

Accounting for football player registrations as intangible asset (measurement and disclosure)

المحاسبة على تسجيلات اللاعبين كأصل غير ملموس (القياس والافصاح المحاسبي)

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Abstract

This paper aims to provide a definition of player registrations (considered intangible assets) now represent which constitute a large part of the total assets of the major football clubs. The purpose is to understand how and what kind of information each club discloses on their financial reports the values of player registrations.

The study demonstrates that the disclosure of financial information differs substantially as some clubs present more detailed information while others only present the minimum requirements set by IASB.

keyword: player registrations rights; football team; financial reports; financial fair play regulations.

JEL classification code : XN1, XN2

ملخص:

تهدف هذه الورقة إلى تقديم تعريف لتسجيلات اللاعبين (التي تعتبر أصولاً غير ملموسة) والتي تمثل الآن جزءاً كبيراً من إجمالي أصول نوادي كرة القدم، والغرض من ذلك هو فهم كيفية ونوع المعلومات المتعلقة بحقوق تسجيل اللاعبين والتي تكشف عنها النوادي في تقاريرها المالية، وخلصت الدراسة إلى أن الإفصاح عن المعلومات المالية يختلف اختلافاً كبيراً حيث أن بعض الأندية تقدم معلومات أكثر تفصيلاً بينما تعرض الأندية الأخرى الحد الأدنى من المتطلبات التي حددها لجنة معايير المحاسبة الدولية.

الكلمات المفتاحية: حقوق تسجيل اللاعبين؛ نوادي كرة القدم؛ القوائم المالية؛ لوائح اللعب المالي النظيف.

تصنيف JEL : XN2 ، XN1

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Introduction :

The role of a professional footballer has changed drastically over the decades. Earlier, a player was just another employee at a club – rendering his services and drawing his wages. But now, with top teams becoming multi-national corporations with a presence that spans the entire globe and so many streams of revenue opening up for them, the players are no longer just regular staff members or HR personnel.

Players have become the most important component of the assets of sports clubs, player registrations meet the most important conditions set out in the accounting standard IAS 38, and therefore changed the accounting treatment of this type of intangible assets, Due to this, treatment of player registrations has become a significant accounting issue .

Research questions:

Since the player registrations now are a significant part of the clubs' total assets the main question is:

- How do football clubs account and disclose player registrations ?

In order to reach a conclusion, the following questions need to be considered:

- Are the player registrations rights originally considered intangible assets or expense ?
- How to disclose player registrations at Juventus FC and Manchester City ?

Research objectives:

This article is structured to:

- Present the Player Registrations rights as an intangible asset;
- Accounting treatments and methods of measurement and disclosure of the football player registrations for some European clubs (Juventus FC and Manchester City).

Previous Studies:

- **Victor- Bogdan Oprean & Tudor Oprisor:** Accounting for soccer players: capitalization paradigm vs expenditure, Procerdia Economics and finance, N 15, 2015: This study presents the economic impact of football, how players' contracts registration is framed by human resource accounting field, how accounting techniques can influence a club's financial representations, which International Accounting Standards are applied on football players' contracts, Moreover the

paper studies the accounting and valuation of different types of football players, based on their entry in a football team's squad. Finally, the main goal of the paper is to show which accounting and valuation technique is the most appropriate, in order to present a true and fair view" in the financial statements.

- **Nicholas Rowbottom**: Intangible Asset Accounting And Accounting Policy Selection in the football Industry, A thesis submitted for the degree of Philosophy in Accounting, The University of Birmingham, UK, 1998: The aim of this study is to evaluate the feasibility of intangible asset accounting in financial reporting with particular reference to the football industry, the thesis argues that identifying and measuring human resource assets may be possible in the football industry, The thesis also develops and tests a model to value player registrations as intangible assets where they are not subject to market transactions. The study concluded that the ability to reliably measure intangible assets is regarded as crucial to their recognition in financial reporting. In addition, it will lead to the acceptance of intangible asset policies as legitimate and credible.

-**Stephen Morrow** : Football players as human assets . Measurement as the critical factor in asset recognition: A case study investigation, journal of human Resource Costing & Accounting, MCB UP Ltd, volume1, issue1, spring, 1996: This study considers whether the provided by a football player can services be recognised provided of treating by as an a football player on accounting assets, By studying the appropriateness of treating the services as intangible assets within the terms of the UK Accounting Standards Board criteria for definition and recognition of assets, The study concludes that there are convincing arguments for the conceptualisation of the services provided by football players as accounting assets.

