



UEFA CLUB LICENSING AND FINANCIAL FAIR PLAY

3rd Bulletin

COMPLIANCE AND INVESTIGATION
ACTIVITY REPORT 2013-15

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1. INTRODUCTION

Since the publication of the previous edition of its bulletin, in 2013, the investigatory chamber of the UEFA Club Financial Control Body (CFCB) has continued to play a fundamental part in the application, implementation and assessment of the UEFA club licensing system as well as UEFA's club monitoring process (financial fair play).

With regard to the scope of activities performed by the CFCB investigatory chamber, it is worth highlighting that over the last two years, in addition to the 'traditional' assessment and monitoring of the club licensing criteria and the enhanced overdue payables requirements, the CFCB investigatory chamber has assessed for the first time whether the clubs participating in the UEFA club competitions fulfil the break-even requirement (see Section 3: Tasks of the CFCB investigatory chamber). In this respect, between May 2014 and May 2015, the CFCB chief investigator concluded settlement agreements with 23 clubs. This bulletin provides information on the conclusion and subsequent monitoring of these settlement agreements (see Section 4: Conclusion and monitoring of settlement agreements).

On more than one occasion in the 2013/14 and 2014/15 club monitoring processes, the CFCB investigatory chamber had to take a stand on how to apply and/or interpret certain provisions of the UEFA Club Licensing and Financial Fair Play Regulations (CL&FFP Regulations). This bulletin presents the questions and issues faced in practice by the CFCB investigatory chamber in respect of the break-even requirement and the responses provided to the clubs (see Section 3.4: Break-even requirement – Cases dealt with by the CFCB investigatory chamber).

Finally, an outlook for the ongoing 2015/16 club monitoring process is provided at the end of this bulletin (see Section 5: Outlook for the 2015/16 season).

We hope that this third bulletin provides useful and interesting insights into the compliance and monitoring activities performed in the last two years by the CFCB investigatory chamber and further strengthens UEFA's continued efforts to increase transparency and good governance in European club football.

Andrea Traverso

Head of Club Licensing and Financial Fair Play



2. COMPOSITION OF THE CFCB INVESTIGATORY CHAMBER

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2. COMPOSITION OF THE CFCB INVESTIGATORY CHAMBER

After having led the former Club Financial Control Panel, former Belgian prime minister Jean-Luc Dehaene was elected by the UEFA Executive Committee as the first CFCB chief investigator in June 2012. He fulfilled his duties until early 2014 when his failing health forced him to pass the reins of the CFCB investigatory chamber over to Brian Quinn, who headed it from January to May 2014.

From May 2014, the position of CFCB chief investigator was assumed by another member of the CFCB investigatory chamber, Umberto Lago. Mr Lago stayed on as acting CFCB chief investigator until September 2015.

On 18 September 2015 the UEFA Executive Committee elected Yves Leterme as the new CFCB chief investigator. Mr Leterme, another Belgian national, is secretary-general of the intergovernmental International Institute for Democracy and Electoral Assistance (International IDEA). Before joining International IDEA, Mr Leterme served as prime minister of

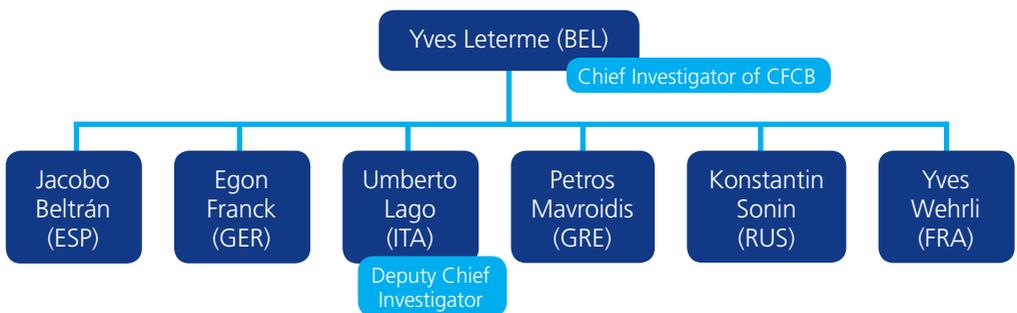
Belgium (2009 to 2011) and then as deputy secretary general of the Organization for Economic Co-operation and Development (OECD) in Paris (2011 to 2014).

In accordance with the Procedural rules governing the UEFA Club Financial Control Body (CFCB Procedural rules), Mr Leterme's tasks are to:

- head the CFCB investigatory chamber and take all necessary measures to ensure its proper functioning; and
- lead the monitoring process and the investigation proceedings, establishing the facts and collecting all relevant evidence.

The current composition of the CFCB investigatory chamber is as follows for the 2015/16 licence season (after having served for three years as member of the CFCB investigatory chamber, Brian Quinn resigned in summer 2015):

Composition of the CFCB investigatory chamber (as at September 2015)



Members



3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

During the 2013–15 period, the CFCB investigatory chamber's main tasks were to ensure that licensors and clubs fulfilled their obligations as defined in the CL&FFP Regulations. Those tasks consisted of:

- ensuring licensors/clubs complied with the club licensing criteria;
- deciding on cases relating to clubs' eligibility to participate in the UEFA club competitions;
- ensuring the absence of overdue payables on the part of the clubs participating in the UEFA club competitions;
- monitoring the fulfilment of the break-even requirement by the clubs participating in the UEFA club competitions; and
- assessing whether clubs having signed settlement agreements with the CFCB investigatory

chamber complied with the targets set out in their respective agreements.

3.1. Ensuring compliance with the club licensing system

During the 2013/14 and 2014/15 seasons, the CFCB investigatory chamber oversaw the proper application of the UEFA club licensing system across all 54 UEFA member associations. A total of 12 compliance audits were performed by the UEFA Administration in cooperation with independent auditors.

As part of the overall compliance concept, compliance audits can take place at any time during the course of the season and focus on the verification of the sporting, personnel and administrative, legal and financial criteria laid down in the CL&FFP Regulations.

The CFCB investigatory chamber reviewed and assessed the following 12 licensors:

LICENSORS REVIEWED IN 2013/14	LICENSORS REVIEWED IN 2014/15
Croatian Football Federation (CRO)	Association of Football Federations of Azerbaijan (AZE)
Hungarian Football Federation (HUN)	Football Federation of Bosnia and Herzegovina (BIH)
Royal Netherlands Football Federation (NED)	German Football League (GER)
Romanian Football Federation (ROU)	Malta Football Association (MLT)
Football Union of Russia (RUS)	Norwegian Football Federation (NOR)
Football Association of Wales (WAL)	Football Association of Slovenia (SVN)

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

The conclusions of the CFCB investigatory chamber were as follows:

