



## **ACCA Strategic Business Leader (SBL)**

### **Preseen Analysis Note**

**March 2024**

**Case name: Athletic Transcentral (AT) football club**

**(SAMPLE)**

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## Chapter 1 Preseen Material Application

### Introduction

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- Athletic Transcentral (AT) is a football club located in Kyleland, Wocia.
- Owned by Athletic Transcentral Co, dedicated solely to operating the club.
- ...
- For clarity, both the company and the club are collectively referred to as AT in the document and exams.

### Explain the introduction paragraph





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#### 1. Similar real life football clubs as AT:

AT:

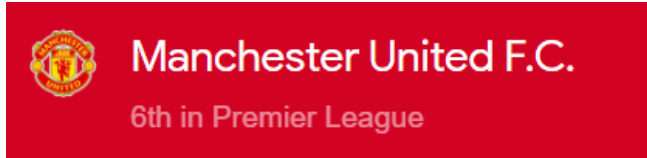


From preseen: AT's traditional colours are white shirts with black sleeves and black shorts and socks.

Clubs	Location	Ownership	Kit Design
<p><b>Juventus (Italy)</b></p> <p>Juventus F.C. Soccer club</p>  <p>juventus.com</p>	Turin, Italy	Agnelli family (through Exor N.V.)	
<p><b>Newcastle United</b></p> 	..	Public ... Fund of Saudi Arabia (Majority Stake)	

## 2. Changes in ownership:

### Manchester United:



- **Family Ownership:** Manchester United was once owned by the Edwards family. Martin Edwards, whose father . Edwards had previously owned the club, was chairman of Manchester United from 1980 until 2002. Under the Edwards family, Manchester United became one of the most successful .. in English football history.
- **Public Listing:** Manchester United was first floated on the stock market in 1991 on the London Stock Exchange, marking its transition from being family-owned to a public company. This initial public offering (IPO) ... a significant move that opened up new financial avenues for ... club. The listing allowed the club to raise capital from public investors while also maintaining a level of control.
- **Glazer Takeover:** In 2005, the club underwent another significant change in ownership when American businessman ... **Glazer** and his family gradually acquired a controlling stake in Manchester United through a leveraged buyout. This acquisition resulted in the club being delisted from the stock exchange and becoming privately owned once again by the Glazer family.
- **Re-listing:** In 2012, Manchester United was once again listed on the stock market, this time on the New .... "MANU". The Glazer family retained a significant portion of the ownership but sold a minority stake to public investors, making it a publicly listed company once again.

## Implications of selling to individuals using leveraged buyout:

### Financial Implications

- **Debt:** The ...health and flexibility. Critics argue that this has diverted funds that could have been used for player acquisitions, stadium improvements, and other investments back into servicing the debt.
- **Ticket Prices...**der fan base.

### Fan and Cultural Impact

- **Fan Opposition:** The takeover was met with widespread opposition from Manchester United fans. The use of leveraged funds and the subsequent debt placed on the club were particular points of contention. This led to protests and even the formation of a new club, FC United of Manchester, by disaffected supporters.
- **Cultural Shift:** There's a perceived shift in club culture from a community and sporting institution towards a more commercial and profit-driven entity. Long-time supporters often express concerns that new ownership focuses more on financial returns than on club heritage and sporting success.

### Investment in Players and Infrastructure

- **Squad ...:** While some ownership changes lead to significant investment in players and infrastructure, .. the club for purchase can constrain these investments. Fans and analysts often debate whether the owners' financial strategies support or hinder the club's competitive prospects.
- **.. and Facilities:** Investment in stadium development and training facilities is crucial for a club's growth. Changes in ownership can affect these investments, with some owners prioritizing them more than others.

...: New owners often seek to maximize commercial revenues, sometimes leading to decisions that prioritize financial gains over club traditions or fan preferences, such as changes in kit design, sponsorship deals such as the sale of naming rights of the home ground.

## Reasons that it went listed again in 2012:

**1. Paying Down Debt by raising capital** - One of the primary reasons for the IPO was to address the significant debt level that had been a concern for fans and financial analysts alike. The proceeds from the share sale offered a way to pay down some of this debt, thereby reducing interest payments and improving the club's financial health.

**2. Global Brand Expansion** - Listing on the NYSE was also a strategic move to further establish ...

### 3. Strategies of AT

#### Strategic (Long-term Vision and Planning)

1. **Expand Global Footprint:** Develop a long-term strategy to grow AT's brand internationally, focusing on emerging markets with high growth potential for football. This could involve setting up football academies abroad, international merchandising partnerships, and digital content tailored to international audiences.

#### **Issue: Cultural Sensitivity and Localization**

- **Issue:** While expanding into international markets, football clubs often ...

2. **Infrastructure Investment:** Consider long-term investments in stadium upgrades or new facilities to enhance revenue opportunities and improve fan experience. This aligns with the need for modern, multi-purpose venues that can host various events beyond football matches.

#### **Issue: Efficiency (Attendance)**

**From preseen:** The average ... be full capacity in the industry.

**Real-life example:** The Tottenham Hotspur Stadium, constructed by the Tottenham Hotspur Football Club located in ..... NFL (The NFL, or National Football League, is a professional American football league in the United States) games.

3. **Sustainability and Innovation:** Integrate sustainability into the club's core strategy, focusing on environmental, social, and governance (ESG) factors. Innovate in green technology for stadium and training facilities and engage in community programs that reinforce the club's commitment to social responsibility.

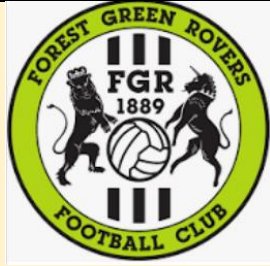
**Example: Forest Green Rovers. Based in Nailsworth, ...the world's greenest football club."**



**Forest Green Rovers F.C.**

23rd in Football League Two





#### Environmental Sustainability

- **Green Technology:** The club uses green technology extensively, including solar panels at its .. electric vehicle charging station. The New Lawn, their home ground, is powered by 100% renewable energy.
- **Organic Pitch:** The club maintains an organic pitch, which is free from pesticides .. The pitch is irrigated using rainwater collected from underneath the stadium.
- **Vegan Menu:** Forest Green Rovers was the first football club in the world to offer a ... for players, staff, and fans, promoting animal welfare and reducing environmental impact.

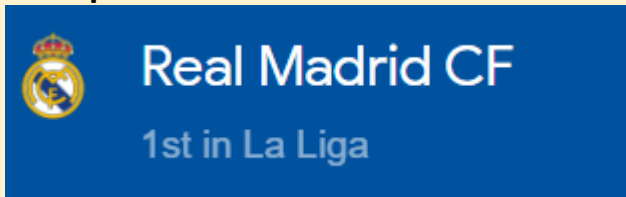
**Social Responsibility** - ..., including providing electric bus services on match days.

**Governance and Leadership - Leadership in Sustainability:** The club's owner, Dale Vince, a green energy .... from operations to outreach, setting a precedent for environmental governance in sports.

### Tactical (Medium-term Implementation Plans)

1. **Fan Engagement** .... This includes interactive content, behind-the-scenes access, and gamification of fan participation.

#### Example: Real Madrid CF



**Digital Transformation with Microsoft - Personalized Fan Experience:** Utilizing Microsoft's ..., ensuring that fans receive relevant information, offers, and engagement opportunities tailored to their interests and behaviors.

#### Fan Engagement Programs

- **Real Madrid App:** The official Real Madrid app provides fans with a comprehensive platform for all things related to the club. Features include live match updates, player stats, and behind-the-scenes content. The app also

integrates augmented reality for immersive experiences, such as virtual tours of the Santiago Bernabéu Stadium.

- **Virtual ...** Madrid has embraced VR and AR to offer fans unique experiences, such as virtual matchday experiences and the opportunity to view matches and player training sessions in 360-degree videos.
- **Gamification of Fan Participation:** Real Madrid has introduced elements of gamification on its digital platforms, encouraging fans to participate in quizzes, fantasy football, and other interactive games. These activities not only enhance the fan experience but also foster a sense of community and loyalty.

**Loyalty ...** club offers a loyalty program called "Madridista" which provides members with various benefits, including discounts on merchandise, priority ticket access, and exclusive content. The program is designed to reward fan loyalty and enhance their connection with the club.

2. **Youth ....** investing in scouting, coaching, and player development programs, with a focus on identifying and nurturing local talent.