1. Accounting for Player Registrations and Transfer Fees:

Accounting for transfer fees forms the most controversial area in football industry financial reporting. The accounting treatment of transfer fees depends upon whether player registrations are recognised as assets or Expenses.

1.1. Accounting for soccer players: capitalization paradigm or expenditure:

The historical roots of the football transfer system can be traced to a clause inserted in the regulations of the Football Association in 1885 which required all players to be registered with the FA. The clause, designed to protect smaller clubs by preventing players from club-hopping, instead resulted in the creation of the transfer market as the registration became something to be traded in its own right. The basic principle is that clubs acquire the rights to hold the registration of a player. If another club wishes to acquire that player during the period of his contract a fee is usually required to facilitate the transfer of that registration. At the end of the player's contract, no fee is required to transfer the registration (Morrow, 2006, p8).

The traditional practice in respect of accounting for football players has been to exclude any valuation of players from the balance sheet, whether they are players bought by the club through the transfer market or those developed internally through the club (Morrow, 1995). Transfer fees (and associated costs) are charged or credited to the profit and loss account in the year in which the transfer takes place. In recent years, however, a growing number of clubs have taken the view that such a practice did not present a true and fair view of a football club's financial affairs and have instead adopted an accounting policy that records players as assets on their balance sheet (Morrow, 1997, pp. 58 - 59). The conventional and traditional treatment of transfer fees is to account for them in the profit and loss account of the period in which the registration changed hands. Transfer fees payable are charged as an expense to the profit and loss account. Transfer fees receivable are credited to the profit and loss account. The transaction is recognised in the period in which the player, the selling club and the buying club have signed a contract transferring the player registration to the buying club. No value for player registrations is carried on the balance sheet. This is known as an expense policy. (Rowbottom, 1998, p. 110).

The first club to adopt an alternative treatment was Tottenham Hotspur. In its accounts for the year ended 31 May 1989 it recorded the cost of players' registrations as intangible assets on the balance sheet. By the mid 1990s, eighteen British clubs included player values on the balance sheet). The most common practice adopted was that the acquisition cost less an estimated residual value was amortised over the length of an individual player's contract. One consequence of the

landmark Bosman case heard by the European Court of Justice in 1995 was that clubs were no longer guaranteed a transfer fee for players who had reached the end of their contracts. As a result clubs which had adopted a capitalisation policy for players' registrations were obliged to either write off the full cost of acquisition over the length of a player's contract or alternatively revert to expensing transfer fees (Morrow, 2006, pp. 9- 10).

1.2. Football player as assets: The accounting justification:

Intangible assets are knowledge-based assets that are sources of future economic benefits, and provide sources of competitive advantage, (Chris & Julie , 2006, p. 5). According to IAS 38 In order to define an intangible asset, one has to consider different criteria's. It should be identifiable, which means it must be separable from the entity through sale, rent, transfer or exchange and arise from contractual or other legal rights, Also, the entity must control the asset - in this case have the power to obtain future economic benefits (usually originating in legal rights), Future economic benefits can be revenue or cost savings, These requirements, specifically under IAS 38, apply to player contracts for the following reasons: (Morrow, 1996, pp. 77-79)

1.2.1. Right or other access: the accounting asset in respect of the football player is the club's right to prospective services that people are expected to provide, not the people themselves. The rights derived by the club, through the employment of a player who provides services, constitute the asset, in the same way as the rights deriving from the ownership of, say, a factory comprise that particular asset. A different risk quality however will be associated with different assets.

1.2.2. Future economic benefits: Assets provide economic benefits which either directly or indirectly can be related to the generation of cash flows. Each player in a team is a separable and distinct asset: a player may be replaced by another player, but any individual player performing his trade will make an incremental contribution to future economic benefits.

