REVISTA DE CONTABILIDAD

SPANISH ACCOUNTING REVIEW

revistas.um.es/rcsar

Critical discussion regarding the valuation of the most relevant assets in soccer clubs: Auditorst'insights

Francisco Javier Martín-Lozano[a], **Amalia Carrasco-Gallego**[a,b]

a) Departamento de Contabilidad y Economía Financiera, Facultad de Ciencias Económicas y Empresariales, Universidad de Sevilla, Sevilla-SPAIN.

[b]Corresponding author.
E-mail address: jose.morales@ucm.es

ARTICLE INFO

Article history:
Received 17 December 2020
Accepted 29 July 2022
Available online 01 January 2024

JEL classification:
M41

Keywords:
Soccer players
Transfer fees
IFRS
Fair value
Interview
Auditors

ABSTRACT

This paper proves that under current international accounting standards, the most relevant assets of all professional soccer clubs at year-end, players' transfer fees, can be measured and disclosed at fair value. Research was based on a triangulation approach. Firstly, a theoretical discussion regarding the feasibility of Fair Value Accounting as opposed to Historical Cost Accounting as currently applied was carried out. Secondly, an extra-accounting assessment technique occasionally used by clubs was analysed in depth. Thirdly, qualitative research work was undertaken which included surveys and interviews with soccer clubs financial auditors. This work shows how unreliable the financial statements figures of these intangible assets in soccer clubs are, and consequently points to the lack of transparency generated by applying the inadequate currently accounting valuation. It also demonstrates the need to apply a valid and feasible external valuation technique at fair value complying with IFRS requirements. A new contribution is made using a valuation and disclosure proposal which could avoid current accounting misreporting, thus helping not only the football clubs' stakeholders in their decision-making process, but also the UEFA with their "Financial Fair Play"[1] regulation which monitors clubs finances.

Discusión crítica sobre la valoración de los activos mas relevanters en los clubes de futbol: Visión de auditores

Códigos JEL:
M41

Palabras clave:
Futbolistas
Pagos
IFRS
Fair value
Entrevista
Auditores

RESUMEN

Este artículo demuestra que, según las NIC/NIIF actuales, los activos más relevantes de todos los clubes de fútbol profesionales al final del año, los denominados "Derechos de Traspaso de Jugadores", pueden medirse y divulgarse a su valor razonable. La investigación se basó en un enfoque de triangulación. En primer lugar, se realizó una discusión teórica sobre la viabilidad de la contabilidad a valor razonable en comparación con la contabilidad a coste histórico, que actualmente se aplica. En segundo lugar, se analizó en profundidad una técnica de evaluación extracontable, utilizada esporádicamente por los clubes. En tercer lugar, se realizó un trabajo de investigación cualitativa, que incluyó encuestas y entrevistas a auditores externos de estados financieros de los clubes de fútbol. El trabajo realizado evidencia cuán poco fiables son las cifras de estos intangibles de los clubes de fútbol en sus estados financieros y, en consecuencia, la falta de transparencia generada al aplicar la inadecuada valoración contable actual. También evidencia la necesidad de aplicar una técnica de valoración externa válida y factible a valor razonable, que cumpla con los requisitos de las NIIF. Como contribución novedosa, se sugiere una propuesta de valoración y divulgación, que podría resolver esta deficiencia contable actual, ayudando no sólo al proceso de toma de decisiones de las partes interesadas en los clubes de fútbol, sino también a la UEFA en su regulación "Financial Fair Play"[1] para controlar las finanzas de los clubes.

https://www.doi.org/10.6018/rcsar.460481

1. Introduction

A progressively generalized opinion is appearing in academic and professional circles as regards the loss of relevance of accounting due to rigidity when recognizing intangible assets, despite the most recent moderate reforms (Cañibano & Gisbert, 2008). It has also been widely defended that Transparency generates reliability and confidence, which contributes to the improvement and higher quality of companies' image and reputation. Hence, a large number of firms, especially larger ones, are increasingly voluntarily disclosing information concerning their Intellectual Capital and Intangible Assets (Morrow, 1992, 1995, 1996; Zéghal & Maaloul, 2011). The "old" accounting model is insufficiently adequate to handle reporting by "new economy" firms, whose main assets are intangible. Accounting researchers struggle with how to account for human skill and talent, which in turn is perhaps the most important source of intangibles (Livne, 2014).

Soccer Players' Transfer Fees[2] (also exploitation or registration rights) are the main and core assets of soccer clubs, since they are not only the most material but also those on which the business depends in terms of future incomes[3] (Yang & Sommez, 2005; Martín-Lozano & Carrasco, 2011). Under current accounting standards, only the players' transfer fees acquired from other clubs are disclosed as Intangibles within non-current assets, but at their historic acquisition cost (netted by their amortization).

Academy and free playerst' exploitation rights[4] are not reflected at all on the balance sheet because they do not have an acquisition cost. However, this is not the only accounting anomaly.

The application of the "acquisition cost" or Historical Cost Accounting (hereinafter HCA) as the only current accounting standards valuation criteria leads to significantly lower net book values compared to those of the transfer market in the case of acquired players (Morrow, 1996; Carmichael et al., 1999; Michie & Verma, 1999a; Dawson et al., 2000). Therefore, the accounting book values of these relevant assets may disguise enormous hidden values. This can easily be verified in many European football clubs just months after the closing of accounts (30th June). During the period when the summer football Transfer Window[5] (July/August) is officially open, players' transfers occur between clubs, and it is only then when huge profits on assets sold are recognized (Martín-Lozano & Carrasco, 2011). On occasion, accounting values may conceal significant deterioration (Biancone, 2011; Risaliti & Verona, 2013).

The current restrictive application of the International Financial Reporting Standards (IFRS) within Soccer Clubs follows the "conservative concept" as regards the valuation of such players' registration rights. This significantly negatively affects the required concept of information transparency since their annual reports do not reflect the "True and Fair View" of their (main and most relevant) assets, equity, financial position, and obtained results (Michie & Verma, 1999b; Biancone, 2011; Martín-Lozano & Carrasco, 2011; Morrow 1992, 1995, 1996, 2005, 2013; Risaliti & Verona, 2013; Oprean & Oprisor, 2014).

In a case study, Martín-Lozano & Carrasco (2011) found that certain soccer clubs have occasionally used extra-accounting estimates of said intangible assets to guarantee certain economic and financial relevant transactions (e.g., ensuring the postponement of tax debt or loan applications), since their accounting values are not considered to be reliable by third parties involved. These were confidential and carried out at the request of certain clubs by a committee appointed by the Spanish Professional Football League Association (hereinafter SPFLA) for these specific purposes.

The purpose of this paper is to demonstrate that, under current international accounting standards, "players' transfer fees" of all professional soccer clubs at year-end may be measured and disclosed at fair value to improve transparency and the reliability of soccer clubs' financial statements.

Research was conducted following a triangulation approach, consisting of an initial theoretical discussion based on a review of the literature regarding the applicability of Fair Value Accounting (FVA) as opposed to HCA cost. This was followed by an analysis of an actual non-public extra-accounting valuation assessment to demonstrate compliance with IFRS FVA requirements, including an in-depth interview with its creator. Finally, surveys and interviews with experts qualified in soccer club accounting (external auditors) were carried out based on purposive sampling.

Discussion of the results of the research does suggest that an accounting valuation technique complying with IFRS's FVA requirements may exist. It could be based on the above-mentioned rudimentary non-public assessment, which is occasionally carried out by the SPFLA, but only if significant improvements are implemented.

Furthermore, suggestions are made for a disclosure proposal in financial statements so that the reliability and transparency of annual reports would be strengthened.

This paper is undoubtedly of current interest given its potential practical implications, since regulators may well consider the proposed accounting valuation technique and disclosure. Additionally, these may also improve both soccer clubs' stakeholders' decision-making processes, and the function of national and European football governing bodies' in monitoring soccer clubs' financial health.

The paper's structure continues with Section 2 which provides a theoretical framework, a review of the previous literature and also develops the research questions. Section 3 presents the methodology approach and design of the research undertaken. Section 4 contains a critical insight into currently inadequate accounting valuation treatment and the possibility of applying "fair value" in line with IFRS. In Section 5, the sporadic assessment system currently used by the SPFLA, together with an interview with the system's creator, is described, analyzed and discussed. Section 6 includes surveys and interviews with auditors, and details the results and conclusions regarding the most adequate accounting treatment for players' registration rights. Finally, Section 7 concludes with our accounting valuation and disclosure proposal; records our contribution to the literature; outlines the practical implications and limitations of our paper; and provides our suggestions for future lines of research.

2. Theoretical framework and research questions

Papers on Intangible Assets have proliferated in light of accounting reform derived from the IFRS implementation in Europe (Cañibano & Gisbert, 2008). They point out that it is precisely the existence of non-accounting recognised intangible assets that helps to explain a great deal behind the known difference that exists between companies' market and book values. This gap, together with the relevance of intangible assets, has led international and national accounting ruling bodies to promote initiatives to review and improve accounting standards related to the recognition and disclosure of information on intangible assets. Their conclusions highlight the need for the development of standard models which can provide reliable, comparable and relevant information on intangible resources.

Managers should provide greater voluntary disclosure of information regarding their intangible investments to resolve the negative consequences of the non-recognition of intangibles, such as (1) the loss of value-relevance of financial information; (2) resource allocation inefficiency in the capital market; (3) the inhibition of growth in intangible investments and, (4) the incorrect valuation of companies' market value. Standard setters should be encouraged both to pursue more sophisticated standards for intangibles, and also to provide more detailed guidance to constituents. Investors should also demand greater transparency and higher levels of disclosure (Zéghal & Maaloul, 2011).

Within the sector of soccer club PLCs, Morrow's articles (1992, 1995, 1996) defend the need for professional football clubs to incorporate their Human Resources into the balance sheet and propose establishing a methodology by which to record professional football players as accounting intangible human assets.

According to Yang & Sonmez (2005), a soccer club's core asset consists of an intangible asset: The human asset, or more precisely, the sporting value of the expertise of services rendered (or to be rendered) by the soccer players who integrate the squad. This affects sporting success and thus produces an impact on the fan base and associated commercial activities, culminating in a much greater capacity to generate future incomes.

