general about the presentation of financial statements conducted by the club as defined in the UEFA Club Licensing rules regarding the minimum presentation of financial statements which should be presented by the European football club. This is to know the qualification of Manchester United as well as to compare the financial statement presentation requirements according to the UEFA license with the common standards set by IAS 1.

After that, the simulation of UEFA FFP implementation will be conducted on the financial statements of the year 2010-2013 to find out the club preparation and qualifications of the implementation of FFP began in 2014. Next is to carry out ratio analysis of the club's financial performance for the year 2010 -2013.

Comparison of Financial Statements

Manchester United is a football club with a go public status. Manchester United's stock has been traded on New York Stock Exchange (NYSE) since August 2012. This status of go public certainly made a difference to the format and complexity of the financial statements that Manchester United produces compared to other football clubs that are not publicly traded. This is because the companies that have been go public are required for a better transparency in its financial statements as a consequence of the implementation of good governance. This is in line with research of Baur and McKeating (2011) saying that the listed football clubs have better quality management and financial transparency.

Unlike common companies which generally end the accounting period on December 31, Manchester United ends the accounting period for recording financial statements as of June 30 (Manchester United). It is influenced by the cycle of European football which is different from other business industries. The cycle of football industry follows the European football competition organized by UEFA and the calendar customized with the UEFA and FIFA. General comparison of the financial statements of Manchester United is presented in the following table.

Table 2: Financial Statements

Name of Club	Manchester United
Date of Financial Statement	June 30
Reporting Period	July 1 to June 30
Presented Financial Statements	▪ Consolidated Income Statement ▪ Consolidated Statement of Comprehensive Income ▪ Consolidated Balance Sheet ▪ Consolidated Statement of Change in equity ▪ Consolidated Statement of Cash Flow ▪ Notes to the Consolidated Financial Statements
Currency Used	Pounds are presented in (£000's)
References in the Preparation of Financial Statements	IFRS

From the Table 2 we can see the general presentation of the financial statements carried out by Manchester United. Manchester United has been using IFRS since 2011. Moreover, Manchester United shows the statement of change in equity. This is because Manchester United is listed on New York Stock Exchange so it is required to do a presentation of financial statements in accordance with applicable regulations.

Based on the observation of a set of financial statements presented by Manchester United, it appears that there is a difference in the fulfillment of IAS 1 as the basis of an entity's financial statements. Meanwhile, when observation is done on the financial statements presentation prepared by Manchester United to the UEFA Club Licensing and Financial Fair Play Regulations set by UEFA, it can be seen that the Manchester United showed a complete report by providing all financial components as a whole set of UEFA licensing regulations. This club license regulation is a requirement for clubs to obtain a license in order to follow the European football competition organized by UEFA (UCL and UEL).

The comparison of the financial statement components on the club between IAS 1 and the financial statements presented in licensing regulations set by UEFA can be seen through the following table.

Table 3: Components of Financial Statements (IAS) and the Financial Statements (UEFA)

IAS 1	Manchester United	UEFA Club Licensing	Manchester United
Statement of Financial Position	Consolidated Balance Sheet	Balance Sheet	Consolidated Balance Sheet
Statement of Comprehensive Income	Consolidated Income statement and Consolidated Statement of Comprehensive Income	Profit and Loss Account	Consolidated Income statement and Consolidated Statement of Comprehensive Income
Statement of Change in Equity	Consolidated Statement of Change in Equity	Cash Flow Statement	Consolidated Statement of Cash Flow
Statement of Cash Flow	Consolidated Statement of Cash Flow	Notes	Notes to the Consolidated Financial Statements
Notes to the Financial Statement	Notes to the Consolidated Financial Statements	Financial Review by Management	Operating and Financial Review

Based on Table 3 it can be seen that regarding the presentation of the financial statement components, Manchester United showed a complete report by providing all financial components in accordance with the financial rules written in IAS 1. Entitlement in respect of the financial statements, Manchester United still uses the title of the balance sheet for the Statement of Financial Statement. Then for the Income Statement that can be presented separately as set by IAS, Manchester United uses the title Income Statement. For the component other financial reports, Manchester United has used the title accordance with the rules of IAS 1. This is because the status of Manchester United is listed on the NYSE that requires to perform a complete presentation of financial statements in accordance with IFRS.