LICENSORS	CFCB INVESTIGATORY CHAMBER CONCLUSIONS
CRO, MLT, NED, RUS, SVN, WAL	The licensors had satisfactorily run the UEFA club licensing system for the season under review.
BIH, GER, NOR	<p>The licensors had adequately run the UEFA club licensing system. They were nevertheless requested to take all appropriate measures to improve the assessment of the overdue payables criteria and/or the disclosure of the financial statements submitted by their clubs.</p> <p>Furthermore, the CFCB investigatory chamber recommended they pay particular attention to the adequate disclosure of the following items in the financial statements:</p> <ul style="list-style-type: none"> • the outstanding amounts payable towards other football clubs, in respect of employees and towards social/tax authorities have to be stated separately; and • the transactions and balances with related party(ies), as well as the nature of the relationship, must be clearly described in the notes to the financial statements. <p>The preparation of complete annual financial statements in accordance with the minimum disclosure requirements described in the CL&FFP Regulations is a fundamental principle in both club licensing and club monitoring in order to give a fair presentation of the club's financial situation and increase the transparency of the club's finances.</p>
AZE, ROU	<p>The licensors were found in compliance with the CL&FFP Regulations. However, the positive conclusion could only be reached after the submission by the audited clubs of additional information with regard to their reporting perimeter and the level of compensation paid to players/employees.</p> <p>The CFCB investigatory chamber stressed that the complete and correct definition of the reporting perimeter is fundamental for UEFA club licensing as well as for UEFA club monitoring. In case additional compensations are paid to employees (including players) by other company(ies) or individual(s), these costs must be included in the reporting perimeter and reflected in the supplementary financial information provided to the licensor in addition to the clubs' financial statements.</p>
HUN	The licensor was made aware by the CFCB investigatory chamber that its compliance procedures were not fully in line with the CL&FFP Regulations and was required to rapidly take all appropriate measures to better manage the decision-making process. More specifically, the licensor has to ensure in the next licensing cycle that all minimum disclosure requirements for the financial statements are met and that the reporting perimeters of clubs are properly defined as specified in the CL&FFP Regulations.

3.2. Monitoring of the “overdue payables” requirements

During the 2013/14 and 2014/15 seasons, the CFCB investigatory chamber continued the monitoring of overdue payables in order to ensure that clubs settle their liabilities with employees, social/tax authorities and other clubs punctually, i.e. on 30 June and on 30 September.

The monitoring process is mainly based on self-declarations from clubs, which have to report their overdue payables situation as at 30 June and 30 September. As a result, the CFCB investigatory chamber expects all self-declarations from clubs to be complete and correct.

During the assessment of these self-declarations, the UEFA Administration and the CFCB investigatory chamber are constantly informed of potential overdue amounts by third parties (usually former/current employees and other clubs). As a result of such information from third parties, the CFCB investigatory chamber can request that the UEFA Administration perform independent assessments of the information submitted by the clubs.

In cases where compliance audits reveal the existence of hidden overdue payables, the clubs concerned, i.e. that conceal overdue amounts, face harsher disciplinary measures, in most cases firm exclusion from future participation in UEFA club competitions.



3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

3.3.1 Overdue payables – Clubs under monitoring

In total, 237 clubs and 239 clubs (taking into account the two additional clubs affiliated to the Gibraltar Football Association) submitted the required overdue payables information as at 30 June 2013 and 30 June 2014 respectively.

As at 30 June 2013, the overdue payables declared amounted to €9m and the deferral agreements concluded by the clubs represented a total of €184m.

Subsequently, as at 30 June 2014, the overdue payables declared amounted to €8m and the deferral agreements concluded by the clubs represented a total of €93m. These two figures, which show a significant decrease in the amounts overdue and deferred from 2013/14 to 2014/15, confirm the positive impact that the requirements of the CL&FFP Regulations have had in respect of overdue payables, one of the two pillars of financial fair play (FFP).

This positive trend was further confirmed as at 30 June 2015 as overdue payables decreased to €5m.

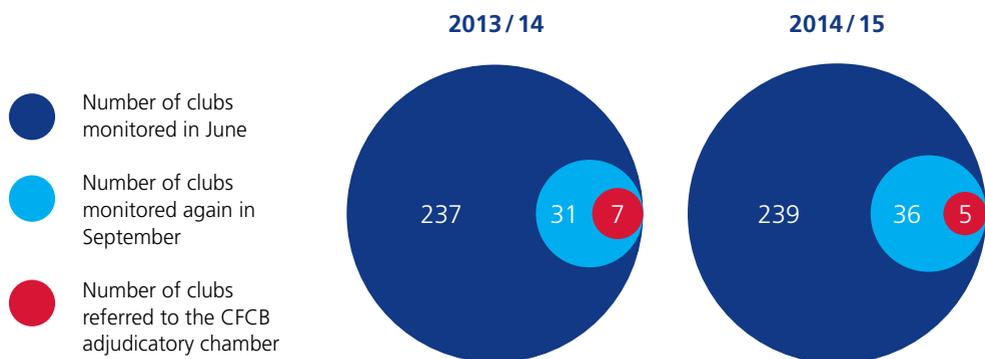
Evolution of overdue payables since 30 June 2011



Following their June submissions, 31 clubs were kept under monitoring by the CFCB investigatory chamber and were requested to provide an update as at 30 September 2013. Similarly, 36 clubs were requested to provide an update as at 30 September 2014.

During the 2013/14 and 2014/15 seasons, four clubs (AEL Limassol FC, APOEL FC, AC Omonia and FK Crvena Zvezda) were subject to a compliance audit in order to verify the completeness and validity of the declarations submitted by the clubs during the season (in June and September).

Number of clubs under monitoring for the overdue payables requirements during the 2013/14 and 2014/15 seasons



Of the clubs under monitoring as at 30 September 2013 and 2014, the following 12 were referred to the CFCB adjudicatory chamber as the CFCB investi-

gatory chamber alleged that they were in breach of the requirements on overdue payables as laid down in the CL&FFP Regulations:

CLUBS REFERRED IN 2013/14	CLUBS REFERRED IN 2014/15
FK Crvena zvezda (SRB)	Bursaspor (TUR)
FC Petrolul Ploiesti (ROU)	FK Ekranas (LTU)
FC Metalurh Donetsk (UKR)	CFR 1907 Cluj (ROU)
Skonto FC (LAT)	FC Astra Giurgiu (ROU)
CS Pandurii Târgu Jiu (ROU)	FC Honka Espoo (FIN)
WKS Śląsk Wrocław (POL)	
Vitoria SC (POR)	

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

In respect of those 12 clubs, the following disciplinary measures were finally imposed by the CFCB adjudicatory chamber (all decisions are available on www.UEFA.org):

CLUBS	SITUATIONS	DISCIPLINARY MEASURES
FK Ekranas (LTU)	The club did not submit any information to the attention of the CFCB investigatory chamber. The failure to submit any information at all during the monitoring process was considered as a serious breach of the CL&FFP Regulations.	Exclusion from the next UEFA club competition for which it would qualify in the next two seasons (2015/16 and 2016/17). Fine of €15,000.
FK Crvena Zvezda (SRB)	The club submitted incomplete and misleading self-declarations to the attention of the CFCB investigatory chamber. As emphasised by the Court of Arbitration for Sport, <i>“the disclosure obligations under the CL&FFP regulations are essential to assess the financial situation of the clubs which take part in UEFA club competitions”</i> . Therefore, the self-declarations have to be timely, complete and correct, <i>“otherwise the whole Club Licensing and Financial Fair Play system would be undermined.”</i>	Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. As a result, the club was not admitted to the 2014/15 UEFA Champions League.
Bursaspor (TUR)	The club was subject to a suspended exclusion from UEFA club competitions arising from a previous decision taken in 2012. As the club was a recidivist, the suspended exclusion came into effect.	Exclusion from the next UEFA club competition for which it would qualify in the next season (2015/16). Fine of €100,000 (half of it suspended for a probationary period).

