

Is English Football Facing a Financial Crisis, or are We Only Missing Better Regulation?

Bojan Georgievski

College of Business Administration, American University of Middle East, Block 3, Building 1, Egaila, Kuwait

Slavica Zeger

PhD Candidate Faculty of Kinesiology, University of Zagreb, Croatia

Abstract

Experts have increasingly been proclaiming that it is only a matter of time when the Premier League will face a severe financial crisis. Large contracts, higher transfer fees and continuous decrease in profits are some of the facts that are undermining the financial success of English Football clubs. Such premises place the economics of football above the socio-cultural aspects of die-hard supporter. This will result in increased TV interest and revenue will rise in coming years. Income trajectories show football profits are deteriorating from season to season despite club revenue increases.

Keywords: Football, English Premier League, Financial Crisis, Glasgow Rangers FC, Portsmouth FC

1. Introduction

The English Premier League characterizes a typical representation of the process of globalization. In 1997 FC Fulham was bought for £30 million by Egyptian businessman, Mohamed Al Fayed (Kelly, Lewis & Mortimer, 2012) to become the first Premier League football club that had foreign ownership. According to Shergold (2012) the current year alone saw a total of 334 players originated from 71 different countries. Moreover, ownership of Premier League clubs is divided among American, Russian, Egyptian, Malaysian and Qatari billionaires (besides English ownership, there was Indian ownership in Blackburn and Hong Kong in Birmingham).

When comparing the world of football with the latest financial crisis (or any financial crisis), one can notice that there are a numerous similarities. Excessive spending, increased revenues, extreme increases in remuneration and investments that can't be sustained. Case in point, inter alia, is the money invested in Fernando Torres and Andy Carroll - even if they would become the best marksmen in the English Premier League, they will never come up to the value of money paid for them. Comparatively, the last financial crisis that was initiated in the banking sector had all the similar details. It was created with increased investments in the real estate market, which was accelerated by cheap loans and cheap money. In terms of the English Premier league, we could postulate that investment in average players (such as Andy Carroll who not only cost their clubs £35 million, but also cost the club owners £90 000 in weekly wages), with the cheap money made available by wealthy owners, will lead to a financial crises similar to that experienced in the banking sector.

This increased spending by English football clubs can lead to a financial crisis, which will deteriorate the English football. In the past few years owners of smaller Premier league clubs have requested salary caps insofar as excessive spending that in previous years have seen players turned into millionaires will is not sustainable. Moreover, in the past few years, rarely any English football club was profitable. Last year the biggest English clubs faced severe financial losses: only eight English football clubs made a profit. The total financial loss that was generated in 2011/2012 mounted to £361 million. The biggest spenders being Manchester City, the Qatari owned club announced losses of £197 million. In order to increase the exposure and chances for success, this club paid the biggest transfer prices and biggest wages to their players ever recorded. This is seen in all parts of the English football insofar as wages of Premier league football players are heavily increasing from year to year. Considering these amounts it one is left with only one question: when will the English Premier League face its end, or is there going to be an end?

In this paper we are addressing the initial information needed for the research paper as well as basic information and motives for researching the paper. To provide a history of debt in sport we explore the main issues of how football clubs acquire their revenue, history of debt in football, and things that made impact on football clubs such as the Bosman ruling (Platts, & Smith, 2007 p. 3). This is followed by our views on the future of football and potential threats: where is the football league is headed in terms of financial development?

In addition we propose how potential bankruptcy of a football clubs is based on the prospect of a bankruptcy leading to a systemic risk in the entire football league. Finally we propose introducing additional regulation to the Premier League through suggestions that may lead to decrease of potential financial trouble of football clubs.

2. History of debt

Football clubs generate revenue in three different ways. They can be mainly connected to these three activities (Mnzava, 2011, p. 181):

- Match day revenues – which include money from gate receipts and stadium activities. In the past these activities made the largest part of income of football clubs.
- Broad cast revenues – these revenues are connected to selling of TV and broadcasting rights.
- Commercial revenues – sponsorship deals also bring big revenue to football clubs. Big companies tend to use football clubs for direct marketing. Money brought from these activities should not be underestimated.