1.2.3. Controlled by antity: Controlled by antity : All football players, whether acquired via the transfer market or "home grown", are registered by their club with League and the Football Association, and are contractually obliged to perform on behalf of the club which holds their registration. Clubs therefore obtain the economic benefits and can restrict the access of others to those benefits. In this respect it could be

argued that football players are no different from other groups of employees, for example, employees such as teachers may be employed on fixed term contracts. However, there are several acts which set players apart. Firstly, the nature of the contract is different as players have no contractual right to resign or give in their notice. In substance they can resign from the club with whom they are registered by withholding their effective services, but in such circumstances they cannot play for any other club. Secondly, fees are paid to transfer a player's registration with the League from one club to another. This is a unique form of control, with such fees being payable to the original club irrespective of whether the player is still in contract with that club. Thirdly, there are specific terms of re-employment placed on clubs by the football regulatory bodies which are not applicable in other areas of employment.

1.2.4. Past transactions or revents: For players purchased on the transfer market there is an identifiable past transaction which gives access to future economic benefits. For those players developed internally by the club, the situation is less clear. It may be considered that past events, such as scouting, training and coaching, provide the club with an asset through the development of its playing staff. The playing staff are the basis of all prospective receipts of cash, with individual players making an incremental contribution to future economic benefits.

1.3. Measuring player registrations rights:

Professional sporting clubs are confronted by the issue of how players might be counted as assets, and, if they can, how they will be valued. This problem arises in professional sport leagues where teams are able to trade players through a transfer market. this issue is dealt with by listing the transfer fee as an asset, and amortizing the fee over the contract life of the player (Stewart, 2007, p. 102). The amounts recorded as assets have been dependent on the transfer fee paid by the purchasing club, those fees being determined through the operation of a (transfer) market (Morrow, 2003, p. 152).

Intangible assets meeting the relevant recognition criteria are initially measured at cost, subsequently measured at cost or using the revaluation model, and amortised on a systematic basis over their useful lives (unless the asset has an indefinite useful life, in which case

it is not amortised) They were amortised using the straight-line method over the life of the contracts . (patrizia, 2016, p. 108), However, home-grown players and now also players who move clubs at the end of their contracts, will not be recognized as assets on clubs' balance sheets, instead being treated similarly to fixed-term-contract employees in other organizations (Morrow, 2003, p. 154).

It is an accepted accounting practice in the football industry to capitalize the cost of acquisition of players' registration as 'intangible assets' that are then amortized over the contract period of individual players. Intangible assets recognized as above meet the criteria of IAS 38 in that the football clubs have control over the player contracts whose value is recoverable from the players' performance and / or through transfer fees. The intangible assets are written down for impairment when the carrying value exceeds the amount recoverable through use or sale (Gazzola, 2016, p. 108).

So we can see that there are three types of football players, respectively: players registered through transfer, players registered as free agents (according to the Bosman ruling) and players promoted : to the first squad from the youth academy For the football players, the valuation process is a difficult task due to the fact that there are no two players alike (a characteristic of human resources). In the case of players registered through transfer, a credible valuation of the asset cost can be carried out because there is a firm payment (plus the expenditure connected to the purchase which, according to the regulations, is included to the value of the asset – e.g.: the agent's fee, percentage from the transaction paid to the initial club etc.) and an active player transfer market, which can be considered a ground for valuation. As an intangible asset, the license to use the player paid through the transfer fee needs to be gradually written off. In this case, the write-off will be carried out throughout the economic lifespan of the asset (meaning the duration of the contract). The period of time associated to the value recovery of the asset cannot surpass 5 years, as the contract cannot be negotiated further (according to the new regulations) On the other hand, if the value of a player's contract is considered to lower (given his performance, injuries, conflicts etc.), the club may write down the value. In order to be able to do this, the club must have a comparison value and a solid reason. Adversely, write-ups are not recognized, in accordance with the prudence principle in accounting. A more delicate

