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New Financial Fair Play Requirements in the Context of Global Restrictions

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ABSTRACT

The **purpose** of the paper is to develop recommendations for Russian football clubs aimed at strengthening their financial stability. The **subject** of the study is the UEFA financial fair play rules and their impact on the financial stability of football clubs. The **relevance** of the paper is confirmed by the changes taking place in financial regulation of football clubs by the UEFA and the Football Union of Russia (FUR), which are caused by the global crisis and have not yet been studied in the scientific literature, which confirms the **novelty** of the study. The authors' method is an analysis of the editions of the UEFA financial fair play rules and FUR licensing rules that have been in effect since 2011, along with any violations and subsequent sanctions. The annual reports of European public football clubs, studies of consulting companies, and academic publications in this field were also considered. This paper helped identify the chronology of financial rules in football and directions for their improvement. The authors conducted a detailed analysis of financial performance of club football in Europe and Russia, taking into account the impact of the pandemic, revealed the main problems and ways to solve them based on best practices. The **results** of the research included recommendations for football clubs aimed at compliance with financial requirements of UEFA and FUR as well as ensuring the long-term sustainability of the Russian football industry.

Keywords: economics of sports; finance in sports; economics of football; finance in football; financial management in football

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INTRODUCTION

Particularly, with the start of the COVID-19 pandemic problem, which exposed the need to change the financial control system in the football industry, financial regulatory policies in Europe are now under criticism.

Rules of financial fair play (further — FFP) were introduced by UEFA in 2011 following the record financial difficulties of European football clubs: 664 clubs in the top leagues of the UEFA member countries showed a total loss of 1 bln 675 mln euros.

The annual growth in payrolls, as well as transfer payments to clubs and agents, has been a significant requirement for controlling and regulating football clubs' finances. According to UEFA, in 2007–2011, European top-league clubs spent on wages, bonuses, prizes, taxes and social contributions between 62 and 71% of the club's total income per season, adversely affecting the ability to invest

in football development, and sometimes failing to cover non-football-related regular expenses.

At the same time, leading clubs often invested in the purchase of player's money shareholders, without thinking about payback [1–3]. This led to a weakening of the competitive balance, as clubs that "lived on the means" could no longer compete with the top-teams.

Excessive spending on players prevented investments in infrastructure, development of children's and youth football, as well as new business areas. For example, "for the period 2006–2014 the total net investment in the development of French football clubs from the top leagues amounted to only about 3.6% of their revenues" [4].

The financial FFP rules themselves are part of the general regulations on the licensing of European clubs to participate in the

Champions League, the Europa League and the Conference League. Despite the fact that the UEFA regulations on club licensing provide about 35 different requirements to licensors, the 2 fundamental principles around which the majority of disputes arise — are the absence of a club's default debt and the “break-even rules”. These requirements, their limitations, as well as high-profile breaches, have already been discussed quite in detail in the existing literature [1, 2, 4–14], so we will focus on the FFP reform and proposals to comply with them.

The basic method used in the study was the analysis of the following documents:

- UEFA Licensing Regulations;¹
- Licensing Benchmarking Report for the period 2010–2021;²
- Reports of the UEFA Club Financial Control Body;³
- Reports of consulting companies;⁴
- Annual reports of football clubs;⁵
- Order of the Court of Arbitration for Sport.⁶

¹ UEFA Club Licensing and Financial Sustainability Regulation. Edition 2022. URL: https://editorial.uefa.com/resources/0274-14dc03ef33b9-3e2caa872860-1000/20220408_club_licensing_and_financial_sustainability_regulations_2022-en.pdf (accessed on 05.07.2022).

² UEFA. The European club footballing landscape. Club licensing benchmarking report. Financial year 2010–2021. URL: <https://www.uefa.com/insideuefa/uefaeuropeanclubfootballinglandscape/> (accessed on 18.08.2023).

³ CFCB. Compliance and investigation activity reports. URL: <https://www.uefa.com/insideuefa/protecting-the-game/club-financial-controlling-body/> (accessed on 18.08.2023).

⁴ Deloitte Sports Business Group. Football Money League. Restart 2022. URL: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/sports-business-group/deloitte-uk-dfml22.pdf> (accessed on 05.07.2022).

⁵ Manchester City Football Club. Financial Reports 2018, 2019, 2020, 2021. URL: https://annualreport2018.mancity.com/downloads/ManCity_AR_17-18_Financials.pdf (accessed on 05.07.2022); RFS. Published financial information of clubs. URL: https://rfs.ru/subject/1/documents?cat_id=46 (accessed on 18.08.2023).

⁶ CAS 2019/A/6298 Manchester City FC v. UEFA. Court of Arbitration for Sport. 2019 (a). URL: https://editorial.uefa.com/resources/025c-0f122029fcb9-b43067df434a-1000/cas_2019_a_6298_manchester_city_fc_v_uefa.pdf (accessed on 05.07.2022); CAS 2018/A/5937 Paris Saint-Germain Football SASP v. Union des Associations Europeennes de Football (UEFA). Court of Arbitration for Sport. 2019 (b). URL: <https://jurisprudence.tas-cas.org/Shared%20Documents/5937.pdf> (accessed on 05.07.2022).

• The national rules for licensing clubs in the top-5 leagues of Europe and Russia were further analyzed (*Table 1*).