Costs, on the other hand, can be generally attributed to three activities:

- Player talent costs – including not only salaries and bonuses, but transfer fees and additional expenses that are connected to everyday activity of players
- Stadium development costs – with the development of the Premier league and the growing popularity, clubs began increasing stadium capacities and building new stadium grounds.
- Supplementary costs – due to regular activities that include administration costs, salaries outside the football players, traveling costs etc.

When we consider English football clubs, there are 85 clubs that have been active since 1923 (Kuper, Szymanski 2009). Football clubs have been treated like banks in history inasmuch as the unofficial banking doctrine of "too big to fail" has been applied to English Football clubs throughout history. If a club goes bankrupt, supporters can easily just register a new club that overtakes the history of the club (ACF Fiorentina in Italy and Aldershot FC in England are just some of the examples). Additionally, English Premier Football clubs have a history of working under large debts. During the Great Depression, several clubs were facing financial trouble. Orient was saved by a check from Arsenal FC.

Wigan Borough was the first club that faced severe debt. The club had losses of £20 000 in 1931 (Buraimo, Simmons, & Szymanski, 2006). After the Second World War, clubs continued with their policy of working without profit. In 1982 football clubs in England generated losses in amount of £6 million and as football started growing with an increased pace, losses started to mount. Early in the 2000s several football clubs went bankrupt. They faced administration had financial losses of £40 million.

However, the income generated by football has also grown significantly. Several developments changed the prospects of football in the past 20 years (Samagaio, Couto & Caiado, 2009). For instance the creation of English Premier League, which enabled football clubs to negotiate the selling of TV and broadcasting rights collectively. This resulted in one of the largest Broadcasting deals that will bring over £5 billion in the following years (Sale, 2012). Moreover, English football clubs started attracting foreign investors who started investing large money into these clubs. This has increased the competition, but also it increased expenditure for the football clubs. Currently, in order to remain competitive football clubs and owners must spend large portions of money on player's wages and transfers.

Alongside the English Premier League, the creation of UEFA Champions League in 1992/1993 season contributed to the scale of football in Europe. Participation in UEFA Champions League increases vast revenues for the European clubs. Money is given to clubs for participation as well as for accomplishment. For instance, when Chelsea won the UEFA Champions League in 2012, they received \$73.1 prize money and the finalist, Bayern Munchen received a \$50.9 million (Dunbar, 2012) incentive. The total prize money for all participants for this year was \$919 million.

Nevertheless, the largest change in the financial prospects in football came with the Bosman ruling in 1995 which contributed to a radical change in the sports-labor market (Plats, & Smith, 2007). Under previous rules European football was restricted to maximum five foreign players per team (Szymanski, 1999). Moreover, according to Brownstone (2010, p.5), prior to the Bosman ruling, a player was not able to move to another club without the consent (transfer fee) of the previous club. However, under the new law, larger number of players entered the football market and players started to act as regular workers: when their contracts are ended they can choose their next employer without any obligation towards their previous employer. The Bosman case also provided additional movement of football players within the European Union.

Increased revenue, in a debt saturated sport market supported by the introduction of two super leagues and changes to player regulations and employment law re-shaped the football reality in last 20 years. This brought increased movement of players resulting in increased revenue from entering European competition and increased revenue from broadcasting rights.

3. Future of English football and potential threats

To understand where football in England is heading, it is wise to have a view of where it comes from. The English Premier League was established in 1992 following the decision of clubs in the Football League First Division to break away from The Football League. This was done because of their dissatisfaction of how TV money was spread around the 4 leagues. Before the Premier League money was divided to 92 clubs in equal

shares: it did not make much difference if a team was champion of the first league or the last club in the lower divisions, the revenue from TV was shared equally. In order to increase the TV revenue all first league clubs resigned and formed the new Football Premier league, which is independent from the English Football Association. This resulted in a possibility of the entire League to negotiate its own broadcasting and sponsorship agreements. As a result to that, this is one of most lucrative TV deals starting from 2013 (Dobson, & Goddard 2001).

In financial terms, the English Premier League makes up only a portion of European football. Revenue in English football contributes to only 12% of total European revenue. Nevertheless, English Premier League is the fastest growing football league in Europe. Out of the top five leagues in Europe (alongside Italian Serie A, Spanish Primera Division, German Bundesliga and French Ligue 1) it boasts with the biggest revenues (Deloitte, 2012). Although this football league is not as profitable as the German Bundesliga, it is still the most popular worldwide. What is more, the revenue of European football clubs have increased in the past six years by less than 6.5 % per year reaching total revenue of just less than £17 billion during season 2010/2011.

