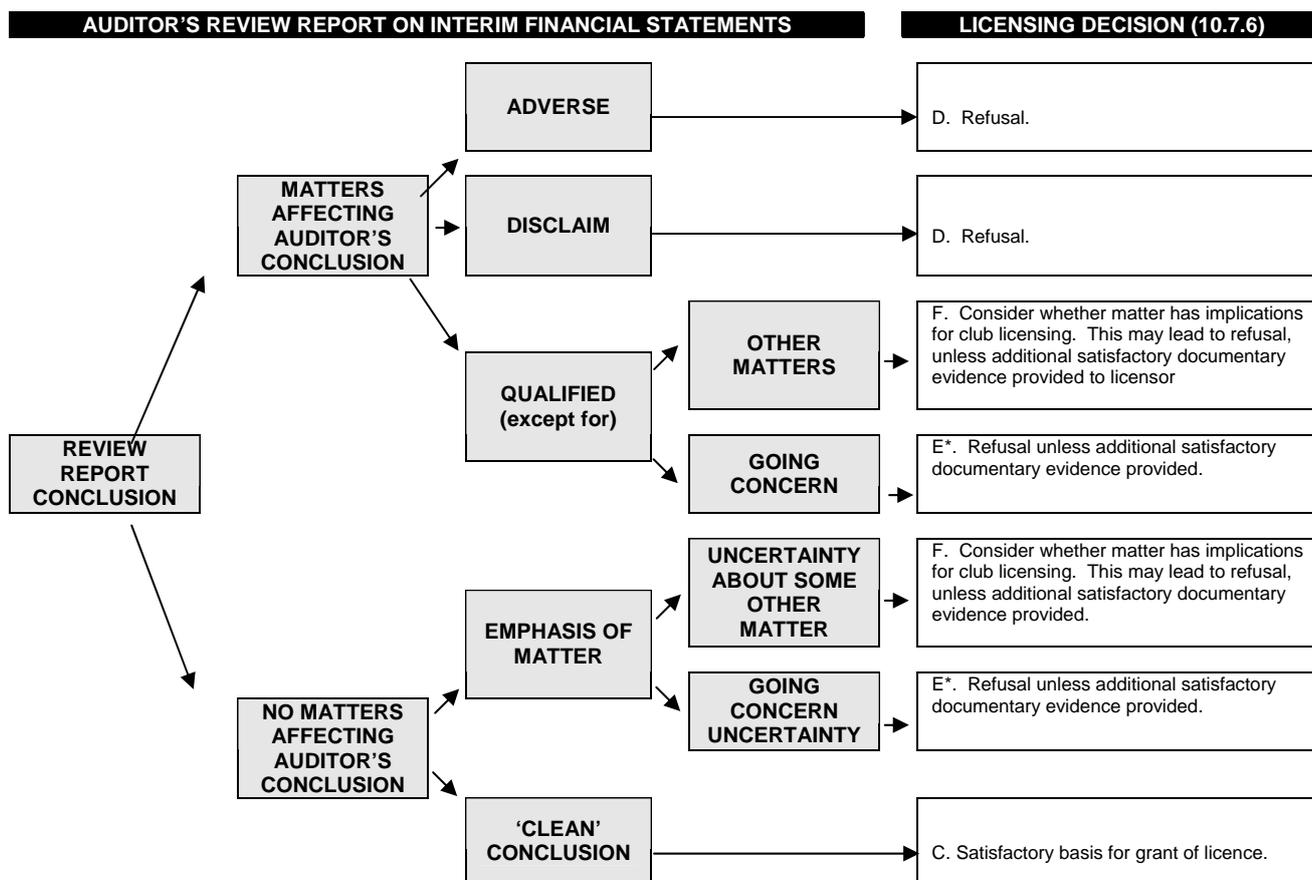
**Auditor**

[Date of report]

[Address]

# APPENDIX XV INTERIM FINANCIAL REPORTING: DIAGRAMMATIC SUMMARY OF IMPLICATIONS ON THE LICENSING DECISION OF DIFFERENT MODIFICATIONS TO THE AUDITOR'S REVIEW REPORT

## Review report



E\* = If the auditor's review report in respect of the interim financial statements expresses an emphasis of matter or qualification in respect of going concern, then the licence applicant/licensee shall be in breach of indicator IND.02 (as set out in section 10.11.5). As a result, the licensor must undertake more extensive assessment procedures in respect of criterion F.06 (Future financial information) and, if granted a licence, the licensee must also comply with criterion F.08 (Duty to update future financial information).

## Other matters

MATTER	LICENSING DECISION (10.7.6)
INTERIM FINANCIAL STATEMENTS NOT SUBMITTED	A. Refusal
INTERIM FINANCIAL STATEMENTS DO NOT MEET MINIMUM REQUIREMENTS	B. Refusal

## APPENDIX XVI TRANSFER PAYABLES TABLE

Refer to section 10.8.4.2 for the requirements in relation to the transfer payables table. The transfer payables table must be provided to the licensor, unless the information is already disclosed to the licensor under existing national transfer requirements.

An illustration of a transfer payables table is set out below. The illustration of the transfer payables table below includes examples of amounts payable by a club in respect of four players and has been prepared as at 31 December 2007.

As at 31 December 2007

Player details		Direct costs of acquiring the registration					Amount paid	Amount payable at 31 December 2007					Comments on overdue payables at 31 December 2007	
Name or number	Date of transfer/loan agreement	From (club)	Un-conditional transfer/loan fee to former club paid and/or payable	Conditional transfer fees paid and/or payable to former club	Training compensation	Other direct costs	Total amount capitalised at 31 December 2007	Total amount paid by 31 December 2007	Total amount payable at 31 December 2007	To football club	Due date(s)	To other parties	Un-recognised conditional transfer fees at 31 December 2007 (i.e. contingent liability)	
			(a)	(b)	(c)	(d)	(e)=(a)+(b)+(c)+(d)	(f)	(g)=(f)+(e) and (g)=(h)+(i)	(h)		(i)	(l)	
Acquired players														
Player 1	30.01.2007	Club X FC	200	-	-	-	200	100	100	100	30.01.2008	-	-	Not overdue at 31/12/07
Player 2	30.08.2006	Club Y FC	200	100	-	-	300	100	200	100	30.08.2007	-	-	Overdue at 31/12/07; but paid in full by 31/03/08
														Not overdue at 31/12/07
Player 3	30.01.2007	Club Z FC	200	100	10	10	320	210	110	100	30.06.2008	10	50	Not overdue at 31/12/07
Player 4	30.06.2006	Club W FC	240	-	-	-	240	140	100	100	30.06.2007	-	-	Overdue at 31/12/07. Not paid/settled/deferred in dispute as at 31/03/08. Payable overdue.
Player loans														
(name or number)														
(name or number)														
(name or number)														
(name or number)														
<b>Total</b>									(g)	(h)				

(g) Aggregate figure must agree to relevant balance sheet disclosure for "Accounts payable relating to player transfers."

(h) Disclose the amount payable to a club and the associated due date. If the amount is payable in more than one instalment, disclose the amount of each instalment and associated due date. In effect, this is the amount(s) that criterion F.03 is addressing

(i) Under the terms of contracts with other football clubs in respect of player transfers, additional amounts will become payable if certain conditions are met.

Confirmed on behalf of licence applicant that the information in the table above is accurately compiled and completed.

[signature] [date]

## APPENDIX XVII TRANSFER RECEIVABLES TABLE

As set out in section 10.8, it is recommended that licence applicants be required to prepare and submit information about receivables arising from the transfer of player registrations to other clubs. However, this is not a mandatory requirement.

An illustration of a transfer receivables table is set out below. The illustration of the transfer receivables table includes examples of amounts receivable by a club in respect of two players and has been prepared as at 31 December 2007.

[Name] Licence applicant  
Transfer receivables  
As at 31 December 2007

Player details			Proceeds from the transfer of a registration				Total received	Amount receivable at 31 December 2007		
Name or number	Date of transfer/loan agreement	To (club)	Un-conditional transfer/loan fee received or receivable	Conditional transfer fees received and/or receivable	Training compensation	Total amount recognised at 31 December 2007	Total amount received by 31 December 2007	Total amount receivable at 31 December 2007	Receivable date(s)	Un-recognised conditional transfer fees at 31 December 2007 (i.e. contingent assets)
			(a)	(b)	(c)	(d)=(a)+(b)+(c)	(e)	(f)=(d)-(e)	(g)	(h)
Transferred players										
Player 5	30.08.2007	Club A FC	200	0	10	210	100	110	30.08.2008	0
Player 6	30.08.2007	Club B FC	200	100	0	300	100	100	30.11.2007	0
								100	30.08.2008	
Player loans										
[name or number]										
[name or number]										
[name or number]										
[name or number]										
<b>Total</b>								(f)		

(f) Aggregate figure must agree to relevant balance sheet disclosure for "Accounts receivable from player transfers."

(g) Disclose the amount receivable from the football club and the associated due date. If the amount is receivable in more than one instalment, disclose the amount of each instalment and associated due date.

(h) Under the terms of contracts with other football clubs in respect of player transfers, additional amounts will become receivable if certain conditions are met.

Confirmed on behalf of licence applicant that the information in the table above is accurately compiled and completed.

[signature] [date]

On behalf of licence applicant

## APPENDIX XVIII TRANSFER PAYABLES REPORTING: ILLUSTRATIVE FORM OF AGREED-UPON PROCEDURES

As described in section 10.8, unless the information is already disclosed to the licensor under existing national transfer regulations, the licence applicant must disclose certain player transfer activities information as at 31 December preceding the season to be licensed in a transfer payables table. The licensor may decide to require independent auditors to carry out some of the assessment procedures in relation to the transfer payables information.

The transfer payables table must contain a separate entry in respect of each player acquisition (including loans) for which there is outstanding payables at 31 December. The following information - as described in section 10.8.4.2 of the manual and in the illustrative example in **Appendix XVI** - must be given as a minimum:

- i) player (identification by name or number);
- ii) date of the transfer/loan agreement;
- iii) the name of the football club that formerly held the registration;
- iv) transfer (or loan) fee paid and/or payable (including training compensation);
- v) other direct costs of acquiring the registration paid and/or payable;
- vi) amount settled/paid; and
- vii) the balance in respect of each player acquisition payable at 31 December, detailed by due date(s) for each unpaid element of the transfer payables.

