

Football Federation of Ukraine



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Licensing Regulations
OF FOOTBALL CLUBS OF THE PREMIER LEAGUE
OF UKRAINE

Edition 2015

Contests

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Part I. General Provisions

Article 1. Scope of application

These Regulations adopted by the FFU Executive Committee in accordance with the provisions of the UEFA Statute and in particular Articles 7 bis (4), 50 (1), 50(1bis) and item 4.2 of Article 8, item 4.8. of Article 9, item 2.6. of Article 23 and Article 37 of the FFU Statute are entering into force from the date of the decision in accordance with Article 27 paragraph 2 of the FFU Statute and apply only to the clubs participating in the Ukrainian football competition between the teams of the highest level PFCA “Premier League” and the UEFA club competitions.

Article 2. Provisions of the Club Licensing System

All provisions of the Regulations apply whenever they explicitly linked to the organizational matters and conducting of national or UEFA Club Competitions. The Regulations control the rights, duties, and responsibilities of all parties involved in the football clubs licensing system and determine the following:

- a) a the minimum requirements which must be met by the FFU as the member associations of UEFA to be able to act as licensor of affiliated clubs and a minimum package of procedures that should be fulfilled by the licensor to get a true evaluation of licensing criteria;
- b) determination of the applicant (s) on the license for participation in national and UEFA club competitions;
- c) the minimum requirements of sporting, infrastructure, personnel, administrative, legal and financial criteria which must be met by a club to get a license for participation in national and UEFA club competitions;

The Regulations also set out the rights, duties and responsibilities of all the participants in the procedures for the proper performance of the tasks set by UEFA and the FFU on the concept of financial «fair play» including monitoring the financial activities of clubs and determining the following:

- a) a minimum set of procedures that must be met by licensees and licensors in the evaluation criteria of the clubs as well as the responsibilities of the licensee during the national and UEFA club competitions;
- b) the control principles to be followed by licensees, which clubs were allowed to participate in the national and UEFA club competitions.

Article 3. Purpose and Objectives of the Regulations

The purpose and objectives of the regulations are :

- a) a to further promote the spreading and continual improvement of all the aspects of Ukrainian football and to keep constant priority of the youth football development, training and education of young players in all clubs;
- b) ensuring a high level of management and organization of work at the club level;
- c) maintenance, reconstruction and development of a club's sports infrastructure so that players, coaches, spectators, and media representatives were duly provided with good, quality, and safe sports facilities;
- d) ensuring fair and clear terms of the football competition under the aegis of the FFU;
- e) establishing of a comparative analysis of indicators for financial, sports, legal, personnel, administrative and infrastructure criteria of Ukrainian clubs.

Each licensee together with the licensor should ensure compliance with the principle of financial «Fair Play» football competitions, namely:

- a) the development of economic and financial potential of the Ukrainian clubs, increasing transparency and strengthening their business reputation;
- b) proper attention to the protection of creditors with the mandatory guarantee the timely settling of the clubs obligations to the employees, social funds, tax authorities and other clubs;
- c) strengthening the financial discipline and rational use of club finances;
- d) encouraging clubs to work within their own income;
- e) encouraging the responsible attitudes to income and expenditure taking into account long-term interests of football;
- f) ensuring lifelong and sustainable development of the Ukrainian football club in the long run.

Article 4. Definition of Terms

In the Regulations the following definitions are applied:

Additional information - financial information to be provided to the licensor in addition to the financial statements, if the minimum

requirements for disclosure and accounting are not met.

Agent/intermediary – a natural or legal person who, for a fee or free of charge, represents players and/or clubs in negotiations with a view to concluding an employment contract or represents clubs in negotiations with a view to concluding a transfer agreement.

Appeals Licensing Committee of FFU - a permanent body within the licensing system of football clubs which according to Art. 37 paragraph 3 of the FFU Statutes has the exclusive right to consider appeals of applicants for a license or refusal to issue the license.

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

Break-even information – financial information that must be calculated and reconciled to the audited financial statements and underlying accounting records which must be provided by the licensee to assess its compliance with the break-even criteria.

CL/FFP IT solution – IT system developed by UEFA for the purpose of gathering information from licence applicants/licensees and for sharing information with licensors concerning their affiliated clubs, within the scope of the implementation, assessment and enforcement of these regulations.

Control – the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control may be gained by share ownership, statutes or agreement.

Club performance controlling criteria - the requirements that must be met by the licensee that admitted to the football competitions.

Current financial information - information about financial results and financial position of the club during the reporting period that ends in the year when football tournaments under the auspices of FFU begin (the reporting period T).

Deadline for application, reports, documents, etc. to the licensor - a procedure that has a deadline set by the licensor, before the expiry of which candidates for the license must provide the appropriate documents.

DUFLU – Children and Youth Football League of Ukraine

Educational and training facilities – the venues at which a club's registered players regularly perform football training and / or activities to promote youth football.

Event or condition of major economic importance - an event or condition which is considered to be material to the financial statements of a reporting entity and which caused or could cause other (adverse) performance results,

financial position and net assets of that reporting entity if it occurred in a preceding financial reporting period.

FFU Football Clubs Attestation Committee (licensor) - The administrative authority of first instance that in accordance with Art. 37 paragraph 2 of the FFU Statute is a permanent committee of FFU and solely authorized to carry out all activities related to the licensing of football clubs.

FFU Licensing Committee list of decisions - list compiled by the FFU football clubs Licensing Committee properly approved, which among others contains information about license applicants that have passed the qualification process and received a license from the licensor.

Football player's agent - an individual who has a FIFA license issued pursuant to the provisions and recommendations of FIFA, works for a fee as the representative of a football player and represents his or her interests in negotiations with the clubs for signing a contract or revising contractual obligations, or takes part in negotiations between the clubs for signing contracts and agreements in the interests of a particular football player.

Future financial information - information in respect of the financial results and position of the club in the reporting periods that end in the years following the start of the football competition (reporting periods T +1 and later).

Group – a parent company and all its subsidiaries, i.e. an organization that has one or more subsidiaries.

International Financial Reporting Standards (IFRS) – Standards and Interpretations adopted by the International Accounting Standards Board (IASB), which include:

- International Financial Reporting Standards;
- International Accounting Standards; and
- Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Image rights payments – amounts due to employees (either directly or indirectly) as a result of contractual agreements with the licence applicant/licensee for the right to exploit their image or reputation in relation to football and/or non-football activities.

Key management personnel – persons having authority over and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including but not limited to any director (executive or otherwise) of the entity.

License - a certificate confirming that the Club complies with the minimum requirements and provides the right to participate in football club competitions organized and conducted by the FFU and UEFA.

License applicant (licensee) - legal entity that is fully and independently responsible for a football club that participates in national and international club competitions and applies for a license.

Licensed Football Club – a club-applicant for a license which passed through Licensing procedure and to which the FFU Club Licensing Committee issued the license.

Licensing criteria – the minimal requirements that must be met by a football club- applicant for a license.

Licensing procedure - a description of the procedures and minimum requirements for license applicants set out by Regulation and their fulfilling by the license applicants.

Licensing season - a sports season defined by the FFU for which a licensee applies for a license. It starts the day following the deadline specified by the licensor and ends on a determined date of the next year.

Licensing system - Licensing system consists of 5 categories of criteria that must be met by a license applicant in accordance with the requirements established by the FFU Football Clubs Licensing Committee.

Materiality - assumptions or false statements of certain issues are material if they could (individually or collectively) affect decision making. To assess the materiality it matters the scale, volume, and nature of the assumptions or statements that are untrue.

Minimum criteria - standard minimum requirements to be fulfilled by a license applicant to be eligible for receiving a license.

Monitoring documentation – financial information (break-even information, overdue payables information and club information) and management representation which is communicated to the licensor and licensee via CL/FFP IT Solution.

Net debt – the aggregate of the following balances:

- net borrowings (i.e. bank overdrafts and loans, other loans, accounts payable to related parties less cash and cash equivalents);
- net player transfers balance (i.e. the net of accounts receivable from player's transfers and accounts payable from player's transfers).

Party – a person or a legal entity.

Official reporting date - baseline date of the annual accounts by a reporting entity.

Player's registration purchase costs – amounts paid and/or payable for the purchase of player's registration. They include:

- transfer fee for registration;
- transfer fee levy (if determined);
- and other direct costs for the purchase of player's registration, including training and compensation payments to the funds.

Protection from creditors – procedures pursuant to laws or regulations whose objectives are to protect an entity from creditors, rescue insolvent entities and allow them to carry on running their business as a going concern. This process encompasses administration procedures and other insolvency proceedings (that might result in a compromise with creditors, bankruptcy or liquidation).

Regulations of the Premier League of Ukraine football clubs' Licensing - a mandatory document that describes the national system of football clubs' Licensing and provides all the procedures, minimum requirements and responsibilities for violations.

Reporting entity - a registered member and / or football company or a group which must provide information to the FFU for Licensing and controlling purposes.

Reporting period - a financial reporting period ending on a statutory closing date, whether this is a year or not.

Requirements that must be met by a license applicant - Standards and interpretations adopted by the International Accounting Standards Board (IASB), which include:

- International Financial Reporting Standards (IFRS);
- International standards of accounting records (IAS);
- Clarification of the Interpretations Committee of International Financial Reporting Standards (IFRIC) or the former Standing Interpretations Committee (SIC).

Significant change - an event which is considered essential for the previously provided documentation to the licensor that requires a presentation of different data to the already submitted documentation if such an event requires a presentation of other documents if it had occurred prior to the providing of initial documents.

Significant influence - Ability to influence but not control financial and operating policy decision-making. Significant influence may be gained by share ownership, statute or agreement. For the avoidance of doubt, a party or in aggregate parties with the same ultimate controlling party (excluding UEFA, a UEFA member association and an affiliated league) is deemed to have significant influence if it provides an amount equivalent to 30% or more of the licensee's total revenue in a reporting period.

Stadium - venue of the football game including all buildings that have target value (offices, press centers and accreditation centers, executive zones, etc.) up to the fence including the fence and adjacent area and the properties located on it for the organization of matches, as well as the airspace directly above the stadium.

Statutory closing date – the annual accounting reference date of a reporting entity.

Subsidiary is an organization including without creating a legal entity, such company which is controlled by another organization, which for it is a major undertaking.

UEFA football clubs licensing Regulations - a document that defines UEFA system of football clubs licensing. The governing policies and requirements of UEFA football clubs licensing must be reflected in the Regulations of football clubs“ Licensing of the Premier League of Ukraine.

Terms relating to physical persons apply to both genders. The use of any term in singular is used for plurals and vice versa.

Note: in these regulations, the use of the masculine form refers equally to the feminine.

Part II. Football Clubs Licensing System

Article 5. FFU Exception policy

The FFU Club Licensing Committee can request to UEFA Administration (according to Article 4 of the UEFA Regulations (edition 2015) a permission (right) for granting exceptions in particular regarding non-applicability of the three-year rule defined in Article 13 (2) of these Regulations in a case of change to the legal form or legal group structure of licence applicant on a case-by-case basis.

Chapter 1. Licensor

Article 6. Definitions and responsibilities

6.1. In the context of these Regulations the Licensor is a UEFA member association, i.e. the Football Federation of Ukraine in the person of the FFU Licensing Committee which governs the football clubs licensingsystem.

6.2. FFU may involve its affiliated League for specific actions related to the licensing procedure of the clubs. Thus the FFU maintains full and direct responsibility before UEFA for the proper implementation of the club licensingSystem.

6.3. FFU is committed to ensure that all the provisions that apply under the Regulations are integrated into these Regulations and were submitted in English to UEFA.

6.4. The Licensor represented by FFU in accordance with Articles 7-8 of the Regulations and Article 37 of the the FFU Statutesincorporates:

- a) Football Clubs Licensing Committee – decision-making body of the first instance;
- b) Administrative Unit of Football Clubs Licensing – represented by the CL FFU;
- c) Appeals Committee - decision-making body of the second instance.

6.5. In connection with the adoption of the Regulations the authorities of the specified bodies remain unchanged.

6.6. The Licensor creates a list of sanctions for violations of its terms and conditions according to Article 9 of the Regulations.

6.7. The Licensor determines the licensing procedure according to Article 10 of the Regulations.

6.8. The Licensor assesses the documentation submitted by the clubs for compliance and determines whether all criteria have been met and what additional information is required in accordance with Article 11 of theRegulations.

6.9. FFU must ensure equal treatment for all clubs applying to undergo the procedure and obtain a license and guarantee the clubs full confidentiality of all the information obtained during the licensing procedure in accordance with the provisions of Article 12 of the Regulations.

6.10. Only the licensor represented by the the FFU Club Licensing Committee determines whether a licence can be granted to the club.

Article 7. The decision-making bodies

The decision-making bodies in accordance with Article 37 of the FFU Statutes consist of the First Instance Body –the FFU Football Clubs Licensing Committee and the Second Instance Body – FFU Football Clubs Licensing Appeals Committee. These bodies should be independent from each other.

7.1. The First Instance Body has an exclusive competence to decide whether to grant a license to an applicant based on an analysis of documents provided by the Licensor by the submission deadline and has the right to withdraw the already granted certificate.

7.2. The Second Instance Body - FFU Football Clubs Licensing Appeals Committee has an exclusive competence with regards to the appeal decision of the football clubs submitted in writing and makes a final and binding decision on granting or withdrawing of a license.

7.3. Appeals may only be lodged by:

- a) a license applicant who received the refusal in granting a license from the First Instance Body;
- b) a licensee whose license has been withdrawn by the First Instance Body;
- c) a licensor, represented by Licensing Manager.

7.4. The Appeals Body makes its decision only on the basis of the First Instance Body's decision and the evidences submitted by the license applicant (licensee) or licensor with the appeal (subparagraph "c" of paragraph 7.3 of Article 7) by the set deadline defined by the FFU Disciplinary Regulations and assessment procedure (Annex III).

7.5. If the the FFU Statutes will specify a tribunal, this body has to decide whether the football clubs licensing system comes under its authority. In this regard, special attention should be paid to the submission deadlines established by the Regulations under the UEFA requirements.

7.6. Members of the decision-making bodies are approved by the FFU Executive Committee in accordance with paragraph 2 Article 35 of the the FFU Statutes. Existing members of the corresponding body should be reappointed or replaced by the end of their term of office. They must:

- a) act impartially in carrying out their duties;
- b) refrain from voting if there are any doubts about their independence from the applicant or in the event of a conflict of interests. The independence of any member of the decision-making bodies can not be guaranteed if he/she or any member of his/her family (spouse, children, brothers or sisters) is a member, shareholder, partner in business, sponsor, or consultant of the license applicant;
- c) not act simultaneously as Head of a licensing subsidiary body;
- d) not belong simultaneously to a created on the basis of the FFU Statutes a judicial statutory body;
- e) not belong simultaneously to the FFU executive body and/or PFCA “Premier-League”;
- f) not belong simultaneously to membership of administrative authority of affiliated club.

7.7. The decision-making bodies must have at least one qualified lawyer and one qualified financial expert with a qualification recognized at the national level.

7.8. Members of the FFU Appeals Licensing Committee should not be part of the FFU executive body and PFCA “Premier-League” or other decision-making bodies, the CL FFU and other the FFU Committees.

7.9. The quorum of the Decision-Making Bodies of the First Instance consists of five (5), and the Second Instance Body of 3 (three) members. In case of a tie, the chairman has the casting vote.

7.10. The decision-making bodies must operate in accordance with procedures established by the Licensor and have the following minimum standards:

- a) deadlines (for example, the deadline for documents’ submission, etc.);
- b) safeguards of the principle of equal terms;
- c) the possibility of representation (e.g. legal representation, etc.);
- d) protection of the right to be heard (for example during meetings, sessions, hearings, etc.);
- e) compliance with the official language (during official meetings, sessions, etc.);
- f) the time limits for request (e.g. regarding compliance, suspension or renewal procedures, etc.);
- g) the time limits for appeal;
- h) the result of appeal (e.g. immediate announcement of results);
- i) the necessary type or kind of documents confirming the circumstances,

- events, facts;
- j) determining who has the burden of proof (e.g. the evidence of its compliance must be provided by the license applicant);
 - k) issue a decision (e.g. in writing or orally with the reasoning or without, etc.);
 - l) proper processing of complaints;
 - m) adhere to proper and established form of application and content;
 - n) order of consideration (hearings);
 - o) establishing costs of procedures (administrative fee).

Article 8. Football Clubs Licensing Administrative Body represented by CL

8.1. The FFU Administration defines that the functions of subsidiary body of the FFU Club Licensing Committee assigned to the Centre of Licensing of the FFU. The licensor must appoint a licensing manager who is responsible for the administration unit represented by the CL FFU.

8.2. Football Clubs Licensing Administrative Body is a subsidiary body which is performing a licensing of the clubs and helps the FFU First-Instance Body properly assess the file of each club and make an informed decision. The responsibilities of the administrative body are the following:

- a) preparation, implementation, and suggestions for further development of football clubs licensing systems;
- b) providing administrative support to decision-making bodies;
- c) assisting licensees, advising and monitoring of their activities during the sports season;
- d) informing UEFA of any event which occurred after the licensing decision, if as a result of this event have occurred significant changes in the content of the information previously received by the Licensor;
- e) performing functions of contact person (unit) to share experiences with other subsidiary bodies of the member associations of UEFA and also with UEFA.

8.3. The administrative body shall have at least one staff member with appropriate qualifications in Economics and a specialist diploma in accounting (auditing), which is recognized at the national level (e.g. Audit Chamber, Chamber Commerce) or have many years of experience in these areas (certificate of recognition of competence).

Article 9. Catalogue of sanctions

9.1. In order to ensure proper implementation of licensing procedures, the Licensor must:

- a) develop and introduction to the FFU Disciplinary Regulations a list of sanctions and operating procedures for the football clubs licensing system for non-compliance with or improper performance of the criteria and procedures, which may include the following disciplinary penalties: a caution, a fine, the obligation to provide certain documents or perform acts or conditions within the prescribed deadline. The decision to the FFU Control Disciplinary Committee to fix sanctions according to the FFU Disciplinary Regulations;
- b) apply other sanctions provided by the FFU Disciplinary Regulations in connection with violation of licensing or general rules (e.g. providing falsified documents, violation by certain individuals, non-compliance with the deadlines, etc.).

Article 10. The core process of licensing

10.1. The Licensor determines the core process of licensing to verify the compliance with the criteria and thus controls the process of issuing the license (Annex III).

10.2. The licensing procedure begins at a time specified by the Licensor. At the time periods established by UEFA, the decision-making body of the First Instance shall submit a list of decisions and the list of clubs that received a license to participate in the European club and national competitions to the UEFA administration and FFU. Submission of these documents is an evidence of completion of the annual licensing procedure.

10.3. The mandatory key steps in the core process of licensing are:

- a) submission of the candidate's representation letter for the licensing procedure to the Licensor;
- b) submission of the documents for receiving a license by an applicant to the European club and national competitions;
- c) assessment of the applicant's documents by the FFU CL Administrative Licensing Body;
- d) return of the documents to the applicant;
- e) assessment and an informed decision of the decision-making body of the First Instance with regards to the submitted representation letter;
- f) submission of the list of decisions and a list of clubs to the FFU and

UEFA administration with regards to the clubs that received the License to participate in the European club competitions.

10.4. The time periods of the key stages are defined by the FFU Football Clubs Licensing Committee. Such time periods must be communicated to all the concerned parties, especially to the clubs.

Article 11. The assessment procedures

The Licensor specifies the assessment methods except those used for the monitoring of financial criteria. For the latter there are special procedures for assessment which stated in Annex XVI.

Article 12. Ensuring equal opportunities and confidentiality

12.1. The Licensor ensures equal terms for all the license applicants during the licensing process.

12.2. The licensor guarantees the licence applicant full confidentiality with regard to all information submitted during the licensing process. Anyone involved in the licensing process or appointed by the licensor must sign a confidentiality agreement before assuming their tasks.

Chapter 2. License Applicant. License

Article 13. Definition of license applicant і правило трьох років

13.1. A license applicant may be only a football club that is a legal entity fully responsible for a football team of the club that participates in national and international competitions and that is a registered member of a regional federation and an affiliated League, recognized by FFU (hereinafter - "registered member");

13.2. At the beginning of the licensing season the registered member must exist for at least 3 (three) consecutive years.

13.3. Any change in the legal form or the organizational structure of the licence applicant group, including, for example, change of headquarters' address, brand name or club colors, transferring stake holdings among the various clubs in this period, aimed at facilitation of qualification on sporting merit and / or receiving of a license to the detriment of the principle of integrity is an absolute reason for refusal to issue a license or its revocation.

Article 14. General responsibilities of the license applicant

14.1 The license applicant must provide the licensor with:

- a) all necessary documents and / or data that fully confirm the fact of fulfilling of their licensing obligations;

b) any other documentation required for the well-grounded decision-making by the licensor.