Based on Table 3, it can also be seen that all components required by UEFA in preparing the financial statements have been met by Manchester United. Each report is presented complete and audited by independent auditors. Differences in the title of the report contained in the UEFA rule is not a problem because there are no specific rules regarding the title of the report to be used. Then when explored further in Table 3, there are differences in the components of financial statements that are required by the IAS and by the UEFA Club Licensing regulations. UEFA does not require European football clubs to present the Statement of Changes to Equity as required by IAS in preparing the financial statements, but UEFA asks each club to present a financial review, which is a review about the financial state of the club during a certain period. Through the financial review, UEFA can also assess the financial state of clubs in general and the readiness of the club in the UEFA FFP implementation. Based on T able 3, it can also be concluded that the Manchester United meets the financial criteria required by UEFA as one of the UEFA license conditions in terms of financial statement presentation.

The Implementation of UEFA Financial Fair Play

The thing to note is that UEFA does not require clubs to break even in the early years of the implementation of FFP. Therefore the UEFA introduced the concept of acceptable deviation that facilitates the club as a sustainable model toward the break-even point in the future. A concept defined as acceptable deviation set out in the UEFA Financial Fair Play Regulations will be discussed soon.

Here is a calculation simulation of relevant income and expenses of Manchester United in accordance with UEFA FFP regulations excerpted from Manchester United plc's Annual Report on Form 20-F for the last 4 years.

Table 4: Manchester United Income (£ million)

Manchester United Income	2010	2011	2012	2013
Match day	105,8	110,8	98,7	109,1
Broadcasting	103,3	117,2	104,0	101,6
Commercial	77,3	103,4	117,6	152,4
Football Turnover	286,4	331,4	320,3	363,1
Other operating income	-	-	-	-
Total Turnover	286,4	331,4	320,3	363,1
Profit on player sales	13,4	4,5	9,7	9,2
Profit on disposal of fixed assets				
Finance income	1,7	1,7	0,8	1,3
Gross Income	301,5	337,6	330,8	373,6
Exclusion				
Non-monetary credits				
Income transaction with related party above fair value				
Income from non-football operations				
Relevant Income	301,5	337,6	330,8	373,6

In Table 4 is shown the overall income earned by Manchester United over the last 4 years. The entire income of Manchester United has no any entry in the specified exceptions set by UEFA regarding the relevant income for the calculation of FFP because the company's activities are fully focused on the football club activities.

The Relevant income owned by Manchester United fluctuated in the last 4 years. The decline occurred in 2012 due to a decrease in achievement. Manchester United failed to become Premier League champion and to reach the final of the UCL as the club won in 2011. This bad result causes a decrease in revenue from broadcasting and matchday revenue of the club.

While the calculation of the expenses owned by Manchester United according to UEFA regulations are as follows:

Table 5: Manchester United Expenses (£ million)

Manchester United Expenses	2010	2011	2012	2013
Cost of property sales	-	-	-	-
Wages expenses	131,7	153,0	161,7	180,5
Other operating expenses	52,3	68,8	67,0	74,1
Exceptional Items	2,8	4,7	10,7	6,2
Depreciation	8,6	7,0	7,5	7,8
Player Amortization	40,1	39,2	38,3	41,7
Finance costs	110,3	53,0	50,3	72,1
Gross Expenses	345,8	325,7	335,5	382,4
Exclusion				
Expenditure on youth development activities	10,0	10,0	10,0	10,0
Expenditure on community development activities	2,0	2,0	2,0	2,0
Exceptional items	2,8	4,7	10,7	6,2
Non-monetary debits/charges	-	-	-	-
Finance costs attributable to the construction of fixed assets	-	-	-	-
Expenses of non-football operations not related to the club	-	-	-	-
Depreciation/Impairment of tangible fixed assets	8,6	7,0	7,5	7,8
Amortization/Impairment of intangible fixed assets	-	-	-	-
Tax expense	-	-	-	-
Relevant Expenses	322,4	302,0	305,3	356,4

Table 5 shows the overall expenses which are owned by Manchester United over the last 4 years and calculated according to the provisions of relevant expense by UEFA. Exceptions are made on the depreciation, exceptional items, as well as the expense generated for the infrastructure development for the coaching of young players and the club community. The assumption is also made to the amount of expense generated for the coaching of young players and the club community as the value of investments in this sector is not found in the financial statements of the club. The number of these assumptions is £10 million and £2 million per year.

