

## **ANNEX IX: Licensor's assessment procedures**

### **A. Principle**

The assessment processes to check compliance with the financial criteria set out in Article 10 and Article 55 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 and interim financial statements, the licensor must perform the following minimum assessment procedures:
  - a) Assess whether the reporting perimeter is appropriate for club licensing purposes.
  - b) Assess the information (annual and interim financial statements that may also include supplementary information) submitted to form a basis for his licensing decision.
  - c) Read and consider the annual and interim financial statements and the auditor's report thereon.
  - d) Address the consequences of any modifications to the auditor's 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 and interim financial statements, the licensor must assess these according to the items below:
  - a) If the reporting perimeter does not meet the requirements of Article 46bis, 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 licence 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 licence applicant's ability to continue as a going concern until at least the end of the licence season has been provided to, and assessed by, the licensor to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in Article 52 (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 licensor must consider the implications of the modification for club licensing purposes. The licence may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the licensor. The additional evidence that may be requested by the licensor 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 51 paragraph 2(d) the licence must be refused.
3. If the licence applicant provides supplementary information the licensor must additionally assess the auditor's report on the agreed-upon procedures in respect of the supplementary information. The licence 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 licensor 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/or request additional documentary evidence from the licence applicant.

2. With regard to overdue payables towards other clubs, if the assessment is done by the licensor, 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 the auditor.
  - a) Reconcile the total in the transfers table to the 'Accounts payable relating to player transfers' amount in the annual or interim 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 transfers table and highlight the selected transfers/loans.
  - d) Select all or a sample of transfer payments, compare them with the information contained in the transfers table and highlight the selected payments.
  - e) If 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 VIII(2)(b); or
    - ii) a dispute/claim/proceeding has been brought as per Annex VIII(2)(c) or has been contested as per Annex VIII(2)(d); or
    - iii) all reasonable measures have been taken as per Annex VIII(2)(e).
  - f) Examine all or a selection of bank statements in support of payments.
  - g) If applicable, examine documents, including agreements with the relevant football club(s) and/or correspondence with the competent body, in support of e(i), e(ii) and/or e(iii) above.
3. With regard to overdue payables in respect of employees, if the assessment is done by the licensor, he must assess the information submitted by the licence applicant, in particular the employees table and other corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor, the same minimum steps must be performed by the auditor.
  - a) Obtain the employees table prepared by management.
  - b) Reconcile the total payable in the list of employees to the 'Accounts payable to employees' amount in the annual or interim financial statements as at 31 December.
  - c) Obtain and inspect all or 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 or 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 VIII(2)(b); or
    - ii) a dispute/claim/proceeding has been brought as per Annex VIII(2)(c) or has been contested as per Annex VIII(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 employee(s) and/or 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 licensor, he must assess the information submitted by the licence applicant, in particular the social/tax table and other corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor, the same minimum steps must be performed by the auditor.
- 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 refers to payables towards social/tax authorities as a result of contractual or 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 VIII(2)(b); or
    - ii) a dispute/claim/proceeding has been brought as per Annex VIII(2)(c) or has been contested as per Annex VIII(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 the representations under d(i) and/or d(ii) above.

**D. Assessment of the written representation letter prior to the licensing decision**

1. In respect of the written representation letter, the licensor must read and consider the impact of any significant change that has occurred in relation to the licensing criteria.
2. The licensor must also read 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 licence applicant. The licensor may decide to have this assessment carried out by an auditor.
3. The licensor must assess the club's ability to continue as a going concern until at least the end of the licence season. The licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season.
4. If the licence applicant (or the registered member of the UEFA member association which has a contractual relationship with the licence applicant within the meaning of Article 12) or any parent company of the licence applicant included in the reporting perimeter is/was seeking protection or has received/is still receiving protection from its creditors pursuant to laws or regulations within the 12 months preceding the licence season then the licence must be refused. For the avoidance of doubt the licence must also be refused even if the concerned entity is no longer receiving protection from its creditors at the moment the licensing decision is taken.

**E. Assessment of the future financial information**

1. In respect of the future financial information, the licensor must assess whether or not an indicator as defined in Article 52 has been breached. 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, determine 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 licence applicant.
  - e) If applicable: examine corresponding supporting documents, including for example agreements with sponsors, banking facilities, share capital increase, bank guarantees and minutes of the board.
3. The licensor 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. The licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, 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**

In respect of the enhanced overdue payables requirements (towards football clubs, employees and social/tax authorities) the licensor 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 licensor 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 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.
3. The licensor must confirm to the UEFA Club Financial Control Body the results of the above assessment procedures.