In addition, the licence applicant must reconcile the total liability per the transfer payables table with the figure in the balance sheet (if applicable) for 'Accounts payable relating to player transfers'. The licence applicant is required to report in the transfer payables table all overdue payables even if payment has not been requested by the creditor.

For the purpose of criterion F.03, payables are those amounts due only to football clubs arising from the direct costs of acquiring a player's registration.

International Standard on Related Services (ISRS) 4400 'Engagements to Perform Agreed-upon Procedures Regarding Financial Information' provides some further guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement. The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in the relevant country.

Some guidance is provided in this appendix about agreed-upon procedures work and an illustrative factual findings report is also provided. The illustrative report will need to be adjusted for the circumstances in each territory.

### **Objective of agreed-upon procedures work**

The objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature, to which the auditor and the entity and any appropriate third parties have agreed, and to report on factual findings. As the auditor simply provides a report of the factual findings of agreed-upon procedures, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the auditor and draw their own conclusions from the auditor's work.

The auditor's report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

### **Procedures**

The auditor should carry out the procedures agreed upon and use the evidence obtained as the basis for the report of factual findings. The procedures applied in an engagement to perform agreed-upon procedures may include the following:

- Inquiry and analysis;
- Recomputation, comparison and other clerical accuracy checks;
- Observation;
- Inspection; and
- Obtaining confirmations.

### **Illustrative contents of a report of factual findings for an agreed-upon procedures engagement**

The report of factual findings should contain:

- Addressee (the licence applicant who engaged the auditor to perform the agreed-upon procedures);
- Identification of specific financial or non-financial information to which the agreed-upon procedures have been applied (i.e. in this illustration, the transfer payables table);
- A statement that the procedures performed were those agreed upon with the recipient (i.e. the licence applicant);
- Identification of the purpose for which the agreed-upon procedures were performed;
- A listing of the specific procedures performed;
- A description of the auditor's factual findings including sufficient details of errors and exceptions found;
- Statement that the procedures performed do not constitute either an audit or a review and, as such, no assurance is expressed;
- A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported;
- A statement that the report is restricted to those parties that have agreed to the procedures to be performed;
- A statement (when applicable) that the report relates only to the matters specified and that it does not extend to the entity's financial statements taken as a whole;
- Date of the report; and
- Auditor's address and signature.

## **ILLUSTRATIVE REPORT OF FACTUAL FINDINGS TO [LICENCE APPLICANT NAME]** **("THE CLUB")**

Further to the requirements of the club licensing manual of [Licensor], we have been engaged by the Club, under the terms of our engagement letter dated [date], to perform certain procedures in relation to the attached transfer payables table as at 31 December 20XX.

The transfer payables table is the responsibility of, and has been approved by, the directors of the Club.

Our report has been prepared solely for the Club in connection with its application for a Club Licence. It has been released to the Club and for information purposes only to [Licensor] on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save for the Club's and [Licensor's] own internal purposes), without our prior written consent.

Our report was designed to meet the agreed requirements of the Club. Our report should not therefore be regarded as suitable to be used or relied on by any party other than the Club. Any party other than the Club which obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at their own risk. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of our report to anyone other than the Club.

### **Scope of work**

Our work consisted of the following procedures:

1. Agreeing the total in the transfer payables table to the 'Accounts payable relating to player transfers' amount in the annual [or interim] financial statements as at 31 December 20XX.
2. Checking the arithmetic accuracy of the transfer payables table.
3. Inspection of a randomly selected sample of [number] player transfer agreements and comparing the information to that contained in the transfer payables table.
4. Obtaining representations from the directors of the Club that either:
  - (i) the balance in respect of each player that was due to have been paid by 31 December 20XX has been fully paid as of the date of our examination [or by 31 March 20YY if date of examination is later]; [or\*]
  - (ii) an agreement has been reached for payment on deferred terms in respect of [identify player(s)]; [or\*]
  - (iii) a dispute has arisen in respect of [identify player(s)] and is subject to resolution by [name of competent national or international body].
5. Examination of the bank statements, in support of the representations under 4(i) above.
6. Examination of documents, including agreements with the relevant football club(s) and/or correspondence with the competent body, in support of the representations under 4(ii) [and/or\*] 4(iii) above.

### **Conclusion**

Based solely on the work described above, in our opinion:

[either\*]

All the recorded transfer payable amounts due to football clubs that were due to have been paid by 31 December 20XX have according to the accounting records of the Club since that date been paid in full by 31 March 20YY;

[or\*]

All the recorded transfer payable amounts due to football clubs that were due to have been paid by 31 December 20XX have, according to the accounting records of the Club, since that date been paid in full by 31 March 20YY, except for the amount in respect of [identify player(s) by name or number] which is in the course of payment under

an agreement with the club concerned (a copy of the agreement letter is attached) [and/or\*] which is in the course of a dispute that has been submitted to a competent authority (a copy of correspondence with the competent authority is attached).

[or\*]

[Detail any exceptions]

Our work was restricted to the procedures set out above and was not directed to the discovery of errors or misstatements which we consider to be immaterial. The procedures we performed did not constitute an audit or a review of any kind. Had we performed additional procedures or had we performed an audit or review of the transfer payables table, other matters might have come to our attention that would have been reported to you. This report relates only to the transfer payables table and does not extend to any financial statements of the Club, taken as a whole.

We do not accept any responsibility for any reports previously given on any financial information used in the preparation of this report (including any audit reports on the financial statements or tax advice provided) beyond that owed to those to whom those reports were addressed by us at the date of their issue. This provision shall also apply to any reports (including audit reports and tax advice) issued in future.

(Signature)

**Auditor**

[Date of report]

\*delete as appropriate

## APPENDIX XIX EMPLOYEES PAYABLES REPORTING: ILLUSTRATIVE FORM OF AGREED-UPON PROCEDURES

As described in section 10.9, the licence applicant must disclose certain information about payables due to certain employees and social/tax authorities as at 31 December preceding the season to be licensed. The licensor may decide to require independent auditors to carry out some of the assessment procedures in relation payables towards employees and/or the social/tax authorities.

As set out in section 10.9, the licence applicant shall prepare a schedule showing all employees who were employed at any time during the year to 31 December preceding the season to be licensed; i.e. not just those who remain at year end. The schedule shall be submitted to the licensor. If the auditor is required to perform agreed-upon procedures, the auditor shall obtain this schedule and supporting evidence.

In section 10.9.4, the licensing manual describes the employees which the criterion F.04 covers.

The following information must be given, as a minimum, in respect of each employee:

- i) Name of the employee;
- ii) Position of the employee;
- iii) Start date;
- iv) Termination date (if applicable); and
- v) Any overdue payable as at 31 December, together with explanatory comment.

International Standard on Related Services (ISRS) 4400 'Engagements to Perform Agreed-upon Procedures' provides further guidance on the auditor's professional responsibilities when an engagement to perform agreed-upon procedures is undertaken and on the form and content of the report that the auditor issues in connection with such an engagement. The licensor may wish to develop a standard form of agreed-upon procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in the relevant country.

Some guidance is provided in this appendix about agreed-upon procedures work and an illustrative factual findings report is also provided. The objective of agreed-upon procedures work, the types of procedures and the illustrative contents of a report of factual findings for an agreed-upon procedures engagement of this nature are described in **Appendix XIX**.

The procedures may include obtaining and inspecting employee confirmation letters. An illustration of a confirmation letter is in **Appendix XX**. The arrangements to obtain such confirmation letters should be made on a timely basis within the club licensing timetable.

**ILLUSTRATIVE REPORT OF FACTUAL FINDINGS TO [LICENCE APPLICANT NAME]**  
**("THE CLUB")**

[Note: procedures in respect of each of payables towards employees and payables towards social/tax authorities are separately illustrated in this illustrative report.]

Further to the requirements of the club licensing manual of [Licensor], we have been engaged by the Club, under the terms of our engagement letter dated [date], to perform certain procedures in relation to the attached list of employees [and/or\*] amounts payable to social/tax authorities as at 31 December 20XX.

The list of employees [and/or\*] amounts payable to social/tax authorities is the responsibility of, and has been approved by, the directors of the Club.

Our report has been prepared solely for the Club in connection with its application for a Club Licence. It has been released to the Club and for information purposes only to [Licensor] on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save for the Club and [Licensor] own internal purposes), without our prior written consent.

Our report was designed to meet the agreed requirements of the Club. Our report should not therefore be regarded as suitable to be used or relied on by any party other than the Club. Any party other than the Club which obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at their own risk. To the fullest extent permitted by law, we do not accept or assume responsibility or liability in respect of our report to anyone other than the Club.

**Scope of work** [in respect of payables towards employees]

Our work consisted of the following procedures:

1. Obtaining the list of employees prepared by management.
2. Obtaining and inspecting a randomly selected sample of [number] employee confirmation letters and comparing the information to that contained in the list of employees.
3. Obtaining representations from the directors of the Club that either:
  - (i) the balance in respect of each employee that was due to have been paid by 31 December 20XX has been fully paid as of the date of our examination [or by 31 March 20YY if the date of examination is later]; [or\*]
  - (ii) an agreement has been reached for payment on deferred terms in respect of [identify employee(s)]; [or\*]
  - (iii) a dispute has arisen in respect of [identify employee(s)] and is subject to resolution by [name of competent body].
4. Examination of the bank statements, in support of the representations under 3(i) above.
5. Examination of documents, including agreements with the relevant employee(s) and/or correspondence with the competent body, in support of the representations under 3(ii) [and/or\*] 3(iii) above.

**Conclusion** [in respect of payables towards employees]

Based solely on the work described above, in our opinion:

[either\*]

All the recorded payables towards employees outstanding at 31 December 20XX have according to the accounting records of the Club since that date been paid in full by 31 March 20YY.