CLUBS	SITUATIONS	DISCIPLINARY MEASURES
Skonto FC (LAT)	The clubs reported overdue payables and were told that, in addition to the fine, they would be excluded from the next UEFA club competition for which they would qualify unless they were able to pay all amounts identified as overdue as at 30 September by the following 31 January. The exclusions finally took effect as the clubs did not satisfy the condition imposed by the CFCB.	Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. Fine of €40,000. The club was not admitted to the 2014/15 UEFA Europa League.
FC Honka Espoo (FIN)		Exclusion from the next UEFA club competition for which it would qualify in the next three seasons (2015/16, 2016/17 and 2017/18). Fine of €20,000.
FC Metalurh Donetsk (UKR)		Exclusion from the next UEFA club competition for which it would qualify in the next three seasons. Fine of €80,000. The club was not admitted to the 2014/15 UEFA Europa League.
CFR 1907 Cluj (ROU)	The clubs reported overdue payables and were told that, in addition to the fine, they would be excluded from the next UEFA club competition for which they would qualify unless they were able to pay all amounts identified as overdue as at 30 September by the following 31 January. The exclusions did not take effect as the clubs satisfied the condition imposed by the CFCB.	Fine of €150,000
FC Astra Giurgiu (ROU)		Fine of €100,000
FC Petrolul Ploiesti (ROU)		Fine of €50,000
WKS Śląsk Wrocław (POL)	The clubs reported small overdue payables and were fined.	Fine of €20,000
CS Pandurii Târgu Jiu (ROU)		Fine of €40,000
Vitoria SC (POR)	The club was found to have incorrectly reported an overdue payable (listed as an overdue payable instead of a current payable).	Reprimand

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

3.3.2 Overdue payables – Feedback provided by the CFCB investigatory chamber

Following its review of the overdue payables declarations from the clubs in the 2013/14 and 2014/15 seasons, the CFCB investigatory chamber highlighted the following points:

(i) Compliance with submission deadlines

The deadlines to submit the monitoring documentation in respect of overdue payables (i.e. information on transfer activities and confirmation of the absence or existence of overdue payables towards employees and social/tax authorities), as stipulated in the CL&FFP Regulations, are, in principle, 15 July and 15 October and these deadlines cannot be extended (subject to cases of force majeure).

As a principle, a fine of €10,000 is imposed on all clubs that submit their monitoring documentation after the set deadline.

(ii) Unclaimed solidarity contributions

Unclaimed solidarity contributions (as defined in the FIFA Regulations on the Status and Transfer of Players) shall be classified as “payables” by clubs; indeed, according to the CL&FFP Regulations:

« Payables are those amounts due to football clubs as a result of transfer activities, including training compensation and solidarity contributions as defined in the FIFA Regulations on the Status and Transfer of Players, as well as any amount due upon fulfilment of certain conditions. »

On that basis, unclaimed solidarity contributions are considered as payables for both club licensing and club monitoring and not as accruals, and they shall therefore be disclosed in the corresponding submission to the attention of the CFCB investigatory chamber. However, such unclaimed amounts will not be considered as overdue if the club demonstrates to the reasonable satisfaction of the CFCB that it has taken all reasonable measures to identify and pay the creditor club(s).

(iii) Validity of deferral agreements

As key underlying principle, deferral agreements, aimed at extending the deadline for payment beyond the applicable deadline, must be accepted in writing by the creditor as well as the debtor and must clearly state for each overdue balance, the amounts being deferred, the initial due date(s) and the new applicable deadline(s) for payment.

If the social/tax authorities reach a deferral agreement in respect of several clubs, the CFCB investigatory chamber will require an individual agreement to be duly signed by the creditor and each club. It will also have to specify the amounts deferred by each club and the new deadline(s) for payment in order to comply with the “no overdue payables” requirements.

The same applies if a club concludes a deferral agreement with a group of players: an individual agreement will have to be signed by each player concerned and precisely indicate the amount being deferred as well as the new due date(s).

(iv) Assessing amounts in dispute

As stated in Annex VIII of the CL&FFP Regulations, payables (towards other football clubs, employees and social/tax authorities) are not considered as overdue if the debtor club is able to prove – by 31 March (in respect of Articles 49, 50 and 50bis) and by 30 June and 30 September (in respect of Articles 65, 66 and 66bis) – that it has an on-going dispute in front of a competent authority.

In respect of club monitoring this means that the dispute must be ongoing as at the assessment date (30 June or 30 September). However, the assessment of amounts in dispute slightly differs in respect of club licensing, whereby the debtor club must prove that as at the 31 March preceding the UEFA club competition season it has no overdue payables as a result of contractual and legal obligations that arose prior to the previous 31 December.

The first element to be considered when assessing the overdue payables in club licensing is whether

or not a contractual/legal obligation arose prior to the 31 December before the UEFA club competition season. For example, an amount due to an employee prior to 31 December 2015 as a result of a signed employment contract would clearly fall within the scope of the assessments to be performed as part of the 2016/17 UEFA club competitions licensing procedure.

Once this has been established, according to Annex VIII of the CL&FFP Regulations, the debtor club must prove whether or not by 31 March it has a dispute opened in front of a competent authority. If there is an ongoing dispute as at 31 March which fulfils the conditions outlined in paragraphs 2(c) and 2(d) of Annex VIII, then the amount is reflected as being in dispute and is not considered as overdue. However, if the dispute is no longer ongoing as at 31 March and there has been a final and binding decision which orders the club to pay the disputed amount, it is not possible to consider this amount as in dispute as at 31 March and it must be settled.



3.3. Monitoring of the break-even requirement

The break-even requirement was assessed for the first time during the 2013/14 season. Between the UEFA Executive Committee's adoption, on 27 May 2010, of the CL&FFP Regulations that define the break-even requirement and the first assessments in the 2013/14 season, the clubs were provided with sufficient time to adjust to the break-even requirement and adapt their business models, if necessary.

In order to help the clubs to fulfil the break-even requirement, the CFCB investigatory chamber performed a soft implementation of the break-even requirement in the 2012/13 season (see Bulletin 2013: Compliance and Investigation Activity Report 2011–13).

The first monitoring period, assessed in 2013/14, covered only two reporting periods, i.e. the ones ending in 2012 and 2013. The second monitoring period, assessed in the 2014/15 season, covered the three reporting periods ending in 2012, 2013 and 2014. The maximum applicable acceptable deviation was €45m.

3.3.1 Break-even requirement – Clubs under monitoring and compliance audits

Of the 237 clubs that qualified for the 2013/14 UEFA Champions League and Europa League, 104 were exempt from the break-even requirement as their relevant income and relevant expenses were below €5m, whereas 133 clubs fell into the scope and had to comply with it. During the 2014/15 season, 106 clubs were exempt from the break-even requirement and 136 clubs were subject to it.



Among the clubs under monitoring during 2013/14 and 2014/15, the CFCB investigatory chamber requested that 25 compliance audits (covering 15 licensors) be performed at the clubs' premises in order to assess the break-even information submitted. The selection of clubs was mainly based on benchmarking analysis and/or the identification of unusual balances. Such audits, aimed at gaining a better understanding of the clubs, were performed by independent local auditors working under the supervision of the UEFA Administration. The auditors focussed mainly on verifying the completeness, validity and accuracy of the clubs' submissions.

In practice, there is no need for the CFCB investigatory chamber to open a formal investigation into a club for a compliance audit to take place. However, an investigation is systematically opened by the CFCB investigatory chamber if the aggregate break-even deficit is above the acceptable deviation for the monitoring period under review.