Albeit the top five leagues conduct over 50 % of total revenue this percentage is lowering in the last six years, with the increase of spending power in Russian, Ukrainian and Turkish football, and the effect of the financial crisis in Italy and Spain. We agree with Barajas and Rodriguez (2010) that the Spanish financial crisis will affect the entire league outside Real Madrid and Barcelona, thus lowering the revenue of the entire football league. This in turn will position European football market in competition with North American major leagues in terms of economic and financial potential. (Table 1) (Table 2)

After 20 years, the English Premier League is a fast growing industry, which was slowed a little by the current financial crisis. Nonetheless, despite the European economic crises, the growth of the Premier League clubs continued. The revenues have been increasing steadily during the past years. Revenues increased from £1.34 billion in the 2004/2005 season and up to £2.27 billion during the 2010/2011 season. This has resulted in an upsurge of revenues of an average of 11% per annum, in the past seven consecutive football seasons. The popularity of the league is growing everywhere. Premier league players are stars all around the globe.

There are several reasons why the revenues have changed. Firstly, revenues have increased for several reasons. Stadium prices and stadium capacities have grown in the past few years. It means that match day revenue is going higher steadily over the past few years (Szymanski, 2012). In addition, English clubs have played in front of 92% stadium capacity (Terpstra, 2012) also supporting the tenet of an increase in revenue. Secondly, commercial revenue is higher because English clubs have increased their worldwide reputation. A case in point is the international availability of fan clubs of even the smallest premier clubs in every corner of Earth. Finally, the biggest impact on increase of revenues has been the TV rights. Television rights only for UK increased from £191 million to a staggering £3.014 Billion twenty years later. (Table 3)

It is worth mentioning the growth potential inasmuch as the TV rights for English football are not even the biggest in the world. For example, TV rights for the US national football league for the period of 2014-2022 are \$39,6 billion (£24 billion). These are the TV rights just for the US market, not calculating international broadcasting rights. It can be expected that the value of TV rights for China and U.S to increase with the increasing of the popularity of the Premier League in these countries. This shows the possibility for further development of the league and additional revenue and income for the English football clubs.

Additionally, the latest contract for TV rights for the English Premier league is expected to increase the revenue of football clubs by £500 million. This will increase the wage structure furthermore and increase the disparity between football players in the Premier league and the regular working fellows. (table 4)

However, despite the large range of potential income that can yet be generated by the football market, threats to the economic stability of English football also exist. The salary structure is the main concern and main threat to the stability of the English Premier League. Salaries in the Premier league have grown by an average of 80% per year from typically £77 000 to £1 162350 in the season 2009/2010 (the total increase for workers in these 18 years was 85%). On the other hand the increase of the salaries only shows what a fast growing industry the football has become. One might argue that as an entertainment business, football takes care of its performers. Best football players don't earn more than the best actors or other sportsman (NBA, NFL and Tennis stars also earn similar amounts). The increase in revenue in the past 10 years in English football has been 9%, a little less than 11% growth of the wages. According to Deloitte financial reports (Deloitte, 2010) during the total span of the premier league CAGR of the revenue is 15% and of the wages is 17% thus resulting in a wage/revenue ratio that has increased to 70%. This in turn has caused additional concern for the skeptics of the Premier League. Comparatively, the most profitable football league at this moment is the German Bundesliga where the wage/revenue ratio is little over 51%.

If by any chance this ratio is lowered this will boost profit for English clubs. But club owners are rarely interested in profit. They are interested in winning more and more silverware. In order to achieve this, they need to attract the best players in the world. Until owners and shareholders of football clubs start thinking about profit the total concept of Premier League Football will remain the same. The clubs will remain unprofitable, and

maybe a new administration will be introduced, but the Premier League won't face any financial difficulties in the near future. When you have wealthy owners who are only interested in winning and don't care about costs, the profit of the game is underrated. Premier League clubs will face severe debts, and no one will notice this as long as clubs are winning. When we consider the debts of a Premier club, we notice that most of the debts are from the club owners. Out of £2.4 billion, there is £1.3 billion in so called soft loans (loans from owners with no interest). According to Conn(2012) Chelsea FC owns over£800 million to their owner, with further soft loans coming from Mike Ashley in Newcastle (£277 million) and Mohamed Al Fayed in Fulham (£200 million).