[or\*]

All the recorded payables towards employees outstanding at 31 December 20XX are in the course of payment under an agreement with the employee concerned (a copy of the agreement letter is attached) [and/or\*] are in the course of a dispute that has been submitted to a competent authority (a copy of correspondence with the competent authority is attached).

[or\*]

[Detail any exceptions]

**Scope of work** [in respect of payables towards social/tax authorities]

Our work consisted of the following procedures:

- 1) Agreeing the recorded balance of payroll taxes as at 31 December 20XX to the payroll records of the Club.
- 2) Obtaining representations from the directors of the Club that either:
  - i) the balance that was due to have been paid by 31 December 20XX has been fully paid as of the date of our examination [or by 31 March 20YY if the date of examination is later]; [or\*]
  - ii) an agreement has been reached for payment on deferred terms; [or\*]
  - iii) a dispute has arisen and is subject to resolution by [name of competent national or international body].
- 3) Examination of the bank statements, in support of the representations under 2(i) above.
- 4) Examination of documents, including agreements with the taxation authorities and/or correspondence with the competent body, in support of the representations under 2(ii) [and/or\*] 2(iii) above.

**Conclusion** [in respect of payables towards social/tax authorities]

Based solely on the work described above, in our opinion:

[either\*]

All the recorded payroll taxes outstanding at 31 December 20XX have according to the accounting records of the Club since that date been paid in full by 31 March 20YY.

[or\*]

All the recorded payroll taxes outstanding at 31 December 20XX are in the course of payment under an agreement with the social/tax authorities (a copy of the agreement letter is attached) [and/or\*] are in the course of a dispute that has been submitted to a competent authority (a copy of correspondence with the competent authority is attached).

[or\*]

[Detail any exceptions]

Our work was restricted to the procedures set out above and was not directed to the discovery of errors or misstatements which we consider to be immaterial. The procedures we performed did not constitute an audit or a review of any kind. Had we performed additional procedures or had we performed an audit or review of the payables due towards employees and/or social/tax authorities, other matters might have come to our attention that would have been reported to you. This report relates only to the payables due towards employees and/or social/tax authorities and does not extend to any financial statements of the Club, taken as a whole.

We do not accept any responsibility for any reports previously given on any financial information used in the preparation of this report (including any audit reports on the financial statements or tax advice provided) beyond that

owed to those to whom those reports were addressed by us at the date of their issue. This provision shall also apply to any reports (including audit reports and tax advice) issued in future.

(Signature)  
**Auditor**

[Date of report]

\*delete as appropriate

## APPENDIX XX EMPLOYEES PAYABLES REPORTING: ILLUSTRATIVE CONFIRMATION LETTER FROM EMPLOYEES

Name of employee

Address of employee

Place, Date

In connection with the granting of a license for the 20YY/ZZ season, we request you to confirm to our auditors that we as your employer have paid you all contractual obligations due as agreed in your contract/s as of 31 December 20XX by the date of this letter [or, if date of letter is later than 31 March, by 31 March 20YY] at the latest. If you are not in agreement with this, please inform our auditors of the amounts outstanding as per the contractual agreement, and the associated contract/s. Sign the slip attached and return it in the enclosed envelope directly to:

[Name of auditor of the licence applicant]

For the attention of Mr/Ms.....

Address

Please return the slip at the latest by [date] to our auditors at the address indicated above.

Yours sincerely,

[Name, position]

On behalf of [licence applicant]

Re: Confirmation of payments by [License applicant] in due time

I confirm that [name of the licence applicant] has paid all its obligations arising from contractual agreements as of 31 December 20XX.

I cannot confirm that the licence applicant has paid all his obligations arising from contractual agreements as at 31 December 20XX by the date of this letter.

The following obligations arising from contractual agreements have not been paid in due time:

Contract description	Contract date	Amount [currency]	Due date as per contract	Effective payment date

[Signature]

[Name, position]

[Date]

## APPENDIX XXI ILLUSTRATIVE MANAGEMENT REPRESENTATIONS LETTER TO LICENSOR

Section 10.10 of the club licensing manual sets out the requirement for each licence applicant to submit written representations prior to the licensing decision.

Below is an illustration of a management representation letter in respect of the requirements for criterion F.05.

(To be produced on licence applicant letterhead)  
(Addressed to licensor)

(Date)

In connection with our application to be licensed for the 20YY/ZZ season, we confirm to the best of our knowledge and belief that, since the balance sheet date of the preceding audited annual financial statements [or reviewed interim financial statements, if such interim financial statements have been submitted] being [give date of relevant balance sheet]:

[either\*]

There have been no events or conditions of major economic importance.

[or\*]

Other than as described below, there have been no events or conditions of major economic importance.

- [Description of the nature of the event or condition and an estimate of its financial effect, or a statement, with reasons why, that such an estimate cannot be made.]

.....(Signature)

.....(Name, position)

On behalf of [licence applicant]

\*delete as appropriate

## APPENDIX XXII FINANCIAL INFORMATION EXTRACTS: ILLUSTRATION OF AGREEMENT OR RECONCILIATION BETWEEN DIFFERENT TYPES OF INFORMATION SUPPLIED BY LICENCE APPLICANTS

Set out below are illustrative extracts from examples of specimen historic, future and updated future financial information, which might be supplied by licence applicants, and demonstrating how certain figures should agree from one type of financial information to another.

Where two figures should be equal, they have been allocated the same letter of the alphabet in the illustrative financial information extracts.

For example, the figure for 'Intangible assets – players' at the balance sheet date (and shown in the illustrative balance sheet extracted from Appendix VII) has been allocated the letter "A". This figure must equal the total in the relevant column of the player registrations reporting (shown in the Player Identification table extracted from **Appendix VIII**) which has also been allocated the letter "A" in the illustration.

In relation to historic financial information, there must be consistency between the relevant figures which are reported in the audited annual financial statements and figures which are reported in the:

- Player identification table, in respect of criterion F.01 (as set out in **Appendix VIII**);
- Transfer payables table, in respect of criterion F.03 (as set out in **Appendix XVI**); and
- Intangible fixed assets note, in respect of criterion F.01 (as set out in **Appendix VII**).

In this appendix, consistency between figures on the face of the balance sheet, profit and loss account and cash flow statement and the supporting notes to the financial statements is assumed and is therefore not demonstrated.

In relation to future financial information:

- The comparative figures included in the budgeted profit and loss account and cash flow statement must agree to the audited annual financial statements (as set out in **Appendix XXIV**).

For updated future financial information:

- The comparative figures included in the updated future financial information must agree to the original budgeted future financial information (as set out in **Appendix XXVII**).

### Assumptions for this illustration

For the purpose of the illustration, it is assumed that the licence applicant has a statutory closing date of 30 June 2007; that the interim financial statements are prepared for the six months ended 31 December 2007; that the licensor has a submission deadline of 31 March 2008 in respect of the 2008/09 licensing season; and that the period covered for future financial information is the period from 1 January 2008 to 30 June 2009 (with the interval dates being 30 June 2008 and 31 December 2008).

**Copy of illustrative balance sheet as at 30 June 2007 from audited annual financial statements (from Appendix VII)**

	Notes	As at 30 June 2007 [currency]	As at 30 June 2006 [currency]
<b>Current assets</b>			
Cash and cash equivalents		_____	_____
Accounts receivable from player transfers		_____	_____
Accounts receivable from group entities and other related parties		_____	_____
Accounts receivable - other		_____	_____
Inventories		_____	_____
<b>Non current assets</b>			
Tangible fixed assets		_____	_____
Intangible assets – players	← A	_____	_____
Intangible assets – others		_____	_____
Investments		_____	_____
<b>Total assets</b>		=====	=====
<b>Current liabilities</b>			
Bank overdrafts and loans		_____	_____
Accounts payable relating to player transfers	← B*	_____	_____
Accounts payable to group entities and other related parties		_____	_____
Accounts payable - other		_____	_____
Tax liabilities		_____	_____
Short term provisions		_____	_____
<b>Non current liabilities</b>			
Bank and other loans		_____	_____
Other long term liabilities		_____	_____
Tax liabilities		_____	_____
Long term provisions		_____	_____
<b>Total liabilities</b>		=====	=====
<b>Net assets/(liabilities)</b>		=====	=====
<b>Equity</b>			
Treasury shares (own shares)		_____	_____
Issued capital and reserves		_____	_____
<b>Total equity</b>		=====	=====

\* For clubs with a statutory closing date of 31 December, the figure for ‘Accounts payable relating to player transfers’ in the balance sheet of the audited annual financial statements shall equal, or reconcile to, the figure in the Transfer Payables table (from **Appendix XVI**). For clubs with a statutory closing date other than 31 December, these two figures will not agree.

**Copy of illustrative profit and loss account from audited annual financial statements (from Appendix VII)**

	Notes	Year ended 30 June 2007 [currency]	Year ended 30 June 2006 [currency]
<b>Revenue</b>		F	
Gate receipts			
Sponsorship and advertising			
Broadcasting rights			
Commercial			
Other operating income			
<b>Expenses</b>			
Cost of sales/materials			
Employee benefits expense			
Depreciation and amortisation	←	C**	
Impairment of fixed assets	←	D**	
Other operating expenses			
Operating profit/(loss)			
<b>Profit/loss on disposal of fixed assets</b>	←	E***	
<b>Finance costs</b>			
<b>Tax expense</b>		↓	
<b>Profit or loss after taxation</b>			

\*\* Both amortisation and impairment of player registrations must be separately disclosed in the annual financial statements.

\*\*\* Profit or loss from disposal of player registrations and profit or loss from disposal of other tangible fixed assets must be separately disclosed in the annual financial statements.