As opposed to furthering the literature's line of research as regards meeting the requirements for capitalization, Amir & Livne (2001, 2005) dealt with the subject of whether or not players' transfer fees are assets by examining their potential to generate future incomes.

Carmichael & Thomas (1993), Carmichael et al. (1999) and Dawson et al. (2000) carried out some of the limited empirical studies in existence to verify the determinant factors of the cost of football players' acquisition fees.

Morrow (1996) considered that it was appropriate to treat future services provided by a soccer player to the club owning the federative rights as an intangible asset, and therefore to recognize them as an asset in its accounts. Using a case study, he evaluated four valuation methodologies which had been used by certain Scottish clubs or in any other way in the players' market. He concluded by recommending – for the first time in the literature – that an assessment system was required whereby players would be evaluated by independent experts.

Michie & Verma (1999) were also firm and convinced supporters of capitalization. They even proposed the activation of the contracts of internally generated successful players (i.e. those who finally reach the first team/squad) at a market replacement value, and that this should not be any more subjective than other evaluation systems applied. Further, they stated the need to develop a specific system for the soccer industry for the assessment of the right of use of their professional players. Such a system would need to be efficient and contain controls to ensure that the valuation of professional contracts did not lead to misleading accounting representation.

The valuation of intangibles in soccer club PLCs has been generalized in recent years, especially since English clubs were quoted on the stock exchange. They have been mainly included in the global valuation of the football entity as opposed to appearing as intangibles in a specific item on the balance sheet (Barajas, 2002).

Barajas (2004) designed a valuation method tailored to the characteristics of professional football clubs, assuming that said clubs have reasonable financial behaviour. He analysed the key factors that define the context where soccer takes place, and built a conceptual mathematical model linking the support of the fans, the quality of the team (the squad), sports scores, incomes, investments and socio-economic variables with cash flow, all of which constitute the value of the club.

Dias Da Silva Rodrigues et al. (2008) conducted a study on the impact of intangible assets on sports companies quoted on the stock exchange, based empirically on a sample of soccer club PLCs listed on various European stock markets.

It was not until 2005 that an article published by Tunaru et al. (2005) first outlined a stringent theoretical framework for the comprehensive assessment of soccer players. They proposed a mathematical model that explicitly measured the uncertainty surrounding a player's professional performance, including the possibility of injury, as well as the uncertainty surrounding the club's incomes, including income derived from the player's performance as well as that derived from the player's image, the club's image, the loyalty of the fans, and from the economy in general.

Garcia del Barrio & Pujol (2016) argued that only a few soccer clubs belong to the global elite, and the majority are considered within the entertainment industry. For these teams, the media value of players largely determines their financial potential which is essential to be able to fulfil its sporting objectives successfully. The articles containing these studies also advocated a change in the accounting policy for the valuation of the federative rights to exploit the players, especially those coming from a club's own "cantera" (academy, i.e., home-grown players).

Biancone (2011) also discussed valuation, focusing mainly on the application of the impairment test on players' registrations. He suggested that the players' rights – referring to an individual player or alternatively to the whole team – may suffer significant decreases in market value as a result of performances below expectations. The study followed an empirical approach by taking into account professional football teams listed in the "STOXX Europe Football Index", which includes 24 listed teams from the European Union. The study suggested that IAS/IFRS are not always perfectly suited to all types of companies with specific business models, such as those in the football sector, whose information in financial statements is not always clearly explained. He recommended that, based on the best information available, football companies should provide certain additional indications in the notes, related to impairments and the fair value of multiannual federative rights so that users may correctly interpret all the economic/financial information.

Kulikova & Goshunova (2014) maintain that accounting for the costs of internally prepared youth players has been neglected. Investments in youth players (training and education) are prospective investments with potential high returns in the future. However, it is not possible to reflect these investments in football clubs' financial reporting due to the impossibility of capitalization under IAS 38. They consider this exclusion to be fundamentally wrong, since the presence of youth academy players is mandatory for football clubs, otherwise, the UEFA licence may be revoked and hence the club in question will not be allowed to participate in national and international competitions, which is itself a prerequisite for future economic benefits.

Oprean & Oprisor (2014) felt that it was difficult to obtain a complete "true and fair view" of a club's financial position given that no firm regulations issued by governing bodies existed, rather only recommendations as regards accounting methods. However, in terms of valuation methods, they tended to favour Flamholtz's theory (Flamholtz, 1999) as opposed to Grojer's theory (Grojer & Johansson, 1991). They considered the former to be more relevant because the use of past firm investments within the process of a player's valuation (recruitment cost) is more relevant than an estimation of value based on future wage payments (bearing in mind that the player's performance is uncertain). Flamholtz's theory states that recruitment costs can be associated with an employee's contract. Recruitment costs can easily be identified for the academy in the information set requested by the Licensor (training costs, personnel, facility costs, etc.). The problem with this theory is that these costs are determined globally for the entire academy, and the distribution per player – for valuation purposes – is only carried out for those players who choose to sign a professional contract (Jönsson et al., 2004).

However, although the prevailing opinion of the literature in recent decades appeared to favour capitalization and disclosure of intangibles as an obligatory procedure in almost all countries, certain authors (Pavlovi et al., 2014), following the line opened by Amir & Livne (2005), still rejected this, arguing that it is difficult to determine the contribution of agreed transfer fees to the financial success of clubs when the majority of clubs operate with losses, while players are often alienated before the end of the contract, and requirements for control cannot be completely fulfilled. It remains uncertain whether a player will be alienated before the end of the contract or not; what his transfer fee will be; whether and to what extent a player will contribute to sporting results; whether that result will have any consequences as regards improving financial results; or whether the player will directly contribute to the club's financial success.

According to Morrow (2013), the explicit recognition of the weaknesses of the football business model was made apparent with the introduction of the Financial Fair Play regulations by UEFA (the European Football governing body), as a response to the worrying financial performance and indebtedness or negative equity positions of many elite level clubs in Europe, despite significant income increases. Conventional financial reporting systems, and what kind of accounting may be desirable for football clubs, are subjects currently under debate and discussion. Critique concerning the usefulness of financial statements to putative users (investors, lenders, engaged supporters, governing bodies, employees and other stakeholders) is on the table, and there are calls for a new model of purpose-oriented financial reporting. Increasing the quantity of information to introduce financial rationality and control on a free-form business narrative (Morrow, 2005) should not be the only objective; the provision of further information to make them more useful is also required.

Risaliti & Verona (2013) conducted research which showed that questionable window dressing policies, consisting of artificially overestimated values of players' registration rights, aggravated the Italian football crisis. They sustained that the non-application of the revaluation option admitted by IAS/ IFRS, due to serious difficulties owing to a lack of a reliable methodology, may result either in significant revalued amounts not being recorded, or in an incorrect quantification of write-downs/impairments when permanent value losses occur. These difficulties explained why some of the leading Italian clubs (allowed to adopt IFRS) did not opt for the fair value evaluation of their squad, instead maintaining their evaluation at the amortized cost of acquisition.

Based on the abovementioned real options model of Tunaru et al., Coluccia et al. (2018) deal with the financial valuation of a goalkeeper from one of the clubs in the Italian Serie A League. The originality of this method lies in the fact that it considers multiple factors while evaluating a soccer player's final value, including, for example, the player's previous trends in performance; the team he belongs to; injuries; image rights; or the player's personal condition and comparison to the relative value of players possessing similar features but different market valuations. Their analysis is carried out for a player who is not a top player, and who has the position of goalkeeper. This implies that this position has fewer points of comparison as opposed to other players (e.g. defenders, midfielders and strikers).

A recent working paper by Chesaina (2018) explores the use of non-active market values as defined in IFRS 13 for football player contracts (transfer fees) as a means of questioning the restrictions existing under the IAS 38 revaluation method. The study was conducted using a multiple case study on three English football clubs, using market estimates of transfer fees from the Transfermarkt website. This is probably the most prestigious private website in the field, followed not only by sports journalists and football fans for information purposes, but also supposedly by agents involved in transfer operations (Martín-Lozano, 2016). The author accepts the limitation that said market estimates are based on amounts reported in the media for transfer transactions, and therefore Transfermarkt portal has to rely on other non-accurate sources such as reports from insiders, media speculation, and reconciliations from published financial accounts which for the most part do not disclose transfer fees exchanged. This can invariably lead to inaccuracies. Despite this limitation, the fact that player contracts exclude the use of non-level 1 fair values has led to hidden values not recorded on the balance sheet, which in turn can influence users' decisions. Hence it is necessary to amend said restrictions under IAS 38 regarding revaluations (Martín-Lozano & Carrasco, 2011) in line with IFRS 13.

The following research question arises from the above literature review:

> ***Q1***. *Could FVA apply to professional soccer players transfer fees in line with IAS/IFRS requirements, and replace the currently applied more conservative HCA?*

Soccer clubs in Spain usually use the SPFLA's extra-accounting market estimates of players' federative rights to guarantee certain economic and financial transactions of note (e.g., the ensuring of tax debt postponement or the repayment of loans), since their accounting values are not considered to be reliable by third parties involved (Martín-Lozano & Carrasco, 2011). An analysis of the characteristics of these extra-accounting assessments would allow us to assess their capacity to predict potential market prices and verify possible shortcomings and limitations to determine whether they comply with the characteristics of objectivity and reliability required by IFRS 13 or not, to thus be accepted as a valuation technique at 'fair value'. Hence a second research question should be included:

> ***Q2***. *Could a rudimentary assessment system, such as that used by the SPFLA, meet FVA requirements in line with IFRS?*

The purpose of an audit is to enhance the degree of confidence of intended users in financial statements through opinions by the former as to whether said financial statements are prepared, in all material respects, by an applicable financial reporting framework (IAASB, 2009; Spanish Audit Law (2015) and Regulations (2021), following the mandatory Audit Directive 2014/56/EU of the European Parliament for all member states). Auditors are, therefore, an essential part of the process of implementing financial transparency in companies, since their reports will lend credibility to manager-reported financial information. More specifically, auditors provide an independent assessment of the accuracy and fairness (true and fair view) with which financial information represents the assets and net equity and financial position and results of operations. Current accounting standards were established to guarantee a true and fair view of companies' operations and annual reports. Auditors, by definition, are the accountants whose main objective and purpose is to ensure compliance with current accounting standards on the part of companies within the current financial regulatory framework, without questioning whether the standards themselves are reasonable or not.