National regulation is not static and is regularly adapted to current conditions. For example, in December 2021, the RFS added several new recommended financial criteria, which will be required from the season 2023/2024. The first criterion is called “financial stability” and requires clubs to have accounts and hold funds in reliable banks of the Russian Federation, which are among the top-100 banks in the country. The second criterion measures the net liabilities of clubs in relation to the amount of assets. The latest new criterion measures the cost of players (wages, transfer costs, tax and insurance deductions) and is expressed as a percentage of the operating revenue. At the end of 2021 of the reporting year, this percentage will be 85, but it will have to be below 70 already from 2024. This criterion was introduced due to the fact that many national football clubs are characterized by large payrolls, and thus RFS seeks to limit expenses on players and their wages.

VIOLATION OF FFP RULES

According to UEFA, only 8 clubs were investigated in the 2021/2022 season (*Fig. 1*). Moreover, all of them violated the rule on overdue accounts payable, followed by financial sanctions in the amount of 75–350 thous. euros (except for F.C. AEK, whose violations UEFA considered too significant, imposing a penalty of 1.5 million euros and withholding 15% of future revenues from European competitions). A review of sanctions for violation of FFP rules is presented in *Fig. 2*.

Thus, financial regulation in football is carried out at the international and national levels, has existed for a long period of time and solves the important task of ensuring the financial sustainability of competitors. The purpose of this research — is to develop recommendations for clubs to adapt to the new reality based on an analysis of global

Table 1

Comparison of National Financial Regulation Systems and UEFA FFP

League / Characteristics	Basic principle of financial regulation	Main financial criteria and indicators	Possible sanctions for non-compliance
La Liga (Spain) ^a	Maximum individual wages and restrictions on excessive spending	<ul style="list-style-type: none"> – Income and expenses for 3 seasons; – forecast budget; – net worth; – component cost; – adjusted obligations of the club 	<ul style="list-style-type: none"> – Reduction of component cost in the next season; – budget adjustment
EPL (UK) ^b	Solvency to creditors and limitation of losses	<ul style="list-style-type: none"> – Financial result for the previous 3 seasons; – fairness of contracts and transactions; – absence of overdue accounts payable; – current and future financial information; – information on players and transfers 	<ul style="list-style-type: none"> – Deduction of debt from League income; – deduction of points; – penalties; – ban on the registration of players
Bundesliga (Germany) ^c	Financial accountability and solvency to creditors	<ul style="list-style-type: none"> – Cash and liquidity ratio; – absence of overdue accounts payable; – current and future financial information; – information on players and transfers, marketing and sponsoring contracts; – legal and organizational information 	<ul style="list-style-type: none"> – Abolition of licensing procedures; – denial of license; – penalties; – ban on the registration of players; – control measures for the elimination of deficiencies
Serie A (Italy) ^d	Solvency to creditors and limitation of losses	<ul style="list-style-type: none"> – Financial result for the previous 3 seasons; – absence of overdue accounts payable; – financial statements and legal information for the previous season; – information on players and transfers 	<ul style="list-style-type: none"> – Penalties; – deduction of points in the licensed season
League 1 (France) ^e	Sports investments shouldn't extend above the club's financial capabilities	<ul style="list-style-type: none"> – Monthly and annual reports on wages, players, transfers; – absence of overdue accounts payable; – three-year forecast budget; – "depletion of losses by owners' investments" 	<ul style="list-style-type: none"> – Ban on the registration of players; – limit of application; – penalties; – deduction of points; – downgrade to a lower league; – removal of responsible managers

Table 1 (continued)

League / Characteristics	Basic principle of financial regulation	Main financial criteria and indicators	Possible sanctions for non-compliance
RPL (Russia) ^f	Financial accountability and solvency to creditors	<ul style="list-style-type: none"> – Financial and legal information; – forecast financial information; – break-even within 3 years; – information about players and agent debt; – absence of overdue accounts payable; – debt withdrawal to the RFS, UEFA and interregional federations; – limit on wages and transfers; – debt limit 	<ul style="list-style-type: none"> – Penalties; – revocation of license; – denial of license; – ban on the registration of players; – limit of application; – balance restrictions on transfers
UEFA (Europe)	Achievement of break even and “living by means”	<ul style="list-style-type: none"> – Break-even within 3 years; – absence of overdue accounts payable; – legal and financial information about the organization 	<ul style="list-style-type: none"> – Penalties; – denial of license; – recommendations, budget monitoring; – limit of application

Source: Compiled by the authors.

Note:

^a Liga nacional de futbol profesional. Standards for the preparation of the budgets of clubs and sads. Full text and annexes. La Liga. 2021. URL: <https://assets.laliga.com/assets/2021/08/12/originals/c53d54179cc68e9215f82a058325468d.pdf> (accessed on 05.07.2022);

^b The FA. Premier League Handbook. Season 2020/2021. 2020. URL: <https://resources.premierleague.com/premierleague/document/2020/09/11/dc7e76c1-f78d-45a2-be4a-4c6bc33368fa/2020-21-PL-Handbook-110920.pdf> (accessed on 05.07.2022);

^c DFL. Lizenzierungsordnung (LO). 2019. URL: <https://media.dfl.de/sites/2/2019/06/Lizenzierungsordnung-LO-2019-05-16-Stand.pdf> (accessed on 05.07.2022);