**Copy of illustrative cash flow statement from audited annual financial statements (from Appendix VII)**

	Notes	Year ended 30 June 2007 [currency]	Year ended 30 June 2006 [currency]
<b>Cash flows from operating activities</b>		<b>G</b>	
Cash receipts from gate receipts			
Cash receipts from sponsorship and advertising			
Cash receipts from broadcasting rights			
Cash receipts from commercial activities			
Cash receipts from other operating activities			
Cash payments to suppliers for goods and services			
Cash payments to and on behalf of employees			
Cash payments in relation to other operating expenses			
<b>Cash inflow/outflow from operating activities</b>			
<b>Taxation</b>			
<b>Cash flows from investing activities</b>			
Cash receipts from sale of property, plant and equipment			
Cash payments to acquire property, plant and equipment			
Cash receipts from sale of player registrations			
Cash payments to acquire player registrations			
Cash receipts from sale of other long term assets			
Cash payments to acquire other long term assets			
Cash receipts from sale of financial investments			
Cash payments to acquire new financial investments			
Cash receipts in relation to receipts of loans from non-financial institutions			
Cash payments in relation to repayment of loans to non-financial institutions			
<b>Cash inflow/outflow from investing activities</b>			
<b>Cash flows from financing activities</b>			
Cash receipts from issuing short or long-term borrowings			
Cash payments in relation to repayment of amounts borrowed			
Cash receipts from an increase in capital			
Cash payments to acquire or redeem the entity's shares			
<b>Cash inflow/outflow from financing activities</b>			
<b>Net increase/decrease in cash</b>		↓	

**Extract from illustrative annual financial statements – Note 8 Intangible Fixed Assets (from Appendix VII)**

	Notes	Player Registrations [currency]	Other [currency]	Total [currency]
<b>Cost</b>				
Brought forward from previous period		H		
Additions		I		
Disposals		I		
Carried forward at end of period		J		
<b>Amortisation</b>				
Brought forward from previous period				
Amortisation charge for the period		C		
Disposals		K		
Impairment		D		
Carried forward at end of period				
<b>Carrying amount</b>				
At end of period: 30 June 2007		A		
At beginning of period: 1 July 2006				

## Copy of Player identification table in respect of criterion F.01 (from Appendix VIII)

[Name] Licence applicant  
 Player identification table  
 Year ended 30 June 2007

Player details			Direct costs of acquiring the registration			Accumulated amortisation					Carrying amount		Other	
Name (and d.o.b.)	Start date of contract	End date of contract	Brought-forward from previous period	Additions/ (disposals)	As at end of period	Brought-forward from previous period	Amortisation in current period	Impairment in current period	Disposals	As at end of period	Brought-forward from previous period	As at end of period	Sales proceeds	Profit/(loss) on disposal of player registration
			(a)	(b)	(c) = (a)+(b)	(d)	(e)	(f)	(g)	(h)=(d)-(e)-(f)-(g)	(i)=(a)-(d)	(j)=(c)-(h)	(k)	(l)
Acquired players														
Player 1	30.01.2007	30.06.2009	0	200	200	0	33	0	0	33	0	167	n/a	n/a
Player 2	30.08.2006	30.06.2009	0	300	300	0	88	0	0	88	0	212	n/a	n/a
Player 3	30.01.2007	30.06.2009	0	320	320	0	55	0	0	55	0	265	n/a	n/a
Player 4	30.06.2006	30.06.2008	240	0	240	0	120	0	0	120	240	120	n/a	n/a
Loaned players														
[name]														
[name]														
[name]														
<b>Total</b>			<b>H</b>	<b>I</b>	<b>J</b>		<b>(e) C</b>	<b>(f) D</b>	<b>K</b>		<b>(i) A</b>			<b>(l) E</b>

- (e) Aggregate figure must agree to Amortisation of players' registrations as disclosed in Profit & Loss Account and/or Balance Sheet in the annual financial statements
- (f) Aggregate figure must agree to Impairment of player's registrations as disclosed in Profit & Loss Account and/or Balance Sheet in the annual financial statements
- (i) Aggregate figure must agree to carrying value of intangible assets (players' registrations) as disclosed in the Balance Sheet in the annual financial statements
- (l) Aggregate figure must agree to profit or loss from disposal of players' registrations as disclosed in the annual financial statements

Confirmed on behalf of licence applicant that the information in the table above is accurately compiled and completed

[signature]

[date]

On behalf of licence applicant

## Copy of Transfer payables table in respect of criterion F.03 (from Appendix XVI)

[Name] Licence applicant  
 Transfer payables table  
 As at 31 December 2007

Player details			Direct costs of acquiring the registration				Amount paid		Amount payable at 31 December 2007				Comments on overdue payables at 31 December 2007		
Name or number	Date of transfer/loan agreement	From (club)	Un-conditional transfer/loan fee to former club paid and/or payable	Conditional transfer fees paid and/or payable to former club	Training compensation	Other direct costs	Total amount capitalised at 31 December 2007	Total amount paid by 31 December 2007	Total amount payable at 31 December 2007	To football club	Due date(s)	To other parties	Un-recognised conditional transfer fees at 31 December 2007 (i.e. contingent liability)		
			(a)	(b)	(c)	(d)	(e)=(a)+(b)+(c)+(d)	(f)	(g)=(f)-(e) and (g)=(b)+(i)	(h)		(i)	(j)		
Acquired players															
Player 1	30.01.2007	Club X FC	200	-	-	-	200	100	100	100	30.01.2008	-	-	Not overdue at 31/12/07	
Player 2	30.08.2006	Club Y FC	200	100	-	-	300	100	200	100	30.08.2007	-	-	Overdue at 31/12/07, but paid in full by 31.03.08	
Player 3	30.01.2007	Club Z FC	200	100	10	10	320	210	110	100	30.01.2008	-	50	Not overdue at 31/12/07	
Player 4	30.06.2006	Club WFC	240	-	-	-	240	140	100	100	30.06.2007	-	-	Overdue at 31/12/07. Not paid/settled/deferred in dispute as at 31/03/08. Payable overdue.	
Player loans															
[name or number]															
[name or number]															
[name or number]															
[name or number]															
<b>Total</b>								<b>(g) B</b>	<b>(h)</b>						

(e) Aggregate figure must agree to relevant balance sheet disclosure for "Accounts payable relating to player transfers."

(h) Disclose the amount payable to a club and the associated due date. If the amount is payable in more than one instalment, disclose the amount of each instalment and associated due date. In effect, this is the amount(s) that criterion F.03 is addressing

(i) Under the terms of contracts with other football clubs in respect of player transfers, additional amounts will become payable if certain conditions are met.

Confirmed on behalf of licence applicant that the information in the table above is accurately compiled and completed.

The illustrations of the Player identification table and the Transfer payables table above also include examples for amounts payable in respect of players 1 to 4.

Copy of illustrative budgeted profit and loss account in respect of criterion F.06 (from Appendix XXIV)

**[Illustrative] Budgeted profit and loss account**

For the 18 months ended 30 June 2009

	Actual 12m 01/07/06 to 30/06/07	Budget 12m 01/07/07 to 30/06/08			Budget 12m 01/07/08 to 30/06/09		
		Actual 6m 01/07/07 to 31/12/07	Budget 6m 01/01/08 to 30/06/08	Total 12m 01/07/07 to 30/06/08	Budget 6m 01/07/08 to 31/12/08	Budget 6m 01/01/09 to 30/06/09	Total 12m 01/07/08 to 30/06/09
<b>Revenue</b>	<b>F</b>		<b>L</b>				
Gate receipts							
Sponsorship and advertising							
Broadcasting rights							
Commercial							
Other operating income							
<b>Expenses</b>							
Cost of sales/materials							
Employee benefits expense							
Depreciation and amortisation							
Impairment of fixed assets							
Other operating expenses							
Operating profit/(loss)							
<b>Profit/loss on disposal of fixed assets</b>							
<b>Finance costs</b>	▼		▼				
<b>Tax expense</b>							
<b>Profit or loss after taxation</b>							
<b>Total equity brought forward</b>							
<b>Total equity carried forward</b>							

**Copy of illustrative budgeted cash flow statement in respect of criterion F.06 (from Appendix XXIV)**

**[Illustrative] Budgeted cash flow statement**

For the 18 months ended 30 June 2009

	Actual 12m 01/07/06 to 30/06/07	Budget 12m 01/07/07 to 30/06/08			Budget 12m 01/07/08 to 30/06/09		
		Actual 6m 01/07/07 to 31/12/07	Budget 6m 01/01/08 to 30/06/08	Total 12m 01/07/07 to 30/06/08	Budget 6m 01/07/08 to 31/12/08	Budget 6m 01/01/09 to 30/06/09	Total 12m 01/07/08 to 30/06/09
<b>Cash flows from operating activities</b>	<b>G</b>		<b>M</b>				
<b>Cash receipts</b>							
Cash receipts from gate receipts							
Cash receipts from sponsorship and advertising							
Cash receipts from broadcasting rights							
Cash receipts from commercial activities							
Cash receipts from other operating activities							
Cash payments to suppliers for goods and services							
Cash payments to and on behalf of employees							
Cash payments in relation to other operating expenses							
<b>Cash inflow/outflow from operating activities</b>							
<b>Taxation</b>							
<b>Cash flows from investing activities</b>							
Cash receipts from sale of property, plant and equipment							
Cash payments to acquire property, plant and equipment							
Cash receipts from sale of player registrations							
Cash payments to acquire player registrations							
Cash receipts from sale of other long term assets							
Cash payments to acquire other long term assets							
Cash receipts from sale of financial investments							
Cash payments to acquire new financial investments							
Cash receipts in relation to receipts of loans from non-financial institutions							
Cash payments in relation to repayment of loans to non-financial institutions							
<b>Cash inflow/outflow from investing activities</b>							
<b>Cash flows from financing activities</b>							
Cash receipts from issuing short or long-term borrowings							
Cash payments in relation to repayment of amounts borrowed							
Cash receipts from an increase in capital							
Cash payments to acquire or redeem the entity's shares							
<b>Cash inflow/outflow from financing activities</b>							
<b>Net increase/decrease in cash</b>							

**Copy of updated future financial information in respect of criterion F.08 (from Appendix XXVII)**

For the purpose of this illustration, the individual line items in the budgeted profit and loss account and cash flow statement are not listed.