Relevant expense owned by Manchester United suffered a decline in 3 years (2010-2012), while in 2013 it underwent a significant increase. The highest value of the expense occurred in 2010 when the finance costs (predominantly interest payable) reached a value of £110.3 million and continued to decline up to £50.3 million in 2012. However, it increased in 2013 amounted to £72.1 million. The salary expense owned by Manchester United also continued to increase for 4 years and reached £180.5 million in the year 2013. This gives a prove that salary is the biggest expense and the focus which needs to be considered for European clubs in facing UEFA FFP.

Based on the calculation of relevant income and expense, the break even produced by Manchester United over the last 4 years can be shown as follows:

Table 6: Manchester United Break Even (£ million)

Manchester United Break Even Result	2010	2011	2012	2013
Relevant Income	301,5	337,6	330,8	373,6
Relevant Expenses	322,4	302,0	305,3	356,4
Break even	(20,9)	35,6	25,5	17,2

The acceptable deviation according to the UEFA is €45 million. If this is converted into sterling currency used in the financial statements of the club in the UK totaled £38 million (€1 = £0.8455). When compared with the simulation result of the break even for Manchester United during the year 2010-2013, it can be seen that Manchester United still meets the qualifications or standards set by UEFA. The deficit occurred in the year 2010 amounted to £20.9 million, but that number could still be covered by the owner because it is below the acceptable deviation of £38 million.

The increase occurred in the next 3 years when Manchester United could reduce the expenses obtained mainly from the sector of finance the cost caused by the repayment of certain debt conducted at the end of 2010, although there is a tendency to re-decline every year. Manchester United also gained a considerable increase in the business income which was caused by the club's success in winning the English Premier League and because MU reached the final of the UEFA Champions League in 2011. This increase results a quite high surplus and it makes Manchester United fulfill UEFA standards. Based on these data, it can be concluded that Manchester United is also not getting the problem in dealing with the implementation of the UEFA FFP and obtaining a license in order to follow the European club competition.

In practice, the assessment conducted by UEFA in 2013/2014 is for the club's financial statements ending in 2012 and 2013. Based on the results obtained, the break even of Manchester United is £17.2 million for 2013. This amount decreases compared to the previous year. Then it can be concluded that the achievement of Manchester United in 2013 is good enough to make it eligible to break even on the set of UEFA assessment conducted in 2014.

The Analysis of Club Financial Performance Based on Financial Ratios in the UEFA FFP Implementation

Based on the empirical study of Ecer and Boyukaslan (2014), nowadays financial performance evaluation is very important to the club managers, investors, credit financial institutions, competitors, and other stakeholders. This is because the success of the club's financial performance plays a fundamental role in the success of the football club.

Financial ratios are calculated based only on the data that are actually available and can be used in calculating financial ratios of the club. Referring to the data available in the club's financial statements, the numbers are entered into the formulas to calculate financial ratios. The club's financial performance ratios are presented in the following table:

Table 7: Analysis of Club's Financial Performance based on Financial Ratios

Ratio	2010	2011	2012	2013
Liquidity:				
Current Ratio	1,32	0,82	0,65	0,69
Quick Test Ratio	1,31	0,82	0,64	0,69
Solvability				
Debt Ratio	1,04	0,78	0,75	0,6
Debt to Equity Ratio	-26,93	3,61	3,03	1,5
Profitability				
Return on Assets Ratio	-0,05	0,01	0,02	0,14
Return on Equity Ratio	2,76	0,14	0,10	0,43
Return on Sales Ratio	-0,17	0,04	0,07	0,4
Activity				
Total Assets Turnover Ratio	0,29	0,33	0,33	0,35
Receivables Turnover Ratio	6,65	6,64	4,94	5,09

In Table 7, it can be seen that Manchester United has level of liquidity that is considered less liquid. The level of liquidity decreased in the last two years, namely 2011 and 2012, although in 2013 it experienced an increase. This demonstrates that the ability of Manchester United to fulfill its current debt (obligation) is not good enough.

Current assets owned by Manchester United cannot be fully used to cover all of its current debt. This is because the amount of debt or obligation of Manchester United is high. More liquid non-current assets is the the cause of the small level of liquidity of Manchester United. This is because the football players are easier to sell or to convert into cash than other current assets. Often a football club pays its debts by selling its football player, not by using the cash.