**Preseen information:**

***Professional clubs in Kyleland***

*Five ... the ultimate aim of producing first team players. Players recruited by academies have more time to play and be coached than players in under-18 teams of clubs without academies.*

**FC Barcelona's "La Masia" represents a premier example of excellence in youth academy and talent development within the football world.**



**FC Barcelona**

3rd in La Liga

- **Holistic Development Approach:** La Masia is renowned for its holistic approach to ... growth. The academy focuses on developing intelligent, technically proficient players who understand the club's playing philosophy.
- **Integration with Club Philosophy:** From a young age, players at La Masia are taught the values ... who advance to the senior team, as they are already familiar with the club's tactical approach and expectations.
- **Success ....** Xavi Hernández, Andrés Iniesta, and Sergio Busquets, among others. These players not only became key figures for FC Barcelona but also had distinguished careers on the international stage.



Lionel Messi

3. **Commercial ....** collaborations with tech companies for fan engagement technologies, or lifestyle brands that can enhance the club's cultural relevance.

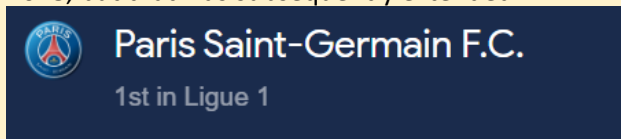
### **Technology Partnerships for Fan Engagement - Manchester City and SAP:**

Manchester City partnered with SAP, a global software company, to develop the City Football Group's global technology infrastructure.

... since the Premier League changed its rules in March to allow coaches to use handheld technology devices with live data on the sidelines during matches. The International Football Association Board also approved a similar use of data ahead of the World Cup, allowing ChyronHego's TRACAB optical tracking system to be deployed across the month-long tournament.



**Lifestyle ....**ends beyond traditional sports merchandise, positioning PSG within the broader lifestyle and fashion space, and tapping into new markets and demographics. PSG and Jordan Brand initially announced a three-year partnership in 2018, but that was subsequently extended.



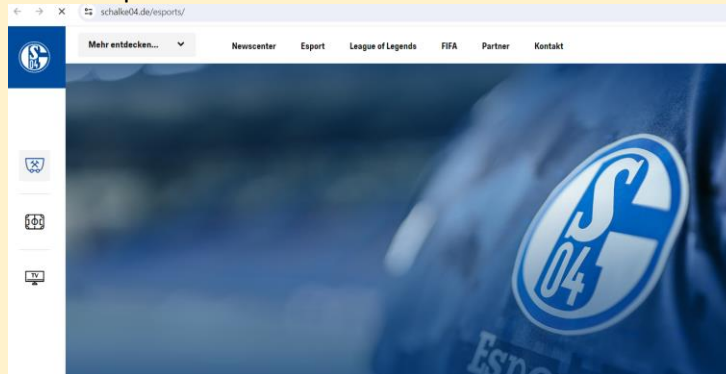
**FC ...** for the Camp Nou stadium and featuring artists on the team's jerseys. This partnership merges sports with music and culture, aiming to create unique experiences for fans and broaden the club's appeal to younger audiences and music fans.

## Dream Team Dream Team



Music and football come together in a way that's entirely new in our partnership with FC Barcelona. As the team's Main partner and Global Audio Streaming partner, we're committed to making Spotify Camp Nou a space that celebrates artists from around the world—and helps FC Barcelona fans connect with their favorite creators and players.

**Esports** .....tive gaming. They field teams in various games, engaging with a younger demographic and exploring new revenue streams beyond conventional football operations.



## Operational (Day-to-day Management)

1. **Financial ...** transfers and wages, ensuring compliance with financial fair play regulations.

### Leeds United in the early 2000s:



Leeds United  
2nd in Championship

- **High Spending on Transfers and Wages:** Leeds United, under Chairman Peter Ridsdale... Keane from Inter Milan for £12 million in 2001, aiming to compete at the highest level in both the Premier League and European competitions.
- .... 2000-2001 season. Failure to secure a spot in subsequent seasons left the club unable to meet its financial obligations.
- **Financial ...** to finance player purchases.
- **Selling Assets** .... for £7 million in 2002. Despite these sales, financial woes worsened, contributing to relegation from the Premier League in 2004.

2. **Risk ....**nd mitigates risks ranging from financial instability, reputational damage, to player injuries. This includes regular reviews and contingency planning.

### Rangers Football Club's Financial Collapse:



Rangers F.C.  
1st in Scottish Premiership

- ... (EBTs) for paying players and staff, which HMRC challenged as tax evasion.
- **Financial Mismanagement:** The club's management failed to adequately address ... the club's income. This mismanagement led to accumulated debts that the club could not service.
- **Lack of** .... from the tax dispute and other financial risks. There was no clear strategy to mitigate the impact of these liabilities should the club lose its legal battle with HMRC.

3. **Performance .....** This operational tactic can inform coaching decisions, player recruitment, and tactical adjustments during games.

**Advanced Data Collection Technologies**

- **Wearable Tech:** GPS and heart-rate monitors for fitness and injury prevention. (e.g., STATSports)
- **Tracking Systems:** Cameras and systems for real-time player and ball data. (e.g., Catapult)
- .....
- **Social Media Analysis:** Monitoring sentiment for marketing and recruitment. (Tools: Brandwatch)

**Fan Engagement and Matchday Experience**

- **Fan Experience Analytics:** Analyzing stadium dynamics for enhanced fan experience. (Tools: SAS, Tableau)

## Financial statements – Manchester United in 2023:

### Consolidated statement of profit or loss

	Note	Year ended 30 June		
		2023 £'000	2022 £'000	2021 £'000
Revenue from contracts with customers	4	648,401	583,201	494,117
Operating expenses	5	(681,117)	(692,520)	(538,424)
Other operating income		1,112	—	—
<b>Profit on disposal of intangible assets</b>	<b>8</b>	<b>20,424</b>	<b>21,935</b>	<b>7,381</b>
<b>Operating loss</b>		<b>(11,180)</b>	<b>(87,384)</b>	<b>(36,926)</b>
Finance costs		(44,917)	(85,915)	(36,411)
Finance income		23,523	23,676	49,310
Net finance (costs)/income	9	(21,394)	(62,239)	12,899
<b>Loss before income tax</b>		<b>(32,574)</b>	<b>(149,623)</b>	<b>(24,027)</b>
Income tax credit/(expense)	10	3,896	34,113	(68,189)
<b>Loss for the year</b>		<b>(28,678)</b>	<b>(115,510)</b>	<b>(92,216)</b>
<b>Loss per share during the year</b>				
Basic loss per share (pence)	11	(17.59)	(70.86)	(56.60)
Diluted loss per share (pence) <sup>(1)</sup>	11	(17.59)	(70.86)	(56.60)

<sup>(1)</sup> For the years ended 30 June 2023, 2022 and 2021, potential ordinary shares are anti-dilutive, as their inclusion in the diluted loss per share calculation would reduce the loss per share, and hence have been excluded.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.



## Consolidated balance sheet

	Note	As of 30 June	
		2023 £'000	2022 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	253,282	242,661
Right-of-use assets	14	8,760	4,072
Investment properties	15	19,993	20,273
Intangible assets	16	812,382	743,278
Trade receivables	19	22,303	29,757
Derivative financial instruments	20	7,492	16,462
		<u>1,124,212</u>	<u>1,056,503</u>
<b>Current assets</b>			
Inventories	18	3,165	2,200
Prepayments		16,487	15,534
Contract assets – accrued revenue	4.2	43,332	36,239
Trade receivables	19	31,167	49,210
Other receivables		9,928	1,569
Income tax receivable		5,317	4,590
Derivative financial instruments	20	8,317	6,597
Cash and cash equivalents	21	76,019	121,223
		<u>193,732</u>	<u>237,162</u>
<b>Total assets</b>		<u>1,317,944</u>	<u>1,293,665</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Note	As of 30 June	
		2023 £'000	2022 £'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	22	53	53
Share premium		68,822	68,822
Treasury shares	23	(21,305)	(21,305)
Merger reserve		249,030	249,030
Hedging reserve	30.2	4,002	950
Retained deficit		(196,652)	(170,042)
<b>Total equity</b>		<u>103,950</u>	<u>127,508</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	3,304	7,402
Contract liabilities - deferred revenue	4.2	6,659	16,697
Trade and other payables	24	161,141	102,347
Borrowings	25	507,335	530,365
Lease liabilities	14	7,844	2,869
Derivative financial instruments	20	748	49
Provisions	26	93	11,586
		<u>687,124</u>	<u>671,315</u>
<b>Current liabilities</b>			
Contract liabilities - deferred revenue	4.2	169,624	165,847
Trade and other payables	24	236,472	220,587
Borrowings	25	105,961	105,757
Lease liabilities	14	1,036	1,561
Derivative financial instruments	20	931	32
Provisions	26	12,846	1,058
		<u>526,870</u>	<u>494,842</u>
<b>Total equity and liabilities</b>		<u>1,317,944</u>	<u>1,293,665</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

## When analysing the financial statements:

### Revenue Streams

- .... revenue, broadcasting rights, commercial deals, and merchandising. Overreliance on one source can indicate vulnerability to market changes or performance dips.
- .... from sponsorships, merchandising, and partnerships is often a sign of a strong brand and market presence.