^d Lega Nazionale Professionisti Serie A. Sistema Licenze Nazionali 2016. LNP. 2016. URL: https://www.legaseriea.it/uploads/default/attachments/documentazione/documentazione_m/814/files/allegati/895/sistema_licenze_nazionali_2016-2017_serie_a.pdf (accessed on 05.07.2022);

^e DNCG. Direction Nationale du Contrôle de Gestion. 2008–2009 saison. 2008. URL: <https://web.archive.org/web/20100331205939/http://www.lfp.fr/reglements/pdf/statuts/DNCG.pdf> (accessed on 05.07.2022);

^f RFU. Rules of Football Union of Russia on licensing of football clubs in the Russian Federation, edition 5.0. 2021. URL: <https://static.rfs.ru/documents/1/61e7dbdf86a03.pdf> (accessed on 05.07.2022);

^g UEFA Club Licensing and Financial Sustainability Regulation. Edition 2022. 2022. URL: https://editorial.uefa.com/resources/0274-14dc03ef33b9-3e2caa872860-1000/20220408_club_licensing_and_financial_sustainability_regulations_2022-en.pdf (accessed on 05.07.2022).

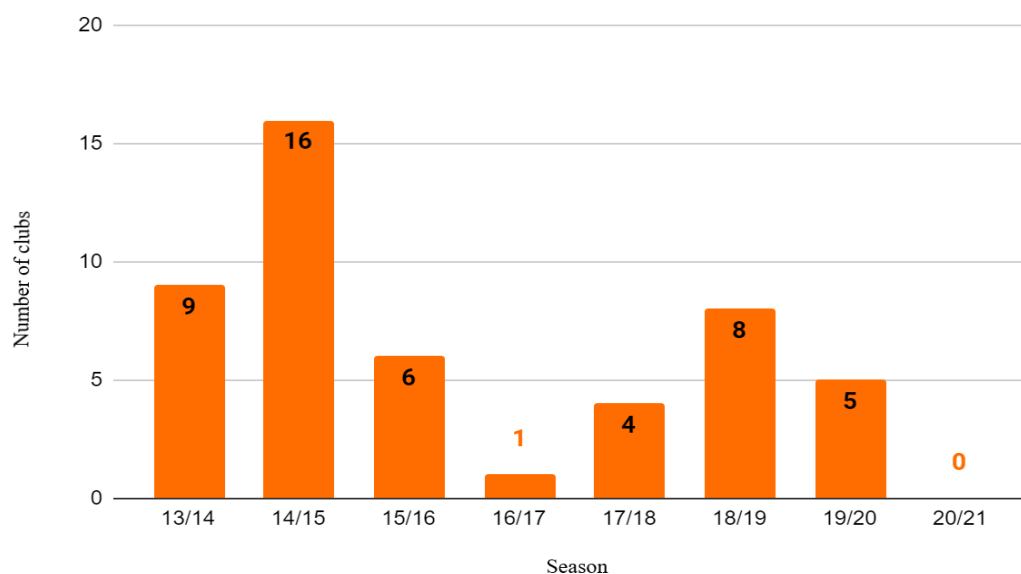


Fig. 1. Number of Clubs (Open Cases) that Violated the UEFA Break-Even Rule

Source: Compiled by the authors.

developments that are taking effect, in order to determine their effects on club finances and regulatory changes.

INFLUENCE OF THE COVID-19 PANDEMIC

UEFA recognized the club's difficulties as a result of lower revenue and the possibility of non-compliance with the FFP program. For example, in the 2020/2021 season, UEFA did not apply sanctions against clubs due to a violation of the break-even rule, as the new sanctions would further aggravate the financial situation of European football clubs.

Additionally, UEFA has implemented a variety of measures that have reduced the financial regulations for participation in European tournaments as a result of the global economic crisis. Firstly, clubs were given extra time to cover all their debts to creditors. Secondly, clubs could provide information on their receivables so that no other clubs would fail to pay their obligations to them and did so on time. Thirdly, during the licensing process in the 2020/2021 season, the 2020 financial year was not taken into account, which was subsequently combined with the 2021 financial year for the purposes of monitoring break even for the 2021/2022 season (thus,

the club assessment for the 2021/2022 season covered 4 financial periods — 2018, 2019, 2020 and 2021). The impact of the pandemic on the financial performance of European clubs is presented in *Table 2*.

The fall in the income part of the budget is mainly due to the decrease in revenue from tickets and match-day. In the league period, clubs lost about 66–88% of these revenues in 2021, depending on the format of the season (with play in winter or with break) and national restrictions. Of course, due to attendance restrictions and lockdown, commercial revenues from the use of facilities outside games days have also decreased: during the pandemic period, they have declined by approximately 76%. It is hardly surprising that the pandemic caused a 7% decline in direct merchandising revenue in the fiscal years 2020 and 2021 (for clubs that earlier).