From the overall result of the study regarding the solvency performance, Manchester United is considered quite solvable. This can be seen from the continuing decline in 2011-2013. Manchester United could improve the level of solvency and show the better trends compared to the year 2010 when its solvency could jeopardize the position of creditors because the club was insolvable (has less solvency). The level of loss risk was getting smaller, meaning that the funding from debts became lower day by day. Therefore the credit risk of Manchester United got smaller every year. This can be a consideration for investors and sponsors who want to invest in Manchester United.

Based on the result of profitability ratio analysis, Manchester United was pretty good. Every year the profitability of Manchester United increased, although there was a decline in 2012 and 2013. Manchester United was quite profitable; it can be seen by the increasing profit experienced every year. This gives information / positive signal to investors and sponsors that Manchester United was rated profitable and worth it for the investment.

Viewed from the ratio of the activity, Manchester United was quite well in managing its assets. Only in 2012 it experienced a decrease. This may be influenced by Manchester United's performance in 2012 which also declined. None of the competitions could be won by Manchester United, and thus affected its income.

The results of this study support the research of Kase et al (2006) which states that a good financial is influenced by success of the football team in a competition. Good asset management, in this case is the management of a football player, influences the finance of a football team. The team that won a competition has a better financial level than teams that do not win. Indirectly, the whole management team in a competition will affect the finance of the team itself, both in terms of profit and revenue of the team.

From the ratio of total asset turnover it can be seen that the club has a not so good ratio, indicating the use of assets that is not very effective in gaining revenue. The ratio receivable turnover which was high enough shows that the club had a low level of account receivable as well as the collection of account receivable. These could be controlled efficiently. These account receivables consist of receivable sale of players to other clubs and advanced earnings received by the club from other companies such as parties in sponsorships.

For the football club, the use the asset has no direct influence in obtaining revenue. The revenues of football club focusing on the activity of the football in the competition (matchday, broadcasting, commercial) are different from revenues of the companies in general which use assets to earn income. Assets in the form of stadium, training center or the value of the player contracts do not directly affect club's revenue. However the revenues are more influenced by the performance of the players on the field.

A high enough ratio of receivable turnover can be seen if the club has a low level of account receivable as well as the collection of account receivable that can be controlled efficiently. Account receivables consist of receivables sale of players to other clubs and advanced earnings received by clubs from other companies such parties in sponsorships.

The financial performance of Manchester United is considered quite well. It has been able to implement its business strategy well. The IPO on the NYSE shows that MU tried to expand its business globally. Business arrangement with Chevrolet for the exclusive shirt sponsorship for the season 2014/15 shows its commitment to expand its global links. Furthermore, based on the result of the study, an increase in MU's annual profit shows how MU wants to increase its revenue margins. According to the financial performance assessment, Manchester United has implemented overall business strategy properly. As stated by Anthony and Govindarajan (2007), the purpose of performance measurement is to implement a strategy. If the financial performance of an entity is good, then it has implemented its strategy well too.

If the overall financial performance ratios of the club are associated to the implementation of UEFA FFP, Manchester United did not face any problem as long as the club could still make a profit. Or at least it qualified the break event set by UEFA if the club gained a deficit on the implementation of break-even.

5. Conclusion

Manchester United has met the minimal presentation of the financial statements set by the UEFA Club Licensing as one of the requirements to obtain a UEFA license of the financial statements. The financial statements used Manchester United apply the IFRS reference.

Manchester United had no difficulty in dealing with the implementation of the UEFA FFP. The club gained a surplus of £17.2 million in the simulation of break-even implementation set by UEFA FFP in 2013 for the assessment carried out in 2014. It is therefore the club could meet the qualification and license to take part in the European competition organized by UEFA.

The result regarding financial performance ratios, associated with the implementation of UEFA FFP, shows that the club had a problem related to solvency and worse profitability due to the amount of salaries and finance costs caused by to high debt levels. Club had expenses from debt owned, so it had high interest expense each year, making the value of profit earned fall.
This study has limitation, namely the lack of literature on accounting for the football. Therefore the study of accounting at the football club is less deep. Based on this limitation, it is hoped that the future study can use the comparative financial performance in addition to the Manchester United.

6. Future Scope

For future research, you can use comparisons of financial performance for other football clubs. And for The Football Federation can be able to make good accounting standards for football, so it can be used as a reference for football clubs in the world.

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