14.2. The specified documentation must include the information about the reporting organization (or organizations) and in respect of which sporting, personnel and administrative, infrastructure, legal and financial criteria must be provided.

14.3 The Licensor shall be promptly informed of any event that occurred after the submission of the documents, if such an event causes a significant change in the previously submitted information(including a change of legal group form or legal group structure).

Article 15. License

15.1. Clubs which qualify for the national club competitions on sporting merit for the next sports season must obtain a license in accordance with these Regulations, except as indicated in Article 16.

15.2. Clubs which qualify for the UEFA and European club competitions on sporting merit for the next sports season must obtain a license in accordance with these Regulations and UEFA Club Licensing and Financial Fair Play Regulations, except as indicated in Article 16.

15.3. A license expires without prior notice together with the end of sports season for which it was issued.

15.4. A license issued to the club cannot be transferred to anyone.

15.5. A license may be withdrawn by the decision-making body of the Licensor, if:

- a) during the sports season a Licensee becomes insolvent and begins the liquidation procedures in accordance with the law. In case when a Licensee becomes insolvent but is transferred into a bankruptcy administration during the sports season for the rescue of the club and its business, the license should not be withdrawn;
- b) any condition which is mandatory for issuing of a license is no longer performed;
- c) the licensee violated any of its obligations which was formulated in the requirements or rules of the club licensing System.

15.6. As soon as a license withdrawal is envisaged, FFU must immediately inform the UEFA administration about it.

Article 16. Special permission

16.1. If the club which may be accepted to participate in the European club

competitions UEFA on sporting merit but has not undergone any licensing procedure for the highest division clubs to enter the UEFA club competitions, because it does not belong to the clubs of the Ukrainian Premier League, FFU on behalf of this club has the right to send a request to UEFA about the extraordinary application of the football club licensing systems in accordance with Annex II.

16.2. Based on such extraordinary application of the rules, UEFA may grant to this club a special permission to participate in the relevant UEFA club competitions. Such an extraordinary application is applied only to the specific club and for the specific sports season.

16.3. The same procedure in the appropriate case is applied by the FFU Football Clubs Licensing Committee to the national club competitions as well.

Chapter 3. Licensing criteria

Article 17. General provisions

17.1. Each licensing applicant which applies for licensing procedure in accordance to its own desire to participate in national and UEFA club competitions must fulfil the procedure and criteria requirements specified in this Chapter of the Regulations.

17.2. Non-fulfilment of the criteria defined in Articles 23, 24, 27, 36, 37, 43 and 44 is not a ground for refusal to issue a license, but involves the sanctioning of the club in accordance with Article 9 of the Regulations.

17.3. Non-fulfilment of the criteria defined in Articles 59-70 and also in Article 53 regarding the breach of item 2 (b) is not a ground for refusal to issue a license for the participation in the FFU and PFCA “Premier-League’s” competitions, however these criteria are compulsory in order for them to be granted a licence to enter the UEFA club competitions.

Part I. Sporting Criteria

Article 18. Youth development program

18.1. The license applicant must have a written youth development program of its club approved by the licensor.

18.2. The youth development program of its club must cover at least the following areas:

- a) objectives and youth development principles;
- b) organization structure of youth sector (organizational chart, bodies involved, relation to license applicant, youth teams etc.); Academy/school status (statute documents, if within the club – club’s order, cooperation agreements, agreements with subsidiaries, etc.)

- c) personnel (staffing, coaching staff - education, the level of the FFU license, technical, medical, administrative and other staff, indicating the required minimum level of qualification etc.);
- d) personnel (staffing, coaching staff - education, the level of the FFU license, technical, medical, administrative and other staff, indicating the required minimum level of qualification etc.);
- e) infrastructure available for youth sector (training and match facilities, facilities for theoretical studies and games, etc.);
- f) financial resources (Academy/school available budget, cost estimates);
- g) football education program for the different age groups (playing skills, technical, tactical and physical);
- h) education program on the "Laws of the Game", fight against doping and racial discrimination;
- i) education program on integrity;
- j) medical support for youth players (including conducting of regular medical checks);
- k) review and feedback process to evaluate the results and the achievements of the set objectives;
- l) validity of the program which is at least three years and maximum seven years.

18.3. The license applicant must further ensure support for mandatory and additional schooling of young players through the introduction of the following mandatory conditions:

- a) every youth player of the youth team involved in its youth development program has the possibility to attend mandatory school education in accordance with the current law;
- b) every youth player of the youth team involved in its youth development program is not prevented from continuing their non-football education (school or professional).

Article 19. Youth teams of the club

19.1. The license applicant must at least have the following youth teams within its legal entity or within the legal entity affiliated to its legal entity:

- a) one team within the age range "To - 21";
- b) one team within the age range "To - 19";
- c) one team within the age range "To - 17";
- d) one team within the age range "To - 16"
- e) one team within the age range "To - 15"

- f) one team within the age range "To - 14"
- g) one team within the age range under 10 years.

19.2. Youth teams of the above mentioned age groups according to the paragraphs a) and g) must participate in official competitions of PFCA "Premier-League" or DUFLU that are carried out at the national level. Each football player of the teams must be registered in the FFU.

19.3. Youth teams in the age group that is defined in paragraph "g" are not required to participate in official competitions. For these teams are developed other appropriate tournaments - mini-tournaments, youth tournaments at the local level, etc., which are organized for the purpose of entertainment and creating opportunities to gain experience playing in children's teams. No mandatory registration for such players is provided.

19.4. The licensor recommends that the youth teams of the club do not participate in more official matches or programs than is provided below (based on sports season and football player):

- a) "To 19" and "To 17" years should not participate in more than 40 (forty) official calendar matches every year (per football player);
- b) "To 15" and "To 13" years should not participate in more than 30 (thirty) official calendar matches every year (per football player).

Article 20. Medical care of football players

The license applicant must ensure that all players eligible to train and play in the teams of the club undergo a yearly thorough medical examination, including examination of the cardiovascular system.

Article 21 Registration of player

All the license applicant's players, including youth players above the age of 10, must be registered with the FFU in accordance with the relevant provisions of the FIFA Regulations on the Status and Transfer of Players.

Article 22. Written contract with professional players

All the professional players that are members of the club - a license applicant must have a written contract with its club in accordance with the relevant provisions of the FIFA Regulations on the Status and Transfer of Players.

Article 23. Refereeing matters and Laws of the Game

23.1. The license applicant must confirm that at least all the players of the club's first team, head coach or assistant coach of the first team took part in a meeting or other event on the refereeing matters, explanation of the

provisions of the Laws of the Game, interpretations of the provisions of the Laws of the Game, as well as the special requirements with regards to behaviour assessment of the players before, during and after the game.

23.2. Such session, meetings and other events are conducted by the FFU or with its participation during the season preceding the licensing season.

23.3. The license applicant must take a written commitment that the persons representing the club (officials, coaches, players, etc.) will respect the referees in their public statements and will not make any malicious comments in the media at their address.

Article 24. Racial equality and anti-discrimination practice

The license applicant must apply a policy to tackle racism and discrimination in football in line with UEFA's 10-point plan on racism as defined in the UEFA Safety and Security Regulations before, during and after the games.

Part II. Infrastructure Criteria

Article 25. Stadium approved for national and UEFA club competitions

25.1. The license applicant must have at its disposal the stadium, located in the jurisdiction of the FFU and accepted by the relevant State commission for participation in national and UEFA club competitions. The license applicant shall:

- a) be a legal owner of the stadium;
- b) submit a written agreement with the owner of this or other stadiums, which he will use. This agreement must ensure its use for all the home matches of the national and UEFA club competitions for the next season, the right to participate in which the club received on the basis of their sporting merit;
- c) provide a written guarantee that this stadium or the stadium, which is indicated by the license applicant as a reserve stadium can be used appropriately throughout the sports season, for which the club received a license.

25.2. The license applicant must prove that the stadiums, which it will use during the sports season, meet the FFU Regulations of stadiums' infrastructure and security measures of competition as well as the minimum requirements defined in the UEFA Stadium Infrastructure Regulations and are classified at least as a UEFA category 2 stadium.

Article 26. Training facilities - Availability

26.1. The license applicant must have training facilities all the year. It must:

- a) be the legal owner of training facilities;
- b) submit a written agreement with the owner of the training facilities, if the club is not the owner. This agreement should ensure the use of training facilities by all teams participating in the competitions organized by the FFU, the right to participate in which the club received on the basis of their sporting merit;
- c) guarantee that training facilities will be used by all teams of the license applicant during the license season, taking into account the development and implementation of its youth development program.

26.2. The license applicant must prove that the training facilities which will be used during the sports season, meet the FFU Regulations on the Stadium Infrastructure Regulations and the security measures of the competitions.

Article 27. Training facilities – Approved infrastructure

The license applicant must have training facilities that meet the FFU minimum requirements for outdoor and indoor training facilities, properly equipped dressing rooms and medical rooms.

Part III. Personnel and Administrative Criteria

Article 28. Club Secretariat

The license applicant must have appointed an adequate number of skilled secretarial staff according to its needs to run its daily business according to needs and must have in its disposal an office space in which to run its administration. The license applicant's office must be ready to an informational communication with the licensor and the public and that it is equipped, as a minimum, with phone, fax, e-mail facilities of the computer networks, its own website and other contemporary means of communication.

Article 29. General manager (director of the club)

The license applicant must have appointed a general manager of the club who is responsible for running its daily business and managing the operative matters.

Article 30. Finance officer

30.1. The license applicant must have appointed a qualified finance officer who is responsible for its financial matters.

30.2. The level of qualification of finance officer should be equal to the requirements of a financial economist set out in Standard Wage-Rates and Skills Reference Book of work and occupations of Ukraine.

30.3. Finance officer must have a diploma of higher professional (economic) education and a work experience of at least 3 years at one of the following positions:

- a) financial economist;
- b) accountant;
- c) auditor.

Article 31. Media officer

31.1. The license applicant must have appointed a qualified media officer who is responsible for media matters.

31.2. The media officer must hold the following level of qualifications:

- a) diploma in journalism or linguistics;
- b) diploma of completing the media officer courses, organized by the FFU or organization approved by the FFU;
- c) "Certificate of recognition of competence", which is issued by the licensor on the basis of a practical experience in this area and performing of the relevant functions of at least one year.

Article 32. Medical doctor

32.1. The license applicant must have the medical staff who is responsible for medical support and football players' consulting during matches and training as well as for doping prevention. They must be staff member of the club.

32.2 The qualification of medical doctor must be recognized by the appropriate national health authorities, namely: doctor must have a certificate in sports medicine.

32.3. Medical doctor must be duly registered with the FFU considering the number of teams in the club.

32.4. The Lack of medical certification in sports medicine does not give the medical doctor the right to work in the club and stay in the technical area.

Article 33. Physiotherapist (masseur)

33.1. The license applicant must have the staff of physiotherapists (masseurs) who are responsible for medical treatment and massages for the first squad during training and matches. They must be staff members of the club.

33.2. The qualification of physiotherapist (masseur) of the club must be recognized by the appropriate national health authorities, namely: physiotherapist (masseur) must have a certificate in sports massage.

33.3. Physiotherapist (masseur) must be duly registered with the FFU.

33.4. Lack of certification in sports massage does not give the physiotherapist (masseur) the right to work in the club and stay in the

technical area.

Article 34. Security officer

34.1. The license applicant must have appointed a qualified security officer who is responsible for safety and security matters during the organization of the match.

34.2. The security officer must have the following minimal level of qualification:

- a) certificate of a police officer or security officer under existing legislation;
- b) Diploma of the employee responsible for safety and security issued by an official organization after finishing of specific courses and/or after finishing specific courses approved by the FFU;

Article 35. Stewards

The license applicant must have ensured safety and security at home matches by involving qualified stewards. With this aim he must:

- a) appoint a qualified head of steward, that has obtained the FFU certificate issued after finishing the FFU specific courses regarding organizations of stewards work;
- b) hire the required number of qualified stewards; enter into a written contract with the stadium owner for providing stewards' service.

Article 36. Supporter liaison officer

36.1. The license applicant must have appointed a liaison officer who will be the key contact point for supporters.

36.2. The supporter liaison officer should regularly meet and collaborate with the corresponding club staff on all related issues.

Article 37. Disability access officer

37.1. The licence applicant must have appointed a disability officer to provide the provision of inclusive, accessible facilities and services.

37.2. The disability access officer should regularly meet and collaborate with the relevant club staff on all related issues.

Article 38. Head coach of first squad

38.1. The license applicant must have appointed a qualified head coach who is responsible for preparing clubs football players to the club team matches.

38.2. The head coach must hold:

- a) Valid “UEFA Pro- licence”;
- b) Valid non-UEFA coaching licence which is equivalent to the licence required under a) above and recognized by UEFA as such;

Article 39. Assistant coach of first squad

38.1. The license applicant must have appointed a qualified coach who assists the head coach in training and matches of the first squad.

38.2. The assistant coach of the first squad must hold of one of the following documents confirming his coaching qualifications:

- a) minimum “UEFA A - licence”;
- b) valid non-UEFA coaching licence which is equivalent to the one required under a) above and recognized by UEFA as such;

Article 40. Head of youth development programme

40.1. The license applicant must have appointed a qualified head of the youth development program who is responsible for running the daily business and the technical aspects of the youth sector.

40.2. The head of the youth development program must hold:

- a) minimum “UEFA A - licence”;
- b) valid non-UEFA coaching licence which is equivalent to the one required under a) above and recognized by UEFA as such;

40.3. The head of the youth development program must be properly registered in the FFU.

Article 41. Youth coaches

41.1. For each mandatory youth team, the license applicant must have appointed at least one qualified coach who is responsible for all training and matches related to this team.

41.2. The youth coaches must hold of one of the following documents confirming his coaching qualifications:

- a) youth team coach within the age range of “to 19” up tp “to 21” must have at least “UEFA Youth A-Licence” and an appropriate licence;
- b) youth team coach within the age range of “to 15” up tp “to 19” must have at least “UEFA Youth A- Licence” and an appropriate licence;
- c) youth team coach within the age range of “to 11” up tp “to 14” must have at least “UEFA Youth B- Licence” and an appropriate licence;
- d) youth team coach within the age range of “to 10” must have at

least “UEFA Youth B- Licence” and an appropriate license.

41.3. The other coaches of youth teams of the club must hold the minimum qualifications set by the FFU.

41.4. Coaches of youth teams must be properly registered with the FFU.

Article 42. Common provisions applicable to UEFA coaching qualifications under the UEFA Coaching Convention

42.1. The FFU as a member of the UEFA Coaching Convention voluntarily assumed and performs all obligations arising under the Convention of the rights and responsibilities, understanding that UEFA reserves the right to analyse the situation in FFU and decide on a case by case basis in this respect.

42.2. A holder of the required UEFA coaching licence in accordance with the UEFA implementation provisions of the UEFA Coaching Convention and within the meaning of Articles 36 to 39 is considered to be a coach:

- a) if he has a UEFA coaching licence by the FFU and an appropriate license; or
- b) is already a member of a required UEFA coaching licence course. Simple registration for the required licence course is not sufficient to meet this criterion.

42.3. All the qualified coaches must be duly registered with FFU.

Article 43. Rights and duties

The rights and duties of the personnel defined in Articles 28 - 41 must be defined in writing and brought to everybody’s notice.

Article 44. Duty of replacement during the season

44.1. If a function defined in Articles 28 - 41 becomes vacant during the license season, the licensee must ensure that, within a period of a maximum of 30 days, the function is taken over by someone who holds the required qualification.

44.2. In the event that a function becomes vacant due to illness or accident, the licensor may grant an extension to the 60-day period only if reasonably satisfied that the person concerned is still medically unfit to resume his duties.

44.3. The licensee must promptly notify the FFU of any such replacement.

Part IV. Legal Criteria

Article 45. Declaration in respect of participation in national and UEFA club competitions

45.1. The license applicant must submit a legally valid statement

(declaration) confirming the following:

- a) recognizes as legally binding and declares to always adhere to the Statutes, regulations, decisions (recommendations), rules and directives of FIFA, UEFA, FFU, and the Premier- League as well as the jurisdiction of the Court of Arbitration for Sport (CAS) in Lausanne, Switzerland, as provided in the relevant articles of the FIFA, UEFA, the FFU and “Premier-League” Statutes;
- b) will play in competitions at national level recognized and endorsed by the FFU;
- c) will participate in competitions at international level recognized by UEFA. To avoid any doubt, this provision does not relate to training matches;
- d) will promptly inform the FFU represented by the FFU CL Licensing Administrative Body about any significant change, event or condition of major economic importance as well as about major event that happened after submitting the licensing documents;
- e) will abide by the club licensing rules and conditions of the FFU and will act accordingly to these Regulations;
- f) will abide by the UEFA Club Licensing and Financial Fair Play Regulations and act according to them;
- g) its reporting perimeter is defined in accordance with Article 47;
- h) it will be accountable for any consequences of an entity included in the reporting perimeter not abiding by and observing items a) and f) above.
- i) confirms that all the submitted to the licensor documents are complete and correct;
- j) authorizes the FFU CL Licensing Administrative Body, the FFU Club Licensing Committee, the FFU Appeals Club Licensing Committee, the UEFA administration, the Club Financial Control Body and the UEFA and the FFU Disciplinary Organs to examine any relevant to the licensing documents and seek information from any relevant public authority or private body in accordance with the current law;
- k) acknowledges that UEFA reserves the right to execute compliance audits at national level in accordance with Article 70 of the club licensing Regulations of Ukrainian “Premier –League”.

45.2. The statement (declaration) must be executed by an authorized signatory of the license applicant no more than three months prior to the deadline for its submission.

Article 46. Minimum legal information

46.1. The license applicant must submit notarially certified copy of its current statutes, that regulate its activity.

46.2. The license applicant must further submit an extract from a public register (e.g. the Unified State Register of Enterprises and Organizations of Ukraine (USREO)) which contain the information about the license applicant:

- a) Corporate name;
- b) Location of juridical person;
- c) Legal form
- d) List of authorized signatories (name, surname) and type of required signature.

Part V. Financial Criteria

Article 47. Legal group structure of reporting entity/entities and reporting perimeter

47.1. The license applicant must provide the licensor with the overall legal group structure presented in a description or a chart, duly approved by club's management. The licence applicant must notify the licensor of any changes there may have been to the legal group structure during the period between the statutory closing date and the submission of the chart to the licensor.

47.2. This document must include detailed information on the licence applicant, any subsidiary, any associated entity and any direct or indirect controlling entity up to the ultimate parent company and ultimate controlling party and/or any party that has 10% or greater direct or indirect ownership of or otherwise significant influence over the licence applicant. Any associated company or subsidiary of such parent must also be disclosed.

47.3. The legal group structure must clearly identify which entity is a registered member of the regional federation and/or league that are recognized by the FFU and reflect all the information about all the subsidiaries of the license applicant:

- a) name of legal entity;
- b) legal form of entity;
- c) main economic activity;
- d) percentage of ownership interest (and, if different, percentage of voting power held).

For any subsidiary of the licence applicant, the following information must also be provided:

- e) share capital;
- f) total assets;
- g) total revenues;
- h) total equity.

47.4. The licence applicant determines and provide the reporting perimeter, i.e. the entity or combination of entities in respect of which financial information (e.g. single entity, consolidated or combined financial statements) has to be provided in accordance with Annex XIII (B).

47.5. The reporting perimeter must include:

- a) the licence applicant;
- b) any subsidiary of the licence applicant;
- c) any other entity included in the legal group structure which generates revenues and/or performs services and/or incurs costs in respect of the football activities defined in paragraph 47.6 b) to i) below;
- d) any entity, irrespective of whether it is included in the legal group structure, which generates revenues and/or performs services and/or incurs costs in respect of football activities as defined in paragraph 46.6 a) to b) below.

47.6. Football activities include:

- a) employing/engaging personnel (as defined in Article 50) including payment of all forms of consideration to employees arising from contractual or legal obligations;
- b) acquiring/selling players' registrations (including loans);
- c) ticketing;
- d) sponsorship and advertising;
- e) broadcasting;
- f) merchandising and hospitality;
- g) club operations (e.g. administration, matchday activities, travel, scouting, etc.);
- h) financing (including financial secured or pledged against the assets of the licence applicant);
- i) use and management of stadium and training facilities;
- j) youth sector.

47.7 An entity may be excluded from the reporting perimeter only if:

- a) its activities are entirely unrelated to the football activities defined in paragraph 47.6 above and/or the locations, assets or brand of the football club;
- b) it is immaterial compared with all the entities that form the reporting perimeter and it does not perform any of the football activities defined in paragraph 47.6 a) and b) above; or
- c) the football activities it performs are already entirely reflected in the financial statements of one of the entities included in the reporting perimeter.

47.8. The licence applicant must submit a declaration (written application) by an authorized signatory which confirms:

- a) that all revenues and costs related to each of the football activities indicated in paragraph 47.6 have been included in the reporting perimeter and provide a detailed explanation should this not be the case; and
- b) whether any entity included in the legal group structure has been excluded from the reporting perimeter, justifying any such exclusion with reference to paragraph 47.7.