As at 30/06/08	Summary of differences				Updated budget 12m 01/07/08 to 30/06/09		
	Actual	Original budget	Difference	Explanation of significant differences	Updated budget	Updated budget	Updated budget
	6m 01/01/08 to 30/06/08	6m 01/01/08 to 30/06/08			6m 01/07/08 to 31/12/08	6m 01/01/09 to 30/06/09	12m 01/07/08 to 30/06/09
<b>Profit and Loss Account</b> (list detail)		L					
<b>Cash Flow Statement</b> (list detail)		M					

## APPENDIX XXIII FUTURE FINANCIAL INFORMATION: COMMENTARY ON PREPARATION

This appendix provides additional commentary about the underlying principles for the preparation and presentation of future financial information (“FFI”).

In general, the management of clubs (and businesses in general) are less familiar with the preparation and presentation of FFI compared to historic financial information. There is relatively little guidance available to preparers of future financial information, compared to the preparation of historic financial information.

By its very nature, FFI is forward-looking and is based on judgement and assumptions.

### Purpose of FFI

Future financial information can be broadly categorised as serving two main purposes: internal and external. Internally, future financial information assists management to translate plans and aspirations into information that supports decision making, that can be readily understood by people within the business and that serves as a management tool against which subsequent results are measured. Externally, future financial information also provides a means of assisting the licensor to understand the financial consequences of the entity’s plans.

### Principles of useful FFI

In order to be useful, FFI should be:

- Understandable;
- Relevant;
- Reliable; and
- Comparable.

For FFI to be **understandable**, the user will need sufficient information to be able to make judgements about the uncertainties attached to it. Thus, disclosure will need to deal with:

- Sources of uncertainty;
- Assumptions made relating to future events and other uncertainties;
- Determining factors that will affect whether assumptions will be borne out in practice;
- Alternative outcomes, being the consequences of assumptions not being borne out.

For FFI to be **relevant**, it should:

- Have the ability to influence the decisions of the licensor; and
- Have predictive value or, by helping to confirm or correct past evaluations or assessments, it should have confirmatory value.

For FFI to be **reliable** it should faithfully represent factually-based strategies, plans and risk analysis. Information is reliable if it:

- Can be relied upon by the licensor as a faithful representation of what it is either supposed to represent or could reasonably be expected to represent;
- Is neutral, because it is free from deliberate or systematic bias intended to influence a decision or judgement to achieve a predetermined result;
- Is free from material error;
- Is complete in all material aspects (e.g. significant plans, risks and strategies); and
- Is prudent in that a degree of caution is applied in making assumptions and judgements under conditions of uncertainty.

It is not a necessary quality of FFI, in order to meet the above principles, that only one outcome can be envisaged. Alternatives are acceptable as a basis for a faithful representation of FFI relating to a licence applicant. Reflecting the business analysis in a way that is free from material error means that it reflects the analysis (and risks and uncertainties) accurately, not that the actual outcome will be materially the same as the business analysis contained in the FFI. More specifically, to say that a forecast is free from material error does not mean that it will be achieved.

For FFI to be **comparable**, it should be capable of subsequent validation by comparison with outcomes in the form of historical financial information after the actual experiences of the budgeted period. Financial information is comparable if it:

- Can be compared with similar information for other periods so that similarities and differences can be identified;
- Reflects consistency of preparation and presentation (albeit improvements in practice should be reflected); and
- Is supported by disclosure of the accounting policies used in its preparation.

### **Principles for the preparation of FFI**

It is the responsibility of the licence applicant's management to prepare and approve FFI. Management should establish a formal process for preparing the FFI, including a plan, timetable and schedule of responsibilities. The formal process should address the specific scope and content of the proposed FFI and be designed to ensure that the appropriate information is drawn together for inclusion in the FFI. Those involved should understand the requirements of the proposed FFI and understand the principles applicable to its preparation and issue.

### **Minimum contents of FFI**

The minimum contents of FFI for the purpose of club licensing are set out in section 10.11.4 and are consistent with the line items required under the minimum information requirements for the historic part of the chapter, as set out in section 10.6.4.

FFI shall be prepared using the same accounting policies as used for annual audited financial statements, unless there has been a change in accounting policies since the annual audited financial statements were published. Any such changes shall be reported by exception as part of the submission of FFI to the licensor. Explanatory notes and a list of all assumptions and risks shall be provided where these are necessary to understand the FFI.

## **APPENDIX XXIV ILLUSTRATIVE FUTURE FINANCIAL INFORMATION**

### **Introduction**

This illustration of future financial information sets out typical disclosures that each licence applicant must meet to comply with criterion F.06. This is an illustration only.

For the purpose of this illustration, it is assumed that the licence applicant has an annual accounting period that ends on 30 June 2007; that the interim financial statements are prepared for the six months ended 31 December 2007; that the licensor has a submission deadline of 31 March 2008 in respect of the 2008/09 licensing season; and that the period covered for future financial information is the period from 1 January 2008 to 30 June 2009 (with the interval dates being 30 June 2008 and 31 December 2008). In this illustration, no figures have been included in the financial schedules.

### **Accounting policies**

The same accounting policies shall be applied for the future financial information as are applied in the annual financial statements, except for accounting policy changes which have been made after the date of the most recent annual financial statements and which are to be reflected in the next annual financial statements. In such a case, details of the changes shall be disclosed.

### **Cash flow**

The cash flow statement illustrates typical disclosures – using the direct method – for a licence applicant. The cash flow statement may also be presented using the indirect method.

Additional line items, headings and subtotals shall be presented on the face of the cash flow statement when such presentation is relevant to an understanding of the licence applicant's performance. When cash inflows and outflows are material, their nature and amount shall be disclosed separately.

### **Assumptions**

A list of the key assumptions made by management in preparing the future financial information shall be included. The illustrative future financial information includes some examples. The list is not exhaustive and additional assumptions made by management shall be provided if they provide clarification or if their omission would make the future financial information misleading.

**[Name of licence applicant]**

**Future financial information covering the 18 month period ending 30 June 2009 for [name of licence applicant] [, prepared on a consolidated basis to include subsidiary entities]**

**Representations by management**

The directors acknowledge their responsibility for the future financial information. The future financial information included in this document has been prepared on a basis consistent with the audited annual financial statements of [licence applicant] for the year ended 30 June 2007.

The directors confirm that the budgeted profit and loss account and cash flow statement have been prepared in accordance with the assumptions outlined in this document and after due and careful consideration.

In respect of the future financial information, the directors confirm that they are not aware of any relevant factor which has not been taken into account therein and that, in their opinion, the assumptions are not unreasonable.

The directors believe the budgeted profit and loss result and cash flow are achievable, although their achievement may be favourably or unfavourably affected by unforeseeable and uncontrollable events.

The directors are not aware of any material unrecognised contingencies which should be taken into account or disclosed in the future financial information.

.....(Executive Officer)

.....(Date)

On behalf of [licence applicant]

**[Illustrative] Budgeted profit and loss account**

**For the 18 months ended 30 June 2009**

	Actual 12m 01/07/06 to 30/06/07	Budget 12m 01/07/07 to 30/06/08			Budget 12m 01/07/08 to 30/06/09		
		Actual 6m 01/07/07 to 31/12/07	Budget 6m 01/01/08 to 30/06/08	Total 12m 01/07/07 to 30/06/08	Budget 6m 01/07/08 to 31/12/08	Budget 6m 01/01/09 to 30/06/09	Total 12m 01/07/08 to 30/06/09
<b>Revenue</b>							
Gate receipts							
Sponsorship and advertising							
Broadcasting rights							
Commercial							
Other operating income							
<b>Expenses</b>							
Cost of sales/materials							
Employee benefits expense							
Depreciation and amortisation							
Impairment of fixed assets							
Other operating expenses							
Operating profit/(loss)							
<b>Profit/loss on disposal of fixed assets</b>							
<b>Finance costs</b>							
<b>Tax expense</b>							
<b>Profit or loss after taxation</b>							
<b>Total equity brought forward</b>							
<b>Total equity carried forward</b>							

[Illustrative] Budgeted cash flow statement

For the 18 months ended 30 June 2009

	Actual 12m 01/07/06 to 30/06/07	Budget 12m 01/07/07 to 30/06/08			Budget 12m 01/07/08 to 30/06/09		
		Actual 6m 01/07/07 to 31/12/07	Budget 6m 01/01/08 to 30/06/08	Total 12m 01/07/07 to 30/06/08	Budget 6m 01/07/08 to 31/12/08	Budget 6m 01/01/09 to 30/06/09	Total 12m 01/07/08 to 30/06/09
<b>Cash flows from operating activities</b>							
<b>Cash receipts</b>							
Cash receipts from gate receipts							
Cash receipts from sponsorship and advertising							
Cash receipts from broadcasting rights							
Cash receipts from commercial activities							
Cash receipts from other operating activities							
Cash payments to suppliers for goods and services							
Cash payments to and on behalf of employees							
Cash payments in relation to other operating expenses							
<b>Cash inflow/outflow from operating activities</b>							
<b>Taxation</b>							
<b>Cash flows from investing activities</b>							
Cash receipts from sale of property, plant and equipment							
Cash payments to acquire property, plant and equipment							
Cash receipts from sale of player registrations							
Cash payments to acquire player registrations							
Cash receipts from sale of other long term assets							
Cash payments to acquire other long term assets							
Cash receipts from sale of financial investments							
Cash payments to acquire new financial investments							
Cash receipts in relation to receipts of loans from non-financial institutions							
Cash payments in relation to repayment of loans to non-financial institutions							
<b>Cash inflow/outflow from investing activities</b>							
<b>Cash flows from financing activities</b>							
Cash receipts from issuing short or long-term borrowings							
Cash payments in relation to repayment of amounts borrowed							
Cash receipts from an increase in capital							
Cash payments to acquire or redeem the entity's shares							
<b>Cash inflow/outflow from financing activities</b>							
<b>Net increase/decrease in cash</b>							

### Illustrative assumptions in relation to the budget for the period to 30 June 2009

Note: The table below provides a selection of typical assumptions that the licence applicant may provide to the licensor, as prescribed by criterion F.06. A sample of the assumptions has been further illustrated, by narrative and numerical description, in the list below.