### Expenditure

- ... health. High ratios suggest the club may be overspending on player and staff wages relative to its income, which can lead to financial instability.
- ... spread over the length of their contracts and is a significant expense. Rapid increases can indicate heavy investment in the squad.

## 2 Football sector Information – Kyleland

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### Sport of football

- Football match outcomes are based on goal scores, with wins, losses, or draws.
- .. (under 18) teams.
- Football clubs operate both professionally and recreationally, with professional players being full-time employees.

### Professional clubs in Kyleland

- In Kyleland, professional clubs typically have men's and women's first and reserve teams, and under-18 teams.
- First teams feature the club's top players, reserve teams serve as a backup, and each team has a manager and support staff.
- **Five ...** develop young players from age 9, aiming to groom them for the first team.
- **....** players.
- For ...yleland league and international competitions.

### Applications:

#### 1. Problems of academies, with solution (practical examples)

##### 1. ... Training

- **Problem:** Young athletes need to balance their football training with education, which can be challenging due to the demanding schedules of both.
- **Example...** is renowned for its holistic approach to player development. The academy emphasizes the importance of education alongside football training.
- **Solution:** La Masia schedules training sessions in a way .... attend school. They also offer tutoring and educational support to ensure players can keep up with their studies, highlighting the importance of a balanced development approach.



## 2. Mental Health and Pressure

- ... expectations to succeed, fear of failure, and the competitive nature of sports.
- **Example:** Manchester United's academy has been proactive in addressing mental health by implementing a comprehensive support system for its players.
- ..., offers workshops on coping mechanisms, and encourages open discussions about mental health. This approach aims to build resilience and provide players with the tools to manage pressure and expectations.



## 3. Transitioning from Youth to Senior Level

- ... up in physicality, skill, and tactical understanding required.
- **Example:** AFC Ajax (Amsterdamsche Football Club Ajax), a professional football club based in Amsterdam, Netherlands's academy is known for its success in bridging the gap between youth and senior football.
- ... of play in a supportive environment, ensuring a smoother transition. Additionally, Ajax often loans out players to other clubs to gain first-team experience, further aiding their development.



## 2. Missed opportunity because of selling players to other clubs, without enjoying later achievements:

### Mohamed Salah

- **Original Club:** Chelsea FC
- **Transfer:** Sold to AS Roma in 2016 (initially on loan in 2015)
- **Outcome:** After struggling to secure a first-team spot at Chelsea ... in 2017, where he has since become one of the premier forwards in the world, helping the club win the UEFA Champions League, the Premier League, and numerous individual accolades. Chelsea's decision to sell Salah is often cited as a missed opportunity, given his later achievements.



### Analysis:

- **Lack of Opportunities:** Salah was given limited playing time during his tenure at Chelsea. Critics argue that the management failed to provide him with sufficient opportunities to prove his worth or to adapt to the Premier League, which is a common challenge for young foreign players.
- **Short-term Performance Evaluation:** Football clubs often make decisions based on short-term needs and performances. It's suggested that Chelsea, under the management of José Mourinho at the time, was more focused on immediate results rather than player development, leading to Salah not fitting into the immediate tactical plans.
- ....

### 3. Example of top player transfer:

- ... €222 million (about \$263 million USD at the time), which shattered the previous record for the highest transfer fee.



### Additional points to note when the top player is transferred:

#### 1. Advertising

- ..... clubs.
- **Media and Public Statements:** Sometimes, the availability of a player is made known through media, either as strategic leaks or official statements from club representatives. However, this is more about generating interest and publicizing the player's potential availability rather than a formal advertisement.

#### 2. Smoothing the Sale Process

- **Negotiations:** The transfer process involves detailed negotiations covering transfer fees, player wages, contract length, and other terms. These negotiations are handled by the clubs' management and the player's agent.
- ..... transfer process. Clubs are required to report transfers and their details to comply with financial fair play rules.

#### 3. Fees

##### *Money to the Selling Club (Barcelona)*

- **Transfer Fee**..... to any sell-on fees owed to Neymar's previous clubs or training compensation. They can reinvest this money in acquiring new players, improving infrastructure, or other club needs.

##### *Money to the Buying Club (PSG)*

- **Investment:** The buying club pays the transfer fee and also commits to a salary package for the player. The investment is made with the expectation that the player will contribute significantly to the team's success, brand value, and revenue generation through winnings, merchandising, and increased fan engagement.
- **Commercial Revenue:** .....

##### *Money to the Player (Neymar Jr.)*

- **Salary and Bonuses:** Neymar's contract with PSG included a significant salary, reportedly around €36 million per year after taxes, plus potential bonuses for achievements such as winning the Champions League, league titles, or individual awards.

- **Image Rights and Endorsements:** In addition to his salary, Neymar earns money from personal endorsements and sponsorships. While these deals are separate from the transfer, moving to a high-profile club like PSG can enhance a player's marketability.
- **Signing Bonus and Loyalty Bonuses:** .....

#### *Distribution of the Transfer Fee*

- **Agents' Fees:** A portion of the transfer fee, often a percentage, goes to the player's agent(s) for facilitating the transfer. This percentage varies but can be significant in high-value transfers.
- **Third Parties:** If third .....

#### 4. Transparency Issues and Bribery

- **Regulatory Framework:** The football transfer market is regulated to prevent issues like bribery and corruption. FIFA's Transfer Matching System (TMS) is designed to ensure transparency by requiring clubs to enter transfer details for verification before the process is finalized..... **interest.** However, high-profile transfers like Neymar's are closely watched by the media, regulators, and the public, which adds a layer of scrutiny.

#### 1. Undisclosed Payments and Third-party ..... a significant legal and regulatory fallout.

West Ham United breached Premier League rules by not fully disclosing the involvement of third-party companies that owned economic rights to the players, as the third party owns economic rights when players are transferred to others.



This lack of transparency resulted in a record fine of £5.5 million for West Ham.



Carlos Tevez



Javier Mascherano

2. ...., making it the world's most expensive transfer at the time. The deal brought Pogba back to the club he left on a free transfer four years earlier.

- **Agent's Dual Representation:** Mino Raiola, Pogba's agent, was reported to have represented all three parties involved in the transfer: the selling club (Juventus), the buying club (Manchester United), and the player (Paul Pogba). This triple representation led to concerns about a potential conflict of interest, as it was unclear whose best interest Raiola was acting in.



- **Agent's Fee:** Raiola reportedly earned a substantial agent's fee from the transfer, with some reports suggesting he received €27 million. The size and nature of the fee, given his representation of multiple parties, were sources of controversy and debate about the fairness and transparency of the transfer.

### Responsibilities of a Football Agent:

- **Contract Negotiations:** Agents negotiate contracts on behalf of their clients, ensuring the best possible terms, including salary, bonuses, and other benefits.
- **Transfer Negotiations:** They facilitate transfers between clubs, negotiating transfer fees .....
- **Legal Representation:** Agents provide legal advice or secure legal representation for their clients to handle contracts, disputes, and other legal matters.

### Examples of such agents:

- **Mino Raiola:** Represented some of the biggest names in football, including Zlatan Ibrahimović, Paul Pogba, and Erling Haaland. Raiola was known for securing high-profile transfers and lucrative contracts for his clients, making him one of the most powerful and controversial figures in football.
- **Jorge Mendes:** Often referred to as a "super-agent," Mendes has a client list that reads like a who's who of football, including Cristiano Ronaldo, José Mourinho, and James Rodríguez. His agency, Gestifute, is among the most influential in the sport, known for facilitating some of the most significant transfers in football history.