The other, rather large part of the club's revenue — from sponsors, in 2020 decreased slightly, by 3%. At the same time, the leading clubs in Europe, on the contrary, showed a rise in revenue by this indicator, so the slight decrease is due to the revaluation of sponsorship contracts of medium and small

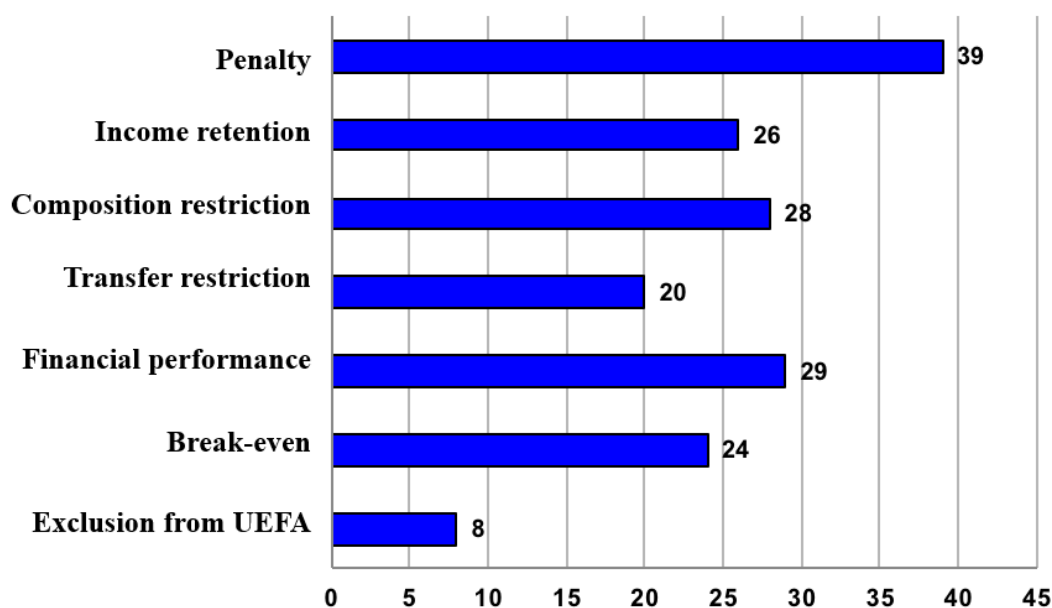


Fig. 2. Frequency of Sanctions Applied for Violation of the Break-Even Requirement by the CFCB and UEFA

Source: Compiled by the authors.

clubs of Europe. In the whole, the trend to increase sponsorship contracts (and, not least, the number of sponsors in the club) continued during the pandemic, which indicates the growing interest in football by companies, and also caused by the advent of football sponsoring bookmakers. 19% of all major sponsors in Europe's top divisions are sports betting and gambling companies.

Despite the steady growth of TV rights revenues, in 2020, European football clubs lost around 14% of this item's income, which is equivalent to 1.2 bln euros, due to cancellation/transfer of matches, a decline in TV audiences, which led to some major broadcasters' contracts being revised, and due to the transfer of revenues to 2021. Therefore, in 2021 the revenue from television contracts continued to grow, some clubs showed an increase in revenue under this article, and 5 clubs in Europe (Manchester City, Manchester United, Bayern, Barcelona and Real Madrid) exceeded the 200 mln euro for the 2020/2021 season. The global growth trend in TV revenue is supported by factors such as the growing popularity of football, competition caused by

the arrival of new players and OTT-platforms, the rise in the number of digital channels.

A similar situation occurred with the income of clubs from competitions under the auspices of UEFA. In 2020, the incomes fell by the same 14% due to the revision of a number of UEFA contracts (with sponsors, broadcasters, etc.), but already in 2021 a new tournament was founded — the Conference League. UEFA announces increased prize fund to more than 2.7 bln euros per year to be distributed between 96 clubs participating in three club competitions. The general dynamics of income of European clubs is presented in Fig. 3.

At the same time, the dynamics of the growth of incomes is quite significantly different for the top-leagues and all the others (Fig. 4).

The next indicator that requires analysis to assess the effectiveness of FFP is wage costs. Since 2012, these expenses have increased by 56.5%, or 5.2 bln euros. It should be noted that this growth is due to the increase in the wages of players, which accounts for 70–80% of all payments of employees of the club (Fig. 5).

Table 2

Impact of the COVID-19 Pandemic on Key Financial Indicators of European and Russian Football Clubs

Revenue item	2018	2019	2020	Change from 2019 to 2020, %
INCOME				
TV rights	7.9	8.3	7.1	-14.46
Tickets and match-day	3.1	3.3	2.5	-24.24
UEFA payments	2.1	2.8	2.4	-14.29
Sponsorship and merchandising	6.4	6.9	6.6	-4.35
Other income	1.6	1.7	1.8	5.88
EXPENSES				
Wages of player	10.3	11.3	11.1	-1.77
Wages of other staff	3.4	3.5	3.3	-5.71
Operating expenses	6.9	7.3	7	-4.11
Net operating expenses	1.005	1.03	2	194.17
Net transfer costs	-	0.5	1.4	180.00
FINANCIAL PERFORMANCE				
Net worth	9.01	10.3	9.3	-9.71
Transfer accounts payable	5.1	5.7	6.5	14.04
Operating profit / loss	0.7	0.9	-1.01	-212.22
Pre-tax profit	0.5	-0.1	-3.09	-3090.00

Source: Compiled by the authors.

The reduction in operational costs has been influenced by the lack of spectators and the prospect of reducing the cost of organizing games and friendly games. Since only part of the 2020 pandemic season was affected, the decrease in operational costs was insignificant — about 4% compared to 2019. At the same time, long-term liabilities and bank loans grew by 7%.