The clubs subject to compliance audits in 2013/14 and 2014/15 were as follows:

LICENSORS CONCERNED	CLUBS SUBJECT TO A COMPLIANCE AUDIT
Austrian Football League (AUT)	FC Salzburg
The Football Association (ENG)	Liverpool FC Manchester City FC
Spanish Football Federation (ESP)	FC Barcelona Real Madrid CF
French Football Federation (FRA)	AS Monaco FC Olympique Lyonnais Paris Saint Germain
Georgian Football Federation (GEO)	FC Dinamo Tbilisi
German Football League (GER)	VfB Stuttgart
Hellenic Football Federation (GRE)	PAOK FC
Israel Football Association (ISR)	Maccabi Tel-Aviv FC Hapoel Ramat Gan FC
Italian Football Federation (ITA)	FC Internazionale Milano Juventus AC Milan AS Roma
Royal Netherlands Football Association (NED)	Vitesse
Portuguese Football Federation (POR)	Sporting Clube de Portugal
Romanian Football Federation (ROU)	FC Steaua București
Football Union of Russia (RUS)	FC Krasnodar FC Rubin Kazan
Swiss Football League (SUI)	Grasshopper Club Zurich
Turkish Football Federation (TUR)	Beşiktaş J.K. Galatasaray A.S

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

The scope of the compliance audits varied from club to club depending on the element(s) of the break-even information under scrutiny by the CFCB investigatory chamber.

The main modules assessed were as follows:

RELATING TO FINANCIAL STATEMENTS	RELATING TO BREAK-EVEN ADJUSTMENTS
Reconciliation of break-even information with the annual financial statements	Fair value assessment of sponsorship and other income
Club's legal group structure and definition of the reporting perimeter	Validation of donations/contributions from equity participants and/or related parties
Identification and review of transactions with related parties	Validation of non-monetary items excluded from the break-even calculation
Impact of auditor's qualifications on annual financial statements	Validation of excludable expenses related to youth development expenses
Review of unusual items within annual financial statements	Validation of excludable expenses related to community development activities
Assessment of future financial information (reporting period T+1)	Verification of non-football operations excluded from the break-even calculation

Most of the compliance audits performed during the 2013/14 and 2014/15 seasons highlighted several findings which were systematically followed up on by the CFCB investigatory chamber.

Examples of findings include:

- auditor qualification with regard to understated expenses in the annual financial statements incorrectly reflected in the break-even information;
- monetary expenses (e.g. creation of provisions) incorrectly adjusted as non-monetary items in the break-even information;
- undisclosed related party transactions potentially subject to fair value adjustment;
- donations from related parties incorrectly disclosed as coming from non-related parties;
- sponsorship income from related parties above fair value;
- expense with regard to the "B-team" or "reserve team" incorrectly included as expenses related to youth development activities;
- interest charge on soft loans from related entities not calculated;

- expenses related to football and to the club incorrectly reflected as exclusively unrelated to football activities; and
- soft loans from related parties incorrectly presented as equity in the break-even information.

The CFCB investigatory chamber expects full transparency as well as true and accurate submissions from clubs. As a result, in all the above-mentioned cases, the clubs were requested by the CFCB investigatory chamber to correct the break-even information they had previously submitted.



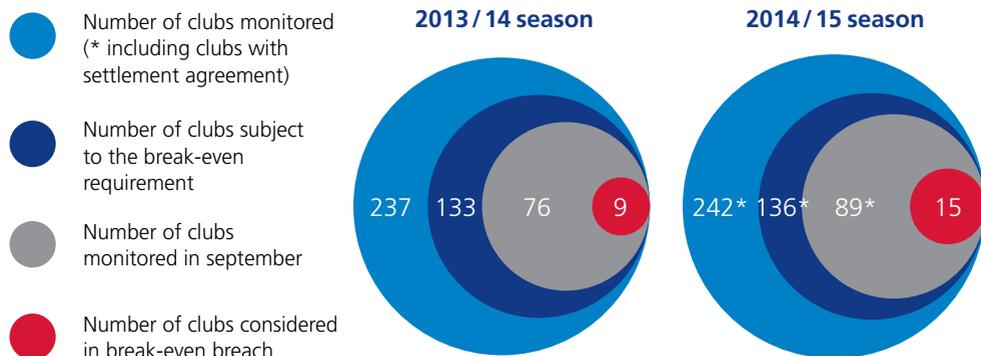
3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

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

Of the clubs under monitoring during the 2013/14 and 2014/15 seasons, the CFCB investigatory chamber concluded that the following 24 had failed to fulfil the break-even requirement:

CLUBS CONSIDERED IN BREAK-EVEN BREACH IN 2013/14	CLUBS CONSIDERED IN BREAK-EVEN BREACH IN 2014/15
PFC Levski Sofia (BUL)	PFC CSKA Sofia (BUL)
Manchester City FC (ENG)	Hull City AFC (ENG)
Paris Saint-Germain (FRA)	AS Monaco FC (FRA)
FC Anji Makhachkala (RUS)	Panathinaikos FC (GRE)
FC Rubin Kazan (RUS)	Hapoel Tel Aviv FC (ISR)
FC Zenit (RUS)	AS Roma (ITA)
Bursaspor (TUR)	FC Internazionale Milano (ITA)
Galatasaray A.S. (TUR)	Ruch Chorzów (POL)
Trabzonspor A.S. (TUR)	Sporting Clube de Portugal (POR)
	FC Dynamo Moskva (RUS)
	FC Krasnodar (RUS)
	FC Lokomotiv Moskva (RUS)
	FC Rostov (RUS)
	Beşiktaş J.K. (TUR)
	Kardemir Karabükspor (TUR)

Number of clubs under monitoring for the break-even requirement during the 2013/14 and 2014/15 seasons



Of the above-mentioned 24 clubs, one (FC Dynamo Moskva) significantly failed to fulfil the break-even requirement and was not offered a settlement agreement by the CFCB investigatory chamber (as the conditions for a settlement agreement were not met). As a result, the club was excluded from participating in the next UEFA club competition for which it would qualify in the next four seasons. The club did not appeal this decision before the Court of Arbitration for Sport and was not admitted to the 2015/16 UEFA Europa League, for which it had qualified on sporting merit. The remaining 23 clubs concluded settlement agreements with the CFCB chief investigator. Further details on the conclusion and monitoring of those settlement agreements are provided in “Section 4: Conclusion and monitoring of settlement agreements”.

On a positive note, the remaining 65 clubs monitored by the CFCB investigatory chamber during the 2014/15 season (i.e. 89 clubs under monitoring, minus the 24 above-mentioned clubs in breach of the break-even requirement), showed a very positive trend in terms of their break-even result over the reporting periods 2012, 2013 and 2014.

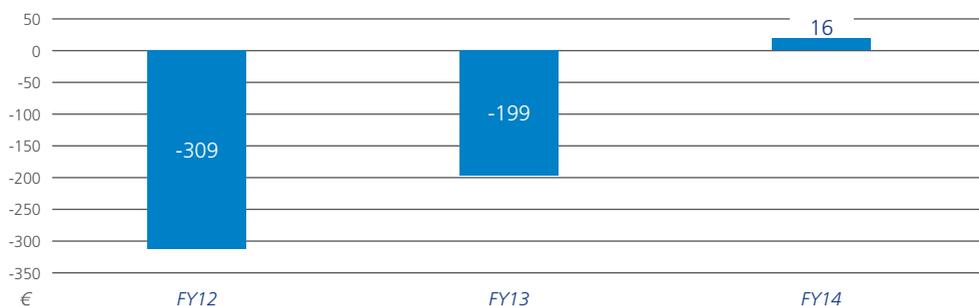
Overall, those 65 clubs showed a net break-even deficit of €309m with regard to the reporting period 2012. The same clubs decreased their break-even deficit to €199m in 2013 and even achieved a net break-even surplus of €16m in the reporting period 2014! The same positive trend is shown if we consider the number of clubs showing a break-even surplus: for the reporting period 2012, only 15 out of 65 clubs achieved a break-even surplus, but this number increased to 23 for the reporting period 2013 and 32 for the reporting period 2014, which represents 50% of the clubs under monitoring.