4. The effect of potential bankruptcy and systemic risk in premier league

It is believed that the stability of the Premier League can be undermined with a potential bankruptcy or administration by any of its member's clubs. In a typical systemic crisis, a bankruptcy of any of the football clubs would create a financial crisis and huge decrease in the income of the League in total.

Currently the Premier League has faced only with one bankruptcy procedure. For the first time in the history of the league a club has faced the consequences for failing finances: despite winning the FA cup in 2008 and playing in the Euro league for the first time the following year, Portsmouth FC was taken in to administration in 2010. The main reason for this was unaffordable expenditure on players. Also, changes of ownership structure increased financial troubles at Portsmouth FC. There was lack of finance, which accompanied by high wages and additional expenditure caused the financial turmoil of the club. However, the bankruptcy cannot solely be blamed on poor financial decisions. As in every business activity, there is the possibility of bankruptcy. The moment the club started to so to speak, punch above its weight, the first step towards future bankruptcy of the club was taken. The club was the 15th biggest spender in total football Europe in 2007; had a wage increase of £12 million in 2008 (trailing only to Chelsea and West Ham). This was accompanied by spending over £50 million the next transfer market. While this brought on pitch success (Portsmouth finished 8 and won the FA cup in 2008), it deteriorated the club's finances. (Figure 1)

The club's wage structure and transfer policy created a debt of over £107 million whereas the club had steady income of just over £70 million: wage to revenue ratio was at 78% thus mounting up debts.

Increased debts and increased spending can harm clubs (especially second tier and smaller clubs). This shows that football clubs are not immune to bad business decisions. High revenues only mask bad club governance, but it doesn't make the problem go away. Portsmouth's debt to revenue ratio increased by almost 60% in just two years. The club debt to revenue ratio was at 82% in 2007/2008 and was over 140 % going in to administration. Additionally, clubs wage to revenue ratio was over 10% bigger than the league average. As mentioned previously, Portsmouth was never in the top of English Premier League. They played only once in Europe and they are not considered to be a big international English Premier League club (not by supporter numbers or by income that they were generating).

However, even the potential threat the bigger football clubs can create, by being taken into administration, will not create a systemic crisis. Comparing the possible administration or bankruptcy procedure of any English club with Glasgow Rangers shows a different aspect. Glasgow Rangers is the biggest football club that went in to administration. It is part of the Old Firm derby in Scotland, and the relegation of this club to lower leagues had an increased impact on Scottish league. The club has won the league 54 times and has over 100 trophies, but that didn't stop the club operating with a loss for over a decade (Morrow, 2004). Glasgow Rangers made losses of an average of £13 million during the previous eleven years. Nonetheless the effect that the Rangers had on the Scottish Premier League equals the effect of a loss of the 3 biggest English clubs (Liverpool, Arsenal and Manchester United). According to the Price Waterhouse Cooper 2012report (PWC, 2012), the contribution of Glasgow Rangers in total League revenue is 35%, similar to the total of revenue of big 3 English Premier Clubs accordingly fighting for the future Scottish Premier League Football. The exclusion of Glasgow Rangers will also affect the TV revenues for the League and the match day revenues, The average attendance at Ibrox stadium over 40 000 supporters. Additionally the Scottish Premier league has been lowering its interest for quite some time. Last year, (2012) there was a shrink in attendance for 1 %, and shrinking in total league turnover for 4% from previous year.

There is an obvious difference between the English and Scottish football Premier Leagues. No English football club has the same impact on the league's finances as Glasgow Rangers had in Scotland. Additionally, the revenue from the English clubs has been continually growing in the past few years. The potential administration of the bigger English clubs may lower revenues (like in the period of the financial crisis), but won't stop the continuous growth in the coming years.

5. Financial regulation of the premier league

The regulation of the Premier League can be divided in two areas. The first one refers to the regulation imposed by the FA, which includes Regulation on Football Owners from 2004, amended in 2009. The second refers to the regulative imposed by UEFA, which includes licensing of clubs that participate in International games. These

regulations were supplemented by UEFA financial fair play.