Obtaining the opinion of the soccer club's accounting professionals, as accounting experts with a reputed conservative approach, could improve and enhance the understanding and acceptance of our proposal. Hence a third research question should be posed:

> ***Q3***. *What insights do important accounting experts, such as soccer clubs auditors, provide on this matter?*

3. Methodology

The choice of research methods to be used should depend on the research questions. Multiple research methods or theoretical perspectives which can be developed jointly within a single study, namely 'triangulation', permit a wider and richer methodological understanding of accounting practice compared with a single approach. Data triangulation can provide researchers with powerful solutions to offset the problems of too greatly relying on any single data source or method by increasing the validity and credibility of the research findings of their studies (Hoque & Hopper, 1997; Hoque, 2006). By combining relatively divergent methods (e.g., case study and survey methods), researchers may enhance the credibility of their results. By way of example, surveys may improve our understanding as regards the incidence of a particular phenomenon and/or the form and strength of conceptual relationships observed in case studies (Modell, 2005). Therefore, the interaction between theory development and the research methods chosen could be meaningfully integrated and executed to provide a deeper understanding of accounting phenomena (Hoque et al., 2013).

Our research was conducted following the triangulation approach. About the first research question, a critical discussion was held using a theoretical literature framework concerning HCA versus FVA, and IAS-IFRS requirements for the application of FVA.

About the second research question, an in-depth study of the SPFLA's valuation technique was undertaken, including a description of the system as well as a discussion on the reasonability of the criteria employed and the composition of the panel of experts, along with an in-depth interview with the creator of said valuation technique.

Regarding the third research question, purposive sampling qualitative surveys and interviews with auditors were conducted to explore how clubs currently record and disclose information concerning players' registration rights, and the consequences this has on financial statements, thus contrasting the auditors' standpoints with our own to validate the study.

According to Firmin (2008), interviews constitute the best method for obtaining information from professionals in both qualitative and quantitative studies. Qualitative interviews are usually not as structured as quantitative interviews. What is relevant in qualitative interviews is gaining the interviewee's point of view about the subject under consideration. In contrast, a quantitative interview aims to obtain answers which can then be converted into statistical data. Two main types of qualitative interviews exist the unstructured interview and the semi-structured interview (Bryman, 2012). The unstructured interview resembles an open conversation. The subject is suggested by the researcher, and the discussion between the researcher and the interviewee marks the development of the interview from which the professional's point of view is extracted (Firmin, 2008).

In this case, the semi-structured interview was the preferred option. Before the interview, the researcher prepares a list of questions to be raised (Ayres, 2008). Subsequently, during the course of the interview, additional questions may be asked according to the interviewee's responses, to obtain more profound, useful and detailed information related to the subject under consideration (Bryman, 2012).

A guidance questionnaire was prepared for the interview, which involved a list of questions and statements implicitly including our research questions. In the interview itself, open discussion was encouraged (Kerlinger, 1997). An interpretive perspective was followed, based on different possible interpretations of the same data (Eriksson & Kovalainen, 2008). Therefore, a sample of professionals was selected to show the similarities or differences in the interpretation of accounting practice (Ryan et al., 2002).

Our concern was to avoid bias and inaccuracy, and to ensure that our survey design would reflect the views of a genuine cross-section of the population. Purposive/selective sampling was chosen instead of random sampling as the sampling technique. In purposive sampling, and more precisely expert sampling, researchers rely on their judgement and their research questions when choosing members of the population to participate in the study. This involves the identification and selection of individuals who are proficient and well-versed as regards the subject under consideration (Etikan et al., 2016).

As opposed to other related works (Bengtsson, 2014), the interviews were conducted with a large number of accounting professionals, namely auditors directly related to soccer clubs, whose background was highly competent not only as auditors in financial audits within privately held companies, but also within football clubs. In this way, we could take further advantage of their experience in football accounting.

4. Critical discussion: could fair value be applicable to transfer fees in line with IFRS?

Under current accounting practices, players' transfer fees are considered intangible on the clubs' balance sheet category of non-current assets. They are valued at historical cost as paid by the club owning the registration rights to the club of origin, less accumulated amortization, calculated linearly over the number of years during which the players' services have been under contract. This means that players' registration/exploitation rights are partially recognized by accounting standards.

On the one hand, there are players whose registration or multiannual rights to exploit their performance have been acquired from other clubs. On the other, there are free players (who have nominally reached the natural end of their relationship with their former club), and internally generated players, namely football players who joined the club as children or teenagers and trained within the club (academy) until they succeeded in reaching the first squad. The former are usually significantly undervalued in comparison with their current transfer market value (at times they are overvalued, e.g. when their sporting performance has dramatically decreased or due to sporting injuries). The latter are not even reflected on the balance sheet, because they do not have any related acquisition cost (i.e., no transfer fee has been paid).

The IASB (2004) in IAS 38 admitted a new generalized valuation criterion, namely "fair value". This may provide a real possibility for this particular kind of company to amend the aforementioned accounting deficits, and consequently, the opportunity to appropriately disclose intangible assets, which are those which give them their value. The conceptual framework of new accounting standards introduces many developments. There are new valuation criteria and a new presiding philosophy based on reliable and relevant information, which is useful for making business decisions. There is also a loss of prevalence of the "conservative concept" so that it is admissible not to apply it, in case it damages or does not lead to the true and fair view of operations. However, new Spanish accounting standards have restricted the application of the new valuation criterion to intangibles, due to the general belief that there is a lack of reliable values due to the high risk and difficulty of estimating future profits, assuming there is not an active market for intangibles (Martín-Lozano & Carrasco, 2011).

FVA is a means of measuring an entity's assets using fair value criterion as opposed to that of acquisition cost, and for certain accounting elements, this has become the endorsed alternative to historical cost accounting. In the majority of the literature, the discussion of the advantages and disadvantages of FVA as opposed to HCA has been carried out in the context and experience of its application to financial instruments in financial institutions, which represents the accounting field in which FVA has fundamentally been implemented.

The debate concerning the advantages/disadvantages of FVA as opposed to HCA is longstanding. The controversy appeared in the 1980s, the decade in which the gradual adoption of fair value by standard issuers FASB and IASB began. The mandatory adoption of IAS in 2005 further fuelled the debate since these standards, especially in specific areas of financial instruments in financial institutions, are perceived to rely significantly on fair value measurement compared with previous systems of national standards.

In many specialized forums, FVA implementation has been held as responsible for aggravating the recent financial crisis, since fair values based on models are not reliable, while its proponents argue that FVA is simply a measurement system and played little or no role in the financial crisis. In terms of opposing arguments, we find that FVA and asset write-ups allow companies to increase their leverage during boom periods. In contrast, HCA prohibits asset write-ups during booms, and creates "hidden" reserves which can be drawn upon in times of crisis, thus giving rise to profit-smoothing manipulation practices (see discussion of advantages and disadvantages in Ryan, 2008; Véron, 2008; Plantin et al., 2008; Allen & Carletti, 2008; Laux & Leuz, 2009, 2010, 2012; Barth & Landsman, 2010; Nuta, 2015; Menicucci 2015 and Mora et al. (2019).

FVA's role in the crisis development debate is only one side of the argument. The other concerns are whether fair value should be extensively used for non-financial assets, namely for property, plant and equipment or Intangibles, one of which (sporting Intangibles – transfer fees) is the subject of this paper. In practice, as pointed out by McGeachin, (Mora, et al., 2019) and Barker & Schulte, (2017) in an empirical study on the difficulty of applying fair value to non-financial assets, there are not many companies that measure intangible assets at FVA.

IAS, used by European Union member-states since 2005, requires that fair values can or shall be used in the measurement of investment properties and different types of financial assets and liabilities (including derivatives), for example. The fair value model means that fair values of assets and liabilities are reported on the balance sheet. Since then, FVA has been used much more frequently than before for publicly traded companies.

Critics of FVA unavoidably argue in favour of the HCA method, since this is the only viable alternative to FVA. The idea behind HCA is the measurement of assets at cost at the time of their acquisition, which is considered to be objective since it is relatively easy to verify using documentary support of the actual transaction.

However, when asset prices fluctuate, HCA ceases to be a good price indicator. Even worse, when the market price of an asset rises above its historical cost, the manager of the financial firm, in the case of financial assets, has an incentive to sell the asset, to realize the capital gain.

In the case of non-financial assets subject to continuous price fluctuations, the historical cost could be the cause of enormous hidden values or impairments that cannot be quickly detected, thereby making those assets' accounting values unreliable and non-relevant for financial statements users' decision-making processes.

Another of the reasons given for replacing HCA with FVA is the latter's potential to minimize the manipulation of accounting numbers. An important aspect of the 'fair value' concept is to establish distance from entity views of value, and to locate reliability as far as is possible in the collective judgment of the market. The idea behind the fair value approach has been that the general public provides the correct valuation of an asset, since it can base its valuation on a much broader basis than a single manager who, in addition, may be biased for his benefit.

However, the above reasoning stating that the market may be more objective for a more accurate assessment of current asset value is hampered by the practical application of the fair value model. (Financial) markets are not always transparent, as the financial crisis has proved. Moreover, assets subject to market valuation are not always exchanged in inactive markets, nor at the quoted price, making it difficult to know its public price at the time of the accounting valuation. Comparable or similar assets traded in active markets do not always exist, either quoted or unquoted. Nor can observable data necessarily be extracted to enable the formation of the market price of such assets to form an objective market assessment through an evaluation model or technique.

It is easier to estimate the fair value for certain assets than for others. Shares of publicly traded companies are commonly traded in an active market, and the fair value at the balance sheet date can be calculated as the product of the quoted price and the quantity held. In other situations, however, the fair value measurement needs to be based on internally generated input variables, such as expected net cash flows from the asset. The drawback is that future cash flows are neither observable nor verifiable by external parties.

Hence fair value is based on the selling price of transactions between market participants. However, fair value measurements can be subjective, and do require judgment when a quoted price or market transaction is not available. In these cases, management needs to determine the fair value measurement using valuation techniques and assumptions developed by the company, or with the assistance of an external independent valuation specialist/expert.