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

Evolution of net annual break-even surplus/deficit and number of clubs with break-even surplus/deficit out of the 65 under monitoring in 2014/15
(excl. those with settlement agreements or referred to the CFCB adjudicatory chamber)

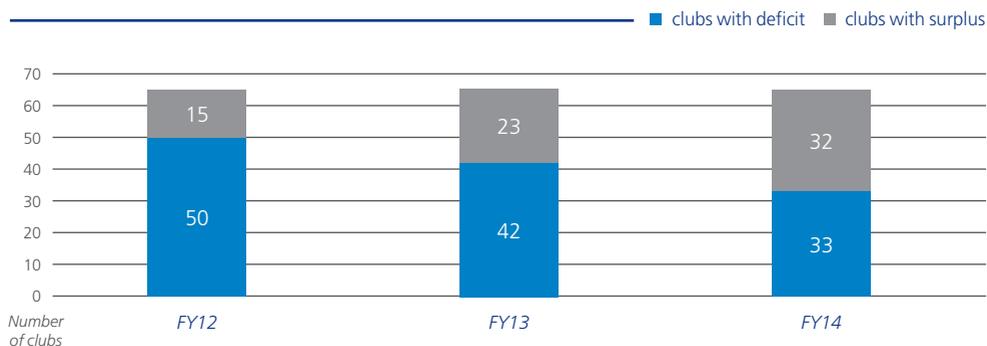
Evolution of net break-even results of 65 clubs within scope

(excl. clubs with settlement agreement/referred to the CFCB adjudicatory chamber)



Evolution of net break-even results of 65 clubs within scope

(excl. clubs with settlement agreement/referred to the CFCB adjudicatory chamber)



The same charts for clubs under settlement agreements are presented in section 4.4 of this bulletin.

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

As part of the monitoring process, the CFCB investigatory chamber had to interpret certain provisions of the CL&FFP Regulations as follows:

(i) Legal group structure and ultimate controlling party

CL&FFP REGULATIONS – ARTICLE 46(1)(2)	CASE FACED
Clubs must provide their legal group structure which <i>“must clearly include information on [...] any direct or indirect controlling entity of the licence applicant, up to and including the ultimate controlling party”</i> .	The shareholdings/ownership structure of a club can be different from the voting rights. How is the ultimate controlling party determined?
In the context of a party exercising control over a licence applicant, the CFCB investigatory chamber considered that the ultimate controlling party is the party holding the majority of voting rights.	

(ii) Reconciliation of break-even information with financial statements

CL&FFP REGULATIONS – ANNEX VII(A)(1)	CASE FACED
Annual financial statements <i>“must be based on the accounting standards required by local legislation for incorporated companies – either the applicable financial reporting framework of the relevant country, the International Financial Reporting Standards [i.e. IFRS] or the IFRS for Small and Medium-sized Entities – regardless of the legal structure of the licence applicant”</i> . Article 58 of the CL&FFP Regulations stipulates that the break-even information <i>“must be calculated and reconciled [...] to the audited annual financial statements [...]”</i> .	A club defined its reporting perimeter on a consolidated basis. It prepared its consolidated annual financial statements according to IFRS, whereas one of its subsidiaries (included in the consolidation) prepared its annual financial statements in accordance with national GAAP. An approved government grant in favour of the subsidiary of the club was reflected as income in the subsidiary’s financial statements in accordance with national GAAP, whereas it was deferred in the club’s consolidated financial statement in line with IFRS. Could this grant be considered as relevant income for the break-even calculation as it was accepted by the national GAAP?
The CFCB investigatory chamber considered that such grant could not be recognised as relevant income as the adequate reporting perimeter was established on a consolidated basis and the corresponding consolidated financial statements did not reflect this grant as an income. Each club must prepare its financial statements for the defined reporting perimeter in accordance with the required accounting standards and ultimately the break-even information must be reconciled to this consistent set of audited financial statements. Indeed, a club cannot pick one accounting standard for some revenues and another for other revenues depending on which is most favourable.	

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

(iii) Income from non-football operations related to the club

CL&FFP REGULATIONS – ANNEX X(B)(L)	CASE FACED
<p><i>“Income from non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) may be included in the calculation of the break-even result if the corresponding expenses are also included.”</i></p>	<p>Some clubs generate income from rental, hotel and/or conference activities which are based at or in close proximity to the club.</p> <p>Could this income be considered for the calculation of the break-even result?</p>
<p>The CFCB investigatory chamber confirmed that, as expressly stated in the CL&FFP Regulations, income from non-football operations which are based at or in close proximity to the club may be considered for the break-even calculation only if the corresponding expense is also included. The applied treatment must be consistent from one reporting period to another.</p> <p>If the non-football operations are not related to the club, then corresponding income/expense must be excluded from the break-even calculation as stated in the CL&FFP Regulations.</p>	

(iv) Finance costs

CL&FFP REGULATIONS – ANNEX X(C)(E)	CASE FACED
<p>Finance costs <i>“include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of finance leases”</i>.</p>	<p>According to national GAAP, some clubs are allowed to capitalise specific finance costs as intangible fixed assets which are then amortised over a certain period of time.</p> <p>Could the corresponding amortisation (of that intangible fixed asset) be excluded from the calculation of the break-even result?</p>
<p>The CFCB investigatory chamber concluded that the amortisation of any finance costs (reflected as intangible fixed assets) had to be included in the break-even calculation, irrespective of the accounting treatment allowed by the applicable national GAAP.</p>	

v) Expenditure on youth development activities

CL&FFP REGULATIONS – ANNEX X(C)(G)	CASE FACED
<p>Expenses directly attributable to youth development activities are excluded from the break-even calculation. Those include the <i>“cost of employee benefits for employees who are youth players under the age of 18 as at the statutory closing date”</i>.</p>	<p>Clubs may have youth players aged 18 or over who are not yet professional players.</p> <p>Could the clubs exclude from the break-even calculation the corresponding employee benefits expenses for these players?</p>
<p>The CFCB investigatory chamber consistently rejected such requests as <i>“costs of employee benefits for employees who are youth players aged 18 or over as at the statutory closing date of the licensee”</i> cannot be excluded from relevant expenses. It added that this age criterion had been chosen because it was the best objective way to ensure consistency between all clubs and licensors.</p> <p>On the other hand, the costs of employee benefits for a player who is aged under 18 as at the statutory closing date of the licensee and who plays on the first team can be excluded from the break-even calculation.</p>	

(vi) Capital reductions

CL&FFP REGULATIONS – ANNEX X(E)(2)	CASE FACED
<p>Dividends <i>“must be included as relevant expenses”</i>.</p>	<p>How should capital reductions be considered for the calculation of the break-even result?</p>
<p>The CFCB investigatory chamber ruled that capital reductions were not to be treated as dividends, but rather as repayments to holders of equity instruments. As stated in the CL&FFP Regulations, capital reduction should be treated as a negative contribution for the purpose of the acceptable deviation. For example, if a shareholder increased the club’s share capital in the reporting period T-2, but then reduced the share capital in the reporting period T, the contribution taken into account for the purpose of the acceptable deviation would be the net amount.</p>	

3. TASKS OF THE CFCB INVESTIGATORY CHAMBER (2013-2015)

(vii) Contributions from equity participants and/or related party(ies) (1/2)