issue arises in the case of a player contract's expiry. The regulations before 1990 stated that, in the moment of a player contract's expiry, the management was required to offer the player a contract with a minimum set and value of clauses as the former contract. If the player declined the contract offer, he could have been transferred to another club, but only with the current club's approval. If the player no longer served to the interests of the club, he could have been declared a free agent. Such a system was created in order to avoid the loss of the federative use rights for talented players, but it constricted the freedom of movement for labor. In 1990, the Belgium football player Jean-Marc Bosman sued his football club – RFC Liege, The Belgium Football federation and UEFA at the European Justice Court, on the ground that the former article 17 from the FIFA regulations constricts the freedom of movement for workers (stated within article 48 of the European Union Treaty). After 5 years of trials, the European Justice Court granted a favorable ruling for Bosman and compelled UEFA and FIFA to change the regulations. Thus, at the contract's expiry, a player is declared a free agent and can negotiate his own contract with another club. Moreover, the residual value for the contract in accounting books must ultimately be null (in the case of accounting the contract as an intangible asset). The players are allowed to sign an initial agreement with another team within his last 6 months of contract with his current team and can leave uncompelled at the end of his contract in any country of the EU, without a transfer fee. This ruling is not favorable for small clubs as they can easily lose their star players, if they cannot be offered adequate contracts. As a result, free agents have greater negotiation ability than transferred players because the transfer fee is no longer paid. Thus, they can demand higher wages, bonuses and installment premiums. Another problem with these players arises in the case of valuation as it cannot be carried out in a credible way (in absence of a transfer fee and an active market). Comparative values with the market are inaccurate due to the fact that their negotiation ability is greater and the fair value determined of market parameters cannot be carried out. An alternative valuation option would be at the value of the installment premium, which could be written off throughout the contract's duration and is a guarantee of the license acquisition for the football player. However, this option is largely

discussed and is not adequate in all the cases; in this respect, the free agents' contracts are not recognized as intangible assets due to the fact that there is no credible ground for valuation. A third type of footballers is represented by youth players. The youth academy is a very important element for a football club as it assures an ongoing scouting process, it helps lowering medium squad age and it carries the continuity of this sport. The academy's existence is stated in the UEFA . As for accounting the players from the youth academy, they cannot be reflected in the asset category because they do not meet the preconditions from IAS 38. First of all, underage players cannot have professional contracts. As a result, no use rights can derive from such a contract that can be set as a ground for accounting. Second, there is no control over these players (a standard 3-year contract can be offered to a youth player coming of age, but he is not compelled to accept it). Last, but not least, youth players do not generate, through their status, future economic benefits (the activity of the academy is rather resource consuming). In case they accept a professional contract, the status quo will significantly change as they are registered at the federation and are eligible for accounting as free agents. There are significant differences between experienced free agents and youth players (in terms of wage and installment). The exception is represented by the talented youth players from major clubs, able to offer them the conditions to remain in their squad. Most clubs do not afford the luxury of granting talented youth players' lucrative contracts due to financial difficulties (Victor & tudor, 2015, pp. 1650- 1652).

1.4. Disclosure and Financial Fair Play regulations in european clubs:

In order to be affiliated to a national football federation and, respectively, to be able to compete in international competitions, every football club is required to apply for a license and to meet a series of criteria. These criteria are stated in the UEFA Club Licensing and Financial Fair Play Regulations and they are transposed and integrated within national football regulations. Monitoring the fulfillment of these criteria is carried out on an annual basis and the Licensor is compelled to thoroughly check all aspects in accordance with the mentioned regulations. Basically, the regulations state that a football club – in order to be licensed to compete – is required to meet 5 specific criteria,

respectively: the sporting criteria (youth development, medical care, player registration, seminar attendance and racial equality), the infrastructure criteria (stadium and training facilities), personnel and administrative criteria (requirements for human resources), legal criteria (written contracts, legal group structure and ultimate controlling party) and financial criteria (reporting perimeter, annual and interim financial statements, overdue payables status and future financial information) (Victor & tudor, 2015, p. 1646).

The financial criteria include the following objectives: (Morrow, 2003, p. 145)

- 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.
- Assuring that the clubs have an adequate level of management and expertise.

Regarding reporting and financial disclosure, UEFA requires clubs to follow specific rules (Article 47, UEFA, 2015, p. 27) related to what the annual financial statements (balance sheet, profit and loss account, cash flow statement, notes) should consist of, auditing and clarity.

According to UEFA, each class of intangible assets should be disclosed separately (e.g. goodwill, player registrations and other intangibles). For each class, the gross carrying amount and accumulated amortization should be disclosed for the beginning and end of each fiscal year. Also, ‘a reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, decreases during the period resulting from impairment losses recognized in the profit and loss account during the period (if any) and amortization’ should be disclosed (UEFA, 2012a, p. 55).