By 2013, the first financial period when the break-even rule was introduced, football clubs showed steady operating losses. Since the introduction of this requirement until the start of the pandemic, the clubs showed a steady operating profit, which has never fallen below the 700 mln euro since 2014 (Fig. 6).

CHANGE OF UEFA'S FINANCIAL REGULATION

When it became evident in 2020 that the clubs' revenues were drastically declining, experts spoke back about the need to change the FFP rules during the crisis. UEFA has confirmed that the rules will be revised and the updated club licensing regulations will come into force in the spring of 2022. The regulations of 7 April 2022 do not differ from the previous versions.

Updated rules emphasize the club's net worth, which must be either positive for the previous year's monitoring period or show a change in the direction of an increase of more than 10% from the previous reporting period.

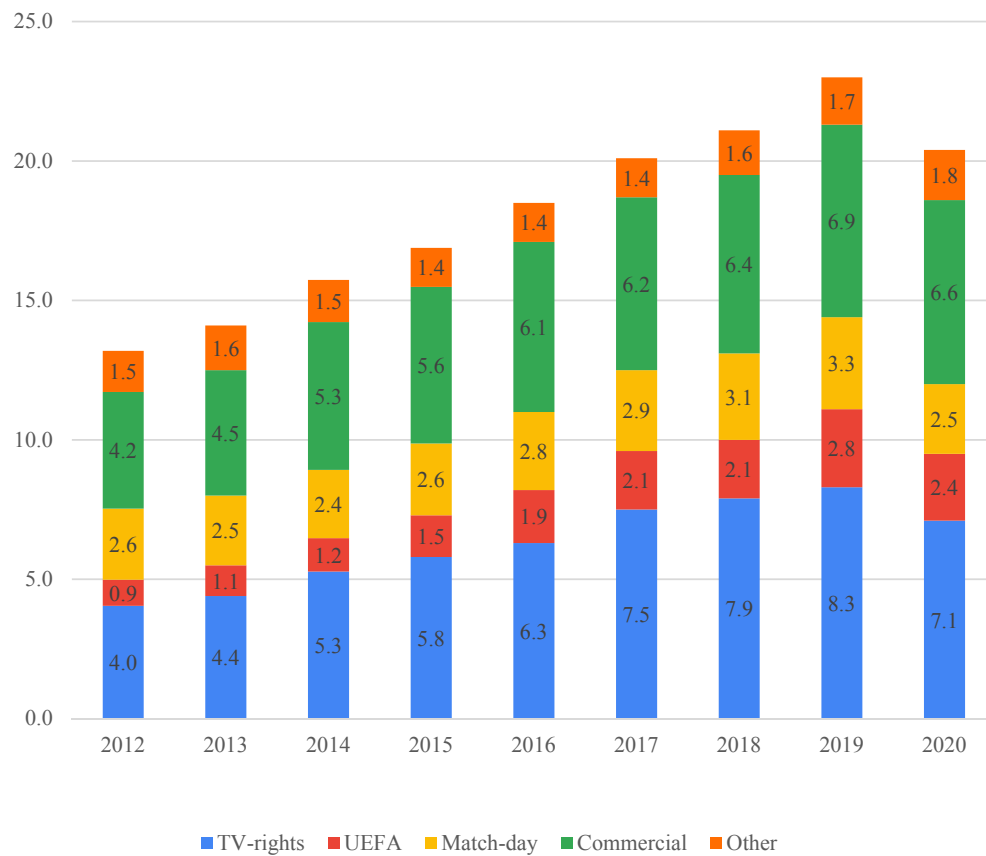


Fig. 3. Dynamics of the Main Income Items of Football Clubs in Europe for 2012–2020

Source: Compiled by the authors.