CL&FFP REGULATIONS – ARTICLE 61(2)(3)	CASE FACED
<p>Contributions from equity participants and/or related parties <i>“must have been completed in all respects and without condition attached. An intention or commitment from owners to make a contribution is not sufficient for such contribution to be taken into account.”</i></p>	<p>Clubs are allowed to use subordinated loans in order to comply with equity requirements in accordance with national legal framework.</p> <p>Could these subordinated loans be considered as contributions from equity participants and/or related party(ies) for the purpose of the break-even requirement?</p>
<p>A subordinated loan is defined as a loan for which the lender/creditor has accepted to be paid back after all the club's/debtor's other creditors have been paid. It does not represent an unconditional gift as it may still have to be paid back to the lender/creditor. As a result, it is reflected as a liability in the club's financial statements.</p> <p>On that basis the CFCB investigatory chamber concluded that subordinated loans cannot be considered as contributions for the purpose of the break-even requirement as they are not unconditional gifts which increase the club's equity.</p>	

(viii) Contributions from equity participants and/or related party(ies) (2/2)

CL&FFP REGULATIONS – ANNEX X(E)	CASE FACED
<p>Contributions from equity participants must represent cash or goods which <i>“must have been received by the reporting entity, rather than just some form of promise or commitment from the equity participants and/or related parties”</i>.</p>	<p>In period T a club bought hospitality rights from a related party which would be commercialised in the future (e.g. in period T+2) and which would increase the club's income.</p> <p>Could the waiver of liability from the related party be considered as a contribution for the purpose of the break-even requirement?</p>
<p>The CFCB investigatory chamber concluded that such waivers of liability (arising from the sale of rights) cannot be considered as contributions within the meaning of the CL&FFP Regulations.</p> <p>It further confirmed that only a contribution from equity participants and/or related parties which in substance has already occurred (either in cash or goods) can be considered for the purpose of the break-even requirement.</p>	

(ix) Impact of conversion of accounts from local currency into euros

CL&FFP REGULATIONS – ANNEX XI(C)	CASE FACED
<p><i>“If exchange rates have changed such that there is an adverse impact on the licensee’s break-even result denominated in euros for a reporting period or in aggregate in a monitoring period, compared to the currency used by the licensee for its annual financial statements, then the quantum of the impact of changes in exchange rates will be taken into account.”</i></p>	<p>Clubs which were exposed to currency risks incurred significant losses (realised and unrealised) on balances and transactions denominated in a foreign currency.</p> <p>Could these losses be excluded from the break-even calculation?</p>
<p>The CFCB investigatory chamber highlighted that the management of currency risks (e.g. on transfers and employee benefits expenses or financial liabilities) remained the club’s responsibility and could not be excluded from the break-even calculation (except for foreign exchange losses from non-monetary items, as defined by the CL&FFP Regulations).</p> <p>It further confirmed that this mitigating factor only takes into account the negative impact of changes in exchange rates on the break-even result denominated in euros compared with the break-even result in the local currency (based on audited financial statements). As stated in the CL&FFP Regulations, if the aggregate break-even result for the monitoring period in the local currency is positive (irrespective of the position in euros), then the club should, in principle, not be sanctioned.</p>	

(x) Impact of revaluation of financial instruments

CL&FFP REGULATIONS – ANNEX X(J)	CASE FACED
<p><i>“Appropriate adjustment must be made such that non-monetary credits are excluded”</i> from the break-even calculation.</p>	<p>In accordance with IFRS, a club reflected its financial liabilities at fair value (due to the revaluation of the interest rate). Due to a lower-than-market interest rate, the initial recognition of those financial liabilities was below nominal value and generated an exceptional gain in the profit and loss account.</p> <p>Is this exceptional income considered as relevant income for the break-even calculation?</p>
<p>It is acknowledged that financial liabilities are by definition monetary items under the CL&FFP Regulations. However, recognition of these financial liabilities at fair value in the balance sheet has the following two main impacts in the profit and loss account (if the contractual market rates are lower than market rates): 1) a gain on initial recognition of the financial liability; and 2) interest expenses in future periods which will be higher than the interest costs actually payable (compensating the gain on initial recognition). When the financial liabilities are held up to maturity, the fair value calculation will have no overall impact on the profit and loss account if considered over the life of the financial instrument.</p> <p>Based on the above, the CFCB investigatory chamber concluded that such fair value impact (on initial recognition and subsequent revaluations) may be adjusted by the club if the financial instrument is held up to maturity. The applied treatment must be consistent from one reporting period to another.</p>	



4. CONCLUSION AND MONITORING OF SETTLEMENT AGREEMENTS

In the 2013/14 and 2014/15 seasons, in accordance with the CFCB Procedural rules, the CFCB chief investigator concluded settlement agreements with 23 clubs.

The clubs concerned were those with an aggregate break-even deficit higher than €45m, as well as those with an aggregate break-even deficit between €5m and €45m that was not covered by contributions from equity participants and/or related parties.

4.1. Objectives of settlement agreements

The main objective of a settlement agreement is to ensure that clubs in breach of the break-even requirement become break-even compliant within a certain timeframe, and no more than three years after concluding the settlement agreement. For example, a club found in breach of the break-even requirement when it participated in the 2014/15 UEFA Champions League would conclude a settlement agreement in May 2015 and would then have to be break-even compliant at the latest by the reporting period ending in 2018.

Settlement agreements must be:

- **Effective:** compliance with the terms of the settlement agreement will contribute to the club being break-even compliant in the near future;
- **Equitable:** the settlement agreement puts the club concerned at a disadvantage vis-à-vis the clubs participating in the UEFA club competitions that are in line with the break-even requirement; and

- **Dissuasive:** the settlement agreement requires the club concerned, as well as all other clubs desirous of entering the UEFA club competitions, to adapt their behaviour in a significant and meaningful way.

Any settlement agreement concluded by the CFCB chief investigator is sent to the CFCB chairman. It may be reviewed by the CFCB adjudicatory chamber on the initiative of the CFCB chairman and/or at the request of any directly affected party. The CFCB adjudicatory chamber's power to review settlement agreements is limited to identifying any manifest error of assessment on the part of the CFCB investigatory chamber.

Any directly affected parties may consult all settlement agreements concluded by the CFCB chief investigator on www.UEFA.org/disciplinary/club-financial-controlling-body/cases/index.html.

4.2. Elements considered for the conclusion of settlement agreements

When assessing whether a settlement agreement may be concluded with a club, the CFCB investigatory chamber analyses the following elements:

(i) Compliance plan submitted by the club

The club must submit a robust compliance plan which demonstrates, to the satisfaction of the CFCB investigatory chamber, that the club will be break-even compliant at the latest by reporting period T+4.

4. CONCLUSION AND MONITORING OF SETTLEMENT AGREEMENTS



Such compliance plans must be sufficiently detailed and substantiated, with the concrete steps that have already been undertaken by the club in order to fulfil the break-even requirement. In particular, the financial impact of those first steps must already be reflected in reporting periods T and T+1.

A simple indication that the club will increase its revenues in the future and attract new sponsorship income, without appropriate supporting documents, will not be considered sufficient by the CFCB investigatory chamber. Similarly, the CFCB investigatory chamber will not accept a compliance plan if it is unclear whether the proposed actions will happen in the future and/ or whether they will significantly improve the financial situation of the club.

(ii) Time necessary for the club to comply with the break-even requirement

The longer the club needs to be in line with the requirement (at the latest by reporting period T+4), the more obligations and restrictions will be included, in what is considered a long-term settlement agreement.

Conversely, if a club commits to being in full compliance with the break-even requirement by the following reporting period (i.e. by reporting period T+1), a short-term settlement agreement will impose fewer obligations on the club.