To face growing concern over subjectivity and unreliability, American and European standards setters have tried, either under their initiative or at the request of experts and politicians, to improve and amend and develop rules related to the application of fair value measurements, especially when market values are not easily observable. Furthermore, a valuation model or technique has been called for, requiring more detailed disclosures of the estimates and assumptions used in these models.

In response to the financial crisis, the G20 action plan required the IASB and the FASB to review their standards, and to improve accounting requirements, particularly as regards the recognition, measurement and disclosure of financial instruments and off-balance entities. In 2011 and 2012, the Commission endorsed new standards and amendments, including among others a new standard for fair value measurement (IFRS 13), which provided a single definition of fair value measurement and improved transparency by requiring additional disclosure and offering clearer and more consistent guidance on the application of fair value measurement in inactive markets

IFRS 13 (IASB, 2012), adopted in 2013, guides how to conduct fair value measurement under IFRS, through valuation techniques, also applicable to non-financial assets. It has been applied in annual periods beginning on or after January 2013. Under IFRS13, fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." IFRS 13.72 establishes a three-tiered structure, or FVA hierarchy, that prioritizes the different inputs that should be used to measure fair value, with Level 1 inputs being given the highest level of acceptance, while those that are based on an entity's assumptions (Level 3) given the lowest.

In any case, the entity must disclose which valuation technique has been used; at which of the three levels is the data used to measure the fair value of the asset; and the quantification of the adjustment necessary to simulate the use of the technique at level 2 or 3. Regardless of the method a firm uses to calculate fair value, it is important to thoroughly explain and justify the reasoning behind it. The market and setters consider Level 3 inputs to be less reliable and riskier than Level 2 inputs, and accordingly, IFRS 13 requires further disclosure for Level 3 assets.

Valuations can raise questions and be subject to scrutiny by regulators or other potentially adverse parties. As a result, the models and assumptions used to calculate valuations must be not only transparent but also tenable, firstly to auditors and secondly to investors, lenders, creditors and/or other users of financial statements. To achieve this and to avoid questions about objectivity, firms can obtain valuations from third-party independent experts.

Auditing technical standards, issued by accounting and auditing standards regulators guide the audit control of fair value estimates (ISA 540, IAASB, 2009; NIA-ES 540, ICAC, 2015 in Spain). They encourage an entity's management to seek assistance from an external valuation specialist. Within the monitoring procedures, apart from examining their estimates, knowing whether external appraisers are used as well as how they were selected and what their qualifications are, is determinant to assess their independence from the company and their expertise respectively, as a guarantee of objectivity and reliability of the valuation technique used at fair value. Cannon & Bedards (2016) survey of experienced auditors found that in the case of those fair value measurement estimates which were the most challenging and difficult to audit, clients used third-party experts about 60% of the time, and auditors consulted with external (internal) valuation specialists 99% of the time.

Returning to the subject of our research, we firmly believe that the transfer fees of all the players making up a professional soccer club could be valued at fair value at financial year-end.

IAS 38 (IASB 38, 2004) generally admits fair value valuation through the means of practising annual revaluations for intangibles which experiment significant and volatile market price movements, referred to as an "Active market". The same standard defines three conditions for an asset's market to be considered an "Active market".

Oprean & Oprisor (2014) argued that the disclosure relating to free agents and youth players within the financial statements is potentially problematic, because there is no solid ground for valuation, and no active market with comparable parameters to supply a credible value. From our perspective, there can be no doubt that the soccer players' transfer market meets the first two conditions of an active market. Players' transfers are homogeneous assets and operations are frequent, since sellers and buyers can meet frequently at any moment during the two periods of the year (summer and winter windows) in which transfer purchase and sale transactions are permitted. Certain doubts may arise as regards the third condition, relating to the public transparency of prices (demanded by sellers and offered by purchasers).

Nevertheless, IAS 38 does foresee an alternative for the application of fair value in the absence of an "active market" or when all the required conditions are not met. This alternative is the application of valuation techniques.

Biancone (2011) suggested that football companies should provide, "based on the best information available", certain additional indications in the notes, related to impairments and the fair value of multiannual federative rights. In contrast, Risaliti & Verona (2013) sustain that the revaluation option admitted by IAS/IFRS presents serious application difficulties due to its not having a reliable methodology.

We have analyzed above how IFRS13 (IASB 2012) provides information as to how to carry out fair value assessment through valuation techniques. It establishes a hierarchy consisting of three levels of accessible observable prices and data.

IAS 38 restricted the revaluation model solely to those assets which have an active market. However, the introduction of IFRS 13, with prescriptions on how to measure fair value for assets with no active market, practically implies that an asset's (or liability's) fair value can be determined regardless of whether an active market exists or not. If no active market exists, nor an active market for a similar asset (level 2), then valuation experts can use models to determine the fair value of the asset, and thereby provide users with appropriate disclosures of assumptions used to derive the fair values used (level 3) (Chesaina, 2018)

We feel that, despite the fact players' current transfer market prices are not quoted worldwide, exhaustive players' data (observable variables/inputs) may be verified, such as release (buy-out) contract clauses, acquisition cost and current net book value, the age of players and their recent performance records, etc. All these data are always considered when forming the final market price.

Although certain doubts may arise as to whether level 2 c (namely inputs/variables other than quoted prices that are observable for identical or similar assets in non-active markets, IFRS 13.81), we do consider that soccer players' transfer fees can undoubtedly be assigned to level 3. That is to say, when measuring the fair value of an asset, unobservable inputs are used (IFRS 13.86). Relevant observable inputs are not available since there is no market activity for the asset at the measurement date, hence the entity develops unobservable inputs using the best information available at said measurement date. This may include the entity's data, taking into account all the information concerning market participant assumptions that is reasonably available (IFRS 13.87-89).

We also firmly believe that transfer fees of all the players comprising a professional soccer club may be valued at fair value at financial year-end, only on condition, however, that a valuation technique meeting IAS 38/IFRS 13 requirements is either located or created.

As previously mentioned, in the leading football nations of the world, private digital portals exist which track and value UEFA players' transfer fees. Information is available concerning rumours of possible transfers or renewals; regarding the estimated market assessment of a player's price at any given moment; and even about the total market valuation of any club's squad. One website, Transfermarkt, has achieved a good reputation for being a useful tool for the valuation of players' transfer fees (Martín-Lozano, 2016; Chesaina, 2018). The information obtained by this portal is based on media reports and/or other non-official sources.

In the following section, responding to the paper's second research question, we will explore the possibility of finding an evaluation system based on official and confidential information sources about individual players.

5. Analysis of the SPFLAt's current assessment system

Soccer clubs in Spain usually use the SPFLA's extra-accounting market estimates on players' federative rights to guarantee certain economic and financial transactions of note (e.g., to ensure tax debt postponement or the repayment of loans), since their accounting values are not considered to be reliable by third parties involved (Martín-Lozano & Carrasco, 2011).

An analysis of the characteristics of these extra-accounting assessments needs to be carried out to assess not only their capacity to predict potential market prices, but also to study the characteristics of the SPFLA's assessment system to verify its shortcomings and limitations to determine whether it complies with the characteristics of objectivity and reliability required to thus be accepted as a valuation technique at 'fair value' in line with IFRS requirements.

The current composition of the SPFLA's Valuation Committee, created in 2008, is as follows:

- Two football players' agents elected by the League from four candidates put forward by the Spanish Association of Players' agents (the two unelected candidates will act as substitutes should the elected agents be unable to attend). The candidates must have a minimum of five years' experience in their profession.

- Two renowned scholars in the field of sport to be appointed by the League, under the founding charter of the Valuation Committee, for one year which will be automatically renewed.

- A partner or member of a reputed firm of auditors to be appointed by the League in the same manner and to the same extent as its lawyers.

- The Secretary of the League, or an alternative counsel of the League appointed by the Secretary, will also attend the meetings in an advisory capacity and will act as Secretary of the Committee.

The criteria currently used for the evaluation of players' federative rights, in addition to others considered influential or determinant, can be seen in Table 1.

Table 1. Criteria used for the evaluation of players federative rights

1.	Players age and profile.
2.	Time (duration) of the contract and time remaining until the contract runs out.
3.	Percentage of games played during the current or previous season.
4.	Number of matches played with the national team in current and recent seasons.
5.	Individual awards over the past three years (such as the international "Golden Ball" or Spains "Pichichi" and "Zamora" trophies).
6.	Players Release (Buy-out) contract clauses.
7.	Players Acquisition cost and net book value
8.	Number of international championships won over the past four years.
9.	Number of national championships won over the past two years.
10.	Current situation of the football market.
11.	Sports category and budget of the soccer club to which the player belongs.

Source: Prepared by the authors.

Certain of the aforementioned criteria were considered in recent research carried out by Coluccia et al. (2018), which proposed a valuation methodology based on the application of the option-pricing model to a goalkeeper's valuation in Italy's 'Serie A League' (as previously mentioned in Section 2).

The Committee obtains the above-mentioned data in Table 1 from the statistical information handled by the SPFLA as the regulator and controlling body of all competitions, including the federative players' contracts with their respective clubs, deposited with the SPFLA. Valuations of federative rights are undertaken only at the request of the football club concerned.

We felt it necessary to investigate the origins of the Valuation Committee by approaching the people who inspired it for a personal interview, using a previously designed guidance questionnaire to gain as much as possible from the interview itself. The respondent was the current Vice-President of the SPFLA, who at the time of the creation of the Valuation Committee was the Secretary General of the institution.

We discovered that the idea was developed when the Treasurer began sending attachments to the federative rights. He came up with the idea that if the SPFLA created a committee with independent experts (independence being fundamental for credibility), then federative rights would be considered to have an estimated value. Gradually clubs started applying value estimates for submission for credit applications, presenting them as a guarantee to the Treasury itself, or for them to be valued during bankruptcy proceedings.

The creation of the Valuation Committee was simultaneous with the creation of the register of encumbrances on federative rights, on which all such charges (liens, pledges, etc.) should be noted. Statutory amendments were also made in the sense that when a club may be firmly interested in acquiring the registration rights of a player from another club, then a note should first be obtained from the SPFLA regarding the charges on the federative rights of the player concerned.