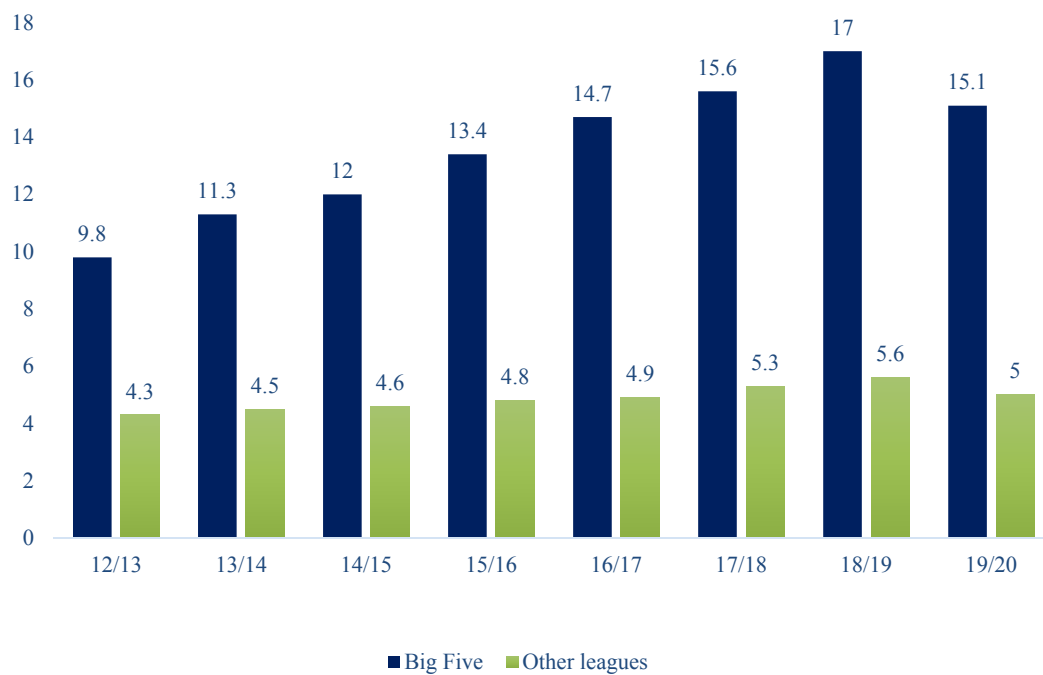


Fig. 4. Dynamics of Football Club Revenues in the Big Five Countries and in other Leagues for 2012–2020

Source: Compiled by the authors.

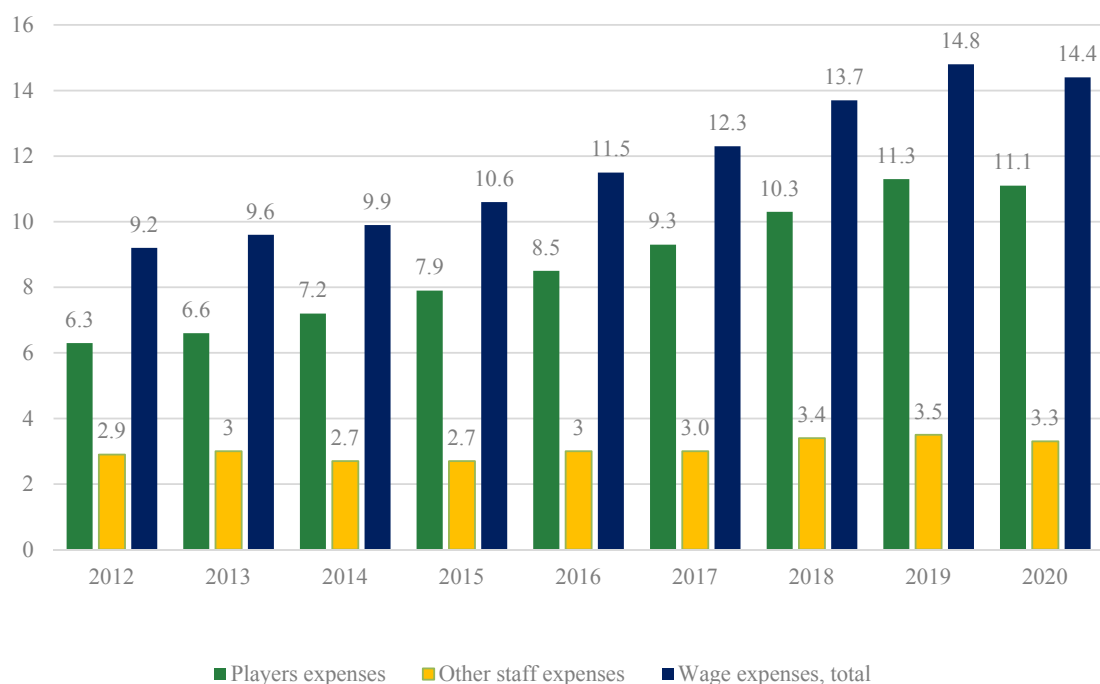


Fig. 5. Dynamics of Wage Costs of Football Clubs in 2012–2020

Source: Compiled by the authors.



Fig. 6. Operating Income of European Football Clubs, 2012–2020

Source: Compiled by the authors.

The main difference from the old FFP rules is that instead of two key requirements for club licensing, there are three new ones: solvency, stability and cost control.

The solvency requirement implies no default credit debt on transfers, wages to

all staff and players, social benefits, as well as to UEFA and national federations. In the new chapters, there is a paragraph that controls the absence of current obligations to UEFA (including disciplinary measures). Also, debt is checked more often, namely

3 times a year: July 15, October 15 and January 15.

The stability requirement implies a slightly modified requirement of break-even. The revenue rule of a football club, as it is now called, in the same format estimates the relevant and non-relevant income and expenses of the club (in accordance with the FFP break-even rule), as well as the difference between the respective income and expenses. The permissible “loss” in the new regulation is the same 5 mln euros. The main change is the amount of the possible increase in the loss due to the contributions of the owners: it can be increased not to the usual 30 mln, but already to 60 mln euros.

The last requirement of the updated regulation is cost control. Until 2022, UEFA estimated the club’s wage costs. If they exceeded 70% of the total income, additional information was requested from the licensed club. The cost control rule is now a separate criterion for club licensing, non-compliance causes severe penalties. The controlled indicator shall be calculated using the formula and shall not exceed 70%:

$$\frac{\text{wage costs} + \text{depreciation of player contract} + \text{agent/broker costs}}{\text{adjusted operating income} + \text{net profit (loss) from sales of player registrations}} \leq 70\%$$

The first requirement must be completed by all clubs in competition in UEFA competitions. The second requirements only apply to teams with wage costs of more than EUR 5 million in each of the previous two reporting periods. Finally, the last cost control requirement does not apply only to clubs whose above-mentioned costs amount to less than 30 mln euros for the period that ends in the UEFA club season.