- **Jonathan Barnett:** The chairman of Stellar Group, Barnett is another high-profile agent known for representing Gareth Bale, Saul Niguez, and Jack Grealish. He has been involved in many major deals, including Gareth Bale's then-world record transfer to Real Madrid in 2013.



## 2 Kyleland football league (KFL)

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- The Kyleland Football League (KFL) consists of three divisions for men's first teams, each containing 18 teams.
- **Duration:** The league season runs from August to May.
- **Frequency:** Teams play each other twice per season, once at each team's home stadium.
- **Points system:** 3 points for a win, 1 point for a draw, and 0 points for a loss.
- The ....
- The top two teams from Divisions 2 and 3 are promoted to the next higher division for the following season.
- Teams ....**conduct.**

1. **Failure to Pay Debts:** Clubs not meeting their financial obligations, such as unpaid wages, fees, or taxes.
2. **Breach of FFP Regulations:** Clubs spending beyond their means, violating rules intended to ensure financial fairness in competition.
3. **False Accounting:** Manipulating financial records to misrepresent a club's financial health.
4. .... norms.
5. **Illegal Transfer Activities:** Conducting transfers that break league or international rules, including issues with third-party ownership.

- Division winners receive a trophy and prize money.
- .. increased sponsorship and television income.
- Clubs in Division 1 of ..., not limited to Kyleland.

### Competitions:

#### 1. Domestic Cup Competition:

- All KFL teams participate in a domestic cup within Kyleland.
- ... teams drawn randomly.
- Winners progress through rounds to the final.

#### 2. International Competition:

- Top three ... in the Wocian International League.
- Includes top teams from other countries in Wocia.
- Offers additional revenue from more home games and live TV broadcasts.

### 3. **Other Teams:**

- Women's first teams compete in the Kyleland Women's Football League (KWFL), featuring two divisions of 18 teams each.
- Not all clubs have women's teams.
- KWFL ... domestic cup competition.
- Reserve and under-18 teams have their own competitions.

### 3 Industry Body

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- **Governing Body:** The Kyleland Football League (KFL) is governed by the Kyleland Football Association (KFA).
- ...e KFL.
- **Corporate Governance:** KFA recommends clubs adhere to generally accepted corporate governance best practices.
- ...rning bodies.

#### Real life Industry Body

**FIFA** (Fédération Internationale de Football Association) is the international governing body for the sport of football. It is responsible for overseeing international competitions, including the FIFA World Cup, setting the rules of the game, and promoting football globally.

#### **Its functions include:**

- **Governance of Global Football:** FIFA oversees the rules, regulations, and governance of football worldwide.
- **Organizing International Competitions:** It organizes major international tournaments, including the FIFA World Cup and FIFA Women's World Cup.
- **Promoting Football Development:** FIFA works to develop football globally, supporting ..... competitions to member associations for football development projects.

#### **Governance Structure of FIFA**

FIFA's governance structure includes several key components:

- **Congress:** The Congress is FIFA's supreme body, comprising representatives from each of FIFA's member associations. It meets annually to make decisions on the rules of the game, statutes, and the regulatory framework.
- **Council:** The ....., ethics, football development, and more. These committees assist in the detailed planning and implementation of FIFA's strategies and policies.
- **General Secretariat:** Headed by the Secretary General, the General Secretariat carries out the day-to-day administration and operational work of FIFA.

#### **Examples of Unfair Situations**

- **Financial Irregularities:** For instance, Manchester City Football Club was banned from European competitions for two seasons by UEFA in 2020 for breaching .....
- **Doping:** While cases of doping in football are relatively rare, both the World Anti-Doping Agency (WADA) and FIFA strictly prohibit the use of performance-enhancing drugs. If players are found guilty of doping, not only the individual players but also their clubs could face fines and reputational damage.

### Scandals

FIFA has been involved in several scandals over the years, the most notable being the 2015 corruption scandal. High-ranking officials were accused of bribery, fraud, and money laundering related to the awarding of FIFA World Cup tournaments and marketing and broadcasting rights. This led to several arrests, resignations, and reforms within the organization to improve transparency and governance.

### Impacts on football clubs:

#### Financial and Sponsorship Concerns

- **Sponsorship and Funding:** Scandals can lead to a loss of confidence among sponsors and ... with governing bodies may suffer reputational damage, impacting fan support and commercial relationships.

#### Governance and Regulatory Changes

- **Stricter Regulations:** In response to FIFA scandals, football governing bodies have implemented stricter governance and financial regulations affecting clubs. For ...ns.
- **Increased Scrutiny:** Clubs face increased scrutiny from regulatory bodies to ensure compliance with new standards, necessitating more rigorous internal controls and compliance mechanisms.

#### Legal and Administrative Impacts

- **Legal Proceedings:** Clubs may be drawn into legal proceedings related to scandals, especially if they are **directly involved** in investigations or if their officials are implicated. This can lead to legal costs and administrative burdens.
- ... transfer market's operation, including transfer bans and penalties for non-compliance with rules, directly impacting clubs' abilities to buy and sell players.

#### Fan and Public Perception

- **Fan Trust:** Scandals at the highest levels of football governance can erode trust among fans, affecting their support for football institutions, including clubs. This could impact attendance at matches, merchandise sales, and overall fan engagement.
- **Global Image of Football:** As clubs are integral to the football ecosystem, scandals affecting FIFA can tarnish the global image of football, leading to a

broader impact on the sport's popularity and, consequently, on clubs' international marketing and growth opportunities.

**Tutorial note:**

*One notable reaction was the general outcry and demand for transparency and governance reform within ... While this opposition was not targeted at specific clubs, it did reflect a growing concern among fans about the integrity of the sport they love, prompting discussions on governance practices at all levels of football, including clubs.*

## Clubs' Income and Expenditure Sources:

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### 1. Clubs' Income Sources:

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- **Prize Money:** Earned based on league position, domestic cup wins, and international competition performance.
- **Ticket Sales:** Income from match attendance and season ticket sales.
- **Other Matchday Income:** Sales from refreshments and hospitality box rentals.
- **Transfer Fees:** Revenue from selling players to other clubs.
- **Advertising and Sponsorship:** Income from stadium advertisements, shirt sponsorships, ...

### 2. Clubs' Main Expenditure:

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- **Salaries and Benefits:** Payments to employees and players.
- **Amortisation Costs:** Straight-line amortisation of capitalised transfer fees over the ...
- **Finance Costs:** Interest and other financial expenses.

### Potential 6 income streams:

#### 1. Digital and Interactive Platforms

- **Virtual ...s**, or training sessions.
- **Online Gaming ...** featuring the club's brand.

#### 2. Fan Engagement and Services

- **Membership Programs:** Enhanced membership schemes providing exclusive content, discounts, and experiences to members.
- ...s and memorabilia.
- **Digital Content Subscriptions:** Exclusive digital content platforms with subscriptions for behind-the-scenes videos, interviews, and match analyses.

#### 3. ...

## Potential 7 expenditure streams:

### 1. Advanced Technology and Infrastructure

- **Data Analytics and Performance Technologies:** Investment in data analytics for player performance, scouting, health monitoring, and fan engagement insights.
- **Stadium Upgrades:** Implementing advanced technologies for ticketing, security, and fan experiences, such as Wi-Fi enhancements, digital signage, and interactive fan zones.

### 2. ...



## Financial fair play regulations (FFPR)

- **Purpose of FFPR:** Designed to prevent professional football clubs from spending more than they earn, avoiding financial difficulties and potential jeopardy to their existence.
- **Application of FFPR:** Applies to a club's relevant earnings, which differ from accounting profits. Relevant earnings are calculated as relevant income minus relevant expenses.

Components of Relevant Income	Components of Relevant Expenses
Prize money	...
Ticket sales and other matchday receipts	Amortisation of transfer costs
TV revenue	...
Income from ... advertising	Loss on sales of players
Merchandise sales	Finance costs
Profit on disposal of tangible non-current assets	Dividends
Profit on sales of players	

- **FFPR Threshold:** Allows clubs to have relevant expenses exceed relevant income up to a maximum of \$5 million over a three-year period.
- **Monitoring** ...r period starting from year 3.
- **Penalties for Breaching FFPR:**
  - Fines
  - Loss of points
  - Loss of prize money in the league
  - ...al League
  - Relegation to lower divisions for very serious breaches

## Real life example:

### AC Milan

- **Incident:** In 2019, AC Milan was banned from participating in the UEFA Europa League for the 2019-2020 season due to breaches of FFPR.
- ...