Article 48. Annual financial statements

48.1. The license applicant must prepare and submit the financial statements by the deadline set by the licensor.

48.2 Annual financial statements must be approved by management, which is confirmed by way of a signature of authorized person in accordance with club's statute.

48.3. Annual financial statements must be audited by an independent auditor as defined in Annex IV.

48.4. The annual financial statements must consist of:

- a) a balance sheet and supplementary information (according to Annex V and Annex VI);
- b) a profit and loss statement and supplementary information (according to Annex VII);
- c) a cash flow statement and supplementary information (according to Annex VIII and Annex IX);
- d) own capital statement and supplementary information (according to Annex X);

e) notes, comprising a summary of significant accounting policies and other explanatory notes and supplementary information (according to Annex XI);

f) a financial review to the next sport season signed and reviewed by club's management.

48.5. The annual financial statements must meet the minimum disclosure requirements as set out in Annex XII and the accounting principles as set out in Annex XIII. Comparative figures in respect of the prior statutory closing date also must be provided.

48.6. If the minimum requirement for the content and accounting as set out in Article 48.5 above are not met in the annual financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirement that must be assessed by an independent auditor as defined in Annex IV.

Article 49. No overdue payables towards football clubs

49.1. The license applicant must prove that on March, 31 of the current year prior to the licensing season, it had no overdue payables towards other football clubs carried out till 31 December of the previous year (in accordance with Annex XIV).

49.2. Overdue payables are the amounts that belong to the football club as the results of transfer activities, including training compensation and solidarity contributions, as defined in the FIFA Regulations on the Status and Transfer of Players and the FFU Regulations on the Status and Transfer of Players, as well as any other amounts due upon fulfilment of certain conditions.

49.3. The license applicant must prepare and submit to the licensor the transfer payables table (according to the Annex XV). This table should be prepared, even if during this period there were no transfers / loans of the players.

49.4. The licence applicant must disclose:

a) all new player registrations (including loans) in the 12 month period up to 31 December, irrespective of whether there is an amount outstanding to be paid as at 31 December;

b) all transfers for which an amount is outstanding to be paid as at 31 December, irrespective of whether they were undertaken in the 12 month period up to 31 December or before; and

c) on all the transfers subject to a claim pending before the FFU competent football authorities in accordance with the national law to the

international football authorities or the appropriate arbitration court (CAS).

49.5. The transfer payables table must obligatorily include the following information (as for the transfer of each player, including loans):

- a) player (identification by name or number);
- b) date of the transfer / loan agreement;
- c) the name of the football club, which was previously the holder of the registration;
- d) transfer (or loan) fee paid or payable (including training compensation and solidarity contributions)
- e) other direct costs of acquiring the registration – already paid/received or payable/withheld;
- f) the amount settled and the payment date;
- g) the amount with regards to acquiring / loan of a player's transfer outstanding at 31 December indicating payment terms for each unpaid element of the overdue transfer payables;
- h) any payable amount as at 31 March rolled forward from 31 December, indicating the due date of each payment together with explanatory comments;
- i) conditional amounts (contingent liabilities) not yet recognized in the balance sheet as of 31 December.
- j) amounts subject to any claim/proceedings pending.

49.6. The license applicant must reconcile the total liability as per the transfer payables table to the figure in the balance sheet (financial statements) for „Accounts payable relating to player transfers“ (if applicable) or to the underlying accounting records and is required to report in this table all payables even if payment has not been requested by the creditor.

49.7. The transfer payables table must be approved by management and this must be evidenced by way of a signature of authorized person in accordance with club's statute.

Article 50. No overdue payables in respect of employees

50.1. The license applicant must prove that as at 31 March preceding the license season it has no overdue payables (as defined in Annex XIV) towards its employees as a result of contractual and legal obligations towards its employees that arose prior to the previous 31 December.

50.2. Payables are all forms of consideration due in respect of employees as a result of contractual or legal obligations including wages, salaries, image

rights payments, bonuses and other benefits. Amounts payable to people who, for various reasons, are no longer employed by the license applicant fall within the scope of this criterion and must be settled within the period stipulated in the contract, regardless of how such payables are accounted for in the financial statements.

50.3. The term “employees” includes the following persons:

- a) all professional players according to the applicable FIFA Regulations on the Status and Transfer of Players; and
- b) the administrative, technical, medical and security staff specified in Articles 29 to 34 and 36 to 41.

50.4. The licence applicant must prepare and submit to the licensor an employees table showing:

- a) all employees who were employed at any time during the year up to the 31 December, i.e. not just those who remain at 31 December;
- b) all employees in respect of whom there is an amount outstanding to be paid as at 31 December, irrespective of whether they were employed during the year up to 31 December; and
- c) all employees in respect of whom there is a claim pending before the competent authority under the national law or proceedings pending before a national or international football authority or relevant arbitration tribunal.

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

- a) name of the employee;
- b) position of the employee;
- c) start date;
- d) end date (if applicable);
- e) the balance payable as at 31 December, including the due date for each unpaid element;
- f) any payable as at 31 March (rolled forward to the next dates), including the due date for each unpaid element, together with explanatory comment; and
- g) Amounts subject to any claim/proceedings pending.

50.6. The employees table must be approved by management and this must be evidenced by way of a signature of authorized person in accordance with club’s statute.

Article 51. No overdue payables towards social/tax authorities

51.1. The license applicant must prove that as at 31 March preceding the license season it has no overdue payables (as defined in Annex XIV) towards social and tax authorities as a result of contractual and legal obligations towards its employees that arose prior to the previous 31 December.

51.2. The licence applicant must submit to the auditor and the licensor necessary documentary evidence :

- a) the amount payable (if any) as at 31 December preceding the licence season and also amount payable as at 31 March (or extended to the next deadlines) before the competent social/tax authorities;
- b) any claim/proceedings pending.

51.3. The following information must be given, as a minimum, in respect of each payable towards social/tax authorities, together with explanatory comment:

- a) name of the creditor;
- b) any payable as at 31 December, including the due date for each unpaid element;
- c) any payable as at 31 March (rolled towards from 31 December), including the due date for each unpaid element, together with explanatory comment and supporting evidence; and
- d) amounts subject to any claim/proceedings pending.

51.4. The license applicant must reconcile the total liabilities as per the social/tax table to the figure in the financial statements balance sheet for “Accounts payable to social/tax authorities” or to the underlying accounting records.

51.5. The information contained in the social/tax table must be approved by management and this must be evidenced by way of a signature of authorized person in accordance with club’s statute.

Article 52. Written management representations about existence or absence of conditions (events) of major economic importance, which are to be made before the licensing decision and during the licensing season

52.1. Within seven days prior to the start of the period in which the licensing decision is to be made by the FFU Club Licensing Committee, the licence applicant must make written representations to the licensor. (in accordance with Annex XXI).

52.2. If conditions (events) of major economic importance occur during the licensing season, licensee has to provide licensor with the written

management representation within 7 days from the date of appearance of such conditions (events).

52.3. The licence applicant must confirm the following:

- a) That all documents submitted to the FFU Club Licensing Committee are complete and correct;
- b) Whether or not any significant change in relation to all the licensing criteria has occurred;
- c) Whether or not any events or conditions of major economic importance have occurred that may have an adverse impact on the license applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable). If any events or conditions of major economic importance have occurred, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made;
- d) Whether or not the license applicant or any parent company of the license applicant included in the reporting perimeter is seeking or has received protection from its creditors pursuant to current Ukrainian laws or other regulations within the 12 months preceding the licensing season.

52.4. Approval by management must be evidenced by way of a signature of authorized person in accordance with club's statute.

Article 53. Future financial information

53.1. The license applicant must prepare and submit future financial information in order to demonstrate to the licensor its ability to continue as a going concern until the end of the license season if it has breached any of the indicators defined in paragraph 53.2 below.

53.2. If a licence applicant exhibits any of the conditions described by items a) or b) , it is considered in breach of the indicator:

a) Going concern

The auditor's report in respect of the annual financial statements submitted in accordance with Article 48 includes emphasis of matter or a qualified opinion in respect of going concern.

b) Negative equity

The annual financial statements, including, where required, the supplementary information, submitted in accordance with Article 48 disclose a net liabilities position (negative equity) that has deteriorated relative to the

comparative figure contained in the previous year's annual financial statements,

53.3. Future financial information must include the period commencing immediately after the statutory closing date of the annual financial statements and it must cover the entire licence season, i.e. 18 months.

53.4. Future financial information includes (according to Annex XXII):

a) a budgeted profit and loss statement, with comparative figures for the immediately preceding financial year and interim period (if applicable);

b) a budgeted cash flow and comparative figures for the immediately preceding financial year, as well as for the interim period (if applicable);

c) explanatory notes, including a brief description of each of the significant assumptions (with reference to the relevant aspects of historic financial and other information) that have been used to prepare the budgeted profit and loss statement and cash flow statement, as well as of the key risks that may affect the future financial results.

53.5. Future financial information must be prepared on a consistent basis with the audited annual financial statements that underwent an audit and follow the same accounting policies as those applied for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements; in which case details must be disclosed.

53.6. Future financial information with the assumptions upon which they are based must be approved by management and this must be evidenced by way of a signature of authorized person in accordance with club's statute.

Part III. UEFA Club Monitoring

Chapter 1. Rights, duties and responsibilities of parties involved in club licensing

Article 54. Responsibilities of the UEFA Club Financial Control Body

54.1. The UEFA Club Financial Control Body, which is divided into an investigatory chamber and an adjudicatory chamber, carries out its duties as specified in the present regulations and in the Procedural rules governing the UEFA Club Financial Control Body.

54.2. In carrying out these responsibilities, the UEFA Club Financial Control Body ensures equal treatment of all licensees, and guarantees full confidentiality of all information provided.

Article 55. Monitoring process

55.1. The monitoring process starts on submission by the licensor of the list of licensing decisions to the UEFA administration and ends at the end of the license season.

55.2. It consists of the following minimum key steps:

- a) issuing of the monitoring documentation to the licensor and licensee;
- b) return of the required completed monitoring documentation by the licensee to the licensor;
- c) assessment and confirmation of the completeness of each licensee's documents by the licensor;
- d) submission of the validated documentation by the licensor to the UEFA Administration;
- e) assessment of the documentation by the UEFA Club Financial Control Body;
- f) if appropriate, request for additional information by the UEFA Club Financial Control Body;
- g) decision by the UEFA Club Financial Control Body as specified in the relevant provisions of the Procedural rules governing the UEFA Club Financial Control Body.

55.3. The deadlines for the above monitoring process steps are communicated to the licensors in a timely manner by the UEFA administration.

Article 56. Responsibilities of the licensor

56.1. The licensor must:

- a) communicate the deadlines of the monitoring process to the licensee;

- b) cooperate with the UEFA Club Financial Control Body in respect of its requests and enquiries;
- c) ensure and confirm to the UEFA Club Financial Control Body that in respect of the break-even information, all information submitted by the licensee is complete and corresponds to the information previously submitted for club licensing purposes;
- d) assess and confirm to the UEFA Club Financial Control Body that the selected reporting entity/entities is/are the same as those that fulfilled the club licensing criteria and is/are appropriate for club monitoring purposes;
- e) inform the UEFA Club Financial Control Body of any relevant information submitted by the licensee in respect of club monitoring requirements and any event occurring after the licensing decision that constitutes a significant change to the information previously submitted by the licensee.

56.2. In carrying out these responsibilities, the licensor ensures equal treatment and guarantees full confidentiality of all provided information.

Article 57. Responsibilities of the licensee

The licensee must:

- a) cooperate with the licensor and the Club Financial Control Panel in respect of their requests and enquiries;
- b) provide the licensor and the UEFA Club Financial Control Body with all necessary information and/or relevant documents to fully demonstrate that the monitoring requirements are fulfilled, as well as any other document requested and deemed to be relevant for club monitoring decision-making, by the deadline set by the licensor and/or the UEFA administration. The reporting entity or combination of entities in respect of which information is required to be provided must be the same as for club licensing.
- c) promptly notify the licensor in writing about any subsequent events that constitute a significant change to the information previously submitted to the licensor, including a change of legal form or legal group structure.

Chapter 2. Monitoring requirements

Article 58. Scope of application and exemption

58.1. All licensees that have qualified for a UEFA club competition must comply with the monitoring requirements, i.e. with the break-even requirement (Articles 59 to 65) and with the other monitoring requirements (Articles 66 - 70).

58.2. A licensee that demonstrates it has relevant income and relevant expenses (as defined in Article 59 below EUR 5 million in respect of each of the two reporting periods ending in the two years before commencement of the UEFA club competitions) is exempt from the break-even requirement. Such an exemption decision is taken by the UEFA Club Financial Control Body and is final.

58.3. If a licensee's annual financial statements are denominated in a currency other than Euros, then to determine whether it should be exempt or not from the breakeven requirement, the relevant figures must be converted into Euros at the average exchange rate of the reporting period, as published by the European Central Bank.

58.4. If the reporting period for the annual financial statements is greater or less than 12 months, then the threshold of EUR 5m (relevant income/relevant expenses) is adjusted up or down according to the length of the reporting period. The flexed threshold level is then compared to the licensee's relevant income and relevant expenses as appropriate.

58.5. Under certain circumstances, as further illustrated in Annex XVIII, a licensee can apply to enter into a voluntary agreement with the UEFA Club Financial Control Body for the fulfillment of the break-even requirement.

Part I. Break-even requirement

Article 59. Notion of relevant income and expenses

59.1. Relevant income and expenses are defined in Annex XVII.

59.2. Relevant income and expenses must be calculated and reconciled by the licensee to the audited annual financial statements and underlying accounting records and to the projected break-even information if applicable.

59.3. Relevant income and expenses from related parties must be adjusted to reflect the fair value of any such transactions.

Article 60. Notion of monitoring period

60.1. A monitoring period is the period over which a licensee is assessed for the purpose of the break-even requirement. As a rule it covers three reporting periods:

- a) the reporting period ending in the calendar year that the UEFA club competitions commence (hereinafter: reporting period T);
- b) the reporting period ending in the calendar year before commencement of the UEFA club competitions (hereinafter: reporting period T-1), and
- c) the preceding reporting period (hereinafter: reporting period T-2).

As an example, the monitoring period assessed in the license season 2015/16 covers the reporting periods ending in 2015 (reporting period T), 2014 (reporting period T-1) and 2013 (reporting period T-2).

Article 61. Notion of break-even result

61.1. The difference between relevant income and relevant expenses is the breakeven result, which must be calculated in accordance with Annex XVII for each reporting period.

61.2. If a licensee's relevant expenses are less than relevant income for a reporting period, then the club has a break-even surplus. If a club's relevant expenses are greater than relevant income for a reporting period, then the club has a breakeven deficit.

61.3. If a licensee's financial statements are denominated in a currency other than Euros, then the break-even result must be converted into Euros at the average exchange rate of the reporting period.

61.4. The aggregate break-even result is the sum of the break-even results of each reporting period covered by the monitoring period (i.e. reporting periods T, T-1 and T-2).

61.5. If the aggregate break-even result is positive (equal to zero or above) then the licensee has an aggregate break-even surplus for the monitoring period. If the aggregate break-even result is negative (below zero) then the licensee has an aggregate break-even deficit for the monitoring period.

61.6. In case of an aggregate break-even deficit for the monitoring period, the licensee may demonstrate that the aggregate deficit is reduced by a surplus (if any) resulting from the sum of the break-even results from the two reporting periods prior to T-2 (i.e. reporting periods T-3 and T-4).

Article 62. Notion of acceptable deviation

62.1. The acceptable deviation is the maximum aggregate break-even deficit possible for a club to be deemed in compliance with the break-even requirement as defined in Article 64.

62.2. The acceptable deviation is EUR 5 million. However, it can exceed this level up to EUR 30 million if such excess is entirely covered by contributions from equity participants and/or related parties. A lower amount may be decided in due course by the UEFA Executive Committee.

62.3. Contributions from equity participants and/or related parties (as specified in Annex XVII) are taken into consideration when determining the acceptable deviation if they have occurred and been recognized:

- a) in the financial statements for one of the reporting periods T, T-1 or T-2;
or
- b) in the accounting records up until the deadline for submission of the break-even information for the reporting period T.

62.4. The licensee must demonstrate the substance of the transaction, which must have been completed in all respects and without any condition attached. An intention or commitment from owners to make a contribution is not sufficient for such a contribution to be taken into consideration.

62.5. If contributions from equity participants and/or related parties occurring until the deadline for submission of the break-even information for the reporting period T are recognized in a club's reporting period T+1 and have been taken into consideration to determine of the acceptable deviation in respect of the monitoring period (T-2, T-1 and T) assessed in the license season commencing in that same calendar year, then for later monitoring periods the contributions will be considered as having been recognized in reporting period T.

62.6. For a monitoring period containing a reporting period of greater than or less than 12 months, the acceptable deviation will be adjusted up or down according to the length of the monitoring period.

Article 63. Break-even information

63.1. By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit:

- a) the break-even information for the reporting period T-1;
- b) the break-even information for the reporting period T-2, if not already previously submitted;
- c) the break-even information for the reporting period T, if it has breached any of the indicators defined in paragraph 63.3 below.

63.2. The break-even information must:

- a) concern the same reporting perimeter as that for club licensing as defined in Article 47;
- b) be approved by management, as evidenced by way of a brief statement confirming the completeness and accuracy of the information, and signature on behalf of the executive body of the licensee.

63.3. If a licensee exhibits any of the conditions described by indicators a),b),c), it is considered in breach of the indicator:

- a) *Going concern.*

The auditor's report in respect of the annual financial statements (i.e. reporting period T-1) and interim financial statements (if applicable) submitted in accordance with Article 48 includes an emphasis of matter or a qualified opinion/conclusion in respect of going concern..

b) Negative equity.

The annual financial statements (i.e. reporting period T-1) submitted in accordance with Article 47 disclose a net liabilities position that has deteriorated relative to the comparative figure contained in the previous year's annual financial statements (i.e. reporting period T-2).

c) Break-even result .

The licensee reports a break-even deficit as defined in Article 61 for either or both of the reporting periods T-1 and T-2.

63.4. In addition, the UEFA Club Financial Control Body reserves the right to ask the licensee to prepare and submit the break-even information for the reporting period and additional information at any time, in particular if the annual financial statements reflects that:

- a) employee benefits expenses exceed 70% of total revenue; or
- b) net debt exceeds 100% of total revenue.

Article 64. Fulfilments of break-even requirement

64.1. The break-even requirement is fulfilled if no indicator is breached as defined in Article 63(3) and the licensee has a break-even surplus for reporting periods T-2 and T-1.

64.2. The break-even requirement is fulfilled, even if an indicator is breached as defined in Article 63(3), if:

- a) The licensee has an aggregate break-even surplus for reporting periods T-2, T-1 and T; or
- b) The licensee has an aggregate break-even deficit for reporting periods T-2, T-1 and T which is within the acceptable deviation as defined in Article 62 having also taking into account the surplus, if any in the reporting periods T-3 and T-4 as defined in Article 61.6.

64.3. The break-even requirement is not fulfilled if the licensee has an aggregate break-even deficit for reporting periods T-2, T-1 and T exceeding the acceptable deviation as defined in Article 62 having also taken into account the surplus, if any, in the reporting periods T-3 and T-4 as defined in Article 61.6.

Article 65. Projected break-even information

65.1. If the licensee is in breach of any indicator in Article 63.3, it must prepare and submit the projected break-even information by the deadline and in the form approved by the FFU or communicated by the UEFA administration.

65.2. The projected break-even information must cover 12 month period commencing immediately after the statutory closing date of the reporting period T (hereinafter: reporting period T+1).

65.3. The projected break-even information must consist of:

- a) a budget profit and loss account;
- b) a projected break-even result based on the budgeted profit and loss account and including adjustments to calculate relevant income and expenses;
- c) a budget cash flow;
- d) a budgeted balance sheet; and
- e) explanatory notes, including assumptions that are not unreasonable, risks and a comparison with reporting period T.

65.4. The projected break-even information must be prepared on a consistent basis with the audited annual financial statements and follow the same accounting policies as those applied for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements – in which case details of the changes must be disclosed.

Part 3. Other monitoring requirements

Article 66. No overdue payables towards football clubs – Enhanced

66.1. As at 30 June and as at 30 September of the year in which the FFU club competitions commence, the licensee must not have any overdue payables (as specified in Annex VIII) towards other football clubs as a result of transfers undertaken up to 30 June and up to 30 September respectively.

66.2. Every licensee must prove that it has no overdue payables as at 30 June. If a licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise requested by the UEFA Club Financial Body, then it must also prove that it has no overdue payables as at the 30 September.