The updated regulations are in effect as of 1 June 2022, already for the 2022/2023 season, but will not be completely implemented for another three years. The cost control requirement will only apply from the

2023/2024 season with a limit of 90% for the first and 80% for the second season. The stability requirement will also not apply in the 2022/2023 season and will be replaced by the usual break-even rules from the previous version of the regulations. The three-year monitoring period will not apply until the 2025/2026 season: just the period ending in 2023 and the 2024/2025 season will be required in the 2023/2024 season. This, according to UEFA, will allow clubs to adapt to the new financial rules, as well as avoid the inclusion in the assessment of periods significantly affected by the COVID-19 pandemic. Finally, the solvency requirement will apply from the moment the regulation enters into legal.

As regards sanctions for violation of financial control rules, in terms of solvency and stability rules, sanctions remained similar to the previous licensing regulations. Since the cost control rule is introduced for the first time, the penalties for its violation are slightly different. For exceeding the allowable wage, transfers, and related payments ratio, UEFA and CFCB shall deduct a share of the income and prize money from participation in European club competitions in proportion to the severity of the violation and the number of such violations in the previous four years.

RECOMMENDATIONS FOR CLUBS

Based on the analysis, recommendations can be formulated for Russian football clubs, which are aimed at increasing income, cost optimization, increasing financial sustainability and compliance with the requirements of the updated UEFA licensing regulations.

1. Planned reduction in wages and transfer reports. Due to constantly rising expense on these items, many clubs will not be able to meet the new cost control requirement even with significant income increases. At the same time, growing demand will not allow these costs to be decreased all at once: the monetary criterion will continue to be important when players

choose a club. Top-clubs always gain from this because they are not restricted by budget. The exit might be a change of the reward system in which basic payouts are transferred to the premium category and paid only when specified indicators, such as wins in individual matches or tournaments, are achieved.

2. Reduction in agency fees, which could significantly reduce not only expense accounts, but also simplify compliance with the cost control rule. At the same time, it should be noted that many Russian clubs have extremely substantial amounts for payments to agents. For example, FC “Spartak–Moscow” in 2021 paid agents 608 mln rubles⁷ (*Fig. 7*), and in 2022 the club decided to close the youth team “Spartak-2”, the maintenance of which cost 300–400 mln rubles per year.⁸ In terms of operational efficiency, the second team may allow for huge savings on legionnaire transfers and wages, making such a decision unusual.

3. The use of innovative technologies. Modern technology requires substantial investment, but in the medium term it reduces the overall cost budget. For example, an artificial intelligence-based TransferRoom service helps clubs in choosing players for problem positions. This reduces transfer costs and agency remuneration. In addition, modern technology can increase the income of the club by improving the comfort of the fans and the spectacularism of the games. In this case, CRM systems and virtual and augmented reality technologies are used, which, by the way, are already used in some American and European clubs. Finally, new technologies are applied in the training process and recovery of players, which allows to improve athletic performance.

⁷ URL: <https://www.championat.com/football/news-4713329-spartak-lider-rpl-po-vyplatam-agentam-v-2021-godu-krasno-belye-otdali-608-mln-rublej.html> (accessed on 05.07.2022).

⁸ Kuimova II. “Spartak” closed the second team. Has the club enabled the hard saving mode? Championat.com. 2022. URL: <https://www.championat.com/football/article-4703811-spartak-obyavil-o-zakrytii-vtoroj-komandy-po-finansovym-prichinam-chto-eto-znachit-dlya-kluba-podrobnosti.html> (accessed on 05.07.2022).

4. The use of digital assets. Recently, the release of club NFT-tokens for fans has developed appeal among Western clubs. Tokens, as a high-tech analogue of traditional shares, allow its holders the right to various benefits, including the capacity to participate in decision-making (e.g., to choose music to play during a match break), to enjoy advantages when buying tickets, the chance to choose a location, and much more. You can also change the token rate to make money. For the club, this tool can not only increase the loyalty of fans, but also become a new source of income.

5. Improve fan communication. Active contact and efficient communication with each fan segment are vital not only for attracting fans to stadiums and improving club merchandise sales, but also in the context of working with sponsors. This is especially important in the context of the introduction of Fan ID, which can seriously affect the decrease in income on the day of the games. Communicating with fans through press conferences, social networks, through special events, creating loyalty programs — is an important part of the business model of any club that seeks to work effectively and without losses.