When capitalizing a player acquisition, the club must prepare a player identification table, The minimum information to be included in the player identification table in respect of each relevant player is as follows: (Annex VI, UEFA, 2015, p 63 64)

- Name and date of birth;
- Start date of original player contract and end date of current contract;
- Costs of acquiring the player’s registration, i.e.: (transfer fee, agents/intermediaries fees; and other direct costs of acquiring the player’s registration).

- Accumulated amortisation brought forward and as at the end of the period;
- Expense/amortisation in the period;
- Impairment cost in the period;
- Disposals (cost and accumulated amortisation);
- Net book value (carrying amount); and
- Profit/(loss) from disposal of player's registration.

According to UEFA: Clubs can chose whether or not to capitalize a player registration as long as it is permitted under their respective national accounting standard. If capitalized, the minimum requirements set by UEFA are: (UEFA, 2015, Annex VII p. 66 -67).

- 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.

- 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 revalued 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 locally 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.

- Amortisation must begin when the player's registration is acquired. Amortisation ceases when the asset is classified as held for sale or when the asset is derecognised (i.e. the registration is transferred to another club), whichever comes first.

- 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 player registration costs.

- The profit/(loss) on the disposal of a player's registration to another club to be recognised in the profit and loss account is the difference between the disposal proceeds and the residual carrying value of the player's registration in the balance sheet as at the date of the transfer.

2. methods and materials:

The researchers conducted a Field study using method of data collection, is financial statements for two football clubs (Juventus FC and Manchester City). results of analyzing data as follow:

2.1. Analyzing of financial statements:

Notes from annual reports will be examined in detail in order to present both similarities and differences in treatment of player registrations. Numerals as well as content of words were analyzed, using information provided in the theoretical framework to extract valid and accurate conclusions, and We will provide each club individually where findings on how they treat and disclose player registrations are presented and compared to each other.

2.1.1. Juventus:

Juventus FC has a comprehensive reporting of their player registrations. Note 8 in their Annual Financial Report 2018 covers treatment of player registrations, and is presented descriptively and thoroughly on five pages.

2.1.1.1. Players' registration rights:

Juventus defines Players' registration rights are intangible assets with a defined useful life with duration equal to the players' registration rights contracts signed with the players. Players' registration rights are recognised at cost, including any auxiliary expenses and possibly discounted to take into account payments spread over more than one year. In reference to the method of accounting for remuneration for services performed for the Company by licensed third parties (FIFA agents), in keeping with sector regulations, for players' registration rights acquisition transactions, it should be noted that: Where no conditions precedent apply (such as a player remaining registered with the Company), they are capitalised in that they constitute auxiliary expenses associated with the definitive acquisition of players' registration rights; they are instead accounted for on a time to time basis in the income statement if conditional on the player remaining registered with the Club or refer to services performed for the

temporary acquisition or disposal (definitive or temporary) of the right. Remuneration for services performed at the time of the renewal of the players' registration rights contract are capitalised when not conditional on the player remaining registered with the Club. Players' registration rights are amortised on a straight-line basis based on the duration of the contracts the Company has signed with the individual football players. The original amortisation plan may be lengthened following an early renewal of the contract, starting from the season when the renewal starts. For "registered young players" the amortisation of the cost is in five years on a straight-line basis. Players' registration rights are entered in the accounts at the moment when all risks and benefits associated with the purchase right are transferred. In the presence of indicators of impairment of the value of players' registration rights (for example, particularly bad injuries, significant capital losses resulting from disposals made at the end of the reporting period, as well as market and contractual conditions which actually prevent the disposals of players no longer compatible with the technical programme), the remaining book value is written down as an impairment loss (Juventus FC, 2018, p p 51- 52).

2.1.1.2. Net player's registration rights.

Looking at accounting procedures and disclosure of information, Juventus FC discloses values and information on player's registration rights (see figure 1).

Figure 1: Net player's registration –Juventus FC-

Amounts in thousands of euros	Historical cost at 30/06/18	Accumulated amortisation and depreciation at 30/06/18	Remaining book value at 30/06/18
First Team	502,187	236,843	265,344
Other professional players	117,663	53,570	64,093
Registered young players	2,745	1,354	1,391
Female players	16	16	-
Players' registration rights, net	622,611	291,783	330,828

Source : Juventus FC, Anual Financial Report, 30/06/2018, P 63.