66.3. Payables are those amounts due to football clubs as a result of transfer activities, including training compensation and solidarity contributions as

defined in the FIFA Regulations on Status and Transfer of Football Players and the FFU Regulations on Status and Transfer of Football Players, as well as any amount due upon fulfillment of certain conditions.

66.4. By the deadline and in the form communicated by the FFU licensing administration, the licensee must prepare and submit a transfer payables table, even if there have been no transfers/loans during the relevant period.

66.5. The licensee must disclose:

- a) all new player registrations (including loans) in the 12 month period up to 30 June, irrespective of whether there is an amount outstanding to be paid at 30 June.
- b) all transfers for which an amount is outstanding to be paid at 30 June/30 September, irrespective of whether they were undertaken in the 12 month period up to 30 June/30 September or before; and
- c) all transfers subject to a claim pending before the competent authority under national law or proceedings pending before a national or international football authority or relevant arbitration tribunal, as at 30 June/30 September.

66.6. The transfer payables table must contain the following information as a minimum (in respect of each player transfer, including loans):

- a) player's information (full name or registered number);
- b) date of the transfer/loan agreement;
- c) name of the football club that formerly held the registration;
- d) transfer (or loan) fee paid and/or payable (including training compensation and solidarity contributions);
- e) other direct costs of acquiring the registration paid and/or payable;
- f) amount settled and payment date;;
- g) balance payable at 30 June/30 September in respect of each football player transfer including the due date(s) for each unpaid element;
- h) conditional amounts (contingent liabilities) not yet recognized in the balance sheet as of 30 June; and
- i) amounts subject to any claim/proceedings pending.

66.7. The licensee must reconcile the total liability as per the transfer payables table to the figure in the balance sheet (financial statements) for „Accounts payable relating to player transfers“ (if applicable) or to underlying accounting records. The licensee is required to report in this table all payables even if payment has not been requested by the creditor.

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

Article 67. No overdue payables in respect of employees – Enhanced

67.1. As at 30 June and as at 30 September of the year in which the UEFA club competitions commence, the licensee must not have any overdue payables (as specified in Annex XIV) in respect of its employees (as defined in paragraph 2 and 3 of Article 50).

67.2. Every licensee must prove that it has no overdue payables as at 30 June. If the licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise requested by the UEFA Club Financial Control Body, then it must also prove that it has no overdue payables as at 30 September.

67.3. By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of payables in respect of employees.

67.4. The licensee must disclose:

- a) all employees for which an amount is outstanding to be paid as at 30 June/30 September; and
- b) all employees in respect of which there is a claim pending before the competent authority under national law or proceedings pending before a national or international football authority or relevant arbitration tribunal as at 30 June/30 September.

67.5. The following information must be given, as a minimum, in respect of each overdue payable towards employees, together with an explanatory comment:

- a) name of the employee;
- b) position/function of the employee;
- c) start date;
- d) end date (if applicable);
- e) balance overdue as at 30 June/30 September, including the due date for each overdue element; and
- f) Amounts subject to any claim/proceedings pending.

67.6. The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

Article 68. No overdue payables towards social/tax authorities – Enhanced

68.1. As at 30 June and as at 30 September of the year in which the UEFA club competitions commence, the licensee must not have any overdue payables (as specified in Annex XIV) towards social/tax authorities as a result of contractual or legal obligations in respect of its employees as defined in Article 51.

68.2. Every licensee must prove that it has no overdue payables as at 30 June. If the licensee has overdue payables as at 30 June of the year in which the UEFA club competitions commence or if otherwise requested by the UEFA Club Financial Control Body, then it must also prove that it has no overdue payables as at 30 September.

68.3. By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of payables towards social/tax authorities.

68.4. The following information must be given, as a minimum, in respect of each overdue payable towards social/tax authorities, together with an explanatory comment:

- a) name of creditor;
- b) Balance overdue as at 30 June/30 September, including the due date for each overdue element; and
- d) amounts subject to any claim/proceedings pending.

68.5. The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

Article 69. Duty to report subsequent events

69.1. The licensee must promptly notify the licensor in writing about any significant changes including, but not limited to, subsequent events of major economic importance not later than till the end of the license season.

69.2. The information prepared by management must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement with supporting reasons that such an estimate cannot be made.

Article 70. Common provision

If one of this monitoring requirements is not fulfilled, then the FFU Committee can make a decision, including the possibility to conclude a settlement agreement with the licensee, taking into consideration other factors as defined in Annex XVIII and takes the appropriate measures without delay in accordance with these Regulations and the FFU Disciplinary Regulations.

Part IV. Final provisions

Article 71. Authoritative text and language of correspondence

71.1. All correspondence between the FFU and a licensee must be done in Ukrainian in accordance with Article 4 the FFU Statutes.

71.2. All correspondence between UEFA and the licensor and the licensee must be in one of the three UEFA official languages (English, French and German) and UEFA may ask the licensor and licensee for a certified translation of documents at their expense.

Article 72. Annexes

All annexes to the present regulations form an integral part thereof.

Article 73. Compliance audits

73.1. UEFA and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of the licensor and, in the presence of the latter, of the license applicant-licensee.

73.2. Compliance audits aim to ensure that the licensor, as well as the licence applicant/licensee, have fulfilled their obligations as defined in these regulations and that the licence was correctly awarded at the time of the final decision of the licensor.

73.3. For the purpose of compliance audits, in the event of any discrepancy in the interpretation of the national club licensing regulations between the UEFA official language version and the official Ukrainian language version, the UEFA official language version is authoritative.

Article 74. Disciplinary procedures

74.1. The UEFA Club Financial Control Body at all times bears in mind the overall objectives of these regulations, in particular to defeat any attempt to circumvent these objectives.

74.2. Any breach of these regulations may be dealt with by the FFU in accordance with the FFU Disciplinary Regulations.

Article 75. Implementing provisions

The FFU Executive Committee will take the decisions and adopt the detailed provisions necessary for implementing these Regulations.

Article 76. Adoption, abrogation and entry into force

76.1. These regulations were adopted by the FFU Executive Committee at its meeting «26» October 2015.

76.2. These regulations fully replace the Club Licensing Regulations (Edition 2012).

76.3. These regulations come into force in accordance with Article 27 paragraph 2 of the FFU Statutes immediately after adoption «26» October 2015:

For the FFU Executive Committee:

Andriy Pavelko
President

Volodymir Geninson
General secretary

Kyiv, «26» October 2015.

ANNEX I: Exceptions policy

A. Principle

1. The FFU Club Licensing Committee may, in accordance with Article 5, grant exceptions on the following matters:

- a) non-applicability of a minimum requirement concerning the decision-making bodies or process defined in Article 7 due to national law or any other reason;
- b) non-applicability of a minimum requirement established by the FFU concerning the core process defined in Article 10 due to national law or any other reason;
- c) non-applicability of a minimum assessment procedure established by UEFA defined in Article 11 due to national law or any other reason;
- d) non-applicability of the three-year rule defined in Article 13(2) in case of change of legal form or company structure of the license applicant depending on circumstances;
- e) non-applicability of a certain criterion defined in part II, chapter 3 due to national law or any other reason;
- f) extension of the introduction period for the implementation of a criterion or a category of criterion defined in part II, chapter 3.

2. Exceptions related to items a), b), c), e) and f) are granted to the FFU and apply to all clubs which are registered with the FFU and submit a licensing application to enter the UEFA club competitions. Exceptions related to item d) are granted to the individual club that applies for a license.

3. An exception is granted for a period of one season. Under specific circumstances this period may be extended and FFU may be placed on an improvement plan.

4. A renewal of the exception is possible upon a new request.

B. The process

1. The FFU Committee acts as the first instance decision-making body on exception requests.

2. An exception request must be in writing, clear and well founded.

3. A football club must address the FFU Committee with the request of granting exceptions related to items defined under A(1) (a, b, c, e and f) by the deadline established by FFU Club Licensing Committee.

4. Exceptions related to the item defined under A(1)(d) can be submitted at any time by the FFU.

5. The FFU Club Licensing Committee uses the necessary discretion to grant any exception within the limits of these regulations.

6. The status and situation of football within the territory of the FFU will be taken into account when granting an exception. This encompasses, for example the following:

- a) size of the territory, population, geography, economic background;
- b) size of the area (region) (number of clubs, number of registered players and teams, size and quality of the administration of the association, etc.);
- c) the level of football (professional, semi-professional or amateur clubs);
- d) status of football as a sport within the territory and its market potential (average attendance, TV market, sponsorship, revenue potential, etc.);
- e) stadium ownership situation (club, city/community, etc.) within the territory under the control of the FFU;
- f) support (financial and other) from the national, regional and local authorities, including the State sports bodies;
- g) protection of creditors;
- h) legal group structure and reporting perimeter.

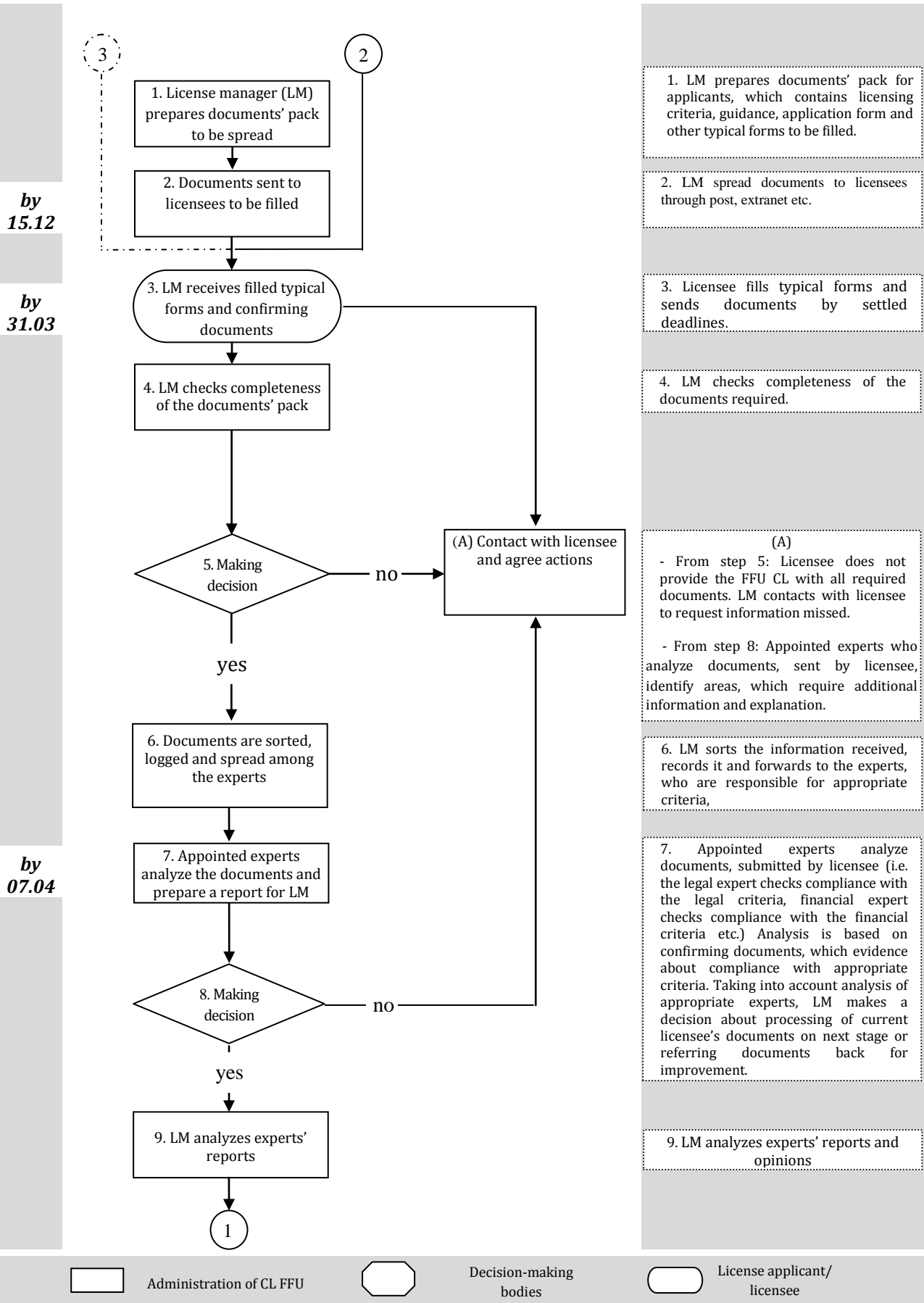
7. The decision will be communicated to the football club. The decision must be in writing and state the reasoning.

8. Appeals can be lodged by football club against decisions made by the FFU Club Licensing Committee before the FFU Appeal Committee in accordance with the relevant provisions laid down in the FFU Statutes.

ANNEX II: Extraordinary application of the club licensing system

1. The FFU Club Licensing Committee defines the minimum criteria for the extraordinary application of the club licensing system as specified in Article 16(1) and communicates them to the football clubs of Ukraine at the latest by 31 August of the year preceding the license season.
2. The football clubs of Ukraine must notify the FFU Club Licensing Committee of such extraordinary application requests in writing by 15 April at the latest.
3. The FFU Club Licensing Committee defines the necessary deadlines and forwards these to the concerned football clubs of Ukraine.
4. FFU is responsible for submitting the criteria to the club(s) concerned for the assessment for the extraordinary procedure at national level. They must also take immediate action with the club(s) concerned to prepare for the extraordinary procedure.
5. The club(s) concerned must provide the necessary documentary proof to the FFU Club Licensing Committee that will assess the club(s) against the fixed minimum standards.
6. The FFU Club Licensing Committee bases its decision on the documentation received and grants special permission to enter the FFU club competitions which are held by the FFU and PFCA "Premier-League", if all the set criteria are fulfilled and if the club(s) ultimately qualifies on sporting merit. The decision will be communicated to the football club(s) concerned.
7. If such a club is eliminated on sporting merit during this extraordinary procedure, the FFU must immediately terminate this procedure without further decision. Such a terminated procedure cannot be restarted at a later stage.
8. Appeals can be lodged by football club against decisions made by the FFU Club Licensing Committee before the FFU Appeal Committee in accordance with the relevant provisions laid down in the FFU Statutes.

ANNEX III: Licensing order



by 15.12

by 31.03

by 07.04

1. LM prepares documents' pack for applicants, which contains licensing criteria, guidance, application form and other typical forms to be filled.

2. LM spread documents to licensees through post, extranet etc.

3. Licensee fills typical forms and sends documents by settled deadlines.

4. LM checks completeness of the documents required.

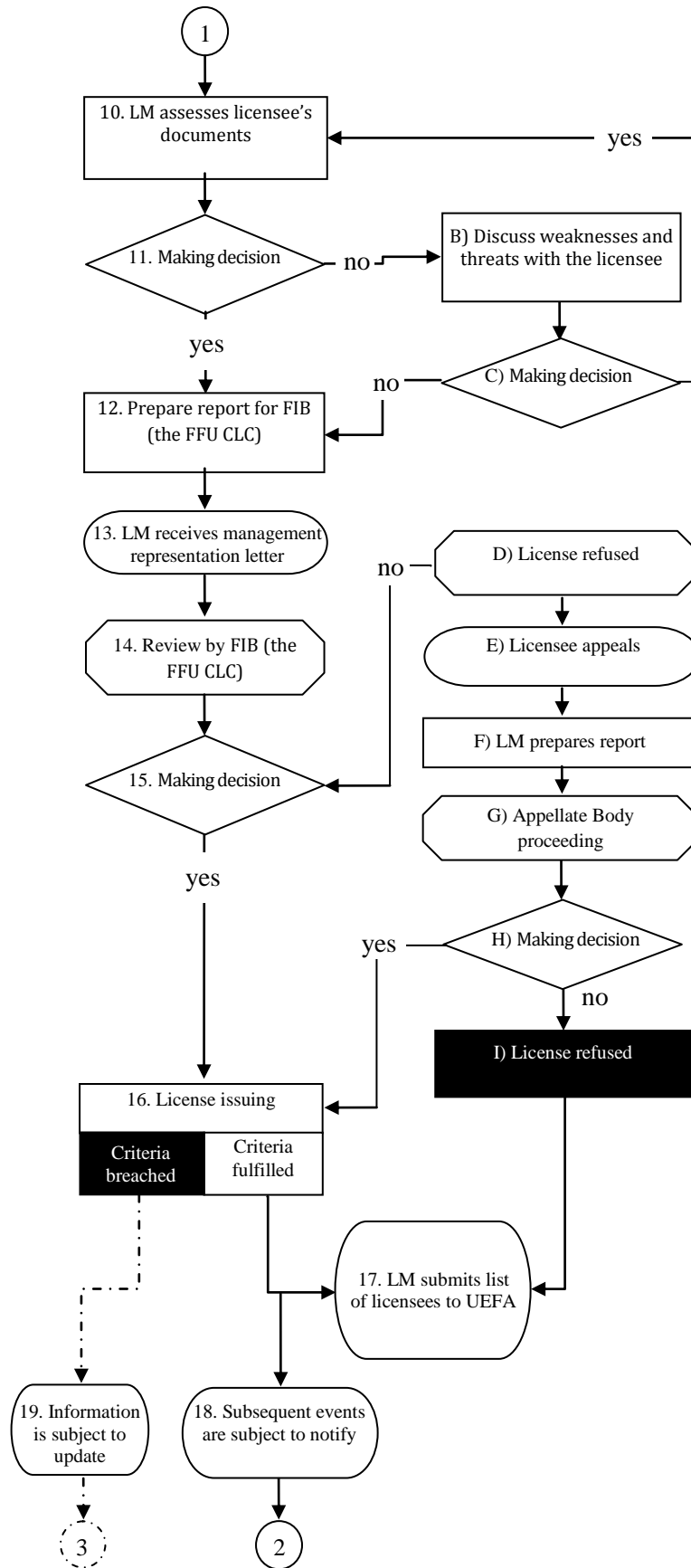
(A)
- From step 5: Licensee does not provide the FFU CL with all required documents. LM contacts with licensee to request information missed.

- From step 8: Appointed experts who analyze documents, sent by licensee, identify areas, which require additional information and explanation.

6. LM sorts the information received, records it and forwards to the experts, who are responsible for appropriate criteria,

7. Appointed experts analyze documents, submitted by licensee (i.e. the legal expert checks compliance with the legal criteria, financial expert checks compliance with the financial criteria etc.) Analysis is based on confirming documents, which evidence about compliance with appropriate criteria. Taking into account analysis of appropriate experts, LM makes a decision about processing of current licensee's documents on next stage or referring documents back for improvement.

9. LM analyzes experts' reports and opinions



10. LM assesses licensee and on the basis of experts' reports identifies weaknesses and threats, which may require further investigation or additional information.

B) LM discusses weaknesses and threats with the licensee or non-compliance with criteria. LM may require additional confirming documents or make a decision about further inspection. If the inspection is planned, LM (and/or employees of administration of CL FFU) meets with the licensee's management for discussing weaknesses and threats and possible ways of solving the situation and terms' agreement.

12. LM prepares report for FIB (the FFU CLC). This report contains aspects of inspection's result and other aspects, including recommendation about advisability of license issuing.

C) Licensee agrees with the action plan and makes necessary steps for solving the situation. Licensee disagrees with the action plan and does not make recommended steps.

13. LM receives management representation letter from the license applicant, which contains information about changes, events, circumstances of major economic importance.

14. Analysis is made by FIB (the FFU CLC). It could be a committee of external experts as well as internal. The FFU CLC makes a decision taking into account conclusion of the administration of CL FFU and other internal expert, if it is necessary.

15. The FFU CLC makes a decision whether to issue the license or not.

D) If the license is not issued, the licensee will be informed about the grounds and he will be able to appeal.

E) Licensee decides to appeal and provides the Appellate Body with appeal statement. The date of proceeding is to be settled.

F) LM prepares report and provides the Appellate Body with it.

G) Appeal statement is subject to consideration on by the Appellate Body.

H) The Appellate Body makes a decision whether to issue the license or not.

16. License is issued and recommendations are mentioned, which are subject to attention in future.

I) The grounds of license refuse contain the areas, which are subject to improvement.

17. LM submits list of licensees to UEFA by deadline settled by UEFA.

18. Licensee has to inform licensor immediately in written form about subsequent events which may have negative influence in respect of going concern till the end of licensing season.

19. If licensee breaches one or more indicators, he will have to prepare future financial information - enhanced.

by 07.05

by 15.05

by 15.05

Deadline settled by UEFA

Administration of CL FFU

Decision-making bodies

License applicant/ licensee

ANNEX IV: Determination of the auditor and auditor's assessment procedures

A. Principle

1. The auditor must be independent in compliance with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (see Article 48).
2. The auditor must be a member of one of the relevant IFAC member bodies. If there is no member of the IFAC within a license applicant's territory, the license applicant is required to use an independent auditor who is permitted by national law to carry out audit work.