### Consequences of Non-Compliance:

- **Financial Sanctions:** Clubs can face hefty fines for failing to comply with FFPR.
- **Transfer ...**



## A holistic approach to comply with FFPR: (A few ideas...)

### Governance

- **Establish Clear Policies:** Develop and implement clear financial policies that align with FFPR, including spending limits and investment criteria.
- **Board Oversight:** Ensure the club's board of directors understands FFPR requirements and oversees ... efforts, setting a tone of financial responsibility.
- **Transparency:** Foster transparency in financial dealings and decision-making processes, making information accessible to stakeholders to build trust and accountability.

### Risk Management

- **Financial Risk Assessment:** Regularly assess financial risks, including the potential for revenue fluct...
- **Compliance Monitoring:** Monitor compliance with FFPR continuously, using key performance indicators (KPIs) and benchmarks to identify potential issues early.
- **Contingency Planning:** Develop contingency plans for financial downturns or unexpected events that could impact the club's financial stability.

### Project Management

- **Strategic Planning:** Use project management principles for strategic planning, particularly for significant investments such as player acquisitions, infrastructure projects, and commercial ventures, ensuring they align with FFPR compliance.
- **... Management:** Apply rigorous budget management to all projects, with clear accountability for budget adherence and financial outcomes.
- **Performance ...:** Implement a structured review process to evaluate the financial and strategic performance of projects, learning from outcomes to improve future planning and execution.

## Audit

- **Internal Auditing:** Conduct regular internal audits to review compliance with FFPR and internal financial controls, identifying areas for improvement.
- **... Auditing:** Engage independent external auditors to verify financial statements and compliance with FFPR, providing an objective assessment of the club's financial practices.
- **Feedback ...:** Use findings from audits to refine financial strategies, policies, and practices, ensuring continuous improvement in governance and compliance.

## Integration and Communication

- **Integrated Approach:** Ensure that governance, risk management, project management, and audit processes are integrated and aligned with the club's overall strategy and FFPR requirements.
- **Stakeholder ...:** Communicate effectively with all stakeholders, including fans, sponsors, and regulatory bodies, about the club's commitment to financial fair play and sustainability.
- **... and Education:** Provide ongoing training and education for staff and management on FFPR, financial management, and compliance, fostering a culture of financial prudence and responsibility.

## Media Coverage

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- **Live Broadcasts:** Many KFL Division 1 games are televised live, attracting significant viewer attention.
- **Media ...ms** within Kyleland.
- **Journalistic ...paper** sales and digital engagement.

### Impact of media coverage:

- **Speculation ...olve speculation** about potential signings or departures of star players, such as Cristiano Ronaldo or Lionel Messi, before official announcements are made, creating uncertainty and distraction.
- **Privacy Concerns:** Players and clubs often face privacy issues as journalists seek personal stories or controversies for exclusive ... *by the media. Stories focusing on their personal lives, relationships, and off-field activities have led to privacy invasions and conflicts with the press.*
- **Pressure on Players and Clubs:** Intense media scrutiny can put additional pressure on players and clubs, impacting performance and leading to heightened expectations from fans. *For example, Players like Wayne Rooney or Neymar have faced media .... changes, such as Chelsea or AC Milan, also face intensified scrutiny that can affect team morale and performance.*
- **.. .. .:** Clubs must invest in robust public relations strategies to manage the narrative, address false reporting, and maintain a positive image in the face of media scrutiny. *For example, Liverpool FC and Manchester City, among others, have developed sophisticated ...age with fans directly through social media, and counteract negative press to maintain a positive club image.*

## Industry ...

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- **Success Imperative:** ... strong performances in domestic and international competitions.
- **Financial Expenditure:** Achieving success often involves significant spending on acquiring top players and affording their high salaries.
- **Financial ...** declining for many due to rising player costs.

### Financial Difficulty - Malaga CF (Due to high spending on top players)

*Tutorial note: Change management in ACCA SBL syllabus question background, ie Turnaround strategy.*

In the early 2010s...e club struggled to comply with Financial Fair Play regulations due to its high spending relative to income.

- **Sanctions and Fines:** As a result of failing to comply with ... qualifying the previous season. The club was also subject to fines and was required to demonstrate financial stability to avoid further sanctions.
- **Player ...y** players who were part of their successful UEFA Champions League campaign. This weakened the team significantly.
- **Ownership ...** of the club's finances. There were several changes in the administrative and sporting leadership in attempts to stabilize the club.
- **Relegation ...** and other income associated with top-flight football.
- **Financial ...**



## Risks and threats

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- **Performance-Related Income Loss:** Lower match attendance and prize money due to poor performance.
- **Competition:** Rivalry with other clubs for prize money, supporters, sponsors, and top talent.
- **Sponsorship Issues:** Potential non-renewal of commercial sponsorship contracts.
- **Key Personnel Departures:** Loss of crucial players, management, or coaching staff to other clubs.
- **Player Injuries:** Serious injuries to key players affecting team performance.

- **Television Revenue Decline:** Reduced income from TV contracts due to less appeal or illegal streaming.
- **Competition for Sponsorship:** Increased competition for corporate sponsorship from other businesses and entertainment events.
- **FFP Non-Compliance:** Financial penalties for breaching financial fair play regulations.
- **Brand Damage:** Harm to the club's reputation and brand value.
- **Negative Media Coverage:** Impact of players' personal lives negatively covered by media.
- **Health and Safety Risks:** Potential for injuries or health issues affecting players and staff.
- **Security Risks:** Risks related to supporter misconduct at matches.
- **Financial Market Risks:** Exposure to interest rate changes, currency fluctuations, and liquidity challenges.

#### **Potential Additional Risks and Threats:**

- **Digital Security Threats:** Cybersecurity risks related to data breaches affecting club operations and fan privacy.
- .....

## Stakeholders – per Mendelow’s mapping matrix

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### Keep Informed: High interest and Low power:

- **Supporters and Retail Customers:** Have high interest in the club's success but generally low power to influence major decisions. However, their collective actions can impact reputation and revenues.
- ...
  - **Treatment:** Regular updates via social media, newsletters, and fan engagement events to keep them informed and involved.

### Keep Satisfied: High power and Low Interest:

- ...
  - **Treatment:** Ensure contractual obligations are met, provide regular performance and audience metrics, and involve them in key promotional activities.

### Key Players: High power and High interest:

- ...
  - **Treatment:** Engage in strategic planning sessions, regular performance reviews, and ensure transparent communication. Decision-making should be collaborative, considering their input significantly.

## Leading teams in Kyleland

Details about the eight leading teams in Division 1 of the KFL last season (20X2/3) are as follows:

	Position in league			Stadium capacity	Revenue in 20X2/3 annual accounts (excluding player trading)
	20X2/3	20X1/2	20X0/1		
					\$m
Maritime Montiemmo	1	3	1	73,000	693
1922 Lervin	2	1	2	70,000	668
Orient Wikbourg	3	4	6	62,000	589
Spring Luxonich	4	5	3	58,000	554
Union Cariegas	5	7	8	55,000	472
Real Soszod	6	8	7	43,000	354
Sporting Pontvia	7	2	4	60,000	468
Athletic Transcentral	8	6	5	38,000	342

### Impact of Stadium Capacity and Facilities on Revenue

- **Revenue Correlation:** There's a clear correlation between stadium capacity and revenue. Teams with larger stadiums, such as Maritime Montiemmo and 1922 Lervin, lead in revenue generation. This suggests that investing in stadium infrastructure can significantly impact a club's financial health.
- **Non-Football .....**

### Sustainability and Brand Image

- **Eco-Friendly .....**

### Competitive Advantage

- **Facilities a.....**
- **Consistent Performance and Fan Engagement.....**

### Strategic Implications

- **Long-term Planning:** The move to invest in new stadiums and the associated benefits underscore the importance of long-term strategic planning. Clubs that anticipate future growth and invest accordingly in their infrastructure can create sustainable revenue models and competitive advantages.
- **Risk .....**

### Consequences for Clubs Not Investing in Infrastructure



- **Competitive Disadvantage:** .....
- **Fan Engagement Challenges:** Without modern faci.....

## Innovation and sustainability

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- **Digital Media Strategies:** Clubs are ... updates.
- **Exclusive Television Channels:** The to..., accessible via their websites and other platforms.

### Application:

... unique that fans cannot find elsewhere to justify the subscription cost for their television channels.

- **Consideration:** Investing in production capabilities and creative talent to develop compelling content, such as behind-the-scenes footage, exclusive interviews, and in-depth analyses, that adds value for subscribers.