5.1. Discussion concerning the system SPFLA's Valuations

The system meets the requirements of using comprehensive criteria along with testable and observable market factors which would be considered by the agent responsible for pricing in the market (IFRS 13). This would eliminate subjectivity. Moreover, the consideration of these criteria is performed by five people who, as per the panel's creator, are independent of the SPFLA and football clubs, thereby adding further objectivity to the assessment. Finally, there is the requirement that market value estimates should be contrasted with actual recent operations, as per the creator, by the SPFLA's Competition Department which tracks predictions and subsequently informs the Committee members of any significant deviations detected, should they arise.

Nevertheless, from both the conceptual analysis of the system itself and the outcome of the interview with its creator, certain aspects are to be highlighted which point to shortcomings and imperfections in the system that require improvement, namely:

The composition of the Committee should include other members to further guarantee objectivity and independence, such as an expert in market appraisals or a UEFA observer linked with its FFP policy, among others.

The fact that additional criteria, such as players' media value (image rights) or the current financial situation of the clubs owning players' rights, are also taken into consideration. This may determine not only the need for selling a player's right, but also at what transfer price – that of player's release clause; at a price close to it; or at a much lower price.

Valuations are made taking into account the professional judgement of the Committee members, without specifying objectively the weight or relevance given to each of the criteria used.

Valuations are not generalized for all clubs. They are only undertaken for those who have requested them for their purposes, in different years and not on the same date. An end-of-season assessment is not the same as one carried out in the middle of the season, when the player's or club's final performance is still unknown, especially in such a volatile market as football. They should be done at the financial year end for all the clubs.

The contrasting of assessments with actual recent transactions following the closing of accounts should be carried out periodically to identify the deviations so that future fair value assessments may be improved, since we could not check the statement of SPFLA's valuation committee creator about the tracking the predictions and subsequently informing of any deviation detected. Otherwise, if that contrast is not carried out, that would be a model limitation.

Finally, the clubs' auditors should carry out the audit of the fair value estimates in line with the International Standard on Audit 540 on Auditing Accounting estimates, including fair value accounting estimates and related disclosures (IAASB, 2009). This audit control of fair value estimates would be sent to the SPFLA's Valuation Committee, together with the already compulsory submission of Annual Reports and the corresponding Annual Audit Report.

As regards the contrasting assessments, the case study of Martín-Lozano & Carrasco (2011) demonstrated the predictive capacity of these SPFLA assessments in global terms only for players sold following the closing of accounts. In other words, when the SPFLA's total independent assessments were compared to the total actual sales price of players who had been sold, they proved to be reliable and showed a high predictive level of the final market price.

In conclusion, we believe that once the SPFLA's extra-accounting assessment system has incorporated the required improvements arising from the aforementioned issues, then it may be accepted and proposed as a 'Fair Value' valuation technique for players' federative rights, in line with IFRS 13 requirements.

6. Surveys and interviews with auditors

The idea of including interviews with auditors (as well as preparers of football clubs' accounting information) arose from the nature and characteristics of the profession itself.

As previously mentioned, auditors are an essential part of the process of implementing financial transparency in companies. Their professional opinion as expressed in their Audit reports lends credibility to the financial statements reported by managers to companies' users (Chen, 2016) due to the objective and independent nature of the former (Desai & Nagar, 2016). This thereby satisfies the users' professed need to be able to access quality accounting information to properly make their economic and financial decisions related to said companies (Magnis & Iatridis, 2017).

Auditors, by definition, are the accountants whose main objective and purpose is to ensure compliance with current accounting standards on the part of companies, within the current financial regulatory framework, without questioning whether the standards themselves are reasonable or not.

When deciding on the soccer club accounting professionals to be interviewed, we considered accountants characterized by a reputedly conservative accounting approach, so that their opinions on the subject could be utilized to contrast our views and proposals, thus encouraging and enhancing the debate. It was immediately apparent that Auditors constitute the most conservative experts in the field of accounting.

Conversely, the experience of Auditors as expert professionals in accounting and auditing procedures supports their ability to influence the process of developing accounting regulations (Cañibano and Gisbert, 2008). Auditors – and by extension professional auditors' associations or big audit firms (Suddaby et al., 2007) – are included within the groups with the capacity to influence the regulatory process thanks to their recognition as bearers of professional knowledge and experience (regulatory isomorphism).

It was a huge challenge, since the auditors were to be made to question themselves about the reasonability of accounting standards of which they are, allegedly, the "watchers" or "guardians". They are required to give their opinion as to whether the financial statements are prepared by applicable financial reporting framework (IAASB, 2009; Spanish Audit Law, 2015 and Regulations, 2021), but not to question it. Their views would greatly enrich the debate and would further contribute to the discussion by either refuting our approach or supporting it. The intention was to avoid complacency or plausibility, thus avoiding seeing what the researcher expects, while looking for evidence that may contradict his/her standpoints (Ryan et al., 2002).

More specifically, we conducted interviews with a representative sample of practising registered auditors (included in the Government Register of Auditors), who had audited the financial statements of clubs in the Spanish Premier Football League, or who had monitored clubs' judiciary Bankruptcy Administration, and with certain others who were Directors of the board at a club and therefore responsible for the preparation and formulation of the club's Financial Statements.

We selected a sample of 20 officially registered auditors, namely:

- 15 auditors who audit or who had recently audited annual reports of premier league soccer clubs, consisting of a total of 20 clubs.
- 3 auditors who are currently legally responsible for the administration of clubs in judiciary bankruptcy.
- 2 auditors who are currently privately running soccer clubs as Directors of the board.

The reason behind the interviewing of the last 5 auditors of the sample was to explore whether their point of view on the matter differed from the other 15 auditors.

As to the first group, we were able to make contact with 13 of them beforehand through telephone calls and requested their collaboration. Once we had received their confirmation, they were sent the questionnaire. Finally, only 10 of this first group answered.

The guidance questionnaire was sent in advance to each interviewee so that they would have time to reflect and prepare their responses, hence allowing the interview to be conducted as smoothly and quickly as possible, and to increase the quality of the conversation. The interviews were either tape-recorded or notes were taken at the time (Ryan et al., 2002), and they lasted between 40 and 80 minutes. The prepared questions were answered and subsequently followed by an open discussion. After each interview, the notes were recorded to compile the information accurately

The questionnaire (see Table 2), serving as a guideline to the interviews, consisted of twelve statements/questions (the last of which was subdivided into two) which had been carefully considered and preparedto coverng our research questions in a logical sequence. Our goal was to contrast the interviewees' standpoints and perspectives with our own. The time between the first interview and the last was almost two months. During this period, as we grew to learn more about the topic, some of our initial questions were modified since we felt it necessary to obtain responses to questions which had not previously arisen. Ultimately, therefore, the interview became semi-structured.

In the case of opinion questions, a method of judging the responses numerically was devised. For 10 of the 12 questions/statements, 5 options were provided, namely: "Strongly agree", "Agree", "Neutral", "Disagree (if so, why?)" and "Strongly disagree (if so, why?)". These were valued

Table 2. Questions and Statements

	TITLE	QUESTION/STATEMENT
1	ALL PLAYERS ARE ASSETS	All professional players (their federative rights) represent the same productive assets used in the activity regardless of their origin (acquired, free or academy).
2	ONLY ACQUIRED RECOGNIZED	However, the only players rights which are recognized as assets are those which can be measured in an objective and reliable way, i.e. those with an acquisition cost. Therefore, current accounting standards prevent the recognition of all players federative rights as assets.
3	SHOULD ACADEMY PLAYERS BE RECOGNIZED?	Should a homegrown players federative right be recognized as an Asset in the same way as that of an acquired player, since the homegrown player is also part of the same squad and fulfils the same economic function as the acquired player?
4	HOW SHOULD ACADEMY PLAYERS BE RECOGNIZED?	If the previous answer is strongly agree/agree, what valuation formula would you suggest to equate academy players with acquired players? This is a non-tabulated open question.
5	ACQUISITION COST GENERATES HIDDEN VALUES	The sale of a homegrown playert's federative rights leads to a profit for the wholesale price. Therefore, within two months of closing accounts, enormous hidden values arising from academy players, and not reported in the annual reports, can be realized.
6	ACQUISITION COST DAMAGES TRUE AND FAIR VIEW	The use of the Acquisition Cost (except for impairments) as the only valuation criteria for players transfer fees damages the True and Fair view of the assets, Equity, financial position and obtained results of soccer clubs.
7	HIDDEN VALUES MANIPULATE RESULTS CREATIVE ACCOUNTING?	Can the huge hidden values, referred to in question 5, be used to manipulate the results of the financial year by recognizing profits in the most convenient year for image, or for other reasons in what can be considered as creative accounting practices?
8	ACQUISITION COST - LACK OF TRANSPARENCY	The same accounting standards admit that the proper application of accounting principles or criteria can lead to the non-representation of the True and Fair view, and may therefore contribute to the lack of transparency in financial information. Do you consider the current valuation and accounting criteria in sporting intangibles to be generating a lack of transparency as regards the financial information of soccer clubs?
9	SHOULD A VALUATION CRITERIA BE FOUND?	Should a valuation formula or criteria be found to solve or to prevent: a) Unequal accounting treatment between academy players/free agents and acquired players, and b) The global accounting undervaluation of soccer clubs squads which is made patent just two months after financial year-end, when the summer transfer market is opened?
10	FAMILIARITY WITH SPFLA VALUATION	Are you familiar with the assessments carried out by the Spanish Professional Football League Association (SPFLA) when requested to do so by clubs on certain occasions (e.g. when postponing tax debts or when requesting bank loans)? Clubs request this complementary information on players transfer fees because third parties involved consider the information provided by annual reports to be insufficient or unreliable.
11	COULD VALUATION BY INDEPENDENT EXPERTS WITHIN THE SPFLA BE ACCEPTABLE?	Do you think that extra-accounting valuations of all the professional players of soccer club squads carried out annually by a panel of independent experts before the closing of accounts could be acceptable as a fair value accounting valuation model for transfer fees? Considering that it is based on the same criteria taken into account in the formation of market prices, which could be observed and contrasted and tested by auditors against actual recent transactions? What characteristics do you believe that panel should have in terms of composition, criteria to be used, and methods of application to ensure that their valuations are objective and reliable?
12 a	VALUATION BY INDEPENDENT EXPERTS ADMITTED IN ACCOUNTING STANDARDS	Should the proposed valuation formula mentioned in question 11 be accepted as valuation at fair value: a. Should it be admitted in the pending sectoral accounting standards?
12 b	DISCLOSURE	b. Which would you consider to be the most appropriate method of disclosure in annual reports for the fair value of the squad and the change in value adjustment? In the Notes; on the Balance sheet only; Not disclosed.