With the Regulation on Football owners in 2004 (Kelly, Lewis, Mortimer, 2012), the FA tried to encourage better financial management of football clubs. This was done with the introduction of "fit and proper person" test. Initially, this was applied to people who wish to become shareholders of more than 30% as well as directors of football clubs. With the amendments of 2009 (Gibson, 2009), that were initially set to meet UEFA licensing standards the 'fit and proper test' was broadened to any shareholding of more than 10% and to declare their ultimate ownership. The focus of these tests was, mainly on person's criminal record or whether they have bankrupted any companies.

The UEFA Club Licensing System was introduced in 2004/2005 (Peeters, Szimanski, 2012). Initially, the licensing system was introduced as a certification system alongside the UEFA imposed rules to increase the quality of management of professional football clubs (UEFA, 2004). It covers all aspects of modern football, including sports activities, youth football activities, stadium management internal organization and economic and financial management. In 2010 UEFA supplemented the Licensing system with UEFA Financial Fair Play. In previous years, football clubs have been losing profit.

At this point it is worth considering the main objectives of Fair Play Rules are (UEFA, 2010) in order to have a deeper understanding of the financial system enveloping football. The Fair Play Rules are:

- to introduce more discipline and rationality in club football finances;
- to decrease pressure on salaries and transfer fees and limit inflationary effect;
- to encourage clubs to compete with and within their revenues;
- to encourage long-term investments in the youth sector and infrastructure;
- to protect the long-term viability of European club football;
- and to ensure that clubs settle their liabilities on a timely basis.

These regulations can be divided in two areas, first to increase the transparency of financial activities of football clubs and second to increase the financial stability of football clubs and to introduce some sort of financial balance between clubs.

With these regulations, the governing body increases the monitoring of the clubs. With the Break-Even requirement, clubs won't be able to spend more than they make. With this provision clubs expenditure will have to be equal to club's revenue over a three year period. Not all club revenues are included in the calculation, only "relevant expenses" and "relevant income" are considered. Under "relevant income" UEFA includes gate receipts, transfer income, TV and broadcasting rights and sponsorship deals. In addition, "Relevant expenses" include player and staff transfers, club wages and operating expenses.

However, the Financial Fair Play rules exclude income from non-football operations. Externally acquired money, such as from wealthy owners (soft loans), is not included in these equations. Money from owners can be used to finance youth development or infrastructure. What is more, UEFA accepted some deviation provisions, for the initial period. With the exception the full application of this rule will not be fully applicable until 2018/2019. With these provisions UEFA is softening the initial blow of Financial Fair Play Rules. Vöpel (2011) regards the break-even requirement as an effective means to enhance financial stability. Still there are provisions that need to be addressed additionally, to limit third party transactions. So far, Manchester City signed a £400 million contract for over 10 years (Taylor, 2011), to increase its revenue. Although initial response from UEFA has been that these transactions won't be considered as relevant income, and clubs such as Manchester City and Chelsea will have to apply for the Break-even rule, these regulations can be looked as the initial steps towards enhanced financial control. They will stop the excessive spending by English Premier Clubs and will make them focus on youth development much more which is one of the basic ideas of the UEFA Financial Fair Play rules. Initially, the rules were applied to football clubs that only play in European competition; however, we propose that on the long run these regulations will be applied to all Premier League Clubs.

Additionally, the FA can introduce a salary cap with which can limit high salaries (Dietl, Franck, Lang, & Rathke, 2010). We just witnessed Premier League clubs agree a soft version of salary cap (Sale, 2013). With these regulations clubs agreed that clubs can only spend £60 million of money from broadcasting rights by 2016 and clubs have to restrict losses up to £105 million over a 3 year period. Correspondingly clubs can only spend £52 million during the following year and there is a £4 million raise per year for the subsequent two seasons.

Unlike the soft salary cap introduced by the premier league, the USA sport leagues have salary caps that are much more rigorous. Nonetheless, these caps can undermine the quality of the football game in the Premier League. Even if a salary cap is proposed by the UEFA, this will affect the quality of European football in total. Players could move to leagues that don't support this system. Even now, affluent Chinese and Saudi clubs attract small portion of stars (although at the end of their careers).

Increased regulation in governance does not address high transfer prices that some clubs are paying for the players. Moreover, stricter regulation is the first step made by the Premier League to restrain the inflationary spending; however, the effects of a salary cap won't impact the Premier league. Moreover, clubs might end

excessive spending, but then again big Premier clubs can still buy the best players. To ameliorate the current situation, clubs will have to look at the amount of money that they will lose and their wage structure. We could still witness clubs signing star players, but this will affect providing bigger contracts to second tier players. This leaves one with the question what would be the effect if a salary cap was introduced in English football?