**2. Data Privacy and Security** - As club..... protection laws is critical to maintaining trust and avoiding legal repercussions.

## Key performance indicators (KPIs)

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### Financial

- Revenue
- Player salaries
- Earnings before interest, tax, depreciation and amortisation (EBITDA)
- Relevant earnings for financial fair play regulations
- Cash flows
- Player sales and purchases
- Capital expenditure

### Non-financial

- League position of men's first team and other teams
- Average match attendance as a % of stadium capacity
- Number of season ticket holders
- Club website hits
- Compliance with applicable regulations

### Additional KPIs:

#### Additional Financial KPIs

- **Merchandise Sales Revenue:** Tracks income from club-branded merchandise, offering insights into brand popularity and fan loyalty.
- **Sponsorship .....**

#### Additional Non-Financial KPIs

- **Social Media Engagement:** Tracks followers, likes, shares, and interactions across social platforms, reflecting the club's digital presence and fan engagement.
- **Fan Satisfaction Index:** Surveys and feedback mechanisms to gauge fan satisfaction with matchday experience, merchandise, and overall club engagement.
- **Youth Academy .....**

#### Operational and Tactical KPIs

- **Tactical Flexibility:** Analysis of the team's ability to adapt to different game strategies, measured by outcomes of games .....

### 3. Athletic Transcentral (AT) Overview

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- **Founded:** Athletic Transcentral (AT) was founded in 1895.
- **KFL Participation:** Its men's first team has competed in the KFL since 1907.
- **Ownership:** Controlled by the Clicombe family; not listed on Kyleland's Stock Exchange.
- **Colors:** ..... black shorts and socks.
- **Teams:** Includes men's and women's first teams, reserve, and under-18 teams.
- **Men's .....** cup win for the last 15 years; not qualified for the Wocian International League for the last eight years.

#### Implications:

- **Historic Success:** Athletic Transcentral's men's first team has a legacy of success, with a long tenure in the top division and multiple titles, creating a strong supporter base.
- **Recent Struggles:** Lacking major wins and international qualifications for the last 15 years highlights a need for strategic change to regain competitive form.
- **Strategic Review Needed:** The club should evaluate coaching, player development, and recruitment to enhance competitiveness.
- .....

- **Women's Achievements:** Women's first team established 25 years ago, now in KWFL Division 1, finished third last season (highest ever), and won the women's domestic cup. Attracts about 3,000 attendees per game.

#### Implications:

- **Growing Popularity:** The team's establishment 25 years ago and its ascent to Division 1 of the KWFL highlight the growing popularity and competitiveness of women's football. Finishing third and winning the domestic cup indicates a significant achievement and positive momentum.
- **Increased Visibility:** Achieving the highest ever position in the league and winning the domestic cup can significantly boost the team's visibility. This success, coupled with average attendances of around 3,000, suggests growing fan interest and support fo.....
- .....

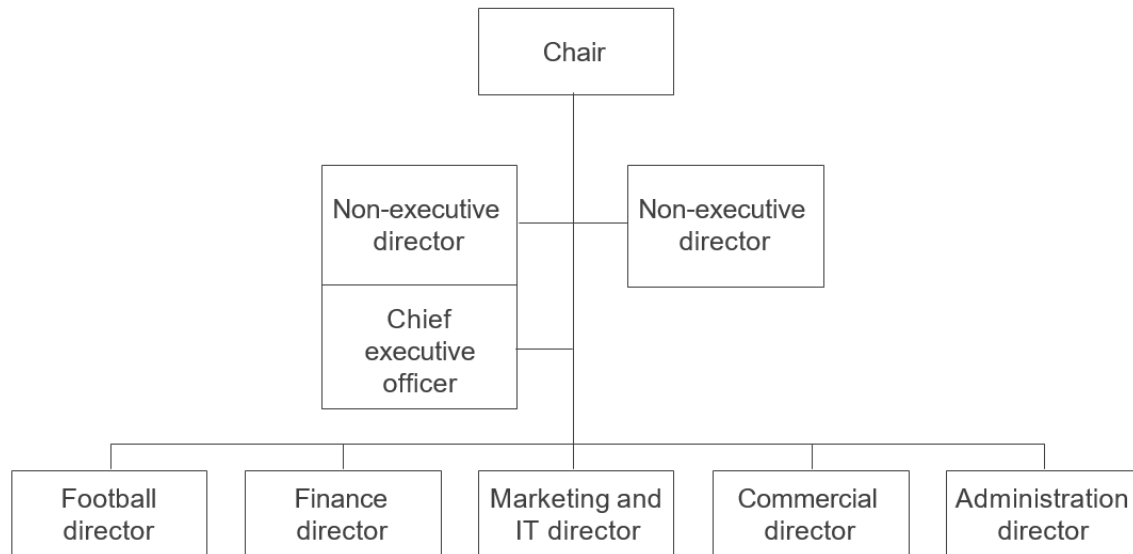
- **Youth and Reserve:** Play in.....

### Implications:

- **Development Focus:** The lower attendance figures highlight the primary role of these teams ...s competitive edge by ensuring a pipeline of skilled players for the future.
- **Community Engagement:** The smaller scale of these games presents an opportunity for deeper community engagement. The club could leverage these matches to strengthen local support, foster a family-friendly atmosphere, and enhance fan loyalty from a young age.
- **Marketing Opportunities:** Lower attendance games offer a more intimate setting for fan interactions, making them ideal for targeted marketing initiatives, such as meet-and-greets, youth clinics, and community events, to build the fan base.
- **Financial .....**
- .

## Board structure

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### Comments about the board structure:

#### Pros:

- **Specialized Functional Direc.....**
- **Family Leadership:** Having a member of the Clicombe family as the chief executive can ensure continuity, stability, and a long-term commitment to the club's values and success.
- **Dedicated Audit Committee:** .....

#### Cons and Improvement Suggestions:

- **Limited Board Diversity:** The absence of family members besides the chief executive might limit diversity in management perspectives. Additionally, the board composition might lack broader industry or external viewpoints.
  - ..... and improve decision-making.
- **Potential for Over-Concentration in Football Operations:** With a single football director overseeing a large scope of responsibilities, there's a risk of operational bottlenecks or strategic oversight in football management.
  - **Improvement:** Consider establishing a football operations committee to support the football director, involving team managers and technical staff in strategic discussions to ensure a more collaborative approach.

- **Lack of Comprehensive Committee Structure:** Relying solely on an audit committee might overlook other critical governance areas such as risk management, nominations, or remuneration.
  - **Improvement:** Establish additional committees (e.g., Risk, Nomination, Remuneration) to provide focused oversight on these aspects, enhancing governance and strategic alignment.
- **Recruitment and Appraisal Autonomy.....**
- **IT and Marketing Merger:** Merging Marketing and IT under a single director might dilute the focus from.....

## Information systems

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- **Adequacy:** AT's internal information systems are considered adequate for the club's current needs.
- **Data .....**
- **Compliance:** Believes to be compliant with Kyleland's data protection legislation.
- **Digital .....**

### Cons and Suggestions for Improvement

#### Cons:

- **Adequacy vs. ....** fan engagement.
- **Data Protection Compliance:** Assuming compliance without continuous verification or external audit may pose risks, especially with evolving data protection regulations.
- **Limited Digital Engagement:** Having a basic digital presence might not fully capitalize on engagement opportunities or data analytics potential.

#### Suggestions for Improvement:

- **Invest in .....**ences.
- **Regular Compliance Audits:** Conduct regular, third-party audits of data protection practices to ensure ongoing compliance with all aspects of data protection laws, including GDPR if applicable.
- **Expand Digital .....**, especially younger demographics, and utilize emerging technologies (e.g., AR/VR) for immersive fan experiences.
- **Enhance Mobile App Features:** Develop additional features for the mobile app, such as in-.....

## Stadium

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- **Age and Location:** AT's stadium, 90 years old, is centrally located in Freenia. No other Division 1 teams are in Freenia, but three are within 40 kilometers.
- **Attendance:** Average attendance was 96.5% of capacity (approx. 36,700) for the 20X2/3 season, aligning with industry standards for full capacity.
- **Parking and Traffic:** Limited parking facilities, with significant traffic congestion and disruption to local residents on matchdays.