B. Assessment Procedures

1. The auditor must audit the annual financial statements.

The auditor's report must:

a) include a statement confirming that the audit was conducted in accordance with the International Standards on Auditing or relevant national auditing standards or practices where these comply with, as a minimum, the requirements of the International Standards on Auditing; and

b) be submitted to the licensor together with the annual financial statements to form a basis for his licensing decision.

2. The auditor must assess supplementary information, if any. The auditor's report of factual findings must:

a) include a statement confirming that the assessment was conducted by way of agreed-upon procedures according to the International Standards on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; and

b) be submitted to the licensor together with the supplementary information to form a basis for his licensing decision.

3. Financial information other than that defined in paragraphs 1-2 above may be assessed by an auditor. In this case, the auditor's report must:

a) include a statement confirming that the assessment was conducted either:

i) by way of agreed-upon procedures according to the International Standard on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; or

- ii) for the assessment of future financial information (if applicable), according to the International Standards for Assurance Engagements (ISAE) 3400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISAE 3400; and
- b) be submitted to the licensor together with the relevant documentation to form a basis for his licensing decision.

ANNEX V: Comparative table of minimum requirements to football clubs of Ukraine for balance sheet items

The FFU minimum requirements	Name of the item according to National standards of accounting		Necessity of providing additional information
Balance Sheet	«Balance» Form № 1		
Assets	Assets	Line code	
Current assets	II. Current assets		
i. cash and cash equivalents	Cash and cash equivalents	1165	
ii. accounts receivable from player transfers (current)			Necessity of providing additional information in Annex VI
iii. accounts receivable from group entities and other related parties (current)	Accounts receivable from the internal payments	1145	Necessity of providing additional information in Annex VI
	Other items related to accounts receivable from group entities and other related parties (current)		
iv. other current accounts receivable	Other current accounts receivable	1155	
	Accounts receivable for goods, works, services	1125	
	Other items related to other current accounts receivable		
v. tax assets (current)	Accounts receivable for settlement with the budget	1135	
vi. inventories	Inventories	1100	
vii. other assets (current)	Other current assets	1190	
	Current financial investments	1160	
	Expenses of future periods	1170	
	Other items related to other assets (current)		
Total current assets	Total for section II	1195	
Non-current assets	I. Non-current assets	Line code	
ii. accounts receivable from player transfers (non-current)			Necessity of providing additional information in Annex VI
iii. accounts receivable from group entities and other related parties (non-current)			Necessity of providing additional information in Annex VI
v. tax assets (non-current)	Deferred tax assets	1045	
vii. other assets (non-current)	Other non-current assets	1090	
	Incomplete capital investments	1005	
	Other items related to other assets (non-current)		
viii. tangible fixed assets	Fixed assets	1010	
ix. intangible assets – players	Intangible assets	1000	Necessity of providing additional information in Annex VI
x. intangible assets – other			
xi. investments	Long-term financial investments, which are accounted by method of stockholding of other entities	1030	
	Other financial investments	1035	
Total non-current assets	Total for section I	1095	
Total assets	Balance	1300	

Liabilities	Liabilities	Line code	
Current liabilities	Current liabilities and provisions		
xii. bank overdrafts			Necessity of providing additional information in Annex VI
xiii. bank and other loans (current)	Current bank loans	1600	
xiv accounts payable to group entities and other related parties (current)	Accounts payable for internal payments	1645	Necessity of providing additional information in Annex VI
	Other items related to accounts payable to group entities and other related parties (current)		
xv. accounts payable relating to player transfers (current)			Necessity of providing additional information in Annex VI
xvi. accounts payable to employees (current)	Current accounts payable for wages	1630	
xvii. accounts payable to social/tax authorities (current)	Current accounts payable for settlement with the budget	1620	
	Current accounts payable for insurance	1625	
xviii. accruals and deferred income (current)	Incomes of future periods	1665	
xix. other tax liabilities (current)			Necessity of providing additional information in Annex VI
xx. other current accounts payable	Current accounts payable for goods, works, services	1615	
	Current accounts payable for advances received	1635	
	Other items related to other current accounts payable		
xxi. provisions (short-term)	Current provisions	1660	
xxii other liabilities (current)	Other current liabilities	1690	
	Other items related to other liabilities (current)		
Total current liabilities	Total for section III	1695	
Non-current liabilities	II. Long-term liabilities and provisions	Line code	
xiii. bank and other loans (non-current)	Long-term bank loans	1510	
xiv accounts payable to group entities and other related parties (non-current)			Necessity of providing additional information in Annex VI
xv. accounts payable relating to player transfers (non-current)			Necessity of providing additional information in Annex VI
xvi. accounts payable to employees (non-current)	Long-term provisions for expenses on employees	1521	
xvii. accounts payable to social/tax authorities (non-current)	Deferred tax liabilities	1500	
	Pension liabilities	1505	
xviii. accruals and deferred income (non-current)			Necessity of providing additional information in Annex VI
xix. other tax liabilities (non-current)			Necessity of providing additional information in Annex VI
xxi. provisions (long-term)	Long-term provisions	1520	
xxii other liabilities (non-current)	Other long-term provisions	1515	
	Other items related to other liabilities (non-current)		
Total non-current liabilities	Total for section II	1595	
Equity	I. Equity	Line code	
xxiv. share/fund capital	Registered (share) capital	1400	
xxv. retained earnings	retained earnings (uncovered loss)	1420	

xxvi. other reserves	Additional capital	1410	
	Reserve capital	1415	
Total equity	Total for section I	1495	
xxiii. net assets/liabilities			
Total liabilities	Balance	1900	

In accordance with minimum requirements of the FFU Regulations it is required to provide information, which may not contain separate item of balance sheet according to current legislation of Ukraine (i.e. accounts payables relating to player transfers, intangible assets – players etc). For this purpose the comparative table above helps to identify the balance sheet items in accordance with the FFU Regulations and legislation of Ukraine, which could be compared and there is no need to disclose such items separately.

According to this Annex, the items in respect of which the additional information has to be disclosed separately in Annex VI in order to meet requirements of the FFU Regulations and optimize a process of filling the financial information via the CL/FFP IT-Solution are mentioned.

ANNEX VI: Additional information to balance sheet

The FFU minimum requirements	Amount on the beginning of the period	Amount on the end of the period	Comments
1	2	3	4
Current assets			
ii. accounts receivable from player transfers (current)			
iii. accounts receivable from group entities and other related parties (current)			
Non-current assets			
ii. accounts receivable from player transfers (non-current)			
iii. accounts receivable from group entities and other related parties (non-current)			
ix. intangible assets – players			
x. intangible assets – other			
Current liabilities			
xii. bank overdrafts			
xiv accounts payable to group entities and other related parties (current)			
xv. accounts payable relating to player transfers (current)			
xix. other tax liabilities (current)			
Non-current liabilities			
xiv accounts payable to group entities and other related parties (non-current)			
xv. accounts payable relating to player transfers (non-current)			
xviii. accruals and deferred income (non-current)			
xix. other tax liabilities (non-current)			

The name of the item according to National standards of accounting is presented in column 4 “Comments”, which includes information (amount) of the item in accordance with the FFU requirements. For example, “accounts receivable from player transfers (current)” (column 1) may be included in item “Other current accounts payable”, line code 1155 (column 4).

ANNEX VII: Additional information to the profit and loss statement

Name of the item	Amount for reporting period (T-1)	Amount for reporting period (T-2)	Comments
1	2	3	4
OPERATING INCOME			
i. Revenue - gate receipts			
gate receipts- matchday national competition			
gate receipts- UEFA club competition			
gate receipts - season tickets			
gate receipts - membership fees			
gate receipts - other			Necessity of providing explanation in this column
Total gate receipts			
ii. Revenue - sponsorship and advertising			
Sponsorship and advertising - technical sponsorship (manufacturer of sport uniform)			
Sponsorship and advertising - main (title) sponsorship			
Sponsorship and advertising - stadium sponsorship (from sale of the rights for the name of the stadium)			
Sponsorship and advertising - pitch-perimeter sponsorship			
Sponsorship and advertising - other			
Total sponsorship and advertising			
iii. Revenue - broadcasting rights			
Broadcasting rights - national competition matches			
Broadcasting rights - other (excluding UEFA club competition matches)			
Total broadcasting rights			
iv. Revenue - Commercial activities			
Commercial activities - matchday national competition			
Commercial activities - souvenirs (related products)			
Commercial activities - leasing of sport facilities between matches			
Commercial activities - membership fees (not related with match attendance)			
Total commercial activities			
v. Revenue - UEFA solidarity and prize money			
UEFA revenue - broadcasting			
UEFA revenue - matchday UEFA competition			
UEFA revenue - prizes			
UEFA revenue - solidarity payments			
Total UEFA solidarity and prize money			
vi. Other operating income			
Subsidies from national football authority			
Subsidies from national and local authorities			
Subsidies from non-related parties			
Subsidies from related parties			
Income from non-football operation related to the club			Necessity of providing explanation in this column
Income from non-football operation not related to the club			Necessity of providing explanation in this column
One-time income			Necessity of providing explanation in this column
Other operating income - other			Necessity of providing explanation in this column
Total other operating income			
TOTAL OPERATING INCOME			

OPERATING EXPENSES			
vii. cost of sales/materials			
Total cost of sales/materials			
viii. employee benefits expenses (players and other employees)			
Salaries - players			
Expenditure on social security of players			
Other compensation of players			
Total players benefits expenses			
Salaries – other employees			
Expenditure on social security of other employees			
Other compensation of other employees			
Total other employees benefits expenses			
Other employee benefits expenses			
Total employee benefits expenses			
ix. depreciation and impairment of tangible fixed assets			
depreciation of tangible fixed assets			
impairment of tangible fixed assets			
Total depreciation and impairment of tangible fixed assets			
x. amortization and impairment of intangible fixed assets (excluding player registrations)			
amortization of intangible fixed assets (excluding player registrations)			
impairment of intangible fixed assets (excluding player registrations)			
Total amortization and impairment of intangible fixed assets (excluding player registrations)			
xi. other operating expenses			
Match expenses			
Expenses of sponsorship and advertising			
Expenses of commercial activity			
Rental costs			
Expenses of non-football operations			Necessity of providing explanation in this column
One-time expenses			Necessity of providing explanation in this column
Expenditure on youth development activities			
Expenditure on community development activities			
Other operating expenses - other			Necessity of providing explanation in this column
Total other operating expenses			
Total operating expenses (excluding player registrations)			
xii. profit/loss on disposal of assets			
profit/loss on disposal of tangible fixed assets			
profit/loss on disposal of intangible assets			
Net profit/loss on disposal of assets			
xiii. profit/loss on disposal of intangible assets – players			
amortization of intangible fixed assets (player registrations)			
impairment of intangible fixed assets (player registrations)			
profit on disposal of intangible assets – players			
loss on disposal of intangible assets – players			
Expenditure on acquiring player registrations (including agent’s fee and rent fee)			
Income from disposal player registrations (including agent’s fee and rent fee)			
Net profit/loss on disposal of intangible assets – players			

xiv. finance income and expense			
Finance income			
Finance expenses			
Net income (expenses) from currency exchange operation			
Net finance income (expenses)			
xv. non-operating income/expense			
Other non-operating income			
Other non-operating expense			
Net non-operating income/expense			
xvi. tax income/expense			
Tax income/expense			
xvii. profit or loss after taxation.			
Profit or loss after taxation			Must be equal to amount of "Net financial result: profit (line code 2350) or loss (line code 2355)"

In accordance with National standards of accounting items of Profit and loss statement (Form N^o 2) do not meet the minimum requirements of the FFU Regulations.

Additional information according to this Annex is subject to disclose with the purpose of satisfying the minimum requirements of the FFU Regulations and optimizing the process of filling the financial information via the CL/FFP IT-Solution.

Amount of the profit/loss after taxation in this Annex has to be equal to the financial result in Profit/loss statement (Form N^o 2).

Explanation (information about entities and individuals) has to be given in the column 4 "Comments" in respect of appropriate items with the purpose of identification of parties, which have significant influence over the licensee applicant.

ANNEX VIII: Comparative table of minimum requirements to football clubs of Ukraine for cash flow statement items

The FFU minimum requirements	Name of the item according to National standards of accounting		Necessity of providing additional information
Cash flow statement	«Cash flow statement» Form № 3	Line code	
Cash flow from operating activities	I. Cash flow from operating activities		
i. Net cash inflow/outflow from operating activities	Net cash flow from operating activities	3195	
Cash flows from investing activities	II. Cash flows from investing activities		
ii. Cash inflow from disposal of player registrations			Necessity of providing additional information in Annex IX
ii. Cash outflows from acquisition of player registrations			Necessity of providing additional information in Annex IX
iii. Cash inflow from disposal of tangible fixed assets	Cash inflow from sale of tangible fixed assets	3205	
iii. Cash outflows from acquisition of tangible fixed assets	Cash outflows from acquisition of tangible fixed assets	3260	
iv. Other cash inflow from investing activities	Other inflows	3250	
iv. Other cash outflows from investing activities	Other payments	3290	
Net cash flow from investing activities	Net cash flow from investing activities	3295	
Cash flows from financial activities	III. Cash flows from financing activities		
v. Cash inflow from borrowings – shareholders and related party			Necessity of providing additional information in Annex IX
v. Cash outflows from borrowings – shareholders and related party			Necessity of providing additional information in Annex IX
vi. Cash inflow from borrowings – financial institutions			Necessity of providing additional information in Annex IX
vi. Cash outflows from borrowings – financial institutions			Necessity of providing additional information in Annex IX
vii. Cash inflow from increase of capital/equity			Necessity of providing additional information in Annex IX
viii. Cash outflows from dividends paid to owners/shareholders	Cash outflows from dividends paid	3355	
ix. Other cash inflow from financing activities	Other cash inflow	3340	
ix. Other cash outflows from financing activities	Other cash outflows	3390	
Net cash flow from financial activities	Net cash flow from financial activities	3395	

Other cash flows	Influence of currency exchange rate on cash balance	3410	
	Other items related to other cash flows		
Input cash balance at the beginning of the reporting period			
Input cash balance at the beginning of the reporting period	Cash balance at the beginning of the reporting period	3405	
Net cash flow for reporting period			Necessity of providing additional information in Annex IX
Output cash balance at the beginning of the reporting period			
Output cash balance at the beginning of the reporting period	Cash balance at the end of the reporting period	3415	

In accordance with minimum requirements of the FFU Regulations it is required to provide information, which may not contain separate item of cash flow statement according to current legislation of Ukraine (i.e. cash inflow from disposal of player registrations etc). For this purpose the comparative table above helps to identify the cash flow statement items in accordance with the FFU Regulations and legislation of Ukraine, which could be compared and there is no need to disclose such items separately.

According to this Annex, the items in respect of which the additional information has to be disclosed separately in Annex IX in order to meet requirements of the FFU Regulations and optimize a process of filling the financial information via the CL/FFP IT-Solution are mentioned.

ANNEX IX: Additional information to the cash flow statement

The FFU minimum requirements	Amount on the beginning of the period	Amount on the end of the period	Comments
1	2	3	4
ii. Cash inflow from disposal of player registrations			
ii. Cash outflows from acquisition of player registrations			
v. Cash inflow from borrowings – shareholders and related party			
v. Cash outflows from borrowings – shareholders and related party			
vi. Cash inflow from borrowings – financial institutions			
vi. Cash outflows from borrowings – financial institutions			
vii. Cash inflow from increase of capital/equity			
Net cash flow for reporting period			

The name of the item according to National standards of accounting is presented in column 4 “Comments”, which includes information (amount) of the item in accordance with the FFU requirements. For example, “Cash inflow from disposal of player registrations” (column 1) may be included in item “Other inflows”, line code 3250 (column 4).

ANNEX X: Additional information to the own capital statement

Number of shares issued/ withdrawn	Type of shares issued/ withdrawn	Nominal value of 1 share	Total amount raised as a result of the issuing of shares	Share premium	Reason for the issuing/ withdrawal of shares

Information, presented in the Own capital statement (Form № 4), meets the FFU minimum requirements, determined in paragraph h) “Issued capital and reserves” of Annex XII E.

However, share companies have to prepare information according this Annex, in case of new issuing or withdraw of shares.

ANNEX XI: Additional information. Notes to the financial statements

Satisfying of the minimum requirements of the FFU Regulations in respect of notes to the financial statements, determined in Annex XII E has to be done as follows:

a) Accounting policies.

Accounting policies have to be described in any form taking into account the minimum requirements, determined in Annex XII E.

b) Tangible fixed assets.

Information is disclosed in "Section II. Tangible fixed assets of Notes to the financial statements (Form № 5)".

c) Intangible fixed assets.

Information is disclosed in "Section I. Intangible fixed assets of Notes to the financial statements (Form № 5)". However, it is required additional information about intangible fixed assets – players.

NOTES TO INTANGIBLE ASSETS STATEMENT

Separate disclosure of each class of intangible fixed assets shall be made. A class of intangible assets is a grouping of assets of a similar nature and use in an enterprise's operations. The following are examples of separate classes:

- Player registrations
- Goodwill
- Other intangible assets

In relation to amounts capitalized and amortized in respect of other intangible assets, the note should include a reconciliation of the cost, amortization, net carrying value and movements in the accounting period.

With respect to amounts capitalized and depreciated on account of intangible assets the note should contain the information on adjusting the total cost, depreciation, net book value and cash flow during the accounting period.

Information on availability and book value of intangible assets, ownership of which is restricted and the carrying value of intangible assets that are pledged as a guarantee for the obligations which are disclosed in the report:

- a) In respect of each individual football 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 football player's contract.
- b) Only direct costs of acquiring a player's registration can be capitalized. For accounting purposes, the carrying value of an individual football player must not be re-valued upwards, even though management may believe market value is higher than carrying value able to generate some value from the use and/or transfer of local trained

football 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 football players purchased is to be capitalized.

c) Amortization must begin when the football player's registration is acquired. Amortization shall cease at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized (i.e. the registration is transferred to another club).

In addition, the following principle must be applied: all capitalized football player values must be reviewed individually each year by management for impairment. If the recoverable amount for an individual football 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.

See the following example.

	Notes	Player Registrations	Amortization	Carrying amount
Intangible assets of the players				
Brought forward from previous period				
Acquiring				
Disposal	_____	_____	_____	_____
Carried forward at end of period	_____	_____	_____	_____
Amortization				
Brought forward from previous period				
Amortization charge for the period				
Disposal				
Impairment	_____	_____	_____	_____
Carried forward at end of period	_____	_____	_____	_____
Carrying amount				
At end of period				
At beginning of period	_____	_____	_____	_____

d) Pledged assets and assets under reservation of title.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such assets, appropriate note has to be made.

e) Investments

Information is disclosed in "Section IV. Financial investments of Notes to the financial statements (Form № 5)". However, it is required additional information about investments in subsidiaries, jointly controlled entities and associates.

In case of absence of such investments, appropriate note has to be made.

If the license applicant has investments in subsidiaries, jointly controlled entities and associates, such information will be presented as follows:

Investments in subsidiaries and associates

Year ended [date] 20XX

Details of the entity's subsidiaries as at [date] 20XX are as follows:

Name of subsidiary	Place of registration	Type of business/ operations	Share of ownership %	Share of voting power held %	Method used to account for investment

Details of the entity's associates as at [date] 20XX are as follows:

Name of associate	Place of registration	Type of business/ operations	Share of ownership %	Share of voting power held %	Method used to account for investment

f) Bank overdrafts and loans and other debt financial instruments issued.

It is necessary to provide with full information about bank overdrafts and loans, which have been received or accounted in reporting period, and also about other debt financial instruments, which have been issued or accounted in reporting period.

In case of absence of such loans and/or financial instruments, appropriate note has to be made.

If the license applicant has such loans and/or financial instruments, the information will be presented as follows:

Name of financial institution (creditor)	Date of conducting of loan contract/ issuing of financial instrument	Accumulated amount (currency)	Amount accounted at the beginning of the period, UAH.	Amount accounted at the end of the period, UAH.	Terms and conditions of loan (interest)	Deadline of repayment
1.						
Total						

g) Provisions.

Information is disclosed in “Section VII. Provisions and reserves of Notes to the financial statements (Form N^o 5)”.

h) Issued capital and reserves.

Information is disclosed in Annex X.

i) Controlling party.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such party, appropriate note has to be made.

j) Related party transactions.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such transactions, appropriate note has to be made.

k) Contingent liabilities.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such liabilities, appropriate note has to be made.

l) Events after the balance sheet date.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such events, appropriate note has to be made.

m) Other disclosures.

Information has to be described in any form taking into account the minimum requirements, determined in Annex XII E. In case of absence of such information, appropriate note has to be made.

ANNEX XII: Minimum disclosure requirements

A. Principle

1. Notwithstanding the requirements of national accounting practice, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities, the financial criteria of these regulations require license applicants/licensees to present a specific minimum level of financial information to the licensor as set out in Articles 48, and 53.