Source: Prepared by the authors.

from 5 to 1, respectively. By specifying an option, the Auditor had to make the effort to express his/her position categorically, and this also allowed us to create a minimal statistical tabulation and summarize the overall feel of the auditors. However, the most interesting aspect arose from the section in which the Auditor could provide ideas or establish their position, which did not always exactly correspond to the responses previously recorded.

6.1. Results and Discussion

We were able to conduct interviews and obtain opinions from 15 Auditors out of the sample of 20 initially selected (75%), while 18 Auditors expressed the wish to collaborate and were sent the guidance questionnaire (83%). In line with the previous literature (Ryan, 2002; Biancone, 2011), we consider our level of sample response to be representative.

The results of the research based on surveys and interviews with auditors can be seen in Table 3.

There is almost complete unanimity that all the players comprising the professional squad of a football club meet the same productive economic function, regardless of their origin (acquired, free or Academy), and therefore all of them should be recognized as assets. The large majority believes that soccer clubs' annual reports, with the current transfer fees' accounting valuation system, contain hidden values/unrealized gains, in many cases very significant ones, which are not reported.

Certain auditors noted that there are cases where the significant deterioration in transfer fees is concealed. This occurs within the majority of the leading national and international football clubs, which follow a management model based more on the acquisition of high-cost players, since they possess greater financial resources. The majority opinion, therefore, is that the 'true and fair view' of assets and equity in these entities is affected by the current accounting valuation of players' transfer rights, which may lead to a lack of transparency.

As to the possibility that the current accounting valuation of federative rights could lead, on the one hand, to practices of "creative accounting" when accruing said hidden values, and on the other to a lack of transparency in financial reporting, the majority of the auditors are in agreement. However, the view of certain auditors should be highlighted, especially those who are responsible for preparing annual reports, who argued that there is no accounting "manipulation" or reprehensible practice, but rather an acceptable exercise of economic planning customarily found in any company.

For the most part, the auditors consider that a valuation formula should be found to solve unequal accounting treatment and global accounting undervaluation. In response to question 4 (non-tabulated), almost all the auditors admit that great difficulty lies in finding a formula for reliable and objective valuation, not only to reflect homegrown players' rights, but also for the mark-to-market value of all players' rights. Fair Value raises many concerns over the risk of subjectivity involved in its application.

For the majority of the auditors interviewed, albeit with some remarkable differences of opinion, the formula of a panel of experts to annually assess all clubs' squads at year-end might be, in principle, a good solution which provides information on the current value of the entire squad, something they consider very relevant to users of financial information. However, they insist on the idea that the assessment must meet the requirements of objectivity, with special emphasis

Table 3. Results of Auditors responses

		1		2		3		5		6		7		8		9		10		11		12A)		12B)			
		ALL PLAYERS ARE ASSETS		ONLY ACQUIRED RECOG-NIZED		SHOULD ACADEMY PLAYERS BE RECOG-NIZED?		ACQUISITION COST GENERATES HIDDEN VALUES		ACQUISITION COST DAMAGES TRUE AND FAIR VIEW		HIDDEN VALUES MANIPULATE RESULTS. CREATIVE AC-COUNTING?		ACQUISITION COST - LACK OF TRANS-PARENCY		SHOULD VALU-ATION CRITERIA BE FOUND		FAMILIARITY WITH SPFLA VALUATION?		COULD VALUATION BY INDEPENDENT EXPERTS WITHIN SPFLA BE ACCEPTABLE?		VALUATION BY INDEPEND-ENT EXPERTS ADMITTED IN STANDARDS		DISCLO-SURE			
Response category	value	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Strongly agree	5	10	66.67%	4	26.67%	7	46.67%	6	40.00%	5	33.33%	6	40.00%	3	20.00%	4	26.67%			4	26.67%	6	40.00%			55	36.67%
Agree	4	5	33.33%	7	46.67%	3	20.00%	1	6.67%	3	20.00%	3	20.00%	3	20.00%	7	46.67%			2	13.33%	1	6.67%			35	23.33%
Neutral	3	0		1	6.67%	1	6.67%	4	26.67%	3	20.00%	4	26.67%	4	26.67%	0				5	33.33%	6	40.00%			28	18.67%
Disagree	2	0		3	20.00%	4	26.67%	4	26.67%	3	20.00%			4	26.67%	4	26.67%			4	26.67%	1	6.67%			27	18.00%
Strongly disagree	1	0		0		0		0		1	6.67%	2	13.33%	1	6.67%	0				0	0.00%	1	6.67%			5	3.33%
Yes																		8	53.33%							150	
No																		7	46.67%								
Notes (Sporting Intangibles)																								10	66.67%		
Balance Sheet																								1	6.67%		
Notes & Balance Sheet																								2	13.33%		
Notes & Others																								1	6.67%		
Not disclosed																								1	6.67%		
Total		15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%	15	100%		

on the independence of the Valuation Committee. It is noteworthy that only 53% of those interviewed knew of the SPFLA Valuation Committee. In the case of these interviewees, acceptance of this valuation technique was far higher. In the case of the remaining 47% who were unfamiliar with this system, they expressed concerns that such assessments could be admissible on the basis of subjectivity and lack of independence.

An overwhelming 87% of the auditors interviewed stated that the most adequate formula for the disclosure of players' transfer fees at fair value (and consequently the Change in Value Adjustment concerning HCA) in financial statements should be to include them in the Notes.

Finally, we should highlight the results shown in the last column, i.e. the percentage of auditors' tabulated responses in favour, against or neutral about our proposals (accumulating strongly agree and agree on the one hand, and disagree and strongly disagree on the other). The results were 60% were in favour; 21% against; and 19% neutral.

Some of the auditors gave us their opinion as to how they could carry out the audit of the SPFLA's valuations according to ISA 540 (IAASB, 2009) (non-tabulated question). About soccer players' transfer fees, the audit procedures would be applied to a sample of players selected from every club's valuation as carried out by the SPFLA's Committee. The variables used will be checked for each player, and their reasoning analyzed. Only in the eventual case of players who were transferred during the closing of accounts and the audit revision would the actual sales price be compared to the valuation, to detect whether there were any relevant deviations, thus providing an analysis of the validity of the SPFLA's valuation of the whole squad.

7. Conclusions

The purpose of this work was to explore and obtain sufficient arguments and evidence to substantiate the feasibility of applying an objective and reliable Fair Value Accounting (FVA) valuation technique to measure and reasonably predict "professional players' transfer fees" of all professional soccer clubs at financial year-end.

The results and discussion of our research point to the following:

Currently applied Accounting Standards (HCA) prove inadequate when reflecting the actual current value of players' transfer rights/fees, which affects the reliability and therefore the transparency of the financial and economic information provided by annual reports which form the basis of stakeholders' decision-making process. The true and fair view of soccer clubs' financial statements is brought into question when major economic and financial decisions need to be completed with extra-accounting estimates of their most important assets, since the accounting information is not considered reliable by the parties involved. (Martín-Lozano & Carrasco, 2011)

The previous literature (Morrow, 1992, 1995, 1996, 2013; Carmichael et al., 1999; Michie & Verma, 1999; Tunaru et al., 2005; Biancone, 2011; Risaliti & Verona, 2013; Kulikova & Goshunova, 2014; Coluccia et al., 2018; Chesaina, 2018) has covered different aspects of this accounting deficiency/inadequacy as regards the valuation of said identifiable intangible assets when trying to relate players' values to determinant factors. However, no solution has yet been provided, given the difficulty in finding a reliable methodology which will solve the relevant under-valuations or overvaluations that these intangible assets experience in the highly volatile transfer market, and thus correct them in the financial statements. Certain authors (Oprean & Oprisor, 2014; García del Barrio & Pujol, 2016) have proposed cost systems to value academy players without acquisition cost; in this way, they could at least be recorded in the financial statements at historical production costs, and their accounting treatment could be equated to that of acquired players. A small and increasing number of authors suggest the possibility of applying FVA through a valuation technique, in line with IFRS 13, but do so without providing any specifics as to how this should be applied (Biancone, 2011).

Our analysis of the in-depth assessments occasionally carried out by the SPFLA at the request of certain clubs to assess 'transfer fees/rights' shows that, while they may contain relevant objective variables, they do lack many other aspects and thus may not meet the requirements of objectivity and reliability established by IFRS 13, so that to apply Fair Value Accounting instead of current Historical Cost.

Major concern exists among accounting experts, such as financial auditors, as regards the aforementioned accounting inadequacies of currently applied accounting standards, also the lack of reliability and transparency to which they can lead in soccer clubs' financial statements, and the need to find a solution to them. However, significant misgivings also exist as to the objectivity and reliability of applying FVA, especially on the part of those who did not know the SPFLA system analyzed in this study. This was not the case, however, for those auditors who did know of the system or who had heard of it. They did consider that it could indeed constitute a useful predecessor to a fair value valuation technique which could be subsequently refined and ultimately accepted.

The conclusions of our paper are as follows. IAS38 allows annual revaluations to be carried out at fair value for intangibles such as "players' transfer fees" which are subject to major and volatile market price movements, in what is referred to as an "Active market", or in its absence using alternative valuation techniques. IFRS13 provides information as to how to carry out fair value assessment through valuation techniques. It establishes a hierarchy of three levels of accessible observable prices and data. Following our initial theoretical discussion, we concluded that soccer players' transfer fees could be assigned to level 3 of said hierarchy.

A valuation technique, based on the rudimentary assessment carried out by a committee within the SPFLA (Martín-Lozano & Carrasco, 2011), but subject to the implementation of our proposed improvements, may meet the requirements of objectivity and reliability established by IFRS to apply Fair Value Accounting instead of current Historical Cost Accounting.

This technique should only be applied by a panel of experts – independent from soccer clubs – at year-end, to all players (acquired, academy and free) from all clubs within the national professional football league, thus guaranteeing the existence of objectivity and comparability.