- **Public Transport:** Served by frequent bus services and two train stations within two kilometers.
- **Maintenance Costs:** Increasing maintenance expenditure due to age and health and safety regulations.
- **Facilities:** Includes refreshment outlets with long queues, 30 hospitality boxes, and a small shop. Facilities are deemed insufficient for hosting non-football events.
- **Land Ownership:** AT owns the land of the stadium and adjacent land leased to the city council.

### Applications:

- **Strategic Location Advantage:** The central location in Freenia and absence of nearby Division 1 competition offer a unique market position for fan engagement and matchday attendance.
- **Transportation Challenges:** Limited parking and traffic issues highlight a need for improved matchday logistics and potential collaboration with city authorities to enhance fan experience and local resident relations.
- .....

### Potential exam question: - Corporate Governance and Stakeholder Theory

#### Requirement:

Evaluate .....

Apply stakeholder theory and Mendelow's matrix to propose a balanced approach for stakeholder engagement.

#### Answer Plan:

1. **Identify Key Stakeholders and Their Interests:**
  - Outline the primary stakeholders involved, including local residents affected by traffic and noise, the city council responsible for local governance, fans attending the games, and AT itself.
  - Discuss each stakeholder's interests: residents' desire for peace, the council's duty to manage city affairs efficiently, fans' access to games, and AT's need to host successful matchdays.
2. **Apply Mendelow's Matrix:**
  - ..... the importance of clear communication regarding transportation options and encourage the use of public transport to reduce traffic.
3. **Balanced Approach to Addressing Concerns:**

- Develop a balanced approach that considers the interests of all stakeholders. This could include investing in traffic management solutions, improving public transport .....

## Potential exam questions: - Risk Management

### Requirement:

Analyze the financial and operational risks associated with Athletic Transcentral's (AT) aging stadium and the stricter health and safety requirements. Utilize the COSO enterprise risk management framework to identify, assess, and propose strategies to manage these risks effectively.

### Answer Plan:

#### 1. Risk Identification and Assessment:

- Highlight the specific risks related to the stadium's age, such as increased ....., considering factors like unexpected repair costs, revenue loss from reduced stadium capacity during maintenance, and legal or regulatory penalties for non-compliance.

#### 2. Application of the COSO Framework:

- **Internal Environment:** Discuss AT's current approach to risk management, including its organizational structure, risk management philosophy, and risk ..... safety and functionality.
- **Event .....** standards, and developing emergency response plans. Highlight the importance of integrating these strategies into AT's overall operational processes.

#### 3. Strategic Risk Management Recommendations:

- **Preventive Measures:** Recommend proactive investments in stadium ..... the club's financial health.
- **Stakeholder Communication:** Suggest transparent communication with stakeholders, including fans, local residents, and the city council, about ongoing and planned maintenance activities to maintain trust and support, particularly during periods of increased construction activity or temporary facility closures.

## Training facilities

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- **Location and Upgrade:** AT's training facilities, located 14 kilometres from the stadium, were upgraded five years ago and are considered among the best in Kyleland.
- **Usage:** The first and reserve teams consistently use these facilities, while the under-18 teams occasionally use additional hired facilities nearby.

### Application:

1. **Strategic Investment in Infrastructure:** The upgrade of the training facilities represents a ... supports the professional development of current players.
2. **Differentiation and Competitive Advantage:** Having state-of-the-art training facilities differentiates AT from other clubs, potentially giving it a competitive advantage in both player performance and recruitment. It signals to players and staff that the club prioritizes excellence and continuous improvement.
3. **Operational Flexibility:** The need for under-18 teams to use other facilities indicates a limitation in ... operational strategies to accommodate all levels of the club's operations.
4. **Future Development Opportunities:** The current use and status of the training facilities ...ould also open avenues for community engagement and youth development programs, reinforcing AT's role in the local community and football ecosystem.

## Commercial activities

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- **Diverse Sponsorship:** AT has multiple sponsors for kits, stadium advertising, and brand/player identity use, without a primary lead sponsor.
- **Merchandise Sales:** CCCs provide these kits.
- **Club Shop:** Offers official kits and a limited range of other items. Only the replica kits are available for online purchase.
- **Licensing and Global ...** retail outlets.
- **Supplier Expectations:** Requires fair treatment and good working conditions for employees by its suppliers.

### My analysis:

#### Improving Revenue Diversification

- **Expand Sponsorship Categories:** Broaden the range of sponsorship categories to include ... and reducing reliance on any single industry.
- **Develop Tiered Sponsorship Packages:** Offer varying levels of sponsorship with customizable ... base and fostering long-term partnerships.

#### Enhancing Brand Control and Quality Assurance

- **Regular Quality Audits:** Conduct periodic audits of suppliers and manufacturers to ensure compliance with AT's quality standards, using both internal teams and third-party auditors.
- **Fan Feedback ...** using this data to continuously improve product offerings and address any issues promptly.

#### Boosting Global Brand Expansion

- **Strategic ...on,** considering factors like existing fan base, market size, and local sports culture.
- **Localized Marketing Campaigns:** Develop marketing campaigns tailored to target markets, leveraging local influencers, football icons, and cultural nuances to connect with fans and drive merchandise sales.

#### Promoting Ethical Supply Chain Management

- **Supplier Code ...ectations** for ethical practices, including labor rights, environmental sustainability, and transparency.
- **Regular Supplier Assessments:** Schedule annual assessments of suppliers to ensure compliance with the code of conduct, using a mix of self-assessments, site visits, and third-party audits.
- **Public ...tices,** challenges faced, and progress made, enhancing transparency and accountability to stakeholders.

## 4. AT Website Extracts - Mission and values

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### Mission: Maintain Leading Position in Kyleland

- **Refer to preseen:** AT has been in the top division of the KFL for the last 60 years, demonstrating a consistent performance at a high level, supported by a history of winning Division 1 of the KFL six times and the domestic cup competition five times.

### Values:

#### 1. Transparency: Clear communication of aims, objectives, and challenges.

- **Refer to .....** The publication of an annual report further emphasizes this value, offering insights into the club's strategies, team performance, and community initiatives.

**2. Players' Conduct: High .....** to sportsmanship and integrity. This is implemented through clear conduct guidelines for players and a culture that promotes professionalism within the team.

#### 3. Safeguarding: Protecting the welfare of young players.

- **Refer to preseen:** The club recognizes its responsibility towards the welfare of young players, committing to practices that protect them. This is seen in its structured approach to youth development in the academy, where players are supported not just in their footballing career but also in their personal and educational development.

**4. Stakeholders: Fair .....**making processes where possible. This includes engaging with fans, local residents, and commercial partners.

#### 5. Community: Commitment to positive community impacts.

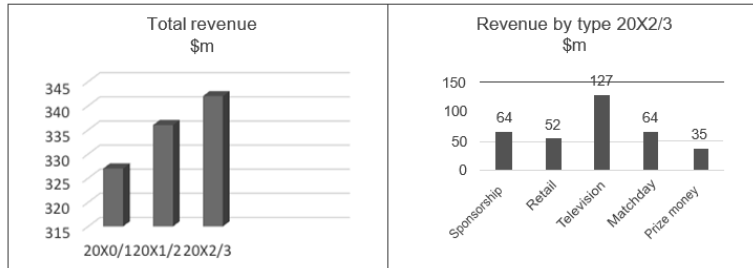
- **Refer to preseen:** AT's commitment to the community is evident in its initiatives and programs aimed at making positive impacts, such as community outreach programs and involvement in local events. The club's belief in being a vital part of the community in Freenia is supported by actions that benefit local residents and the broader community.

#### 6. Environment: Reducing environmental footprint and avoiding adverse impacts.

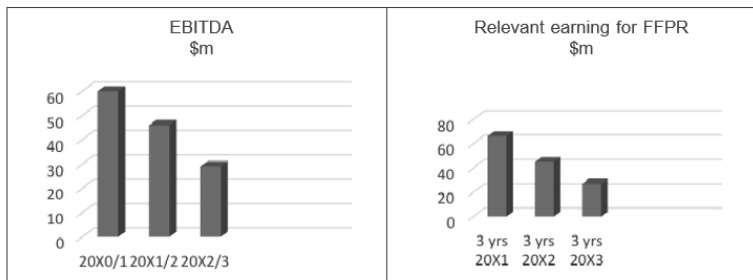
- **Refer to preseen:** The club's strategy includes a focus on reducing its environmental footprint, which is evident in the measures taken to build new stadiums with energy usage efficiency and reduced carbon footprint in mind. Additionally, AT's commitment to environmental sustainability is shown in its operational planning, aiming to minimize adverse impacts on the natural environment.