2. Each component of the financial statements must be identified clearly. The following information must be displayed prominently, and repeated where necessary within the financial statements, for a proper understanding of the information presented:

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

B. Balance sheet

1. The minimum disclosure requirements for balance sheet items are stated below.

Assets

- i. cash and cash equivalents
- ii. accounts receivable from player transfers (current and non-current)
- iii. accounts receivable from group entities and other related parties (current and non-current)
- iv. other current accounts receivable
- v. tax assets (current and non-current)
- vi. inventories
- vii. other assets (current and non-current)
- viii. tangible fixed assets
- ix. intangible assets - players

x. intangible assets - other

xi. investments

Liabilities

xii. bank overdrafts

xiii. bank and other loans (current and non-current)

xiv. accounts payable to group entities and other related parties (current and non-current)

xv. accounts payable relating to player transfers (current and non-current)

xvi. accounts payable to employees (current and non-current)

xvii. accounts payable to social/tax authorities (current and non-current)

xviii. accruals and deferred income (current and non-current)

xix. other tax liabilities (current and non-current)

xx. other current accounts payable

xxi. provisions (short-term and long-term)

xxii. other liabilities (current and non-current)

Net assets/ liabilities

xxiii. net assets / liabilities

Equity

xxiv. share / fund capital

xxv. retained earnings

xxvi. other reserves

2. Management may consider that line items (i) to (xxvi) are best presented on the face of the balance sheet or in the notes.

3. The net assets/liabilities figure, being the aggregate of total assets less total liabilities, is used to determine whether or not the license applicant/licensee is in breach of indicator 2 described in Articles 53 and 65.

C. Profit and loss account

1. The minimum disclosure requirements for the profit and loss accounts are stated below.

Revenue

i. gate receipts

ii. sponsorship and advertisement

- iii. broadcasting rights
- iv. commercial
- v. UEFA solidarity and prize money
- vi. other operating income

Expenses

- vii. cost of sales/materials
- viii. employee benefits expenses (players and other employees)
- ix. depreciation and impairment of tangible fixed assets
- x. amortization and impairment of intangible fixed assets (player registrations and other intangible fixed assets)
- xi. other operating expenses

Other

- xii. profit/loss on disposal of assets
- xiii. profit/loss on disposal of intangible assets - players
- xiv. finance income and expense
- xv. non-operating income/expense
- xvi. tax income/expense
- xvii. profit or loss after taxation

2. Management may consider that line items (i) to (xvii) are best presented on the face of the profit and loss account or in the notes.

D. Cash flow statement

1. The cash flow statement must report cash flows for the financial period, classified separately as stated below.

a) Cash flow from operating activities

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. Therefore, they generally result from the transactions and other events that enter into the determination of net profit or loss. The minimum disclosure requirements are stated below:

- i. Net cash inflow/outflow from operating activities

b) Cash flows from investing activities

Investing activities are the acquisition and disposal of long-term assets (including player registrations) and other investments not included in cash equivalents. The entity must report separately major classes of gross cash

receipts and gross cash payments arising from investing activities. The minimum disclosure requirements are stated below:

- ii. Cash inflow/outflows from acquisition/disposal of player registrations
- iii. Cash inflow/outflows from acquisition/disposal of tangible fixed assets
- iv. Other cash inflow/outflows from investing activities

c) Cash flows from financing activities

Financing activities are activities that result in changes in the size and composition of the contributed equity share capital and borrowings of the entity.

The entity must report separately major classes of gross cash receipts and gross cash payments arising from financing activities. The minimum disclosure requirements are stated below:

- v. Cash inflow/outflows from borrowings – shareholders and related party
- vi. Cash inflow/outflows from borrowings – financial institutions
- vii. Cash inflow from increase of capital/equity
- viii. Cash outflows from dividends paid to owners/shareholders
- ix. Other cash inflow/outflows from financing activities

d) Other cash flows

Cash flows from interest and dividends received and paid must each be disclosed separately.

Each must be disclosed in a consistent manner from period to period as either operating, investing or financing activities.

Cash flows arising from taxes on income must be disclosed separately and classified as cash flows from operating activities unless they can be appropriately and specifically identified as financing and investing activities.

2. The components of cash and cash equivalents must be disclosed and a reconciliation of the amounts in the cash flow statement presented, with the equivalent items reported in the balance sheet.

E. Notes to the financial statements

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

a) Accounting policies

The basis of preparation of the financial statements and a summary of the significant accounting policies used.

b) Tangible fixed assets

Each class of tangible fixed asset must be disclosed separately (e.g. property, stadium and equipment). The following information must be disclosed for each class of tangible fixed asset:

- I. The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- II. A reconciliation of the carrying amount at the beginning and the end of the period, showing additions, disposals, increases or decreases during the period resulting from revaluations, impairment losses recognized in the profit and loss account during the period (if any), impairment losses reversed in the profit and loss account during the period (if any) and depreciation.

The depreciation methods and useful lives (or depreciation rates) used must be disclosed in the accounting policy notes.

c) Intangible fixed assets

Each class of intangible fixed asset must be disclosed separately (e.g. player registrations, goodwill, and other intangible assets).

The following information must be disclosed for each class of intangible fixed asset:

- I. The gross carrying amount and the accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
- II. 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.

For further information in relation to accounting for player registrations, refer to Annex XIII.

d) Pledged assets and assets under reservation of title

The existence and amounts of restrictions on title, and property, stadium and equipment pledged as security for liabilities or guarantees must be disclosed.

The existence and carrying amounts of intangible assets whose title is restricted and the carrying amount of intangible assets pledged as security for liabilities must be disclosed.

e) Investments

Investments must include investments in subsidiaries, jointly controlled entities and associates. In respect of investments in subsidiaries, jointly controlled entities and associates, the following minimum information must be disclosed:

- I. Name;
- II. Country of incorporation or residence;
- III. Type of business/operations of the entity;
- IV. Proportion of ownership interest;
- V. If different, proportion of voting power held; and
- VI. Description of the method used to account for the investments.

f) Bank overdrafts and loans

For each class of financial liability the following must be disclosed:

- I. Information about the extent and nature of the financial instruments, including amounts and duration and any significant terms and conditions that may affect the amount, timing and certainty of future cash flows; and
- II. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied.

g) Provisions

Provisions must be disclosed in separate classes. In determining which provisions may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar to be combined in a statement of a single amount.

For each class of provision, the carrying amount at the beginning and end of the period, the amount utilized and any amount released, or credited, in the period must be disclosed.

h) Issued capital and reserves

Share capital, other reserves and retained earnings must be disclosed separately.

- I. Share/fund capital

In relation to share capital issued during the current year the following must be disclosed:

- number and type of shares issued;
- share premium (if applicable) arising on the shares issued;
- total amount raised as a result of the issuing of shares;
- reason for the issuing of new shares.

II. Other reserves

Where items of property, stadium and equipment are stated at revalued amounts, the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders, must be disclosed.

III. Retained earnings

The balance of retained earnings (i.e. accumulated profit or loss) at the beginning of the reporting period and at the balance sheet date, and the changes during the reporting period must be disclosed.

i) Controlling party

When the reporting entity is controlled by another party, the related party relationship and the name of that party must be disclosed and, if different, that of the ultimate controlling party. This information must be disclosed irrespective of whether any transactions have taken place between the controlling parties and the reporting entity.

j) Related party transactions

If there have been transactions between related parties during the periods covered by the financial statements, the reporting entity must disclose the nature of the related party relationship, as well as information about those transactions and outstanding balances, including commitments, necessary for an understanding of the potential effect of the relationship on the financial statements.

Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the reporting entity. As a minimum, disclosures must include for each related party:

- I. The amount and the nature of the transactions;
- II. The amount of outstanding balances, including commitments, and:
 - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - details of any guarantees given or received;

III. Provisions for doubtful debts related to the amount of outstanding balances; and

IV. The expense recognized during the period in respect of bad or doubtful debts due from related parties.

The disclosures required must be made separately for each of the following categories:

- the parent;
- entities with joint control or significant influence over the reporting entity;
- subsidiaries;
- associates;
- joint ventures in which the reporting entity is a venturer;
- key management personnel of the entity or its parent; and
- other related parties

Confirmation that related party transactions were made on terms equivalent to those that prevail in arm's length transactions must be made if such terms can be substantiated.

k) Contingent liabilities

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

- I. An estimate of its financial effect;
- II. An indication of the uncertainties relating to the amount or timing of any outflow; and
- III. The possibility of any reimbursement.

l) Events after the balance sheet date

Material non-adjusting events after the balance sheet date must be disclosed (the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made). Examples of such events are:

- I. Fixed-term borrowing approaching maturity without realistic prospects of renewal or repayment;
- II. Substantial operating losses;
- III. Discovery of material fraud or errors that show the financial statements are incorrect;

IV. Management determining that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so;

V. Player transactions where the amounts paid or received are significant;

VI. Transactions relating to property – for example, in relation to the club’s stadium.

m) Other disclosure

I. Agents’ fees

The total amount of payments made to or for the benefit of an agent must be disclosed.

II. Tax expense

The components of tax expense must be disclosed separately. That is, the aggregate amount included in the determination of net profit or loss for the reporting period in respect of current and/or deferred tax.

III. Miscellaneous

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

F. Player identification table

1. All licence applicants must prepare and submit to the licensor a player identification table.

2. The player identification table must be provided to the auditor, who must reconcile the aggregate figures in the player identification table to the relevant figures in the balance sheet and profit and loss account in the audited annual financial statements. However, the player identification table does not need to be disclosed within the annual financial statements.

3. The minimum information to be included in the player identification table in respect of each relevant player is as follows:

a) Name and date of birth;

b) Start date of original player contract and end date of current contract;

c) Costs of acquiring the player’s registration, i.e.:

- transfer fee, including training compensation and solidarity contributions, paid and/or payable to another football club and/or a third party to secure the player’s registration;

- agents/intermediaries fees; and

- other direct costs of acquiring the player’s registration, e.g. transfer fee levy.

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

4. Relevant players, about whom details are required in the table, are:

- a) all players whose registration is held by the licence applicant at any time during the period and in respect of whom some direct acquisition cost has been incurred (at some point in time in the reporting period or prior periods); and
- b) all players in respect of whom some income/profit (or loss) has been recognised (at some point in time in the reporting period).

5. For licence applicants who have restated player accounting figures to meet the accounting requirements of these regulations, these aggregate figures from the player identification table must agree with/be reconciled to the restated figures in the supplementary information.

G. Financial review by management

1. The annual financial statements must include a financial review or commentary by management (sometimes referred to as a directors' report) that describes and explains the main features of the reporting entity's financial performance and financial position and the principal risks and uncertainties it faces.

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

ANNEX XIII: Basis for the preparation of financial statements

A. Principle

1. Financial statements (as defined in Article 48) must be based on the accounting standards required by the legislation of Ukraine for incorporated companies – either the applicable financial reporting framework of the relevant country, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities – regardless of the legal structure of the license applicant.
2. Financial statements must be prepared on the assumption that the license applicant is a going concern, meaning it will continue in operation for the foreseeable future. It is assumed that the license applicant has neither the intention nor the necessity to go into liquidation, cease trading or seek protection from creditors pursuant to applicable legislation of Ukraine.
3. The financial reporting framework, suitable as a basis for the preparation of financial statements, must contain certain underlying principles including:
 - a) fair presentation;
 - b) consistency of presentation;
 - c) accrual basis for accounting;
 - d) separate presentation of each material class of items;
 - e) offsetting of assets and liabilities or income and expenses can be performed only when it is permitted by national accounting practice.
4. The financial statements must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

B. Consolidation/combination requirements

1. The financial information of all entities included in the reporting perimeter (as defined in Article 47) must be either consolidated or combined as if they were a single company.
2. Consolidated financial statements are the financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single company.
3. Combined financial statements are those that include information about two or more commonly controlled entities without information about the controlling entity.

C. Accounting requirements for player registrations

1. Notwithstanding that each license applicant has to prepare audited annual financial statements under its own national accounting practice for incorporated companies, the International Financial Reporting Standards or

the International Financial Reporting Standard for Small and Medium-sized Entities, these regulations include a specific accounting requirement for player registrations carried as intangible fixed assets as set out in Articles 48 and 53.

2. License applicants that capitalize the costs of acquiring a player's registration must apply certain minimum accounting requirements as described in paragraph 4 of this part B;

3. If a license applicant has an accounting policy to expense the costs of acquiring a player's registration rather than capitalize them, and this is permitted under their national accounting practice, there is no requirement for such entities to apply the minimum accounting requirements set out below and they do not have to prepare restated figures.

4. The minimum accounting requirements are described as follows:

a) In respect of each individual player's registration, the depreciable amount must be allocated on a systematic basis over its useful life. This is achieved by the systematic allocation of the cost of the asset as an expense over the period of the player's contract.

b) Only direct costs of acquiring a player's registration can be capitalized. For accounting purposes, the carrying value of an individual player must not be re-valued upwards, even though management may believe market value is higher than carrying value. In addition, whilst it is acknowledged that a license 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 capitalized.

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

d) All capitalized 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 license applicants to apply consistent accounting policies in respect of player registration costs.

5. The license applicant must prepare supplementary information (to be submitted to the licensor) if the accounting requirements described in this annex are not met by the disclosures and accounting treatment in the audited annual financial statements. The supplementary information

must include a restated balance sheet, profit and loss account and any associated notes to meet the requirements set out above. There must also be included a note (or notes) reconciling the results and financial position shown in the supplementary information document to those shown in the audited financial statements (that were prepared under the national accounting practice).

The restated financial information must be assessed by the auditor by way of agreed-upon procedures.

ANNEX XIV: Notion of «overdue payables»

1. Payables are considered as overdue if they are not paid according to the agreed terms.

2. Payables are not considered as overdue, within the meaning of these regulations, if the license applicant/licensee (i.e. debtor club) is able to prove by 31 March (in respect of Articles 49, 50 and 51) and by 30 June and 30 September (in respect of Articles 66, 67 and 68) respectively that:

a) it has paid the relevant amount in full; or

b) it has concluded an agreement which has been accepted in writing by the creditor to extend the deadline for payment beyond the applicable deadline (note: the fact that a creditor may not have requested payment of an amount does not constitute an extension of the deadline); or

c) it has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payables; however, if the decision-making bodies (the FFU and/or Club Financial Control Panel) consider that such claim has been brought or such proceedings have been opened for the sole purpose of avoiding the applicable deadlines set out in these regulations (i.e. in order to buy time), the relevant amount will still be considered as an overdue payable; or

d) it has contested a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the reasonable satisfaction of the relevant decision-making bodies (the FFU and/or Club Financial Control Panel) that the claim which has been brought or the proceedings which have been opened are manifestly unfounded.

e) it is able to demonstrate to the reasonable satisfaction of the relevant decision making bodies (the FFU and/or UEFA Club Financial Control Body) that it has taken all reasonable measures to identify and pay the creditor club(s) in respect of training compensation and solidarity contributions (as defined in the FIFA Regulations on the Status and Transfer of Players and in the FFU Regulations on the Status and Transfer of Players).

ANNEX XV: Transfers table

Table of the accounts payable as a result of transfer as at 31 December 20XX.

Licensee: Football Club «-----»

Football players details			Direct costs of acquiring the registration				Amounts paid	Balance payable as at 31 December 20XX			Balance payable as at 31 March (rolled forward from 31 December)	contingent amounts not yet recognised in balance sheet as at 31 December	Amounts subject to any claim/proceedings pending.	Comments on overdue payables as at 31 December 20XX
Full name, date of birth	Date of transfer (loan) contract	Previous club held the registration	Amounts paid or/and payable (transfer fee)	Contingent compensation paid or/and payable	Other direct costs	Total direct transfer costs	Total amount paid as at 31 December 20XX p.	Total amount payable as at 31 December 20XX p.	Amounts payable (each element) as at due date	Due date	Total amounts payable as at 31 March (rolled forward from 31 December)	Contingent amounts	Amounts subject to any claim/proceedings pending.	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
						(d)=(a)+(b)+(c)		(f)=(d)-(e)						
Total														

(f) Aggregate figure must be in compliance with relevant balance sheet disclosure for “Amounts payable as a result of transfers”.

(g) Amounts payable by due dates. If the amount is payable by more than one instalment, disclose the amount of each instalment and the due date.

(j) Under transfer contract terms, additional amounts are subject to payment in result of certain conditions.

We confirm on behalf of the club «-----» the data contained in the transfer table are complete and correct.

(Signature) (Date)

On behalf of the club «-----»

ANNEX XVI: Licensor's assessment procedures

A. Principle

The assessment processes to check compliance with the financial criteria set out in Article 11 and Article 56 comprise specific assessment steps that must be followed by the licensor as set out below.

B. Assessment of the auditor's report on the annual and interim financial statements

1. In respect of the annual financial statements, the FFU Club Licensing Committee must perform the following minimum assessment procedures:

- a) assess whether the selected reporting entity is appropriate for club licensing purposes;
- b) assess the information (annual financial statements that may also include supplementary information) submitted to form a basis for his licensing decision;
- c) read and consider the annual financial statements and the auditor's report thereon;
- d) address the consequences of any modifications to the audit and/or review report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements according to paragraph 2 below.

2. Having assessed the reporting perimeter and read the auditor's report on the annual financial statement, the FFU Club Licensing Committee must assess these according to the items below:

- a) if the reporting perimeter does not meet the requirements of Article 47, the licence must be refused;
- b) if the auditor's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the licence;
- c) If the auditor's report has a disclaimer of opinion or an adverse opinion, the licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or adverse opinion is provided (in relation to another set of financial statements for the same financial year that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion;
- d) If the auditor's report has, in respect of going concern, either an emphasis of matter or a qualified „except for“ opinion, the license must be refused, unless either:

i) a subsequent audit opinion without going concern emphasis of matter or qualification is provided, in relation to the same financial year; or

ii) additional documentary evidence demonstrating the FFU Club Licensing Committee's ability to continue as a going concern until at least the end of the license season has been provided to, and assessed by, the FFU Club Licensing Committee to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in Article 51 (Future financial information);

e) If the auditor's report has, in respect of a matter other than going concern, either an emphasis of matter or a qualified „except for“ opinion, then the FFU Club Licensing Committee must consider the implications of the modification for club licensing purposes. The license may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the FFU Club Licensing Committee. The additional evidence that may be requested by the FFU Club Licensing Committee will be dependent on the reason for the modification to the audit report.

f) If the auditor's report makes a reference to any situation defined in Article 52 paragraph 3(d) the licence must be refused.

3. If the license applicant provides supplementary information the FFU Club Licensing Committee must additionally assess the auditor's report on the agreed-upon procedures in respect of the supplementary information. The license may be refused if this includes reference to errors and (or) exceptions found.

C. Assessment of overdue payables towards other clubs, employees and social/tax authorities

1. In respect of the overdue payables towards other clubs, employees and social/tax authorities the FFU Club Licensing Committee may decide:

a) to assess himself the information submitted by the licence applicant, in which case he must perform the corresponding assessment according to paragraph 2, 3 and 4 below; or

b) to have independent auditors carry out the assessment procedures, in which case he must review the auditor's report and, in particular, verify that the sample selected by the auditor is satisfactory, and he may carry out any additional assessment he believes necessary, i.e. extend the sample and request additional documentary evidence from the license applicant.

2. With regard to overdue payables, if the assessment is done by the FFU Club Licensing Committee, he must assess the information submitted by the licence

applicant, in particular the transfers table and corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor, the same minimum steps must be performed by him:

- a) Agree the total in the transfers table with the „Accounts payable relating to player transfers“ amount in the annual financial statements as at 31 December.
- b) Check the mathematical accuracy of the transfers table.
- c) Select all or a sample of player transfers/loans, compare the corresponding agreements with the information contained in the transfer payables table and highlight the selected transfers/loans.
- d) Select all or a sample of transfer payments, compare them with the information contained in the transfer payables table and highlight the selected payments.
- e) If, according to the transfer payables table, there is an amount due as at 31 March, that concerns a transfer that occurred before 31 December of the previous year, examine that by 31 March at the latest:
 - i) an agreement has been reached as per Annex XIV 2 (b) ;
 - ii) a dispute has been brought as per article 2 (c) or has been contested as per Annex XIV 2(d); or
 - iii) all reasonable measures have been taken as per Annex XIV 2 (e).
- f) Examine all or a selection of bank statements in support of payments.
- g) If applicable, obtain and examine documents, including agreements with the relevant football clubs and correspondence with the competent body, in support of e(i), e(ii) and e (iii) above.