Many people have advocated for better regulation. Importing the Bundesliga system or some provisions from the Northern Irish system might benefit the Premier League. The licensing processes of football governments in these countries address several issues that can benefit the Premier League and its financial development. The Bundesliga (Brown, 2011, p.9) has adopted a "financial health check" that increases the financial control. If football clubs fail this control check, they are facing relegation to semiprofessional leagues and severe penalties. Since football clubs in Germany haven't faced insolvency for over 50 years it means that the system is working properly. The Bundesliga (Bird, 2011) is the most profitable European football league, and is still providing the cheapest tickets to its fans.

Similarly the system imposes that clubs must provide business plans that will ensure the financial safety of the clubs. The licensing is used to promote financial stability and to create cost and debt control for football clubs (Supporters Direct BRIEFING Paper No. 1, 2011)

Even some smaller football leagues have a tendency towards financial stabilization. Northern Ireland Football Association licensing system focuses on 5 individual criteria (Irish Football Association, 2010):

- Sporting Criteria
- Infrastructure Criteria
- Personnel and Administration Criteria
- Legal Criteria
- Financial Criteria

This licensing policy is in accordance with UEFA licensing system, and promotes economic and financial stability of football clubs. It ensures that football clubs are run properly, meaning they have adequate level of management and organization which insures financial transparency and credibility of all Football Clubs. The financial criteria imposed by the IFA focuses on:

- Improving the economic and financial capability of the clubs;
- Increasing a club's transparency and credibility;
- Place the necessary importance on the protection of creditors;
- Safeguard the continuity of club competitions for one season.

With these criteria the IFA creates a system with minimum requirements that increases clubs financial transparency, ensures financial stability of the entire football league and sets the ground floor for further financial and sporting development of Northern Irish Football clubs.

Nevertheless, an aspect that causes concern is that additional financial constraints may lower the quality of the Premier League. Since football in Europe is not restricted as American sport Leagues, some financial constraints might make football players going abroad to get bigger wages. But also, this could be the first step that English Football Clubs stop overpaying their players, especially English players (frontier economics, 2011).

6. Conclusions

The future of English football is stable. Money from TV rights will increase with the next few years (with bigger deals in China and USA). Thus the potential financial crisis in English Premier League will not be a crisis of income. Also there are clubs who will increase stadium capacities in near future that will make higher match day revenues. We are of the opinion that owners, who request a salary cap, would continue to pay quality players less than the amount they pay at this moment inasmuch as, as owners they are entitled to profit from these activities. That being said we accept that the way one might run ones business activity is personal, and it's up to the individual perception whether the club aspires to achievement rather than profit (in this moment in the premier league it is hard to pick both).

The Revenue in the Premier League has been growing in the past 20 years. There is little indication that a large deterioration in revenue may occur in near future. Additionally, from a phenomenological point of view, football cannot be considered as normal goods (products which demand increases when income rises). Football has never been about profits in Europe; football clubs have never operated as profit-maximizing businesses.

Operating losses don't imply a potential crisis, as long as their owners are financing these losses. When considering general debt levels in the past of football, clubs have been operating with high levels of debts throughout their history. As long as the global interest for the Premier League is growing, the financial future of English football clubs is stable and prosperous.

If governing bodies intend to increase football regulation, they have to make sure it doesn't affect the quality of the league and the entertainment it provides. High prices of TV and Broadcasting rights are paid because people want to watch the best players, the best clubs and the most intense competition. If football was only about money and profit, then the governing bodies would have every right to stop development, however,

since football is also about entertainment and it has vast social value outside of United Kingdom, the FA must make sure it retains its prosperity.