## 5. Financial Information – selected summary

AT has an accounting year end of 31 May. AT publishes an annual report, which gives the information required by legislation (directors' report and financial information), and also covers future strategies, team performance, relations with AT's supporters and community initiatives.



Matchday revenue includes receipts from sale of tickets, refreshments, match programmes and hospitality facilities. It does not include income from the club shop, which is included under retail.



### Shown in Excel:

	A	B
1	<b>Total revenue</b>	<b>\$m</b>
2		2020 325
3		2021 335
4		2022 340
5		
6	<b>EBITDA</b>	<b>\$m</b>
7		2020 58
8		2021 41
9		2022 28
10		
11	<b>Relevant earnings</b>	<b>\$m</b>
12		2020 60
13		2021 40
14		2022 21
15		
16	<b>Revenue by type in 2022 \$m</b>	
17	Sponsorship	64
18	Retail	52
19	TV	127
20	Matchday	64
21	Prize money	35
22		

## My Analysis:

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### Revenue Growth

- **Year-on-Year Growth:** AT's revenue growth was 3.08% from 2020 to 2021 and slowed to 1.49% from 2021 to 2022. This deceleration indicates a potential plateauing of revenue growth, which could reflect market saturation, increased competition, or operational challenges.

### Reasons for Changes in Revenue Growth:

#### From Preseen Material:

- **Competitive Challenges:** AT has struggled to compete with other leading clubs in Kyleland, which could limit its ability to attract sponsorships and increase ticket sales, impacting revenue growth.
- **Performance Impact:** The men's first team has not won Division 1 or the domestic cup for the last 15 years and has not qualified for the Wocian International League for the last eight years, potentially affecting matchday revenue and prize money.
- **Market Saturation:** Being located in the city of Freenia without other Division 1 teams may initially benefit AT, but local market saturation could limit new fan acquisition and revenue growth from local supporters.

#### Potential External Factors:

- **Broadcasting Deals:** The football industry heavily relies on TV revenue. Any stagnation or decline in the value of broadcasting deals could directly impact overall revenue growth.
- **Economic Factors:** Economic downturns or financial instability in Kyleland could reduce disposable income, affecting ticket sales, merchandise purchases, and overall fan spending.
- **Global Reach:** While AT has attempted to enhance its visibility in international markets, the effectiveness of these efforts in significantly boosting merchandise sales and attracting global sponsorships may not fully compensate for domestic challenges.

#### Improvement Suggestions:

- **Enhancing Fan Engagement:** Implementing innovative fan engagement strategies, both locally and globally, could help increase matchday revenues and merchandise sales.
- **Performance Improvement:** Investing in player development, training facilities, and strategic acquisitions could improve team performance, leading to better competition results and potentially higher prize money and sponsorship deals.
- **Diversification of Revenue Sources:** Exploring new revenue streams, such as enhanced digital content for a global audience or hosting non-football events at the stadium, could help mitigate the impact of any single revenue source underperforming.

## EBITDA Margin

- ... expenses, outpacing revenue growth.

### Reasons for Declining EBITDA Margin:

#### From Preseen Material:

- **Increased Operational Expenses:** The significant investments in upgrading training facilities and maintaining an aging stadium have likely contributed to rising operational costs, impacting the EBITDA margin.
- **Wage Pressure:** As AT competes to attract and retain top talent against clubs with larger ...: The preseen material mentions that maintenance expenditure on the stadium has increased significantly due to its age and stricter health and safety requirements, directly affecting profitability.

#### Potential External Factors:

- ...

#### Improvement Suggestions:

- **Cost ... margin.**



## Relevant Earnings Margin

- **Relevant Earnings Decline:** The margin for relevant earnings also saw a decline, from 18.46% in 2020 to 6.18% in 2022, suggesting that the profitability of core operations (considered for FFPR) is diminishing.

### Reasons for Decline in Relevant Earnings Margin:

#### From Preseen Material:

- ... revenues considered for Financial Fair Play Regulations (FFPR), affecting the relevant earnings margin.
- **Increased Competition Costs:** Efforts to remain competitive, including investments in player acquisitions and infrastructural upgrades, may have escalated costs without a proportional increase in FFPR-related revenues, such as prize money and performance-based sponsorships.
- **Operational** ... ease FFPR revenues, thereby affecting the profitability of core operations.

#### Potential External Factors:

- **Economic** ... FFPR-related income streams.
- **Regulatory** .. relevant earnings.
- **Changing** ... success, impacting relevant earnings.

#### Improvement Suggestions:

- **Strategic Focus** .. outcomes, increasing prize money and performance-based revenues.
- **Revenue** .. netization, enhanced matchday experiences, or innovative sponsorship packages.
- **Cost** .. PR-related revenues, could improve the relevant earnings margin. This may involve renegotiating supplier contracts, adopting energy-saving technologies, and streamlining administrative processes.

## Revenue by Type in 2022

- **Proportions:** ...23%.

### Reasons:

#### Insights from Preseen Material:

- **TV Revenue** ...gests AT's strong market position to negotiate lucrative broadcasting contracts but also highlights potential vulnerability to fluctuations in broadcasting revenue.
- **Matchday and Sponsorship Contributions:** The nearly equal contributions from Matchday and Sponsorship revenues indicate a healthy balance between generating income from fans attending games and securing commercial partnerships. This balance is crucial for financial stability, especially in times when one revenue stream might underperform.
- **Retail Revenue**... brand strength and fan engagement, encouraging direct financial support through merchandise purchases.
- **Prize** ... past achievements, affecting prize money contributions to the overall revenue mix.

#### Potential External Factors Influencing Revenue Mix:

- **Broadcasting** ...g, could impact future TV revenue. Negotiating broadcasting deals in this evolving landscape will be critical.
- **Fan** ...n football and other entertainment sectors, could influence Matchday revenues and retail sales.
- **Commercial** .. sponsorship deals' value and terms, impacting Sponsorship revenue.

#### Improvement Suggestions:

- **Enhance Fan** ...nt strategies can boost Matchday revenues.
- **Expand Merchandise Range:** Diversifying the merchandise available online and in physical stores ... opportunities can augment Sponsorship revenue.
- **Competitive** ..mprove on-field performance, potentially increasing Prize money revenue.

## Chapter 2 PESTEL Analysis

### Political:

- **Regulations and Governance:** AT operates under the Kyleland Football Association (KFA), ..environment shapes AT's operations, emphasizing compliance and ethical conduct.
- ..suggests interactions with local government, potentially affecting stadium expansion plans or training facilities. Political support or changes in local government policies could impact these relations.

### Economic:

- ..other Division 1 teams suggests a captive market for AT. However, economic conditions in Kyleland, such as inflation or unemployment, could affect fans' spending power on tickets, merchandise, and matchday experiences.
- **Broadcasting Revenue:** AT's significant reliance on TV revenue highlights the importance ..advertising spending and media consumption trends.

### Social:

- **Fan Engagement and Community Involvement:** AT's commitment to being a vital part of the community and making positive impacts reflects the social value placed on football ..responsibility, influence AT's community and fan engagement strategies.
- **Changing Demographics and Fan Preferences:** Demographic shifts and changing preferences could affect attendance and merchandise sales. AT's efforts to maintain a leading position and enhance its global brand presence align with catering to a diverse and evolving fan base.

### Technological:

- **Digital Media Strategies:** The use of AT's website, app, and social media platforms to ..Technological advancements offer opportunities for enhanced fan experiences but also require ongoing investment in digital infrastructure.
- **Broadcast Technology:** Innovations in broadcasting technologies, such as streaming services, present both opportunities and challenges for maximizing TV revenue and ..

### Environmental:

- **Sustainability Initiatives:** AT's focus on reducing its environmental footprint and avoiding ..energy-efficient stadium upgrades or sustainable practices could improve operational efficiency and align with broader environmental goals.

### Legal:

- **Data Protection and Privacy:** Compliance with data protection legislation, as mentioned ..face of increasingly strict privacy laws.
- **Health and Safety Regulations:** The increased maintenance expenditure on the stadium due to age and stricter health and safety requirements highlights the legal obligations AT ..

### Conclusion:

The PESTEL analysis of Athletic Transcentral (AT) underscores the multifaceted external environment the club navigates. From adhering to regulatory and legal standards to adapting to ..range of factors. Environmental considerations and community engagement also play a crucial role in shaping AT's operations and public image, reflecting the broader societal ..adapt to these external pressures while leveraging opportunities for growth and innovation.

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