3. With regard to overdue payables in respect of employees, if the assessment is done by the FFU Club Licensing Committee, he must assess the information submitted by the licence applicant, in particular the transfers table and corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor, the same minimum steps must be performed by him:

- a) Obtain the employees table prepared by management.
- b) Agree the total payable in the list of employees with the „Accounts payable to employees“ amount in the annual financial statements as at 31 December.
- c) Obtain and inspect a randomly selected sample of employee confirmation letters and compare the information to that contained in the list of employees.

d) If there is an amount due as at 31 March that refers to payables in respect of contractual and legal obligations in respect of its employees that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex XIV 2(b);

ii) a dispute has been brought as per article 2 (c) or has been contested as per Annex XIV 2 (d).

e) Examine all or a selection of bank statements in support of payments.

f) If applicable, examine documents, including agreements with the relevant employees and correspondence with the competent body, in support of the representations under d(i) and/or d(ii) above.

4. With regard to overdue payables towards social/tax authorities, if the assessment is done by the FFU Club Licensing Committee, he must assess the information submitted by the licence applicant, in particular the transfers table and corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor, the same minimum steps must be performed by him:

a) Obtain the social/tax table prepared by management;

b) Reconcile the total payable in the social/tax table to the "Accounts payable to social/tax authorities" amount in the annual or interim financial statements as at 31 December.

c) Obtain corresponding supporting documents;

d) If there is an amount due as at 31 March that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex XIV 2 (b); or

ii) a dispute/claim/proceeding has been brought as per article 2(c) or has been contested as per Annex XIV 2 (d).

e) Examine all or a selection of bank statements in support of payments.

f) If applicable, examine documents, including agreements with the relevant social/tax authorities and/or correspondence with the competent body, in support of representations under d(i) and/or d(ii) above.

D. Assessment of the written management representations about existence or absence of conditions (events) of major economic importance, which are to be made before the licensing decision and during the licensing season

1. The FFU Club Licensing Committee must read the representation letter and consider the information in respect of any event or condition of major economic importance, in combination with the financial statements, future financial information and any additional documentary evidence provided by the license applicant. The licensor may decide to have this assessment carried out by an auditor.

2. The FFU Club Licensing Committee must assess the club's ability to continue as a going concern until at least the end of the license season (i.e. the license must be refused if, based on the financial information that the licensor has assessed, in the FFU Club Licensing Committee's judgment, the license applicant may not be able to continue as a going concern until at least the end of the license season).

E. Assessment of the future financial information

1. The FFU Club Licensing Committee must assess the fulfilment of an indicator defined in Article 53. If any indicator has been breached, the licensor may decide:

a) to assess himself the information submitted by the licence applicant (in which case he must perform the assessment according to paragraph 2 below); or

b) to have independent auditors carry out the assessment procedures, in which case he must review the auditor's report to ensure they performed the assessment procedures as described in paragraph 2 below.

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

a) Check whether the future financial information is arithmetically accurate;

b) Through discussion with management and review of the future financial information, and determination of whether the future financial information has been prepared using the disclosed assumptions and risks;

c) Check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding audited annual financial statements or reviewed interim financial statements (if such interim statements have been submitted); and

d) Check that the future financial information has been formally approved by the executive body of the license applicant.

3. The FFU Club Licensing Committee must assess the liquidity of the licence applicant (i.e. the availability of cash after taking account of financial commitments) and its ability to continue as a going concern

until at least the end of the licence season (i.e. the licence must be refused, if based on the financial information that the licensor has assessed, in the FFU Club Licensing Committee's judgment, the licence applicant may not be able to meet its financial commitments as they fall due and continue as a going concern until at least the end of the licence season).

F. Assessment of overdue payables – enhanced

1. In respect of the enhanced overdue payables requirements (towards football clubs, employees and social/tax authorities) the FFU Club Licensing Committee must perform, as a minimum, the following assessment procedures:

a) read the licensee's completed payables information and make enquiries to the licensee if there is any information that may be incomplete and/or inaccurate based on the licensor's existing knowledge of the licensee from club licensing and/or other reasonable information sources;

b) in relation to the transfer payables information, verify the completeness of the list of players submitted with the information already disclosed for the purpose of players' registrations for the 12 month period up to 30 June(30 September).

G. Assessment of break-even information

1. In respect of the break-even information the CL FFU must assess whether or not the financial information submitted by the licensee corresponds to the information in respect of the same reporting entity (entities) submitted for club licensing purposes.

2. The assessment procedures, which may be carried out by an auditor, must include, as a minimum, the following:

a) check whether the break-even information is arithmetically accurate;

b) check that the balances contained within the break-even information are consistent with the balances contained in the audited financial statements, supplementary information or underlying accounting records;

c) check that the break-even information has been formally approved by the executive body of the licensee.

ANNEX XVII: Calculation of the break-even result

A. Summary of the calculation of the break-even result

1 Relevant income is equivalent to the sum of the following elements (defined in part B):

- a) Revenue – Gate receipts
- b) Revenue – Sponsorship and advertising
- c) Revenue – Broadcasting rights
- d) Revenue – Commercial activities
- e) Revenue – UEFA solidarity and prize money
- f) Revenue – Other operating income
- g) Profit on disposal of player registrations (and/or income from disposal of player registrations)
- h) Excess proceeds on disposal of tangible fixed assets
- i) Finance income and foreign exchange result.

Relevant income must be decreased if any of the elements a)-i) above include any of the items j)-n) below (defined in part B):

- j) Non-monetary credits/income
- k) Income transaction(s) with related party(ies) above fair value
- l) Income from non-football operations not related to the club
- m) Income in respect of a player for whom the licensee retains the registration
- n) Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors.

2. Relevant expenses are equivalent to the sum of the following elements (detailed in part C):

- a) Expenses – Cost of sales/materials
- b) Expenses – Employee benefits expenses
- c) Expenses – Other operating expenses
- d) Loss on disposal and amortization/impairment of player registrations and/or costs of acquiring player registrations
- e) Finance costs and dividends

Relevant expenses must be increased if any elements a)-e) above include the item f) below (defined in part C):

- f) Expense transactions with related parties below fair value

Relevant expenses may be decreased if any of the elements a) to e) include any of the items g) to m) below (detailed in part C):

- g) Expenditure on youth development activities
- h) Expenditure on community development activities
- i) Expenditure on women's football activities
- j) Non-monetary debits/charges
- k) Finance costs directly attributable to the construction and/or substantial modification of tangible fixed assets
- l) Costs of leasehold improvement
- m) Expenses of non-football operations not related to the club

3. The break-even result does not include the following (defined in part D)

- a) Profit/loss on disposal and depreciation/impairment of tangible fixed assets;
- b) Profit/loss on disposal and amortization/impairment of intangible fixed assets other than player registrations;
- c) Tax expenses/income

B. Relevant income

1. Definitions for the calculated of relevant income are following:

a) Revenue – Gate receipts

Includes revenue derived from general admission and corporate match attendance, from both season tickets and match-day tickets, in relation to national competitions (league and cup), UEFA club competitions and other matches (friendly matches and tours). Gate receipts also include membership fees.

b) Revenue – Sponsorship and advertising

Includes revenue derived from main sponsor, other sponsors, pitch-perimeter and other board advertising, and other sponsorship and advertising.

c) Revenue – Broadcasting rights

Includes revenue derived from sale of broadcasting rights to television, radio, new media and other broadcast media, in relation to national competitions (league and cup) and other matches (friendly matches and tours).

d) Revenue – Commercial activities

Includes revenue derived from merchandising, food & beverage sales, conferencing, lottery and other commercial activities not otherwise categorized.

e) Revenue – UEFA solidarity and prize money

Includes revenue derived from UEFA in respect of participation in a UEFA club competitions and/or solidarity distributions.

f) Revenue – Other operating income

Includes all other operating income not otherwise described above, including revenue derived from other sources such as subsidies, grants and other money from the government of the territory of the licensee, rent, dividends and income from non-football operations related to the club.

g) Profit on disposal of player registrations or Income from disposal of player registrations

For the calculation of relevant income, whether a club includes either (i) profit on disposal of player registrations or (ii) income from disposal of player registrations will depend on each club's method of accounting for player registrations in its financial statements and application of the requirements defined below:

1) For a club that uses the „capitalization and amortization' method of accounting for player registrations, profit on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable.

A profit on disposal of a player's registration will be reported if the net disposal proceeds exceed the net book value of the player's registration at the time of the transfer. Any such profit must be included within relevant income for the calculation of the break-even result.

2) For a club that uses the „income and expense“ method of accounting for player registrations, income from disposal of a player's registration is the net disposal proceeds generated from the transfer of the player's registration to another club. The net disposal proceeds should equate to the monetary income from the disposal of the player's registration.

For the purpose of the break-even calculation:

3) For clubs which use the „capitalization and amortization“ method of accounting for player registrations in their annual financial statements, relevant income and relevant expenses must reflect this same accounting treatment;

4) For clubs which use the „income and expense“ method of accounting for player registrations in their annual financial statements, the club can elect to apply either the „income and expense“ or the „capitalization and amortization“ method. The selected treatment must be applied on a consistent basis from one reporting period to the next.

h) Excess proceeds on disposal of tangible fixed assets

The profit on disposal of tangible fixed assets (including, but not limited to, a club's stadium and training facilities) in a reporting period must be excluded from the break-even result with the following two exceptions:

i) If a tangible fixed asset other than a stadium or training facilities is not being replaced, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:

i.1 the difference between the proceeds on disposal and the historical cost of the asset which was recognized as a tangible fixed asset in the financial statements of the reporting entity;

ii) If a club demonstrates that it is replacing a sold fixed asset, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:

ii.1 the difference between the proceeds on disposal and the full cost of the replacement asset which is recognized, or to be recognized, as a tangible fixed asset in the financial statements of the reporting entity;

ii.2 the difference between the proceeds on disposal and the present value of 50 years' minimum lease payments in respect of the replacement asset to be used by the club under a rental arrangement.

i) Finance income and foreign exchange result

Finance income is in respect of interest revenue arising from the use by the third parties of entity assets yielding interest.

The foreign exchange result is the net of gains and losses on monetary items, whether realised or unrealised. Foreign exchange gains and losses on non-monetary items, whether realised or unrealised, are non-monetary items and must be excluded from the break-even result (see parts B(1)(j) and C(1)(j)).

g) Non-monetary credits/income

Appropriate adjustments must be made such that non-monetary credits are excluded from relevant income for the break-even calculation.

Non-monetary items (i.e. tangible fixed assets, intangible fixed assets such as goodwill, and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. Examples of non-monetary items include:

- Upwards revaluations of tangible fixed assets, intangible fixed assets (including player registrations) and inventories;
- Write-backs of amortization or impairment of tangible fixed assets and intangible fixed assets (including player registrations); and
- Foreign exchange gains on non-monetary items.

k) Income transactions with related parties above fair value

For the purpose of the break-even result, the licensee must determine the fair value of any related party transactions. If the estimated fair value is different to the recorded value then the relevant income must be adjusted accordingly, bearing in mind, however, that no upward adjustments can be made to relevant income.

Examples of income transactions with a related party that require a licensee to demonstrate the estimated fair value of the transaction include:

- Revenue from sponsorship arrangements;
- Revenue from corporate hospitality tickets, and/or use of an executive box; and
- Any transaction with a related party whereby goods or services are provided by the club.

Examples of income transactions with a related party that are not relevant income include contributions from related party such as:

- Monies received by as a donation; and
- Debt waivers.

Contributions from a related party may only be taken into consideration in the determination of the acceptable deviation (as defined in Article 62) as part of the assessment of the break-even requirement, as further described in part E of this annex.

The definitions of related party, related party transactions and fair value of a related party transaction are provided in part F of this annex.

l) Income from non-football operations not related to the club

Income from non-football operations not related to the club (i.e. not related to the football activities, locations or brand of the football club) must be excluded from the calculation of relevant income.

Income from non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) may be included in the calculation of the break-even result if the corresponding expenses are also included. In this case both must be included consistently from one reporting period to another.

Examples of non-football operations related to the club are:

- Operations based at, or in close proximity to, a club's stadium and training facilities such as a hotel, restaurant, conference centre, business premises (for rental), health-care centre, other sports teams; and

- Operations clearly using the name/brand of a club as part of their operations.

m) Income in respect of a player for whom the licensee retains the registration

Appropriate adjustments must be made such that any income/profit in respect of a player for whom the licensee retains the registration is excluded from the calculation of the break-even result.

For the avoidance of doubt, any income/profit arising from the disposal of a player's economic rights can only be included as relevant income for the calculation of the break-even result following the permanent transfer of the player's registration to another club.

n) Credit in respect of a reduction of liabilities arising from procedures providing protection from creditors

Any credit in respect of a reduction of liabilities arising from procedures providing protection from creditors must be excluded from the calculation of the break-even result.

C. Relevant expenses

1. Definitions for the calculation of relevant expenses are as follows:

a) Expenses - Cost of sales/materials

Includes cost of sales for all activities, such as catering, merchandise, medical care, kits and sports materials.

b) Expenses – Employee benefits expenses

Includes all forms of consideration in exchange for services rendered during the reporting period by employees, including directors, management and those charged with governance.

Employee benefits expenses covers all forms of consideration including, but not limited to, short term employee benefits (such as wages, salaries, social security contributions, profit sharing and bonuses), non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services), post-employment benefits (payable after completion of employment), other long-term employee benefits, termination benefits, and share-based payment transactions.

c) Expenses – Other operating expenses

Includes all other operating expenses, such as match expenses, rental costs, administration and overhead expenses, and expenses of non-football operations related to the club. In accordance with the minimum disclosure requirements in Annex XII C, depreciation, amortization and impairment of

fixed assets are not included in other operating expenses and are to be separately disclosed in the profit and loss statement.

d) Loss on disposal and amortization/impairment of player registrations (and/or costs of acquiring player registrations)

For the calculation of relevant expenses, whether a club includes either (i) amortization/impairment of player registrations and loss on disposal of player registrations or (ii) costs of acquiring player registrations will depend on each club's method of accounting for player registrations in its financial statements and the application of the requirements defined below:

i) For a reporting entity that uses the „capitalization and amortization“ method of accounting for player registrations in its annual financial statements, the amortization and/or impairment of costs of acquiring player registrations in a reporting period must be calculated in accordance with the minimum accounting requirements as described in Annex XIII C.

The loss on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable.

A loss on disposal of a player's registration will be reported if the net disposal proceeds are less than the net book value of the player's registration at the time of the transfer. Any such loss must be included within relevant expenses for the calculation of the break-even result.

ii) For a reporting entity that uses the „income and expense' method of accounting for player registrations, the costs of acquiring a player's registration is recorded in a reporting period.

For the purpose of the break-even calculation:

iii) For clubs which use the „capitalization and amortization' method of accounting for player registrations in their annual financial statements, relevant income and relevant expenses must reflect this same accounting treatment;

iv) For clubs which use the „income and expense“ method of accounting for player registrations in their annual financial statements, the club can elect to apply either the „income and expense“ or the „capitalization and amortization“ method. The selected treatment must be applied on a consistent basis from one reporting period to the next.

e) Finance costs and dividends

Finance costs include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of finance leases. Dividends are distributions to holders of equity/shares instruments.

If dividends are recognized in the financial statements then, regardless of whether the dividends are presented in the profit and loss statement or an alternative statement, the amount of dividends must be included as relevant expenses.

f) Expense transactions with related parties below fair value

For the purpose of the break-even calculation, the licensee must determine the fair value of any related party transactions. If the estimated fair value is different to the recorded value then the relevant expenses must be adjusted accordingly, bearing in mind, however, that no downward adjustments can be made to relevant expenses.

Examples of expense transactions with a related party that require a licensee to demonstrate the estimated fair value of the transaction include:

- Any expense transaction with a related party whereby goods and/or services are provided to an entity in the reporting perimeter;
- Employee benefits expenses in respect of employees of entities outside of the reporting perimeter if these employees contribute to the activities of entities in the reporting perimeter; and
- Finance expense related to debt funding from a related party.

For additional definitions of fair value of related party transactions refer to part F of this annex.

g) Expenditure on youth development activities

Appropriate adjustment may be made such that youth development expenses are excluded from the calculation of the break-even result. Expenditure on youth development activities is expenditure by a club that is directly attributable (i.e. would have been avoided if the club did not undertake youth development activities) to activities to train, educate and develop youth players involved in the youth development program in the territory of the member association. The break-even requirement allows a reporting entity to exclude expenditure on youth development activities from relevant expenses because the aim is to encourage investment and expenditure on facilities and activities for the long-term benefit of the club.

Activities that are considered as youth development activities include, but are not limited to:

- I. Organization of a youth sector;
- II. Youth teams taking part in official national, regional or local competitions or programmes recognised by the member association;
- III. Football education program for different age groups (e.g. playing skills, technical, tactical and physical);
- IV. Education program on the Laws of the Game;
- V. Medical support for youth players; and.

VI. Non-football education arrangements.

Directly attributable expenses include, but are not limited to:

VII. Costs of materials and services used in undertaking the youth development activities, including accommodation costs, medical fees, travel and subsistence, kit and clothing, facility hire;

VIII. Costs of employee benefits for employees wholly involved in youth development activities other than players such as the head of youth development program and youth coaches, as defined in Articles 40 and 41, if their employment by the club is wholly for the youth development activities;

IX. Costs of employee benefits for employees who are youth players under the age of 18 as at the statutory closing date of the licensee. Costs of employee benefits for employees who are youth players aged 18 or over as at the statutory closing date of the licensee cannot be excluded from relevant expenses.

If a licensee cannot separately identify expenditure on youth development activities from other expenditure, then such expenditure will not be treated as expenditure on youth development activities.

The following are not part of expenditure on youth development activities for the purpose of this requirement:

X. Player scouting costs;

XI. Fees to obtain the registration of a youth player, such as any fees paid to an agent or to another club;

XII. Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the youth development activities;

XIII. Costs of employee benefits for employees only partly involved in youth development activities (for example, a coach having part-time involvement in youth development activities).

h) Expenditure on community development activities

Appropriate adjustment may be made such that community development expenses are excluded from the calculation of the break-even result. Expenditure on community development activities means expenditure that is directly attributable (i.e. would have been avoided if the club did not undertake community development activities) to activities for the public benefit to promote participation in sport and advance social development.

Community development activities include, but are not limited to:

I. The advancement of education;

- II. The advancement of health;
- III. The advancement of social inclusion and equality;
- IV. The prevention or relief of poverty;
- V. The advancement of human rights, conflict resolution or the promotion of religious or racial harmony or equality and diversity;
- VI. The advancement of amateur sport;
- VII. The advancement of environmental protection or improvement;
or
- VIII. The help to those in need by reason of youth, age, ill health, disability, financial hardship or other disadvantage.

Directly attributable expenses include, but are not limited to:

- IX. Costs of materials and services used in undertaking the community development activities;
- X. Costs of employee benefits for employees wholly involved in community development activities;
- XI. Donations to other entities for which the purpose is promote participation in sport and/or advance social development.

If a licensee cannot separately identify expenditure on community development activities from other expenditure, then such expenditure will not be treated as expenditure on community development activities. The following are not considered expenditure on community development activities for the purpose of this requirement:

- XII. Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the community development activities;
- XIII. Costs of employee benefits for employees only partly involved in community development activities (for example, a player having some form of involvement in community development activities);

i) Expenditure on women's football activities

Appropriate adjustment may be made such that women's football expenses are excluded from the calculation of the break-even result.

Expenditure on women's football activities means expenditure by a licensee that is directly attributable to activities to train, educate and develop players involved in women's teams (i.e. would have been avoided if the licensee did not undertake women's football activities) in the territory in the jurisdiction of the FFU.

Women's football activities include, but are not limited to:

- i) Organization of a women's football sector;
- ii) Women's teams taking part in official national, regional or local competitions or programmes recognized by the member association.

Directly attributable expenses include, but are not limited to:

- iii) Costs of materials and services used in undertaking women's football activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing and facility hire;
- iv) Costs of employee benefits for employees wholly involved in women's football activities, such as players and technical staff if their employment by the licensee is wholly for the purpose of women's football activities.

If a licensee cannot separately identify expenditure on women's football activities from other expenditure, then such expenditure will not be treated as expenditure on women's football activities.

The following elements are not considered expenditure on women's football activities for the purpose of this requirement:

- v) Player scouting costs;
- vi) Fees to obtain the registration of a player, such as any fees paid to an agent or to another club;
- vii) Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to women's football activities;
- viii) Costs of employee benefits for employees only partly involved in women's football activities (for example, a coach working part time on women's football activities).

g) Non-monetary debits/charges

Appropriate adjustments may be made such that non-monetary debits/charges are excluded from relevant expenses for the break-even calculation.

Non-monetary items (such as tangible fixed assets, intangible fixed assets, and inventories) are items which do not meet the definition of monetary items. Monetary items are defined as units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency.

The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency.

Examples of non-monetary items includes:

- Downwards revaluations of inventories;

- Foreign exchange losses on non-monetary items.

k) Finance costs directly attributable to the construction and substantial modification of tangible fixed assets

A licensee may exclude from the calculation of the break-even result any finance costs that are directly attributable to the construction and/or substantial modification of an asset for use for the club's football activities, provided the finance costs have been expensed in a reporting period rather than capitalised as part of the cost of the asset, up until when the asset is ready for use.