(iii) Other elements assessed

The CFCB investigatory chamber also takes into account the size of the break-even breach (in absolute and relative terms), the trend in the club's annual break-even results and the UEFA club competition in which the club participated.

4.3. Obligations and restrictions included in settlement agreements

The settlement agreements concluded by the CFCB chief investigator in 2013/14 and 2014/15 included the following obligations/restrictions (this list is not exhaustive and other obligations/restrictions may be imposed in the future):

(i) Break-even objective

The club's aggregate break-even results over three reporting periods must be within the acceptable deviation at the latest in the agreed monitoring period (i.e. at the latest by the reporting period T+4).

(ii) Intermediate break-even targets

Intermediate annual break-even targets must be met in specific reporting periods (i.e. for the reporting periods ending in 2015, 2016 and/or 2017).

(iii) Financial covenants

Examples of financial covenants include limitations on the club's employee benefits expenses and the amortisation of the costs of acquiring player registrations in each relevant reporting period.

(iv) Financial contributions

Amounts of money to be paid by the club consist either of:

- withholding (with or without condition) revenues earned from participation in the UEFA Champions League or Europa League; or
- direct payments by the clubs.

These financial contributions were calculated, for each club, on the basis of the levels of the break-even breach on the one hand, and the employee benefits expenses on the other hand.

(v) Sporting restrictions

Examples of sporting restrictions consist of:

- limitations on the maximum number of players who can be included on List A for UEFA club competitions (the maximum number allowed by the competitions regulations is 25); and/or
- restrictions on the registration of newly transferred players on Lists A and B for UEFA club competitions.

Sporting measures may be extended if the intermediate break-even targets foreseen in the settlement agreement are not fulfilled.

4. CONCLUSION AND MONITORING OF SETTLEMENT AGREEMENTS

Overview of 11 settlement agreements with the 'long-term' objective of break-even compliance by reporting period T+2, T+3 or max T+4

CLUBS	BE TARGETS	FINANCIAL CONTRIBUTION		FINANCIAL COVENANTS	SPORTING RESTRICTIONS	
		UNCONDITIONAL	CONDITIONAL		LIST A	TRANSFERS
Manchester City FC (ENG)	Yes	€20m	€40m	Yes	21 players	Yes
Paris Saint-Germain (FRA)	Yes	€20m	€40m	Yes	21 players	Yes
AS Monaco FC (FRA)	Yes	€3m	€10m	No	22 players	Yes
FC Internazionale Milano (ITA)	Yes	€6m	€14m	Yes	21 players	Yes
AS Roma (ITA)	Yes	€2m	€4m	No	22 players	Yes
FC Zenit (RUS)	Yes	€6m	€6m	Yes	22 players	Yes
FC Rubin Kazan (RUS)	Yes	€3m	€3m	Yes	21 players	Yes
FC Lokomotiv Moskva (RUS)	Yes	€1.5m	€3.5m	No	22 players	Yes
FC Krasnodar (RUS)	Yes	€1m	€3m	No	22 players	Yes
FC Anji Makhachkala (RUS)	Yes	€1m	€1m	Yes	21 players	Yes
Beşiktaş J.K. (TUR)	Yes	€1.5m	€4m	Yes	21 players	Yes

Overview of 12 settlement agreements with the 'short-term' objective of break-even compliance by reporting period T+1

CLUBS	BE TARGETS	FINANCIAL CONTRIBUTION		FINANCIAL COVENANTS	SPORTING RESTRICTIONS	
		UNCONDITIONAL	CONDITIONAL		LIST A	TRANSFERS
PFC Levski Sofia (BUL)	Yes	€0.2m	€0m	Yes	No	No
Hapoel Tel Aviv FC (ISR)	Yes	€0.2m	€0m	No	No	No
Panathinaikos FC (GRE)	Yes	€0.2m	€0m	No	No	No
Hull City AFC (ENG)	Yes	€0.2m	€0.4m	No	No	No
PFC CSKA Sofia (BUL)	Yes	€0.2m	€0m	Yes	No	No
Galatasaray A.S. (TUR)	Yes	€0.2m	€0m	Yes	No	No
FC Rostov (RUS)	Yes	€0.2m	€0m	Yes	No	No
Kardemir Karabükspor (TUR)	Yes	€0.2m	€0m	Yes	No	No
Sporting Clube de Portugal (POR)	Yes	€0m	€2m	No	Yes	No
Ruch Chorzów (POL)	Yes	€0.2m	€0m	No	No	No
Trabzonspor A.S. (TUR)	Yes	€0.2m	€0m	Yes	No	No
Bursaspor (TUR)	Yes	€0.2m	€0m	No	No	No

4.4. Monitoring of settlement agreements

In accordance with the CFCB Procedural rules, the proper and timely implementation of settlement agreements is monitored by the CFCB chief investigator.

In order for a club to prove its compliance with the terms of a settlement agreement, it must submit certain information to the CFCB investigatory chamber. The information, which is submitted via UEFA's CL/FFP IT solution, consists of:

- break-even information for the monitoring of break-even targets and the limitations of employee benefits expenses;
- player transfer data for the monitoring of the registration of newly transferred players for UEFA club competitions; and
- progress reports, where the club provides an update every six months on its overall financial situation and its expected compliance with the break-even targets.

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

Concretely, the 23 clubs under settlement agreements showed a total net break-even deficit of €772m with regard to the reporting period 2012 and €886m in reporting period 2013. They managed to



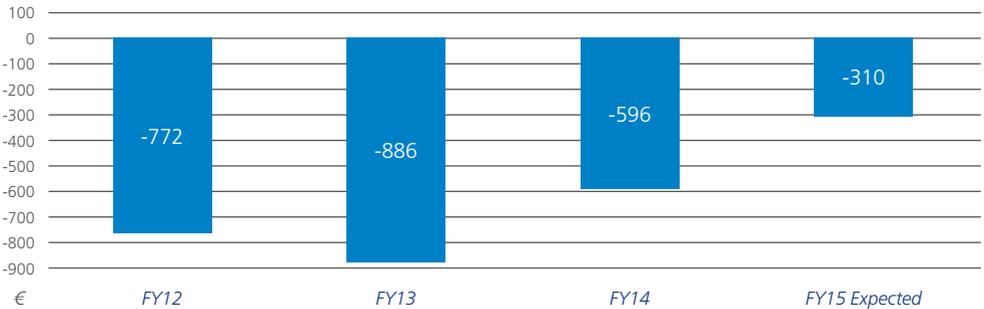
decrease the total break-even deficit to €596m in 2014.

With regard to the clubs that remain under settlement agreements for the 2015/16 season, the total net break-even deficit is expected to significantly reduce to €310m for the reporting period 2015, demonstrating a clear positive trend and proving that the compliance plans implemented by the clubs are in line with the break-even requirement.

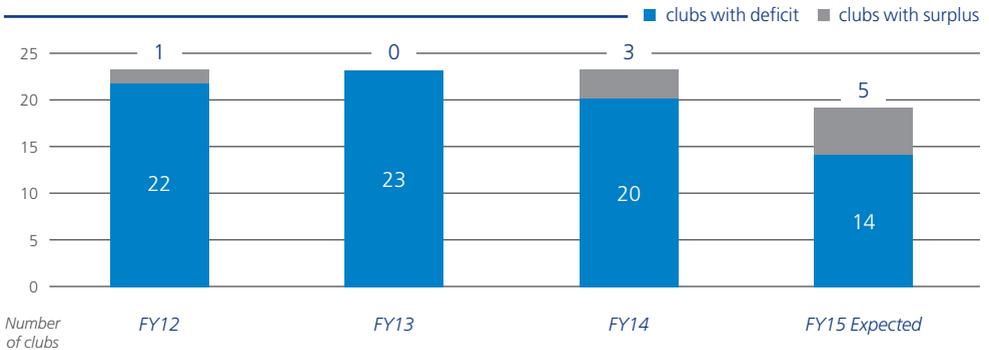
Three clubs (Manchester City FC, Paris Saint-Germain and FC Zenit) have been subject to detailed monitoring with regard to their transfer activities and their registration of players on Lists A and B for UEFA club competitions in respect of the 2014/15 season.