The table below is not intended to be a comprehensive checklist. Illustrations are not given below for all typical assumptions, nor does a licence applicant need to disclose all the assumptions listed below. A licence applicant should disclose all assumptions which are relevant to a proper understanding of the future financial information which it submits, whether listed below or shown as examples in this appendix or not.

	Actual 12m 01/07/06 to 30/06/07	Budget 12m 01/07/07 to 30/06/08	Budget 12m 01/07/08 to 30/06/09
<b>On-pitch performance</b>			
League finishing position	5 <sup>th</sup>	8 <sup>th</sup>	8 <sup>th</sup>
Progress in domestic Cup 1 (number of home/away matches)	Progress to semi-final – 2 home matches and 2 away matches	Progress to quarter final – 1 home match and 2 away matches	Progress to quarter final – 1 home match and 2 away matches
Progress in domestic Cup 2 (number of home/away matches)			
Progress in UEFA competition (number of home/away matches)			
<b>Revenue</b>			
Season tickets (volume and average yield)	5,000 season tickets sold at an average price of €250	5,500 season tickets sold at an average price of €260	6,000 season tickets sold at an average price of €275
Match day tickets/walk-ups – average yield	2,500 attendees/match-day tickets at an average price of €10	3,000 attendees/match-day tickets at an average price of €11	3,000 attendees/match-day tickets at an average price of €12
Home match attendances - League			
Home match attendances – Cup 1 and 2			
Home match attendance – UEFA competition			
Corporate hospitality sales – amount per match			
Food and beverage – amount per match			
Broadcasting income – number of televised League matches and rate per match			
Broadcasting income – number of televised Cup matches and rate per match			
Merchandise sales – number of replica shirts sold			

**Illustrative assumptions in relation to the budget for the period to 30 June 2009  
(continued)**

	<b>Actual 12m 01/07/06 to 30/06/07</b>	<b>Budget 12m 01/07/07 to 30/06/08</b>	<b>Budget 12m 01/07/08 to 30/06/09</b>
<b>Revenue (continued)</b>			
Commercial revenue – sponsorship and other			
Receipts from football bodies – amounts and timing			
Other revenue streams			
<b>Expenses</b>			
Employee benefits expense – players, other employees, associated tax/social costs	Total wages & salaries for the year of €10 million	Total wages & salaries for the year of €12 million	Total wages & salaries for the year of €14 million
Inflationary increase – wages and other expenses	Wages & salaries costs increased by 5% compared to prior year; Other expenses increased by 3%	Wages & salaries costs to increase by 3% compared to prior year; Other expenses to increase by 3%	Wages & salaries costs to increase by 3% compared to prior year; Other expenses to increase by 2%
Depreciation rates			
Amortisation of intangible fixed assets			
Interest expenses			
<b>Player trading</b>			
New player acquisitions – amount and timing of payments	3 players acquired for total fees of €2 million (50% paid by 30/06/07; balance payable by 31/01/08)	2 players acquired for total fees of € million (50% payable by 30/06/08; balance payable by 31/01/09)	No player acquisitions
Player sales – amount and timing of receipts			
Transfer payables – amount and timing			
<b>Working capital</b>			
Creditors – timing of payments	Average creditors days of 45	Average creditors days of 45	Average creditors days of 45
Debtors – timing of receipts			
<b>Capital expenditure</b>			
Property, plant and equipment expenditure – amount and timing	Total capital expenditure in the year of €1 million	Total capital expenditure in the year of €1 million	No budgeted capital expenditure
<b>Financing</b>			
Loan repayments – amount and timing			
New funding – source, amount and timing			

## APPENDIX XXV INDICATORS: GUIDANCE ON INTERPRETATION OF IND.03 REGARDING NET ASSETS/LIABILITIES

This appendix sets out some examples to help demonstrate when indicator IND.03 has or has not been breached. For the purpose of this illustration, it is assumed that the licence applicant has a statutory closing date of 31 December 2007.

### Example 1

The illustrative balance sheet (below – example 1) sets out an applicant's balance sheet extracted from the audited annual financial statements.

The balance sheet demonstrates a situation where the licence applicant had net assets at the preceding statutory closing date (i.e. 31 December 2006), but net liabilities at the current financial year end (31 December 2007). Therefore the net liabilities position has deteriorated and IND.03 **has** been breached.

#### Illustrative balance sheet at 31 December 2007

	31 December 2007 [currency]	31 December 2006 [currency]
<b>Current assets</b>		
Cash and cash equivalents	0	0
Accounts receivable from player transfers	50	70
Accounts receivable from group entities and other related parties	40	60
Accounts receivable - other	10	20
Inventories		
	<u>100</u>	<u>150</u>
<b>Non current assets</b>		
Tangible fixed assets	90	100
Intangible assets – players	60	100
Intangible assets – others	0	0
Investments	0	0
	<u>150</u>	<u>200</u>
<b>Total assets</b>	<u>250</u>	<u>350</u>
<b>Current liabilities</b>		
Bank overdrafts and loans	(20)	(10)
Accounts payable relating to player transfers	(50)	(40)
Accounts payable to group entities and other related parties	0	0
Accounts payable - other	(110)	(80)
Tax liabilities	(20)	(20)
Short term provisions	0	0
	<u>(200)</u>	<u>(150)</u>
<b>Non current liabilities</b>		
Bank and other loans	(10)	0
Other long term liabilities	(20)	(20)
Tax liabilities	(30)	(20)
Long term provisions	(40)	(10)
	<u>(100)</u>	<u>(50)</u>
<b>Total liabilities</b>	<u>(300)</u>	<u>(200)</u>
<b>Net assets/(liabilities)</b>	<u>(50)</u>	<u>150</u>
<b>Equity</b>		
Treasury shares (own shares)	0	0
Issued capital and reserves	(50)	150
<b>Total equity</b>	<u>(50)</u>	<u>150</u>

## **Example 2**

Extract from balance sheet as at 31 December 2007

	31 December 2007 [currency]	31 December 2006 [currency]
Net assets/(liabilities)	<u>(150)</u>	<u>(100)</u>
Equity		
Treasury shares (own shares)	0	0
Issued capital and reserves	<u>(150)</u>	<u>(100)</u>
Total equity	<u><u>(150)</u></u>	<u><u>(100)</u></u>

In example 2, the licence applicant has net liabilities at both the current and comparative statutory closing date. Given that net liabilities have deteriorated at 30 June 2007 relative to 30 June 2006, the indicator IND.03 **has** been breached.

## **Example 3**

Extract from balance sheet as at 31 December 2007

	31 December 2007 [currency]	31 December 2006 [currency]
Net assets/(liabilities)	<u>(50)</u>	<u>(100)</u>
Equity		
Treasury shares (own shares)	0	0
Issued capital and reserves	<u>(50)</u>	<u>(100)</u>
Total equity	<u><u>(50)</u></u>	<u><u>(100)</u></u>

In example 3, the licence applicant has net liabilities at both the current and comparative statutory closing date. However, given that net liabilities have improved at 31 December 2007 relative to 31 December 2006, the indicator IND.03 **has not** been breached.

## **APPENDIX XXVI FUTURE FINANCIAL INFORMATION: COMMENTARY ON POSSIBLE ADDITIONAL ASSESSMENT PROCEDURES**

### **Possible additional assessment procedures in respect of future financial information (criterion F.06)**

In section 10.11.5, the minimum assessment procedures to be performed by the licensor or an independent auditor in respect of future financial information are described.

Whilst the manual does not prescribe the use of an independent auditor, if an independent auditor is to perform the assessment procedures, this scope of work does not require the auditor to consider the completeness or reasonableness of the assumptions or the identified risk factors. Whilst not a minimum requirement, the licensor may wish the independent auditor to carry out such further procedures, over and above those described in section 10.11.5.

If the licence applicant is required to have an independent auditor carry out additional examination procedures, some additional procedures may include:

- Extensive procedures to be able to report that, based on the examination of the evidence supporting the assumptions, nothing has come to the auditor's attention which causes the auditor to believe that the assumptions do not provide a reasonable basis for the future financial information (negative assurance); and
- Confirmation of the bank and other borrowing facilities available to the licence applicant.

The licensor may wish to develop a standard form of procedures, appropriate for its national legislation and practice, through consultation with the national institute of chartered accountants (or similar body) in its territory.

International Standard on Assurance Engagements (ISAE) 3400, 'The Examination of Prospective Financial Information' provides some guidance on engagements to examine and report on future financial information, including assessment procedures, and on the form and content of the report that the auditor issues in connection with such an engagement.

The independent auditor will carry out certain assessment procedures, such that it may be possible for the auditor to report - by way of negative assurance - that the assumptions on which the future financial information is based are not unreasonable. The work by the independent auditor will not be an audit, review or verification of the future financial information.

In these circumstances, the licence applicant must submit to the licensor a copy of the future financial information approved by management and a copy of the auditor's report.

### **Assessment procedures in respect of updated future financial information (criterion F.08)**

The licensor may carry out the assessment procedures itself in respect of criterion F.08. Alternatively, the licensor may request the licensee to have independent auditors carry out some of the assessment procedures.

If the licensee is required to have an independent auditor carry out certain assessment procedures, the independent auditor selected should be the same as the auditor selected to carry out the audit of the annual financial statements and/or review of the interim financial statements and the agreed-upon procedures work in respect of the previous version of the future financial information (in accordance with criterion F.06).

The updated future financial information shall be assessed by the licensor or independent auditor in the licensing cycle following that for which the licence applicant became obligated to meet the requirements of F.06, i.e. during the season for which the licence has been already granted.

If some of the assessment procedures are performed by an independent auditor, he will provide a report of factual findings. The work by the independent auditor will not be an audit, review or verification of the future financial information. The work by the independent auditor may include the following procedures:

- Make enquiries of management regarding the compilation of the updated future financial information and the six-month historic financial information;
- Obtain a list of the risks identified by management and the assumptions made by management in compiling the future financial information;
- Confirm whether the future financial information is arithmetically accurate;
- Through discussion with management and review of the future financial information, determine whether the future financial information has been prepared using the disclosed assumptions;
- Confirm that the opening balances contained within the future financial information are consistent with the balance sheet shown in the last audited annual financial statements or underlying accounting records (as appropriate); and
- Check that the future financial information has been formally approved by the executive body of the entity.