The amount that may be adjusted is the actual interest expense (not otherwise capitalised) less any investment income on the temporary investment of the amount borrowed in respect of which the interest relates. The relevant interest is from the date when the entity incurs expenditure for the asset, incurs borrowing costs, and undertakes activities that are necessary to prepare the asset for its intended use or sale, until the date of completion of the asset.

After completion of the construction and/or substantial modification of an asset, all finance costs must be included in the calculation of the break-even result.

l) Costs of leasehold improvement

A licensee may exclude from the calculation of the break-even result subsequent construction and/or substantial modification costs it has incurred on a tangible fixed asset that has been leased for at least ten years, if such costs:

- (i) can be measured reliably;
- (ii) will result in future economic benefits to flow to the licensee;
- (iii) are not otherwise capitalised.

For the avoidance of doubt, the break-even result must include day-to-day servicing and regular maintenance costs in relation to specific items of property, plant or equipment. Any such costs should be accounted for in the profit and loss statement.

m) Expenses of non-football operations not related to the club

The expenses of non-football operations which are not related to the activities, locations or brand of the football club may be excluded from the calculation of relevant expenses.

The expenses of non-football operations related to the club (i.e. related to the activities, locations or brand of the football club) must be included in the breakeven calculation if the corresponding income is also included. In this case both must be included consistently from one reporting period to another.

For examples of non-football operations related to the club, see part B(1)(l).

D. Items not included in the calculation of the break-even result

1. The following items are not included in the calculation of the break-even result.

a) Profit and loss on disposal and depreciation/impairment of tangible fixed assets

Profit (or loss) on the disposal of a tangible fixed asset is calculated as the sale proceeds (less costs incurred to sell) less the net book value (as per the balance sheet) of the asset at the date of sale.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity.

An impairment loss is the amount by which the carrying amount of a tangible asset exceeds its recoverable amount, i.e. the higher of an asset's fair value less costs to sell and value in use, whichever is bigger.

The profit and loss on disposal and depreciation and impairment of tangible fixed assets in a reporting period is excluded from the calculation of the break-even result because the aim is to encourage investment and expenditure on facilities and activities for the long-term benefit of the club..

b) Profit/loss on disposal and amortization / impairment of intangible fixed assets other than player registrations

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets or reduced future costs) are expected.

Examples of intangible assets include:

- Goodwill;
- Intellectual property (brand, copyrights).

Profit (or loss) on the disposal of an intangible fixed asset is calculated as the sale proceeds (less costs incurred to sell) less the net book value (as per the balance sheet) of the asset at the date of sale.

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity.

An impairment loss is the amount by which the carrying amount of an asset exceeds its fair value less costs to sell.

The profit/loss on disposal and amortisation/impairment loss of intangible fixed assets other than in respect of player registrations in a reporting period is excluded from the calculation of the break-even result. For the avoidance of

doubt, the loss on disposal and amortisation/impairment of player registrations must be included in the calculation of the break-even result for a reporting period (see part C(1)(d)).

c) Tax income/expense

Tax expense in respect of income tax includes all domestic and foreign taxes that are based on taxable profit. Taxable profit (tax loss) is the profit (loss) for a reporting period upon which income taxes are payable (recoverable).

Tax expense is the amount recognized for a reporting period in respect of the current and future tax consequences of transactions and other events.

Tax expense does not include value added taxes or tax and social security contributions.

The tax amount – whether it is a credit or a debit in the profit and loss statement – is excluded for the calculation of the break-even result.

E. Contributions from equity participants and related parties

1. Acceptable deviation can exceed EUR 5 million up to the amounts described in Article 62(2) in a monitoring period only if such excess is entirely covered by contributions from equity participants and related parties.

The cash or goods must have been received by the reporting entity, rather than just some form of promise or commitment from the equity participants and/or the related party.

2. Contributions from equity participants are:

a) share capital increase: payments for shares through the share capital or share premium reserve accounts (i.e. investing in equity instruments in their capacity as shareholder) less capital reductions.

3. Contributions from a related party include:

a) Monies received from a related party as a donation: that is an unconditional gift made to the reporting entity by a related party which increase the reporting entity's equity without any obligation for repayment or to do anything in consideration for receiving them. For example, a waiver of inter-company or related party debt constitutes a capital contribution, as it results in an increase in equity; and/or

b) Income transactions from a related party: the amount to be considered as a contribution will be no more than an amount equivalent to the difference between the actual income in a reporting period and the fair value of the transactions in a reporting period as already recognized in the calculation of the break-even result (see part B(1)(l)).

4. The following types of transaction are not „contributions from equity participants and/or related parties’:

I. Positive movement in net assets/liabilities arising from a revaluation;

- II. Creation, or increase in the balance, of other reserves where there is no contribution from equity participants;
- III. A transaction whereby the reporting entity has a liability in that the entity has a present obligation to act or perform in a certain way;
- IV. Contributions from owners in respect of instruments classified as liabilities.

F. Related party, related party transactions and fair value of related party transactions

1. A related party is a person or entity that is related to the entity that is preparing its financial statements (the „reporting entity“).

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

2. A person or a close member of that person’s family is related to a reporting entity if that person:

- a) has control or joint control over the reporting entity;
- b) has significant influence over the reporting entity; or
- c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

3. A legal entity (company) is related to a reporting entity if any of the following conditions apply:

- a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- b) The reporting entity is controlled, jointly controlled, or significantly influenced by the same government;
- c) One entity has significant influence over the other entity;
- d) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- e) Both entities are joint ventures of the same third party;
- f) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- g) The entity is controlled or jointly controlled by a person identified in paragraph 2;
- h) A person identified in paragraph 2(a) has significant influence over the entity;

i) The entity which is a member of a group and provides key management personnel services to the reporting entity.

4. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price has been charged (disclosure requirements in respect of related parties and related party transactions are set out in Annex XII).

5. A related party transaction may, or may not, have taken place at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. An arrangement or a transaction is deemed to be 'not transacted on an arm's length basis' if it has been entered into on terms more favorable to either party to the arrangement than would have been obtained if there had been no related party relationship.

6. In situations where the declared fair value of the related party transaction is investigated by the UEFA Club Financial Control Body, an independent third party assessor will perform a fair value assessment conform to standard market practices and assign a fair value to the related party transaction. The club may choose an independent third party assessor which has been approved by UEFA. In this case the third party assessor must not be subject to any conflict of interest with the club (e.g. otherwise currently contracted with the club in any other business). The value assigned by the third party assessor would then be used for the calculation of the break-even result.

ANNEX XVIII: Other factors to be considered in respect of the break-even requirement

1. Other factors within the meaning of Article 70 to be considered by the UEFA Club Financial Control Body include, but are not limited to, the following:

a) The quantum and trend of the break-even result

The larger the quantum of a break-even deficit relative to a licensee's relevant income, in a reporting period or in aggregate for a monitoring period, the less favourably it will be viewed. An improving trend in the annual break-even results will be viewed more favourably than a worsening trend.

b) Projected aggregated break-even result

As part of its assessment, the UEFA Club Financial Control Body may review the projected aggregated break-even result for reporting periods T-1, T and T+1. A projected aggregated break-even result that is within the acceptable deviation for reporting periods T-1, T and T+1 will be viewed favorably.

Additionally, the UEFA Club Financial Control Body may also review the licensee's long-term business plan (including future break-even information up to reporting period T+4) in order to better assess the strategy of the club.

As part of its assessment, the UEFA Club Financial Control Body may consider the budgeting accuracy, i.e. licensee's break-even result for a reporting period may be compared to the projected break-even information as previously submitted.

c) Impact of conversion of accounts in local reporting currency into euros

If exchange rates have changed such that there is an adverse impact on the licensee's break-even result denominated in euros for a reporting period or in aggregate in a monitoring period, compared to the currency used by the licensee for its annual financial statements, then the quantum of the impact of changes in exchange rates will be taken into account.

If the break-even result for the monitoring period in local currency is positive, then the licensee should in principle not be sanctioned.

For the avoidance of doubt, this mitigating factor does not address the impact of currency exchange differences (exchange gains and/or losses as recognized in the annual financial statements) resulting from transactions denominated in foreign currencies but solely to the conversion of the break-even result from local reporting currency into euros in the CL/FFP IT solution.

d) Debt situation

Additional information may also be requested from a licensee in respect of its debt situation. This may include aspects such as the source of debt, the ability to service interest and principal payments, the debt covenant compliance and the maturity profile of debt.

As part of its considerations, the UEFA Club Financial Control Body may evaluate among others the following debt ratios to assess the capital structure and the debt-servicing capability of a club:

- I. Degree of leverage – the level of debt relative to earnings and underlying assets;
- II. Profitability and coverage – the level of earnings relative to debt servicing costs;
- III. Cash flow adequacy – the capacity to cover both interest and principal repayments.

e) Force majeure

As part of its considerations, the UEFA Club Financial Body may also take into account extraordinary events or circumstances beyond the control of the club which are considered as a case of force majeure.

f) Major and unforeseen changes in the economic environment

As part of its considerations, the UEFA Club Financial Control Body may also take into account the quantifiable financial impact on the club of extraordinary national economic events which are temporary and considered to be beyond the general fluctuation of the economic environment. Such events are beyond the control of the club and the club had no reasonable chance to mitigate the significant negative financial impact.

g) Operating in a structurally inefficient market

As part of its considerations, the UEFA Club Financial Control Body may consider if the licensee is operating in a structurally inefficient football market. The inefficiency of a football market (i.e. defined as the territory of Ukraine) is determined by the UEFA administration on a yearly basis by means of a comparative analysis of the top division clubs' total gate receipts and broadcasting rights revenues relative to the population of the territory of Ukraine.

h) Squad size limit

When assessing the monitoring requirements, the UEFA Club Financial Control Body will take into consideration the squad size of the licensee and will view more favorably licensees which used a maximum of 25 players (excluding players under the age of 21) in between any one of the two annual registration periods (as specified in the *FIFA Regulations on the Status and Transfer of Players*) before and/or during the national competitions through which they had the possibility to qualify for a UEFA club competition prior to the licence season.

ANNEX XIX: Voluntary agreements for break-even requirement

Principles

1. A club may apply to the UEFA Club Financial Control Body investigatory chamber to enter into a voluntary agreement with the aim of complying with the break-even requirement.
2. A club is eligible to apply to enter into a voluntary agreement if it:
 - i) has been granted a valid licence to enter the UEFA club competitions by its national licensor but has not qualified for a UEFA club competition in the season that precedes the entry into force of the voluntary agreement; or
 - ii) has qualified for a UEFA club competition and fulfils the break-even requirement in the monitoring period that precedes the entry into force of the voluntary agreement; or
 - iii) has been subject to a significant change in ownership and/or control within the 12 months preceding the application deadline.
3. The club must not have been party to a voluntary agreement (as defined in this annex) or subject to a disciplinary measure or settlement agreement (as foreseen in the Procedural rules governing the UEFA Club Financial Control Body) within the last three reporting periods.
4. A voluntary agreement can cover up to four reporting periods.
5. A voluntary agreement includes a structured set of obligations which are individually tailored to the situation of the club, break-even targets defined as annual and aggregate break-even results for each reporting period covered by the agreement, and any other obligations as agreed with the UEFA Club Financial Control Body investigatory chamber.

Process

1. The application deadline is the 31 December preceding the licence season in which the voluntary agreement would come into force.
2. When applying for a voluntary agreement the club must:
 - a) submit a long-term business plan, consisting of a balance sheet, a profit and loss statement and a cash flow statement which must be based on reasonable and conservative assumptions, in the form communicated by the UEFA administration, including future break-even information up to reporting period T+4;
 - b) demonstrate its ability to continue as a going concern until at least the end of the period covered by the voluntary agreement;

c) submit an irrevocable commitment(s) by an equity participant(s) and/or related party(ies) to make contributions for an amount at least equal to the aggregate future break-even deficits for all the reporting periods covered by the voluntary agreement. This irrevocable commitment must be evidenced by way of a legally binding agreement between the licensee and the equity participant and/or related party and, if required by the UEFA Club Financial Control Body investigatory chamber, it must also be secured by means of either:

i) payments into an escrow account, or

ii) a guarantee from another company in the legal group structure outside the reporting perimeter; or

iii) such other form of security as the UEFA Club Financial Control Body investigatory chamber considers satisfactory;

d) demonstrate its ability to meet the targets and obligations agreed with the UEFA Club Financial Control Body investigatory chamber.

3. The UEFA Club Financial Control Body investigatory chamber reviews each application and is free to conclude the corresponding voluntary agreement or not.

4. The UEFA Club Financial Control Body investigatory chamber monitors the proper and timely implementation of voluntary agreements.

5. Clubs bound by a voluntary agreement:

a) undertake to provide the UEFA administration with information on a timely basis evidencing their compliance with all obligations included in the voluntary agreement;

b) may be subjected to disciplinary measures by the UEFA Club Financial Control Body investigatory or adjudicatory chamber as foreseen in the Procedural rules governing the UEFA Club Financial Control Body if they fail to comply with the terms of their voluntary agreement.

ANNEX XX: The review of financial condition, prepared by management (director's report)

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

Principal activities

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

Business review

It is necessary to provide an objective review of the business development of the entity during the year and of its position at the end of year.

The review should contain the estimation of possible development of business organization in future .

Reports that can be represented as forecast must be drawn with due care.

The information of any significant events affecting the entity (and its subsidiary company) that have occurred since the end of the financial year covered by the financial statements, should be introduced in the report.

Directors' information

Disclose the information of the persons who were directors of the entity at any time during the year.

It is considered a fair practice to state the dates of appointment or retirement/resignation.

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

Directors' interests

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

If the licence applicant depends on funding by means of receiving director's loan, it is considered a fair practice to provide detailed information about it.

Approval and signature of directors' report

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

Country of stay and business address

Country of stay and business address must be disclosed.

EXAMPLE OF DIRECTOR'S REPORT
(Name of reporting entity)

(Annual) financial statements
during the year/period ended (date) 20XX

Registered Number (insert)

The directors present their annual report on the entity's activity, together with the financial statements and auditors' report, for the year ended (date) 20XX.

Principal activities

The principal activities of the entity is the management of a professional football club together with related and ancillary activities. The business review describes the entity's activities during the year and expected future developments.

Business review

The business activities review includes the following information about:

- the development and productivity of the football club activities;
- the year-end position;
- key directions and factors (relating to both past and future developments, productivity and position); and
- main business development and plans (for example – stadium projects; new business endeavors; important contracts; main football player's transfers; etc)

Directors' information

The list of directors who has hold position during the year, except the specified cases, as follows:

(include the full list of directors).

Directors' interests

The directors who held this position(year end date) and had the following interests in the entity's profit in a view of stocks and shares of the entity:

(insert details of name of director and stocks/shares held)

(insert name details of director, number of shares held and percentage of called up share capital held).

(Address of entity's registered office)

By order of the Board,

(Signature)

(Director/Secretary)

(Date)

(Name of signatory to be stated)

ANNEX XXI: Example of written management representations about existence or absence of conditions (events) of major economic importance, which are to be made before the licensing decision and during the licensing season

(It must be written on the license applicant's form)

To a Licensor
(The Date)

In connection with your application for obtaining of the license for the season _____ we confirm that from the date of the audited previous annual financial statement:

1. That all documents submitted to the FFU Club Licensing Committee are complete and correct.
2. No significant change in relation to all the licensing criteria has occurred.

(or)

No significant change in relation to all the licensing criteria has occurred, except undermentioned.

Description of significant change in relation to the licensing criteria.

3. No events or conditions of major economic importance have occurred.

(or)

No events or conditions of major economic importance have occurred, except undermentioned.

Description of the nature of the event or condition and an estimation of its financial effect, or a statement that such an estimation cannot be made.

4. Our club (and/or our parent company) is not seeking or has not received protection from our creditors pursuant to current Ukrainian laws or other regulations.

(or)

Our club (and/or our parent company) is seeking or has received protection from our creditors pursuant to current Ukrainian laws or other regulations. Description of reasons and circumstances which resulted to such seeking.

_____ (Authorized person)

_____ (Date)

On behalf of Football Club «-----»

ANNEX XXII: Future financial information

Commentary on preparation

In this Annex is presented the additional commentary as to the background principles for preparation of Future Financial Information (“FFI”).

Clubs’ management is acquainted with FFI’s preparation and presentation less fully than with Historical Financial Information. There are relatively not many recommendations, which may be useful for preparing of Future Financial Information.

In its essence, FFI is addressed to the future and based on opinions and assumptions.

FFI’s Mission

Basically, Future Financial Information provides for achievement of two main goals. From internal point of view, Future Financial Information assists management to study schedules and perspectives in the form of information, which is a base for making decisions. Such information is clear for businessmen and serves as a managing tool, which is subject to compare with the following results. Externally, Future Financial Information also aids a licensor to comprehend the financial consequences contained in organization’s plans.

The characteristics of useful FFI

In order to be useful, FFI should be as following:

- Comprehensible;
- Significant;
- Reliable;
- Comparable.

In order to be comprehensible, FFI is subject to have sufficient information for forming an opinion concerning existing uncertainties. Thus, the presented information should consist of the following:

- The sources of uncertainty;
- Foresight regarding further events and other uncertainties;
- Be related to decisions have been made by licensor;
- Have a value related to forecasting or assist to confirm or to adjust the prior assesment, have a quality value as a confirmation of such or other characteristics.

In order to be reliable, FFI should impartially describe the policies, plans and market analyses based on the facts. Information is considered to be reliable, if:

- A licensor may rely on it as trustworthy reflection foreseen by it or expected to be foreseen;
- It is neutral, as it has been exempted from special or systematic prejudgment that aims to have effect on decision or opinion in order to achieve the earlier determined target;
- It does not contain any essential mistakes;
- It is complete by all principal points (i.e. holds the description of realistic plans, risks and strategies); and
- It is conservative in meaning that under uncertain circumstances assumptions and opinions are being made with a partial prudence;

In order to meet abovementioned principles FFI is not necessary to achieve result only. The consecutive alternatives are accepted as a basis for a bona fide FFI introduction. Reflection of business analysis without any essential failures in such manner means precise presentation of analysis (as well as risks and uncertainties), but not that a factual result will be primarily the same as the business analysis contained in FFI. Much precisely, to say that forecast does not contain any essential mistakes, but it does not mean that plan will be achieved.

In order to be comparable, FFI is subject to the further comparing of the results in the form of historical financial information after the factual experience for a period of prepared budget. Information is considered to be comparable, if:

- It can be compared with similar data of other periods with the purpose of identification of similarities and differences;
- It reflects the consecution of preparation and presentation (although, must reflect the practical improvements also); and
- It has been confirmed by disclosure of accounting policy used during its compiling.

FFI's preparation principles

License applicant's management is responsible for FFI's preparation and confirmation. The management has to develop a formal order for FFI's preparation, including a plan, schedule and allocation of functions. Such formal order must meet the determined volume and content proposed by FFI and be made in order to provide all significant data. Persons engaged in this process should comprehend the FFIs requirements and principles during its preparing and compiling.

FFI's minimum content

The minimum content of FFI required for clubs' licensing purpose is stated in the Articles which must be enclosed in compliance with the minimum requirements for historical information disclosure.

FFI must be prepared using the same rules of accounting as well as the previous audited annual financial statements, except the cases, when the changes in accounting policy had taken place since the date of publishing of the previous audited annual financial statements. As exception, it is required to inform about all such events in process of submitting FFI to a licensor. The explanatory notes and a list of all assumptions and risks are subject to submit, if it is required for FFI's comprehension.

EXAMPLE OF EXPLANATORY NOTES OF FUTURE FINANCIAL INFORMATION

Introduction

This sample contains typical information, which has to be given in order to meet minimum financial criteria.

Accounting Policy

FFI was prepared by using the same accounting policy as well as the annual financial statements, excepting changes in accounting policy which had occurred since the date of recent annual financial statements and which are subject to be reflected in the next financial statements. In this case, it is required to describe any changes in details.

Assumptions

It is necessary to provide a list of the main proposals, which would be a basis of FFI for management in order to prepare it. FFI includes a few samples but this list is not comprehensive. Supplementary proposals should be given to management, if they may aid to comprehend information, or their absence can make this FFI questionable.

Management's Declarations

Directors should assign their responsibility on FFI. FFI was based on compliance with the prior audited annual financial statements.

Directors should verify that projected profit and loss statement and cash flow statement have been done in accordance with the proposals described in result of duly and attentive examination.

Relating to FFI directors have verified that they are not aware of any significant factors which have not been taken into account and in their opinion, these proposals are reasonable.

Directors consider that the projected result presented in profit and loss statement and cash flow statement is achievable, although, unforeseeable and uncontrolled events can influence on their achievement both favorably and unfavorably.

Directors do not know about any unforeseen essential expenses which should be taken into account or disclosed in FFI.

_____ (Authorized person)

_____ (Date)

On behalf of Football Club «-----»



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