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

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



Number of clubs with surplus/deficit among those with settlement agreement



In September 2015, the CFCB investigatory chamber announced that it had lifted the sporting measures imposed on Manchester City FC and Paris Saint-Germain with regard to the 2015/16 season. Both clubs demonstrated, to the satisfaction of the CFCB investigatory chamber, that they had met all financial targets regarding employee benefits expenses and intermediate break-even targets, as required under

their settlement agreements for the financial years ending in 2014 and 2015. Both clubs are still subject to the settlement regime and will remain under strict monitoring throughout the whole 2015/16 season. Their exiting the settlement regime is subject to fulfilment of additional break-even targets for the financial year ending in 2016.

4. CONCLUSION AND MONITORING OF SETTLEMENT AGREEMENTS

On a further positive note, seven clubs that had concluded settlement agreements (FC Anji Makhachkala, Bursaspor, Hull City AFC, PFC Levski Sofia, Panathinaikos FC, Sporting Clube de Portugal

and Trabzonspor A.S) exited the settlement regime as they fully complied with the terms of their respective settlement agreements.

Status of the 23 settlement agreements (SA) as at December 2015

CLUBS	SIGNED	STATUS
Manchester City FC (ENG)	May 2014	Ongoing monitoring of the settlement agreements. All applicable intermediate break-even targets and/or financial covenants satisfied by the clubs.
Paris Saint-Germain (FRA)	May 2014	
AS Monaco FC (FRA)	May 2014	
Hapoel Tel Aviv FC (ISR)	Feb 2015	
FC Internazionale Milano (ITA)	May 2015	
AS Roma (ITA)	May 2015	
Ruch Chorzów (POL)	Feb 2015	
FC Rubin Kazan (RUS)	May 2014	
FC Lokomotiv Moskva (RUS)	May 2014	
FC Rostov (RUS)	May 2014	
FC Krasnodar (RUS)	May 2014	
Beşiktaş J.K. (TUR)	May 2014	
Kardemir Karabükspor (TUR)	May 2014	
FC Zenit (RUS)	May 2014	
Hull City AFC (ENG)	Feb 2015	Clubs fulfilled the settlement agreements and exited the settlement regime.
Panathinaikos FC (GRE)	Feb 2015	
Sporting Clube de Portugal (POR)	May 2015	
FC Anji Makhachkala (RUS)	May 2015	
Bursaspor (TUR)	May 2015	
Trabzonspor A.S. (TUR)	May 2015	
PFC Levski Sofia (BUL)	May 2015	
PFC CSKA Sofia (BUL)	May 2015	Breach of the settlement agreement, cases referred to the CFCB adjudicatory chamber.
Galatasaray A.S. (TUR)	May 2015	

4.5. Redistribution of the financial contributions foreseen in settlement agreements

The settlement agreements concluded by the CFCB chief investigator had a direct positive impact on the other clubs participating in the UEFA Champions League or Europa League, i.e. those that were in compliance with financial fair play.

Concretely, the unconditional financial contributions withheld during the 2013/14 season, amounting to approximately €24m, were redistributed in December 2014 to the clubs that complied with FFP and participated in the 2013/14 UEFA club competitions on the basis of a distribution mechanism ratified by the UEFA Executive Committee in September 2014.

Furthermore, with regard to the 2014/15 season, the overall financial contribution collected from clubs under settlement agreements increased to approximately €29m and was redistributed in December 2015 to all the clubs that complied with FFP and participated in the 2014/15 UEFA club competitions.

Overall, all the 'compliant' clubs that participated in the group stages of the UEFA Champions League or Europa League in both seasons (i.e. 2013/14 and 2014/15) received €610,000 each and those that participated only in the qualifying stages (both seasons) received €69,000 each.

Overview of financial fair play redistributions for 2013/14 and 2014/15

OVERALL FINANCIAL FAIR PLAY REDISTRIBUTION	2013/14		2014/15	
	NUMBER OF CLUBS	AMOUNT RECEIVED	NUMBER OF CLUBS	AMOUNT RECEIVED
TOTAL	€24M		€29M	
Compliant clubs that participated in the group stage of the UEFA Champions League or Europa League	73	€260,000	66	€350,000
Compliant clubs that participated only in the qualifying stage of the UEFA Champions League or Europa League	155	€30,000	148	€39,000



5. OUTLOOK FOR THE 2015/16 SEASON



5. OUTLOOK FOR THE 2015/16 SEASON

The UEFA Executive Committee approved the 2015 edition of the CL&FFP Regulations on 29 June 2015, for entry into force on 1 July 2015. These updated regulations strengthen financial fair play and include several refinements aimed at further encouraging responsible investors and stakeholders to continue to contribute to the strong and healthy growth of club football in Europe.

In particular, the overdue payables requirements were significantly improved for the 2015/16 season. Under the previous 2012 CL&FFP Regulations, clubs participating in UEFA club competitions only had to prove the absence of overdue payables as at 30 June. If clubs declared overdue amounts as at that date, they also had to provide an update of their overdue payables towards their football creditors as at 30 September. This regulatory obligation has ceased to be conditional under the 2015 CL&FFP Regulations and any club taking part in UEFA club competitions must prove that it does not have overdue payables towards other football clubs, in respect of its employees or towards social/tax authorities as at both 30 June and 30 September. In this respect, overdue payables continued to fall in summer 2015 and reached their lowest level in the last five years (€5m) as clubs reacted to the CFCB sanctioning regime.

With regard to the break-even requirement, the overall positive trend observed in recent years has been confirmed in the 2015/16 season and, as a result, the number of cases dealt with by the CFCB investigatory chamber for alleged breaches of the break-even requirement is expected to decrease.

The CFCB investigatory chamber also continued its ongoing monitoring of the remaining 18 clubs under

settlement agreements through the monitoring of regular progress reports and updated budgets as well as transfer activities. This list excludes PFC CSKA Sofia, which was already sanctioned in summer 2015 for having failed to comply with the terms of its settlement agreement.

All decisions of the CFCB investigatory chamber concerning clubs under investigation with regard to the break-even requirement or subject to settlement agreements are expected between January and May 2016. As in previous seasons, UEFA will perform regular compliance audits of licensors and clubs to ensure the correct application of the CL&FFP Regulations. Six licensors and about 16 clubs will be covered in the 2015/16 season.

Finally, the 2015 edition of the CL&FFP Regulations allows proactive clubs to come forward in anticipation of a future breach of the break-even requirement and to apply for a voluntary agreement. Much like settlement agreements, which allow clubs found in breach to submit a plausible and achievable compliance plan that would enable the break-even requirement to be fulfilled within a certain period of time, a comparable approach has been adopted in respect of clubs undergoing restructuring. As from the 2015/16 season, the CFCB investigatory chamber will assess, as part of the voluntary agreement application, long term business plans provided by eligible clubs with the aim of complying with the break-even requirement within four reporting periods. This approach is in line with the financial fair play philosophy of allowing clubs to invest and grow without gambling on success, allowing initial capital investments to be implemented based on financially stable business plans.



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