References

1. Barajas, Á. & Rodríguez, P (2010). Spanish Football Clubs' Finances: Crisis and Player Salaries, *International Journal of Sport Finance*, pp 52-66
2. Brownstone, J. (2010). The Bosman Ruling: Impact of Player Mobility on FIFA Rankings. (Unpublished Bachelor thesis). Haverford College, Cambridge, MA, USA.
3. Brown, A. (2012). Developing Football Regulation to Encourage Supporter Community .Ownership in Football. Retrieved from <http://www.supporters-direct.org/>
4. Buraimo, B., Simmons, R. & Szymanski, S. (2006). English football. *Journal of Sports Economics*, 7(1), pp. 29-46
5. Bird, S. (2012, May, 31). Moneyball: New Report shows Premier League Clubs are £2.4 Billion in debt. *Mirror*. Retrieved from <http://www.mirror.co.uk/sport/football/news/premier-league-clubs-are-24-billion-854183>
6. Conn, D. (2012, May 23). Premier League Club Accounts: How in Debt are they? *The Guardian*. Retrieved from <http://www.theguardian.com/football/2012/may/23/premier-league-accounts-profit-debt>
7. Dietl, H., Franck, E., Lang, M. & Rathke, A. (2010). Salary Cap Regulation in Professional Team Sports. Working Paper Series
8. Deloitte. (2004). Football Money League Reports. Retrieved from www.Deloitte.com
9. Deloitte. (2005). Football Money League Reports. Retrieved from www.Deloitte.com
10. Deloitte. (2006). Football Money League Reports. Retrieved from www.Deloitte.com
11. Deloitte. (2007). Football Money League Reports. Retrieved from www.Deloitte.com
12. Deloitte. (2008). Football Money League Reports. Retrieved from www.Deloitte.com
13. Deloitte. (2009). Football Money League Reports. Retrieved from www.Deloitte.com
14. Deloitte. (2010). Football Money League Reports. Retrieved from www.Deloitte.com
15. Deloitte. (2011). Football Money League Reports. Retrieved from www.Deloitte.com
16. Deloitte. (2012). Football Money League Reports. Retrieved from www.Deloitte.com
17. Dobson, S. & Goddard, J. (2001). *The Economics of Football*. Cambridge University Press, Cambridge, UK
18. Dunbar, G. (2012, July 12). Chelsea tops Champions League prize money list. *Yahoo Sports.com*. Retrieved from <http://sports.yahoo.com/news/chelsea-tops-champions-league-prize-093636990--sow.html>
19. Frontier Economics Bulletin (2011). The English Premier League – Why Clubs Pay More for English Footballers. Retrieved from <http://www.frontier-economics.com/publications/the-english-premier-league/>
20. Gibson, O. (2009). Premier League Unveils new 'fit and Proper Persons' Test, *The Guardian*. Retrieved from <http://www.guardian.co.uk/football/2009/may/12/premier-league-owners-debt-andy-burnham>
21. Irish Football Association. (2011). Domestic Club Licensing Manual. Retrieved from http://www.irishfa.com/fs/doc/Club_Licensing_Manual_-_Domestic_-_2011-12.pdf
22. Kelly, K., Lewis, R. & Mortimer R. (2012). In Football We Trust? *International Journal of Business and Social Science* pp. 243-254
23. Kuper, S. & Szymanski, S. (2009). *Soccernomics*, Nation Books, New York, USA
24. Mnzava, B. (2011). Financial Plight in English premiership Football: An Impact of Recent Global Recession, *Pecunia : Revista de la Facultad de Ciencias Económicas y Empresariales* pp.179-189
25. Morrow, S. (2004). The Financial crisis in Scottish Football. *Scottish Affairs*, No.47, Spring
26. Peeters, T. & Szymanski, S. (2012, Dec 12). Vertical restraints in soccer: Financial fair play and the English Premier League, Faculty of Applied Economics- University of Antwerp, Research paper 2012-028
27. Platts, C. & Smith, A. (2007, May 17). Europeanisation, Bosman and the Financial 'Crisis' in English Professional Football: Some Sociological Comments, Paper Presented at the 10th Annual European Union Studies Association Conference, Montreal, Canada
28. PriceWaterhouseCooper (2012). Fighting for the Future Scottish Premier League Football. Retrieved from <http://pwc.blogs.com/files/22nd-afr-spr11.pdf>
29. Sale, C. (2012, Nov 20). Premier League's TV Deal Bonanza Continues as Tender on Course to Reach £5bn after Indonesia and New Zealand Sign-up. *Daily Mail*. Retrieved from <http://www.dailymail.co.uk/sport/football/article-2235938/Indonesia-New-Zealand-15-Pacific-Islands-latest-sign-bumper-Premier-League-TV-rights-deal.html#ixzz2KlbUFh1>
30. Sale, C. (2013, Feb 7). Premier League agree Financial Cap and Clubs will Face Points Deduction if they Breach New Rules. *Daily Mail*. Retrieved from <http://www.dailymail.co.uk/sport/football/article-2274957/Financial-Fair-Play-Premier-League-agree-financial-cap-clubs-face-points-deduction.html#ixzz2KL73b1cV>