The most appropriate method of disclosure as regards the total fair value of all squad's players, and consequently the Value Adjustment, could initially be as additional information within the Notes in the Annual Reports. This information should be able to be contrasted by external auditors in the case of players sold before the Audit's being conducted.

Its inclusion in Balance Sheet figures could be considered once an econometric valuation model has been developed and contrasted.

This paper's most original contribution is the proposal of a specific accounting valuation technique and disclosure for the area of "professional players' transfer fees". Our proposal offers a solution to the two accounting inadequacies that these assets present under currently applied HCA: on the one hand, it enables the recording of exploitation rights of players who are currently omitted such as academy and free players (whose economic function is identical to those acquired), whilst also adjusting relevant accounting undervaluations (hidden values) or overvaluations (impairments) of all the players about market values, which otherwise may remarkably distort the total assets value, financial position, and net equity value of these entities.

This work is undoubtedly of current interest given the following potential implications:

Firstly, the up-to-date unfinished process initiated by the International Accounting Reform of the various national accounting standards framework needs to be completed. Regulators could well consider our discussion and proposal, especially as regards sectoral standards pending development.

Secondly, Soccer clubs have recently been subjected to a new process of financial and economic control (known as "Financial Fair Play"), introduced by European Soccer's governing body (UEFA) and subsequently by the corresponding national professional football associations, to prevent premature insolvency on the part of soccer clubs.

Finally, interest stems from the fact that, improving the reliability of the accounting information and thus presenting a more truthful image of an entity's real financial health, would prevent investors and other stakeholders being misled in their understanding of soccer entities' performance. Stakeholders' decision-making processes would be helped, both externally (credit institutions; other football clubs; potential investors) and internally (correct financial statement analysis by management for budgeting purposes; knowledge of players' market price and as a result a club's real Equity value, especially relevant in the case of stock acquisition bids which have recently occurred with certain frequency in soccer clubs).

Although all the research has been conducted in one of the most important countries in the world of football, this could also be understood as a research limitation given the fact that above mentioned conclusions have been drawn from a study which solely analyzed the Spanish football league, where all football clubs are non-listed entities on the stock exchange.

For this study, we have obtained the opinion of auditors. However, it is also worth considering the opinion of soccer clubs themselves as to their willingness to move to a Fair Value approach, which is more costly and implies volatility in the income statement. While the lack of soccer clubs' opinions on this matter may be considered a limitation to our conclusions, the fact that they do request squad assessments from the SPFLA for significant operations – since accounting values alone are not sufficient for their decision-making (Martín-Lozano & Carrasco, 2011) – may nevertheless constitute a sign of soccer clubs' interest in the Fair Value approach. However, as regards future research, it would be advisable to consider the inclusion of a survey of soccer clubs on this subject.

In terms of meaningful avenues for further research, we suggest: the development of an Econometric Model as a support guide for the panel of experts' valuation technique. This would require interviews to be conducted with agents intervening in the formation of the actual market prices of players' transfer fees (players' agents; clubs' sporting and financial managers; club chairmen, et.al.), to select the main variables determining prices and their weight. The next step would be the simulation of certain players' transfers before they take place, taking into consideration both public information (e.g., recent players' performance) and/or confidential information (e.g., net book values of players, release clauses, etc.) about said selected variables. Finally, estimated transfer fees and actual transfer fees should be contrasted to complete the analysis of the SPFLA's methodology by statistically verifying, for a series of cases, that the variables considered (age, games played, performance, championships won, release clause, etc.) do influence the transfer price of a player. This research is already partially underway.

Funding

This research did not receive any specific grant from funding agencies in the public, commercial or not-for-profit sectors.

Conflict of interests

The authors declare no conflict of interest.

References

Allen, F., & Carletti, E. (2008). Mark-to-market accounting and liquidity pricing. *Journal of Accounting and Economics*. 45 (2-3), 358-378. https://doi.org/10.1016/j.jacceco.2007.02.005

Amir, E., & Livne, G. (2001). Accounting for Human Capital When Labor Mobility is Restricted. London Business School Accounting Subject Area No. 002, Cass Business School Research Paper, Available at SSRN: https://ssrn.com/abstract=202328 or https://doi.org/10.2139/ssrn.202328

Amir, E., & Livne, G. (2005). Accounting, Valuation and Duration of Football Player Contracts. *Journal of Business Finance & Accounting,* 32 (3-4), 549-586. https://doi.org/10.1111/j.0306-686X.2005.00604.x

Ayres, L. (2008). Semi-Structured Interview. The SAGE Encyclopedia of Qualitative Research Methods. 811-812. Thousand Oaks, CA: SAGE Publications.

Barth, M. E., & Landsman, W. R. (2010). How did Financial Reporting Contribute to the Financial Crisis? *European Accounting Review,*19 (3), 399-423. https://doi.org/10.1080/09638180.2010.498619

Barajas, A. (2002). Professional Football and Stock Exchange: Experience in several European Leagues. Communication at 10th EASM Congress, Jyvaskyla (Finland).

Barajas, A. (2004). Modelo de Valoración de clubes de fútbol basado en los factores claves de su negocio, Doctoral Thesis, 2004. MPRA Paper13158. Munich, Germany: University Library of Munich. Available at https://mpra.ub.uni-muenchen.de/13158/1/MPRA/_paper/_13158.pdf

Barker, R., & Schulte, S. (2017). Representing the market perspective: Fair value measurement for Non-financial assets. *Accounting, Organizations and Society*, 56, 55–67. https://doi.org/10.1016/j.aos.2014.12.004

Bengtsson, W. (2014). Accounting and disclosure of football player registrations: Do they present a true and fair view of the financial statements? Master's thesis. Jönkoping University. Available at https://www.diva-portal.org/smash/get/diva2:721716/FULLTEXT01.pdf

Biancone, P. (2011). Intangible Assets in the Sport Industry: the valuation of multiannual rights to exploit the performance of professional footballers. *GSTF Business Review*, (*CBR*), 1 (1), 57.

Bryman, A. (2012). Social Research Methods. Oxford, UK: Oxford University Press.

Carmichael, F., & Thomas, D. (1993). Bargaining in the transfer market: theory and evidence. *Applied Economics*, 25(12), 1467-1476. https://doi.org/10.1080/00036849300000150

Carmichael, F., Forrest, D., & Simmons, R. (1999). The Labour Market in Association Football: Who gets transferred and for how much? *Bulletin of Economic Research*, 51, (2), 125-150. https://doi.org/10.1111/1467-8586.00075

Cannon, N., & Bedard, J.C. (2016). Auditing Challenging Fair Value Measurements: Evidence from the Field. *The Accounting Review*, 92 (4), 81-114. https://doi.org/10.2308/accr-5156

Cañibano, L., & Gisbert, A. (2008). Los intangibles en la regulación contable. Madrid, Spain: AECA.

Chen, C.-S. (2016). The effect of mandatory disclosure requirements and disclosure types of auditor fees on earnings management: Evidence from Taiwan. Asia Pacific Management Review, 21(4), 181–195. https://doi.org/10.1016/j.apmrv.2015.12.002

Chesaina, R. (2018). Should European Football Clubs use Fair Values to account for players contracts? Research Report for the degree of Master Commerce. Johannesburg, South Africa: University of Witwatersrand. Available at https://wiredspace.wits.ac.za/server/api/core/bitstreams/e5f2865d-7766-45b4-ab49-e604dd3163e8/content

Coluccia, D., Fontana, S., & Solimene, S. (2018). An application of the option-pricing model to the valuation of a football player in the "Serie A League". *Int. J. Sport Management and Marketing*, 18(1/2), 155-168. https://doi.org/10.1504/IJSMM.2017.10012018

Dawson, P., Dobson, S., & Gerrard, W. (2000). Estimating Coaching Efficiency in Professional Team Sports: Evidence from English Football Association. *Scottish Journal of Political Economy*, 4 (4) 399-421. https://doi.org/10.1111/1467-9485.00170

Dias Da Silva Rodrigues, F., Cañibano, L., & da Costa Carvalho (2008). La Incidencia de los activos intangibles en las S.A.D. cotizadas. Una aplicación de los modelos de Ohlson y Feltham-Ohlson. *Revista Española de Financiación y Contabilidad*, 139, 603-605.

Desai, N., & Nagar, N. (2016). A research note: Are auditors unable to detect classification shifting or merely not willing to report it? Evidence from India. Journal of Contemporary Accounting & Economics, 12(2), 111–120. https://doi.org/10.1016/j.jcae.2016.06.002

Eriksson, P., & Kovalainen, A. (2008). Qualitative Methods in Business Research. London, UK: SAGE Publications Ltd.

Etikan, I., Musa, S. A., & Alkassim, R. S. (2016). Comparison of Convenience Sampling and Purposive Sampling. *American Journal of theoretical and Applied Statistics*, 5 (1),1-4. https://doi.org/10.11648/j.ajtas.20160501.11

Firmin, M. (2008). Unstructured Interview. The SAGE Encyclopedia of Qualitative Research Methods. 907-908. Thousand Oaks, CA: SAGE Publications.

Flamholtz, E. (1999). Human resource accounting. Advances in Concepts, Methods and Applications (Third Edition). Norwell, Massachusetts, USA: Kluwer Academic Publishers.

Garcia del Barrio, P., & Pujol, F. (2016). Economic evaluation of football players through media value. *Research paper series*, 9 (3). Birbeck, UK: University of London.

Grojer, J.E., & Johanson, U. (1991). Human costing resource and accounting. Stockholm, Sweden: Arbetarskyddsnamndem.

Heaton, J.C., Lucas, D., & McDonald, R.L. (2010). Is mark-to-market accounting destabilising? Analysis and implications for policy. *Journal of Monetary Economics*, 57 (1), 64-75. https://doi.org/10.1016/j.jmoneco.2009.11.005

Hoque, Z., & Hopper, T. (1997). Political and industrial relations turbulence, competition and budgeting in the nationalised jute mills in Bangladesh. *Accounting and Business Research*, 27(2), 125-143. https://doi.org/10.1080/00014788.1997.9729539

Hoque, Z. (2006). Triangulation approaches to Accounting Research. In Z. Hoque (Ed.), Methodological Issues in Accounting Research: theories, methods and issues (Chapter 23). London, UK: Spiramus Press.