Juventus provides a detailed information of the players' registration rights in its notes, presenting the different categories of intangible assets registered: (Firest team, other professional pmayers, Registeres young players and female player),The reader of the financial report get

information of historical cost, accumulated amortization, remaining book value at the end of the financial year In total value.

The breakdown of different player contracts are not required information from UEFA or IASB, but additional information given by Juventus FC. As shown in Figure 2, the club provides information on each individual contract: the names of players, Historical cost, Accumulated amortisation and depreciation, Remaining book, contract team and date of end of contract.

Figure1: Details on the First team players- Juventus FC-

Details on the First Team and Other professional players are reported below:

Player	Historical cost at 30/06/2018	Accumulated amortisation and depreciation at 30/06/2018	Remaining book value at 30/06/2018	Contract term	End of contract
Asamoah Kwadwo	17,136	17,136	-	5 years	30/06/18
Barzagli Andrea	711	711	-	1 year	30/06/19 (a)
Bentancur Colman Rodrigo	12,012	2,402	9,610	5 years	30/06/22
Bernardeschi Federico	39,411	7,882	31,529	5 years	30/06/22
Buffon Gianluigi	52,884	52,884	-	2 years	30/06/18
Chiellini Giorgio	7,730	7,730	-	2 years	30/06/20 (a)
Costa de Souza Douglas	44,616	731	43,885	5 years	30/06/22
Cuadrado Bello Juan Guillermo	19,940	7,121	12,819	4 years	30/06/20
De Sciglio Mattia	12,141	2,428	9,713	5 years	30/06/22
Dybala Paulo Exequiel	41,439	19,232	22,207	5 years	30/06/22
El Mouttaqui Medhi (Benatia)	16,720	6,058	10,662	4 years	30/06/20
Higuain Gonzalo Gerardo	91,296	36,518	54,778	5 years	30/06/21
Khedira Sami	1,300	975	325	4 years	30/06/19
Lichtsteiner Stephan	9,932	9,932	-	2 years	30/06/18
Lobo Silva Alex Sandro	26,275	15,765	10,510	5 years	30/06/20
Mandzukic Mario	23,396	15,313	8,083	3 years	30/06/20
Marchisio Claudio	175	170	5	5 years	30/06/20
Matuidi Blaise	22,926	7,642	15,284	3 years	30/06/20
Pinsoglio Carlo	806	806	-	2 years	30/06/19
Pjanic Miralem	32,778	13,112	19,666	5 years	30/06/21
Rugani Daniele	3,905	2,461	1,444	5 years	30/06/21
Sturaro Stefano	10,602	6,320	4,282	5 years	30/06/21
Szczesny Wojciech	14,056	3,514	10,542	4 years	30/06/21
First Team	502,187	236,843	265,344		

(a) Contracts signed in June 2018 and running from 1 July 2018.

Source : Juventus FC, Anual Financial Report, 30/06/2018, P 63.

2.1.2. Manchester city:

In Manchester city Players' registration costs including transfer fees, associated agent fees, Premier League levy fees and other directly attributable costs are initially recognised at the fair value of the

consideration payable for the acquisition. When a player registration is acquired, management will make an assessment to estimate the likely outcome of specific performance conditions. Contingent consideration will be recognised in the players' registration costs if management believes the performance conditions will be met in line with the contractual terms. Periodic reassessments of the contingent consideration are completed. Any contingent amounts that management believe will be payable are included in the players' registration from the date management believe the performance conditions will be met. Any additional amounts of contingent consideration not included in the costs of players' registrations are disclosed separately as a commitment. Amortisation of costs is on a straight-line basis over the length of the player's contract (Manchester City, 2018, p 21).

2.1.2.1. Renegotiation:

The costs associated with an extension of a playing contract are added to the residual balance of the players' registration at the date of signing the contract extension. The revised net book value is amortised over the remaining renegotiated contract length. Players' registrations available for sale are classified as assets held for sale when their carrying value is expected to be recovered principally through sale rather than continued use and a sale is considered highly probable. For sale to be highly probable, management must have committed to sell the registration, it must be actively marketed by the Company, with offers being received prior to the year end. For a registration to be classified as held for sale, management should expect to sell the asset within 12 months of the date of reclassification. These assets would be reclassified as current assets and stated at the lower of their carrying value and their fair value less cost to sell with any impairment loss being recognised in profit and loss at the date of reclassification. When a player registration sale is completed, the fair value of consideration receivable less any applicable transaction costs, is assessed against the registration's carrying value. Where the amounts are different, gains and losses arising as a result of the sale are recorded and disclosed separately within profit and loss on players' registrations in the profit and loss account. Contingent consideration receivable from a sale of a player's registration is only recognised in the profit and loss account once the performance conditions within the contract are met (Manchester City, 2018, p 21).