31. Samagaio, A., Couto E. & Caiado J. (2009). Sporting Financial and Stock Market Performance in English football: an Empirical Analysis of Structural Relationships, Cempare Working Paper
32. Shergold, A. (2012, Aug 14). League of Nations: New Top-flight Set to be Most Cosmopolitan Yet. Daily Mail. Retrieved from <http://www.dailymail.co.uk/sport/football/article-2188297/Premier-League-set-international-yet.html#axzz2KDOEAfue>
33. Supporters Direct (2011). Developing Public Policy to Encourage Supporter Community Ownership in Football. Retrieved from <http://www.supporters-direct.org/>
34. Szymanski, S. (2012). Insolvency in English professional football: Irrational Exuberance or Negative Shocks? Working Paper Series, Paper No. 12-02
35. Taylor, D. (2011, July 8). Manchester City Bank Record £400m Sponsorship Deal with Etihad Airways. The Guardian. Retrieved from <http://www.theguardian.com/football/2011/jul/08/manchester-city-deal-etihad-airways>
36. Terpstra, E. (2012). The 2011/12 Season in Attendances. Retrieved from <http://www.stadiumguide.com/the-201112-season-in-attendances/>
37. Union of European Football Associations. (2008). Club Licensing Benchmarking Report Financial Year 2008. Retrieved from http://www.uefa.com/MultimediaFiles/Download/Publications/uefaorg/Publications/01/45/30/45/1453045_DO WNLOAD.pdf
38. Vöpel, H. (2013). Is Financial Fair Play Really Justified? An Economic and Legal Assessment of UEFA's Financial Fair Play Rules. HWWI Policy Paper 79

Table 1. Finance of European football (Football Market)

Football season	European footballmarket (Revenue in billion £)	Big 5 leagues (Revenue in billion £)	Premier League (Revenue in billion £)	% growth (From previous year)
2004/2005	£11.6	£6.30	£1.34	
2005/2006	£12.6	£6.70	£1.38	3%
2006/2007	£13.6	£7.10	£1.53	11%
2007/2008	£14.6	£7.70	£1.93	26%
2008/2009	£15.7	£7.90	£1.98	3%
2009/2010	£16.3	£8.40	£2.02	2%
2010/2011	£16.9	£8.60	£2.27	12%

Table 2. Finance of European Football (wages)

Football season	Wages (Billion £)	% Growth (From previous year)	Wage/Revenue ratio	Net debt (Bilion £)	Profits (In million £)
2004/2005	£ 0.78		58%	£0.67	£162
2005/2006	£ 0.85	9%	62%	£1.00	£138
2006/2007	£ 0.97	13%	63%	£2.50	
2007/2008	£ 1.20	23%	62%	£3.10	£185
2008/2009	£ 1.33	11%	67%	£3.30	£79
2009/2010	£ 1.39	5%	68%	£2.60	£83
2010/2011	£ 1.59	14%	70%	£2.40	£68

Table 3. Value and length of contracts for TV rights for English Premier League.

Year of contract duration	92-97	97-01	01-04	04-07	07-10	10-13	13-16
Length of contract (yrs)	5	4	3	3	3	3	3
UK Rights fee (£m)	191	670	1200	1024	1706	1773	3018
Highlights (£m)	22.5	80	183	105	171.6	172	179.7
International rights (£m)	40	98	178	325	650	1437	>2000
Total (£m)	253.5	848	1561	1454	2527.6	3382	>5000
Players average wage per year (starting year of contract 000)	117	371	859	955	1,460	1,930	>2,000

Table 4. Comparing average salaries vs salaries of English Premier League players

	92-93	99-00	04-05	05-06	06-07	07-08	08-09	09-10
Average UK Workers Salary (year in	£18.4	£24.6	£29.6	£30.7	£31.6	£33.1	£33.5	£34.1
Premier League salary (year in thousands of £)	£77.0	£383.8	£630.3	£685.7	£778.1	£960.3	£1,066.4	£1,162.3

Figure 1. Portsmouth FC operating loss