## APPENDIX XXVII UPDATED FUTURE FINANCIAL INFORMATION: SUMMARY OF INFORMATION TO BE PROVIDED AS PART OF THE UPDATED FUTURE FINANCIAL INFORMATION

In section 10.14.4, the information to be prepared by the licence applicant in accordance with criterion F.08 is described.

Set out below is an illustrative summary of information to be provided as part of the updated future financial information.

For the purpose of the illustration, it is assumed that the licence applicant has an annual accounting period that ends on 30 June 2007; that the interim financial statements are prepared for the six months ended 31 December 2007; that the licensor has a submission deadline of 31 March 2008 in respect of the 2008/09 licensing season; and that the period covered for future financial information is the period from 1 January 2008 to 30 June 2009 (with the interval dates being 30 June 2008 and 31 December 2008).

As at 30/06/08 - updated budgeted profit and loss account to June 2009

	Summary of differences				Updated budget 12m 01/07/08 to 30/06/09		
	Actual 6m 01/01/08 to 30/06/08	Original budget 6m 01/01/08 to 30/06/08	Difference	Explanation of significant differences	Updated budget 6m 01/07/08 to 31/12/08	Updated budget 6m 01/01/09 to 30/06/09	Updated budget Total 12m 01/07/08 to 30/06/09
<b>Revenue</b>							
Gate receipts							
Sponsorship and advertising							
Broadcasting rights							
Commercial							
Other operating income							
<b>Expenses</b>							
Cost of sales/materials							
Employee benefits expense							
Depreciation and amortisation							
Impairment of fixed assets							
Other operating expenses							
<b>Operating profit/(loss)</b>							
<b>Profit/(loss) on disposal of fixed assets</b>							
<b>Finance costs</b>							
<b>Tax expense</b>							
<b>Profit or loss after taxation</b>							

As at 30/06/08 - updated budget cashflow statement to 30 June 2009

	Summary of differences				Updated budget 12m 01/07/08 to 30/06/09		
	Actual 6m 01/01/08 to 30/06/08	Original budget 6m 01/01/08 to 30/06/08	Difference	Explanation of significant differences	Updated budget 6m 01/07/08 to 31/12/08	Updated budget 6m 01/01/09 to 30/06/09	Updated budget Total 12m 01/07/08 to 30/06/09
	<b>Cash flows from operating activities</b>						
Cash receipts from gate receipts							
Cash receipts from sponsorship and advertising							
Cash receipts from broadcasting rights							
Cash receipts from commercial activities							
Cash receipts from other operating activities							
Cash payments to suppliers for goods and services							
Cash payments to and on behalf of employees							
Cash payments in relation to other operating expenses							
<b>Cash inflow/outflow from operating activities</b>							
<b>Taxation</b>							
<b>Cash flows from investing activities</b>							
Cash receipts from sale of property, plant and equipment							
Cash payments to acquire property, plant and equipment							
Cash receipts from sale of player registrations							
Cash payments to acquire player registrations							
Cash receipts from sale of other long term assets							
Cash payments to acquire other long term assets							
Cash receipts from sale of financial investments							
Cash payments to acquire new financial investments							
Cash receipts in relation to receipts of loans from non-financial institutions							
Cash payments in relation to repayment of loans to non-financial institutions							
<b>Cash inflow/outflow from investing activities</b>							
<b>Cash flow from financing activities</b>							
Cash receipts from issuing short or long term borrowings							
Cash payments in relation to repayment of amounts borrowed							
Cash receipts from an increase in capital							
Cash payments to acquire or redeem the entity's shares							
<b>Cash inflow/outflow from financing activities</b>							
<b>Net increase/decrease in cash</b>							

As at 31/12/08 - updated budgeted profit and loss account to 30 June 2009

	Summary of differences				Updated budget 12m 01/07/08 to 30/06/09		
	Actual 6m 01/07/08 to 31/12/08	Original budget 6m 01/07/08 to 31/12/08	Difference	Explanation of significant differences	Updated budget 6m 01/07/08 to 31/12/08	Updated budget 6m 01/01/09 to 30/06/09	Updated budget Total 12m 01/07/08 to 30/06/09
	<b>Revenue</b>						
Gate receipts							
Sponsorship and advertising							
Broadcasting rights							
Commercial							
Other operating income							
<b>Expenses</b>							
Cost of sales/materials							
Employee benefits expense							
Depreciation and amortisation							
Impairment of fixed assets							
Other operating expenses							
<b>Operating profit/(loss)</b>							
<b>Profit/(loss) on disposal of fixed assets</b>							
<b>Finance costs</b>							
<b>Tax expense</b>							
<b>Profit or loss after taxation</b>							

As at 31/12/08 - updated budgeted cash flow statement to 30 June 2009

	Summary of differences				Updated budget 12m 01/07/08 to 30/06/09		
	Actual 6m 01/01/08 to 30/06/08	Original budget 6m 01/01/08 to 30/06/08	Difference	Explanation of significant differences	Updated budget 6m 01/07/08 to 31/12/08	Updated budget 6m 01/01/09 to 30/06/09	Updated budget Total 12m 01/07/08 to 30/06/09
<b>Cash flows from operating activities</b>							
Cash receipts from gate receipts							
Cash receipts from sponsorship and advertising							
Cash receipts from broadcasting rights							
Cash receipts from commercial activities							
Cash receipts from other operating activities							
Cash payments to suppliers for goods and services							
Cash payments to and on behalf of employees							
Cash payments in relation to other operating expenses							
<b>Cash inflow/outflow from operating activities</b>							
<b>Taxation</b>							
<b>Cash flows from investing activities</b>							
Cash receipts from sale of property, plant and equipment							
Cash payments to acquire property, plant and equipment							
Cash receipts from sale of player registrations							
Cash payments to acquire player registrations							
Cash receipts from sale of other long term assets							
Cash payments to acquire other long term assets							
Cash receipts from sale of financial investments							
Cash payments to acquire new financial investments							
Cash receipts in relation to receipts of loans from non-financial institutions							
Cash payments in relation to repayment of loans to non-financial institutions							
<b>Cash inflow/outflow from investing activities</b>							
<b>Cash flow from financing activities</b>							
Cash receipts from issuing short or long term borrowings							
Cash payments in relation to repayment of amounts borrowed							
Cash receipts from an increase in capital							
Cash payments to acquire or redeem the entity's shares							
<b>Cash inflow/outflow from financing activities</b>							
<b>Net increase/decrease in cash</b>							

## **APPENDIX XXVIII PROMOTED APPLICANTS: GUIDANCE ON RELAXATION OF DISCLOSURE REQUIREMENTS**

This appendix provides some guidance about dealing with promoted licence applicants.

Promoted licence applicants are those clubs which, following promotion to the top division, are required by their licensor to undergo the club licensing system for the first time. The submission deadline shall be determined by the licensor.

If required to undergo the club licensing system, all of the criteria F.01 to F.08 shall apply to the promoted applicants, although some of the disclosure requirements may be relaxed. Disclosure requirements may be relaxed because, if a licence applicant was previously outside the top division, it may not have been subject to club licensing requirements and may not have prepared historic financial information adequate for club licensing purposes.

For promoted applicants, unless otherwise required by national law/practice, the following disclosure requirements may be relaxed:

- In respect of F.01, no comparatives are required to be disclosed in the audited annual financial statements;
- In respect of F.02, no comparatives are required to be disclosed for the comparable interim period; and
- In respect of criterion F.06, there is no requirement to disclose comparable financial year or interim period information.

If, at the end of the first season in the top division, the promoted applicant has not been relegated, it is no longer classed as a promoted applicant. After the end of its first season in the top division, the licence applicant is then subject to the usual licensing procedures, without any relaxation of disclosure requirements.

## APPENDIX XXIX ADDITIONAL INFRASTRUCTURE CRITERIA

This appendix provides additional infrastructure criteria to be met by clubs up to the approval of the new “UEFA Stadium Regulations” and communication by UEFA of its entry into force.

### “A” - Criteria

No.	Grade	Description
I.04	A	<p><b>STADIUM - CERTIFICATION</b></p> <p>The stadium must be certified.</p> <p>The certification is defined according to national/local law. If such law does not exist, the licensor fixes the content of the stadium certificate and the procedure in close co-operation with the appropriate body/bodies (e.g. local security authorities, the local hospital, fire brigade, police, etc.).</p> <p>The certificate must provide at least the following information:</p> <ul style="list-style-type: none"> <li>- Safety status of the stadium structure and measures for improvement.</li> <li>- Compliance statement regarding the safety/security regulations of the competent civil authority (reference I.05).</li> <li>- Approval of the entire stadium capacity (individual seats, terraces and total number).</li> <li>- Safety and security strategy. This must cover all aspects of the organisation of a football match, such as ticketing distribution system, screening of spectators, segregation strategy, crowd dispersal strategy, medical service, measures taken in case of fire, loss of power supply, or any other emergency.</li> </ul> <p>The certificate issued by the appropriate body must not be older than two years at the beginning of the new UEFA club competition season (1st qualification match).</p>
I.05	A	<p><b>STADIUM - SAFETY</b></p> <p>In accordance with the national law the following provisions may build an integrated part of the stadium certificate. If no such law exists the licensor defines at least the following provisions:</p> <ul style="list-style-type: none"> <li>- All parts of the stadium and its stands, including entrances, exits, stairways, doors, passages, roofs, all public and private areas and rooms, etc. must comply with the safety standards (reference I.04).</li> <li>- All public passageways and stairways in the spectator areas must be painted in a bright colour (e.g. yellow), as must all gates leading from the spectator areas into the playing area, and all exit doors and gates leading out of the stadium.</li> <li>- Clubs must establish procedures so that all public passageways, corridors, stairs, doors, gates, etc. are kept free of any obstructions that could impede the free flow of spectators during an event.</li> <li>- All exit doors and gates in the stadium, and all gates leading from the spectator areas into the playing area, must open outwards away from the spectators, and must remain unlocked while spectators are in the stadium. Each and every such door and gate must be attended at all times by a specially appointed steward, to guard against abuse and ensure immediate escape routes in the event of any emergency evacuation. In order to prevent illegal entry or intrusion, these doors and gates may be fitted with a locking device, which may be operated simply and quickly by anyone from within. Under no circumstances must they be</li> </ul>