2.1.2.2. Manchester city's presentation of player registrations:

Figure 3 is a copy of Manchester city's presentation of player registrations.

Figure 3: Manchester city's presentation of player registrations.

MANCHESTER CITY Annual Report 2017/18

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

11. INTANGIBLE FIXED ASSETS

	Other intangibles £'000	Player registrations £'000	Total £'000
Cost			
As at 1 July 2017	3,394	697,028	700,422
Additions	–	328,073	328,073
Disposals	–	(155,475)	(155,475)
As at 30 June 2018	3,394	869,626	873,020
Amortisation			
As at 1 July 2017	1,814	354,120	355,934
Charge in the year	802	134,354	135,156
Disposals	–	(116,528)	(116,528)
As at 30 June 2018	2,438	371,946	374,384
Net book value			
As at 30 June 2018	956	497,680	498,636
As at 30 June 2017	1,580	342,908	344,488

Source: Manchester city football club, Financial report for the year ended, 30 June 2018, p 30.

Figure 3 shows how Manchester City displays player registrations in their notes between June 2017 and June 2018, It is in line with the minimum requirements from IASB and UEFA. Only the total cost of acquired players in the beginning and end of the fiscal year is presented with adjustments for additions and disposals, which is the period for their financial year. Players are not reported separately, instead bundled into a group representing the total value of the contracts. Amortization is presented similarly, with the total amount in the beginning and end of the period, adjusted by disposals and impairment.

2.2. Study Results:

At the end of the comparison between the Financial statements for Manchester City and Juventus FC, We came to that Juventus FC rate players' registration in the Statement of financial in aggregate within

intangible assets (see Appendix 1), The registration rights are shown individually in detail in notes, The cost of acquisition of a player is amortized over the period of his contract using the simple straight-line method. If a player extends his contract prior to the end of the pre-existing period of employment, the remaining unamortized portion of the acquisition cost is amortized over the period of the new contract. The amount amortized each year is displayed in the Income and Expenditure Statement as an expense (see Appendix 2).

Manchester City rate players' registration rights in balance sheet in aggregate within intangible assets, (see Appendix 3) Players are not reported separately As in Juventus instead bundled into a group representing the total value of the contracts. The cost of acquisition of a player is amortized too over the period of his contract using the simple straight-line method.

3. Conclusion:

From this paper, it can be inferred that the player registration rightd are intangibale assets with a defined life equal to the terme of the sports contracts signed with player. The accounting treatment for player registrations is in no way different from any other capital asset. They are registered at thier historic purchase price insclusive of any directly attributable ancillary charges.

The cost of acquisition of a player is amortized over the period of his contract using the simple straight-line method .

The empirical findings show all clubs in the sample use the same method regarding capitalization of football player contracts. However, the disclosure of financial information differs substantially as some clubs present more detailed information while others only present the minimum requirements set by UEFA and IASB

For example Juventus FC choose to disclose registered players individually with information of price, amortization and current value, While Manchester city only disclosing the total value of player registrations as a lump sum.

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5. Appendices:

Appendix 1: Balance Sheet - Juventus FC –

STATEMENT OF FINANCIAL POSITION

Amounts in euros	Note	30/06/2018	30/06/2017	Change
Non-current assets				
Players' registration rights, net	8	330,827,660	301,960,077	28,867,583
Other intangible assets	9	33,668,599	33,436,756	231,843
Intangible assets in progress	10	1,630,644	81,305	1,549,339
Land and buildings	11	132,514,065	135,074,898	(2,560,833)
Other tangible assets	12	28,435,146	24,679,639	3,755,507
Tangible assets in progress	13	1,490,953	4,641,951	(3,150,998)
Investments	14	281,682	199,040	82,642
Non-current financial assets	15	16,190,301	17,381,410	(1,191,109)
Deferred tax assets	16	14,660,017	13,366,472	1,293,545
Receivables due from football clubs for transfer campaigns	17	42,925,371	33,410,912	9,514,459
Other non-current assets	18	3,374,626	3,606,145	(231,519)
Total non-current assets		605,999,064	567,838,605	38,160,459
Current assets				
Inventory	19	5,420,716	3,394,735	2,025,981
Trade receivables	20	29,281,837	36,647,506	(7,365,669)
Trade and other receivables from related parties	56	3,489,837	3,585,193	(95,356)
Receivables due from football clubs for transfer campaigns	17	73,985,784	61,369,643	12,616,141
Other current assets	18	12,423,613	6,631,598	5,792,015
Current financial assets	15	11,926,384	13,171,646	(1,245,262)
Cash and cash equivalents	21	15,335,208	139,996,455	(124,661,247)
Total current assets		151,863,379	264,796,776	(112,933,397)
Advances paid				
Non-current advances		13,283,090	13,436,931	(153,841)
Current advances		1,522,549	1,167,145	355,404
Advances paid, total	22	14,805,639	14,604,076	201,563
Total assets		772,668,082	847,239,457	(74,571,375)

Appendix 2: Profit and Loss Account - Juventus FC-

STATEMENT OF FINANCIAL POSITION

Amounts in euros	Note	30/06/2018	30/06/2017	Change
Shareholders' Equity				
Share capital		8,182,133	8,182,133	-
Share premium reserve		34,310,104	34,310,104	-
Legal reserve		1,636,427	318,029	1,318,398
Financial asset fair value reserve		(147,846)	2,353,057	(2,500,903)
Retained earnings		47,292,072	6,042,546	41,249,526
Profit/(loss) for the year		(19,228,819)	42,567,924	(61,796,743)
Shareholders' equity	23	72,044,071	93,773,793	(21,729,722)
Non-current liabilities				
Provisions for employee benefits	24	-	10,674,714	(10,674,714)
Loans and other financial payables	25	276,807,278	193,932,621	82,874,657
Payables due to football clubs for transfer campaigns	26	63,228,521	63,073,440	155,081
Deferred tax liabilities	27	19,343,305	17,663,836	1,679,469
Other non-current liabilities	28	4,829,203	13,098,026	(8,268,823)
Total non-current liabilities		364,208,307	298,442,637	65,765,670
Current liabilities				
Loans and other financial payables	25	52,392,943	112,667,814	(60,274,871)
Provisions for risks and charges	29	1,036,568	946,215	90,353
Trade payables	30	30,358,990	30,213,091	145,899
Trade and other payables to related parties	56	5,984,062	1,369,570	4,614,492
Payables due to football clubs for transfer campaigns	26	111,740,149	152,508,495	(40,768,346)
Other current liabilities	28	85,899,470	105,281,307	(19,381,837)
Total current liabilities		287,412,182	402,986,492	(115,574,310)
Advances received				
Non-current advances		23,737,700	27,543,224	(3,805,524)
Current advances		25,265,822	24,493,311	772,511
Advances received, total	31	49,003,522	52,036,535	(3,033,013)
Total liabilities		772,668,082	847,239,457	(74,571,375)

Appendix 3: BALANCE SHEET -Manchester City-

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BALANCE SHEET

AS AT 30 JUNE 2018

	2018	2017
	€'000	€'000
Fixed assets		
Intangible assets	11	480,387
Tangible assets	12	476,744
Investments	13	-
		957,131
Current assets		
Debtors - amounts falling due within one year	14	291,844
Debtors - amounts falling due after more than one year	14	26,918
Cash at bank and in hand		27,658
		346,420
Current liabilities		
Debtors - financial institutions		(100)
Creditors - due within one year	15	(211,036)
Deferred income - due within one year	16	(137,342)
		(348,478)
Net current (liabilities)/assets		10,000
Total assets less current liabilities		967,131
Creditors - due after more than one year	16	(102,801)
Deferred tax liabilities	16	(7,988)
		(110,789)
Net assets		856,342
Capital and reserves		
Called up share capital	30	1,216,246
Share premium account		48,038
Profit and loss account		(814,712)
		(1,100,770)
Shareholders' funds		1,263,512

The notes on pages 10 to 38 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

J MacBeath
Director