6. Development of infrastructure, youth and women’s football. First, the relevant costs are not taken into account in the licensing of clubs, but directly affect the further efficiency of the football club. Infrastructure development can generate additional income from activities and rental of commercial real estate. Investments in the generation of the club academy reduce the gap between the cost of transfer campaigns and incomes from them. And the presence of a women’s team from the summer of 2022, under the new regulations, is one of the criteria for club licensing. Furthermore, women’s football has the potential to be a promising direction because it is already growing popularity with viewers (for example, on 29 April 2022 more than 91.5 thous. fans watched the game of the female “Barcelona”). Despite the fact that

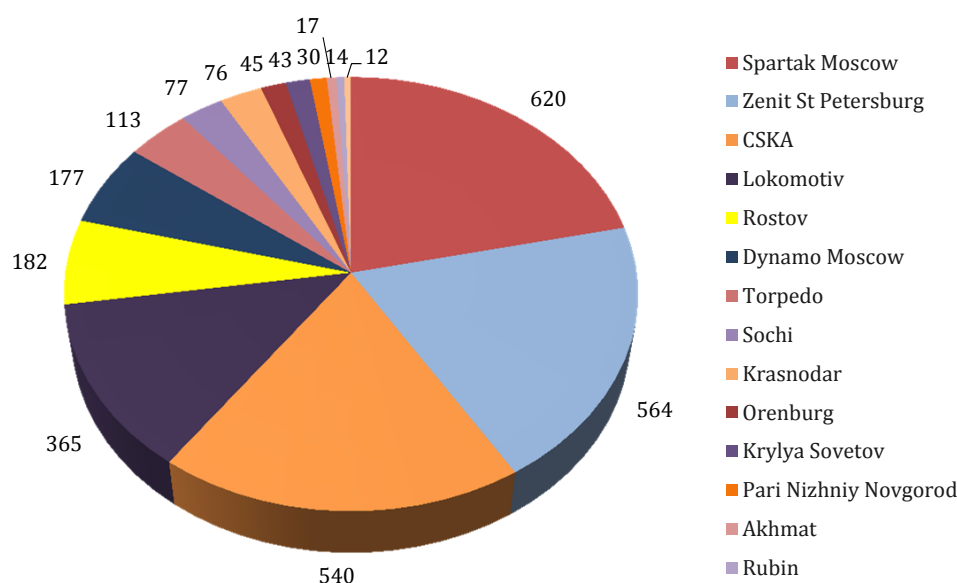


Fig. 7. Payments to Agents of Russian Premier League Clubs in the 2021/2022 Season, RUB million

Source: FUR. Published financial information of clubs. 2022 URL: file:///Users/annakudryaeva/Downloads/6297924fdef11%20(3).pdf (accessed on 05.07.2022).

increasing investments in the above directions is one of UEFA's recommendations, many clubs ignore it and strive for results quickly and with significant cash inputs, which rarely repay due to the specificity of the sports business and the uncertainty of the sporting outcome.

7. The use of player rentals to save money on transfers. Leases with the right to reschedule are treated as the player's actual permanent transfer from the date of the contract in the FFP rules (even if the rescheduling is provided only under specified conditions, which is a regular practice in recent years). In this case, clubs can enter into leases with no subsequent obligation to redeem, which lowers the club's expenses because the lease cost is typically substantially cheaper than the acquisition cost. It should also be noted that leasing players allows for a reduction of selection errors and does not require a one-time investment in the purchase of players. This is required in order to achieve the break-even point. Also, under certain conditions, this may have a positive influence on wage statements.

8. Increase the fair value of sponsorship contracts by diversification them. Overpricing sponsorship contracts with corporations connected with the club's shareholders was one of the most common strategies to avoid FFP's rules. "PSG", "Manchester City", and "Dynamo-Moscow" have all used this strategy. With this legal way can be the conclusion of contracts with subsidiaries that are part of the holding (this way, in particular, went the St. Petersburg "Zenit" and Moscow "Spartak", as well as attracting as sponsors small companies to separate categories and the signing of barter agreements with transport companies, water producers, etc. Furthermore, it makes sense to fill sponsorship contracts with a significant number of activations, unique incentives, and bonuses for partners, while integrating activations with the sustainable development objective. All of these could increase the worth of the agreement and bring it closer to the fair evaluation that UEFA monitors. Of course, chances for new sponsorship contracts have been reduced during the current crisis

period. However, due to the need to replace the products of foreign companies, domestic business will need new channels of promotion and advertising, which opens certain opportunities for professional sports clubs.

9. Overdue accounts payable. In order to reduce the amount of outstanding debt, clubs may enter into deferral agreements, which is a reason not to account for these payments as overdue debts. This proposal is largely about debt transfer, which is the most popular article. At the same time, keep in mind that such agreements will necessitate the counterparties' approval and, maybe, an increase in the result payments.

CONCLUSION

Despite the long existence of the system of regulation of club finances, its constant upgrading to the changing external conditions, the requirements of clubs and their shareholders, there are still aspects that need to be refined, including taking into account the particularities of individual countries. Based on substantial information, this paper generates experience and demonstrates the need for an integrated strategy to managing

football clubs' financial flows and ensuring their financial sustainability.

The recommendations developed by the authors combine several important areas of work and will contribute to more rational spending, generating additional or new sources of income and, as a consequence, will help Russian clubs to ensure compliance with UEFA and FUR licensing requirements. Unfortunately, due to the global crisis and a number of restrictions, domestic clubs in the next few years will probably not be able to participate in European competitions. However, the FFP rules are aimed at ensuring overall financial stability, and thus the main motivation for Russian clubs in current conditions should be general financial recovery, which, of course, will have a positive impact on the long-term development of domestic football and will ensure not only the development of sport, but also the inflow of private investors, as well as a reduction in public expense. The study is based completely on data from the football industry, but the authors expect that its results will be applicable to other team sports where financial stability is a problem.

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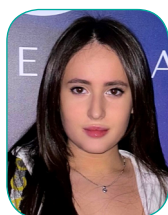
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