No.	Grade	Description
		<p>locked with a key during the time that spectators are in the stadium.</p> <ul style="list-style-type: none"> <li>- In order to protect those on the field or in other parts of the stadium from lightning strikes, the stadium should be equipped with the appropriate safety devices.</li> <li>- It is essential that event holders and stadium safety/security authorities are capable of communicating with spectators inside and outside the stadium by means of a sufficiently powerful and reliable public address system (loudspeakers) and/or by a scoreboard and/or a video screen.</li> </ul>
I.06	A	<p><b>STADIUM - APPROVED EVACUATION PLAN</b></p> <p>The appropriate body (e.g. safety and security authority, competent civil authority or other qualified and approved firms, etc.) approves the evacuation plan which ensures that the whole stadium can be emptied in a case of emergency according to the applicable national law.</p> <p>If such law does not exist, the licensor establishes the content of the evacuation plan, including an evacuation time and the approval body, in close co-operation with the appropriate civil body (e.g. local security authorities, the local hospital, fire brigade, police, etc.).</p>
I.07	A	<p><b>STADIUM - CONTROL ROOM</b></p> <p>Each stadium must have a control room which ensures an overall view of the inside the stadium in accordance with the provisions of the applicable law or according to the requirements of the licensor, in consultation with the appropriate civil body (e.g. local police, etc.).</p> <p>The provisions shall specify at least:</p> <ul style="list-style-type: none"> <li>- the definition of the size,</li> <li>- the configuration</li> <li>- the furnishings</li> <li>- and the technical equipment (e.g. central telephone switchboard) of the control room.</li> </ul>
I.08	A	<p><b>STADIUM - CAPACITY</b></p> <p>The minimum capacity of the stadium is 3,000 (three thousand) individual seats.</p>
I.09	A	<p><b>STADIUM - INDIVIDUAL SEATS</b></p> <p>A seat must be in accordance with the applicable law or the <i>UEFA booklet Safety and Security in the Stadium for all UEFA Competition Matches</i>:</p> <ul style="list-style-type: none"> <li>- Fixed (e.g. to the floor)</li> <li>- Separate from the others</li> <li>- Comfortable (anatomically formed)</li> <li>- Numbered and</li> <li>- Have a backrest of a minimum height of 30 cm when measured from the seat.</li> </ul> <p><i>Remark: for UEFA club competition matches (with the exception of UEFA Intertoto Cup) all spectators must be seated in individual seats.</i></p>
I.10	A	<p><b>STADIUM - SPECTATOR AREAS</b></p> <p>Each stand within the stadium must be capable of being divided into separate sectors according to the requirements of the local security authorities or, if no such requirements exist, those of the licensor.</p>

No.	Grade	Description
I.11	A	<p><b>STADIUM - FIRST-AID ROOMS</b></p> <p>Each stadium must be equipped with first-aid room(s) to care for spectators in need of medical assistance. This must be done according to the local authority regulations, or the licensor fixes the exact number, size and location of the first-aid room(s) in consultation with the appropriate civil body (e.g. local authorities for security and health,).</p> <p>In general terms, the licensor may take account of the following recommendations:</p> <ul style="list-style-type: none"> <li>- The first-aid rooms must be located in a position which allows easy access from both inside and outside the stadium to spectators and emergency vehicles.</li> <li>- Have doors and passageways leading to them which are wide enough to allow access for a stretcher or a wheelchair.</li> <li>- Have bright lighting, good ventilation, heating, air conditioning, electric sockets, hot and cold water, drinking water and toilet facilities for men and women.</li> <li>- Have walls and floors (non-slip) constructed of smooth and easy to clean material.</li> <li>- Have a glass cabinet for medicine.</li> <li>- Have storage space for stretchers, blankets, pillows and first-aid materials.</li> <li>- Have a telephone allowing internal and external communication.</li> <li>- Be clearly signposted throughout the inside and outside of the stadium.</li> </ul>
I.12	A	<p><b>FIELD OF PLAY - SPECIFICATION</b></p> <p>The playing field must be:</p> <p><u>Alternative 1:</u> natural grass</p> <p><u>Alternative 2:</u> artificial turf (according to the UEFA quality standards), subject to the approval of UEFA.</p> <p>It must also be:</p> <ol style="list-style-type: none"> <li>a) Absolutely smooth and level</li> <li>b) In good condition</li> <li>c) Playable during the whole UEFA club competition season</li> <li>d) Green colour (in the event of artificial turf)</li> </ol>
I.13	A	<p><b>SIZE OF FIELD OF PLAY</b></p> <p>The field of play must measure</p> <p><u>Alternative 1:</u> 105 m x 68 m exactly.</p> <p><u>Alternative 2:</u> It is recognised that in some stadiums, for technical reasons of a construction-related nature, it is impossible to increase the field of play to the required dimensions. In this case only the licensor may grant an exception within the following ranges):</p> <ul style="list-style-type: none"> <li>- Length: min. 100 m to max. 105 m (110 yds to 115 yds)</li> <li>- Width: min. 64 m to max. 68 m (70 yds to 75 yds)</li> </ul>

**“B” CRITERIA**

No.	Grade	Description
I.14	B	<p><b>STADIUM – GROUND RULES</b></p> <p>Each stadium must issue stadium ground rules and affix them to the stadium in such a way that the spectators can read them. These rules must provide at least information on:</p> <ul style="list-style-type: none"> <li>- admission rights</li> <li>- abandonment or postponement of events</li> <li>- description of prohibitions and penalties, such as entering the field of play, throwing objects, use of foul or abusive language, racist behaviour, etc.</li> <li>- restrictions with regard to alcohol, fireworks, banners, etc.</li> <li>- seating rules</li> <li>- causes for ejection from the ground</li> <li>- risk analysis specific for the stadium</li> </ul>
I.15	B	<p><b>STADIUM - COVERED SEATS</b></p> <p><b>The licensor fixes the minimum capacity of individual seats which must be covered.</b></p> <p><i>UEFA recommends that one third of the individual seat capacity be covered especially the grandstand and the press box.</i></p>
I.16	B	<p><b>STADIUM - ACCOMMODATION OF VISITING SUPPORTERS</b></p> <p>At least 5% (five percent) of the certified total stadium capacity must be made available for accommodating visiting supporters in a separate area.</p> <p>This provision is subject to decisions of the competent bodies of the licensor and/or the local authority regarding safety and security (high-risk matches, etc.).</p>
I.17	B	<p><b>STADIUM - SANITARY FACILITIES</b></p> <p>Each stand must provide sufficient toilet facilities for both sexes, in accordance with the local authority regulations or the licensor’s requirements.</p> <p>These amenities must include washing facilities with at least cold water and a plentiful supply of towels and/or hand dryers.</p> <p>They must be bright, clean and hygienic, and a procedure should be established to keep that condition throughout each event.</p> <p><i>UEFA recommends for every 1,000 spectators, a minimum of:</i></p> <ul style="list-style-type: none"> <li>- <i>Five toilets with seats for men</i></li> <li>- <i>Eight urinals and</i></li> <li>- <i>Five toilets with seats for women</i></li> </ul>
I.18	B	<p><b>STADIUM - SIGNPOSTING AND DIRECTIONS ON TICKETS</b></p> <p>All public direction signs inside and outside the stadium must be presented in internationally understandable pictographic language.</p> <p>Clear, comprehensive signposting must be provided at the stadium approaches and around, and throughout the stadium to point the way to the different sectors.</p> <p>Tickets must clearly identify the location of the seats for which they have been issued. Information on the tickets must correlate with the signpost information provided, both inside and outside the stadium.</p> <p>Colour coding of tickets will assist the entry process, and retained ticket stubs must</p>

No.	Grade	Description
		contain information which will guide spectators once they are inside. Large-scale wall maps must be provided for the guidance of spectators.
I.19	B	<p><b>STADIUM - MEDIA AND PRESS FACILITIES</b></p> <p>There must be suitable media and press facilities (working room and press conference room).</p> <p>The licensor fixes the content of this provision according to the actual needs of its media and taking into consideration the following recommendations and in consultation with the appropriate media bodies (e.g. Media Committee, etc.):</p> <ul style="list-style-type: none"> <li>- Specific media entrance to the stadium or entrances if there is a separate access for photographers and TV personnel.</li> <li>- Reception desk or room where late accreditation/media information can be collected.</li> <li>- Permanent press seats, equipped with desks big enough to accommodate a laptop computer, a notepad and telephone.</li> <li>- Power supply and phone/modem connections at each desk.</li> <li>- Media working room accommodating a minimum of ... persons, (unless separate facilities are provided), including photographers (to be fixed according to the average demand in your domestic championship).</li> <li>- Toilet facilities for both sexes.</li> <li>- Press conference room with a suitable number of ..... seats (to be fixed according to the average demand in your domestic championship).</li> <li>- Press conference room to be equipped with a sound system and split box.</li> <li>- Photographers with heavy equipment should have parking spaces available as close to the access point as possible and/or a drop-off point where they can unload equipment from vehicles.</li> <li>- The licensor fixes a minimum number of seats in the press box according to the average demand in its domestic championship.</li> </ul>
I.20	B	<p><b>STADIUM - DRUG-TESTING ROOM</b></p> <p>This room must be near to the teams' and referees' dressing rooms and inaccessible to the public and the media.</p>
I.21	B	<p><b>STADIUM - SPECTATORS WITH DISABILITIES</b></p> <p>The licensor sets up requirements to accommodate disabled spectators and accompanying persons safely and comfortably.</p>