Hoque, Z., Covaleski, M. A., & Gooneratne, T. N. (2013). Theoretical triangulation and pluralism in research methods in organizational and accounting research. *Accounting, Auditing and Accountability Journal*, 26 (7), 1170-1198. https://doi.org/10.1108/AAAJ-May-2012-01024

International Auditing and Assurance Standards Board (IAASB) (2009). International Standard on Audit 210: Overall objectives of the independent auditor.

International Auditing and Assurance Standards Board (IAASB) (2009). International Standard on Audit 540: Auditing accounting estimates, including fair value accounting estimates and related disclosures.

International Accounting Standards Board (IASB) (2004). International Accounting Standard 36, Impairment of assets, and International Accounting Standard 38, Intangible assets. London, UK: International Accounting Standards Board.

International Accounting Standards Board (IASB) (2012). International Financial Reporting Standard 13: Fair value measurements. London, UK: International Accounting Standards Board.

Instituto de Contabilidad y Auditoría de Cuentas (ICAC) (2015). NIA-ES 540, Norma Técnica de Auditoría sobre el valor razonable. Madrid, Spain: ICAC.

Jönsson, F., Johansson, K., & Aronsson, S. (2004). Accounting for football – let's give it a shot. A delineation of financial statements within Swedish football clubs. Göteborg, Sweden: University of Göteborg. Available at https://gupea.ub.gu.se/bitstream/handle/2077/1571/03-04-107.pdf?sequence=1&isAllowed=y

Kerlinger, F. (1997). Investigación del comportamiento. México D.F., México: McGrawHill.

Kulikova, L.I., & Goshunova, A.V. (2014). Human Capital Accounting in Professional Sport: Evidence from Youth Professional Football. *Mediterranean Journal of Social Sciences*, 5(24), 44. https://doi.org/10.5901/mjss.2014.v5n24p44

Laux, C., & Leuz, C. (2009). The Crisis of Fair-Value Accounting: Making Sense of the recent Debate. *Accounting, Organizations and Society*, 34, 826-34. https://doi.org/10.1016/j.aos.2009.04.003

Laux, C., & Leuz, C. (2010). Did Fair-Value Accounting Contribute to the Financial Crisis? *Journal of Economic Perspectives*, 24, (1), 93–118. https://doi.org/10.1257/jep.24.1.93

Laux, C. (2012). Financial instruments, financial reporting and financial stability, *Accounting and Business Research*, 42 (3), 239-260. https://doi.org/10.1080/00014788.

2012.681857
Livne, G. (2014). Accounting for Human Capital. In C. L. Cooper (Ed.), Wiley Encyclopedia of Management. Chichester, West Sussex, United Kingdom: Wiley.
Magnis, C., & Iatridis, G. E. (2017). The relation between auditor reputation, earnings and capital management in the banking sector: An international investigation. Research in International Business and Finance, 39, Part A, 338–357. https://doi.org/10.1016/j.ribaf.2016.09.006
Martín-Lozano, F.J. (2016). Doctoral Thesis: Discusión crítica sobre valoración y revelación contable de “los Derechos de Traspaso” de los jugadores profesionales en las SAD/clubes de futbol. Seville, Spain: University of Seville
Martín-Lozano, F.J., & Carrasco, A (2011). Deficits of accounting in the valuation of rights to exploit the performance of professional players in football clubs: Case Study. *Journal of Management Control*, 22, 335–357. https://doi.org/10.1007/s00187-011-0135-6
Menicucci, E. (2015). Fair Value Accounting: Key Issues Arising from the Financial Crisis. New York, USA: Palgrave Mcmillan.
Michie, J., & Verma, S. (1999a). Accounting for Footballers and Football Clubs. London, UK: Birbeck College Football Governance Research Centre.
Michie, J., & Verma, S. (1999b). Corporate Governance and Accounting Issues for Football Clubs. London, UK: Birkbeck College Football Governance Research Centre.
Modell, S. (2005). Triangulation between Case Study and Survey Methods in Management Accounting Research: An Assessment of Validity Implications. *Management Accounting Research*, 16, 231-254. https://doi.org/10.1016/j.mar.2005.03.001
Mora, A., Barth, M.E., McGeachin, A., Barker, R., Wagonhofer, A., & Joos, P. (2019). Fair Value Accounting: The Eternal Debate. *Accounting in Europe*, 16 (3), 237-255. https://doi.org/10.1080/17449480.2019.1664754
Morrow, S. (1992). Putting people on the balance sheet: HRA applied to professional football clubs, *Royal Bank of Scotland Review*, 174, 10-19.
Morrow, S. (1995). Recording the human resource of football players as accounting assets: establishing a methodology, *Irish Accounting Review*, 2 (1), 115-132.
Morrow, S. (1996). Football players as human assets. Measurement as the critical factor in asset recognition: a case study investigation. *Journal of Human Resource Costing & Accounting*, 1 (1), 75-97. https://doi.org/10.1108/eb029024
Morrow, S. (2005). The Business of Football: Image Management in Narrative Communication. Edinburgh, UK: Institute of Chartered Accountants of Scotland.
Morrow, S. (2013). Football club financial reporting: time for a new model? Sport, *Business and Management: An International Journal*, 3(4), 297-311. https://doi.org/10.1108/SBM-06-2013-0014
Nuta, F.M. (2015). Fair Value Accounting Crisis Debate-A review. *Annals-Economy Series*, 1, 136-139.
Oprean, V., & Oprisor, T. (2014). Accounting for soccer players: capitalization paradigm vs. Expenditure. *Procedia Economics and Finance*, 15, 1647-1654. https://doi.org/10.1016/S2212-5671(14)00636-4
Pavlovi, V., Milai, S., & Ljumovi, I. (2014). Controversies about the Accounting Treatment of Transfer Fee in the Football Industry. *Management: Journal Of Sustainable Business And Management Solutions In Emerging Economies, 19*(70), 17-24. https://doi.org/10.7595/management.fon.2014.0001
Plantin, G., Sapra, H., & Shin, H. S. (2008). Marking-to-Market: Panacea or Pandora’s Box? *Journal of Accounting Research*, 46(2), 435–460. http://www.jstor.org/stable/40058101
Plantin, G., Sapra, H., & Shin, H.S. (2008b). Fair Value Accounting and Financial Stability. Chicago GSB Research Paper No. 08-15. Available at SSRN: https://ssrn.com/abstract=1275395 or https://doi.org/10.2139/ssrn.1275395
Risaliti, G., & Verona, R. (2013). Players’ registration rights in the financial statements of the leading Italian clubs. *Accounting, Auditing and Accountability Journal,* 1, 16-47. https://doi.org/10.1108/09513571311285603
Ryan, B., Scapens, R., & Theobald, M. (2002). Research Method and Methodology in Finance and Accounting, 2nd ed. London, UK: Dexter Haven Associates.
Ryan, S.G. (2008). Accounting in and for the subprime crisis. *The Accounting Review,* 83, 1605-1638. https://www.jstor.org/stable/30243808
Suddaby, R., Cooper, D. J., & Greenwood, R. (2007). Transnational regulation of professional services: Governance dynamics of field level organizational change. *Accounting, Organizations and Society*, 32(4-5), 333-362. https://doi.org/10.1016/j.aos.2006.08.002
Tunaru, R., Clark, E., & Viney, H. (2005). An Option Pricing Framework for Valuation of Football Players. *Review of Financial Economics*, 14, 281-295. https://doi.org/10.1016/j.rfe.2004.11.002
Véron, N. (2008). Fair Value Accounting is the Wrong Scapegoat for this Crisis. *Accounting in Europe*, 5 (2), 63-69. https://doi.org/10.1080/17449480802510542
Yang, D., & Sonmmez, M.(2005). Intangible Balls. *Business Strategy Review*,16(2), 9-44. https://doi.org/10.1111/j.0955-6419.2005.00361.x
Zéghal, D., & Maaloul, A. (2011). The Accounting treatment of intangibles-A critical review of the literature. *Accounting Forum*, 35, (4), 262-274. https://doi.org/10.1016/j.accfor.2011.04.003

APPENDIX I. GLOSSARY OF TERMS

1. UEFA (Union of European Football Association) is the administrative and governing body for association football in Europe. Recently, football clubs have undergone a new process of controlling their accounts, based on economic-financial ratios/indicators, called Financial Fair Play (FFP) Regulations, established and applied by UEFA and its corresponding national football associations, to prevent football clubs’ insolvency.

2. Within the field of football, Transfer Fees is the accounting name given to the value of football players who comprise the squad of players. It refers to the right to use or exploit the service rendered by a footballer for the club in the official competitions in which it participates, at the national and/or international level. For this reason, it is also known as Exploitation Rights. These rights can be possessed only by one club and can only be recognized by the competitions’ organizing body (National Football League associations). They can be purchased/sold between two clubs, and as such may therefore have a market sales/purchase price. The footballer’s Registration under the name of a sole club takes place when said club presents the agreement with the player, along with the confirmation or transfer acceptance from the club of origin from which it has purchased the exploitation rights at a given price. Sometimes, the club of origin does not wish to sell the

license. If the player persists in leaving, he can deposit, in favour of the club unwilling to proceed with the sale, the amount corresponding to the so-called "rescission/release clause" agreed upon with the player at the time he signed his labour contract. The duration of the exploitation rights in favour of the club will coincide with the duration of the contract. These rights are also known as "Players' Registration Rights". In the case of academy players and free players (see point 3 below), the agreement between the club wishing to purchase and the player, plus the newly signed labour contract is sufficient.

3. Services rendered (or to be rendered) by soccer players comprising the club's squad affect sporting success, which in turn produces an impact on the fan base and associated commercial activities. The possession of superior and/or famous players (based on both their football skills and their marketable qualities) significantly contributes to the improvement of the club's reputation or image, which thus enables it to become a more powerful brand, enjoy higher sales and negotiating power, and to have greater press capacity as regards mass media, sponsors, etc., and therefore, a much higher capacity to generate future incomes (Yang & Sonmez, 2005). Furthermore, the possibility of such players' exploitation/registration rights being transferred can generate enormous future incomes which may even serve to resolve the problem of football clubs' technical accounting bankruptcy (Martín-Lozano & Carrasco, 2011)

4. Academy players are those who join a club as children or teenagers and who are trained internally within the club. Once they are older and display the quality required to play as a professional member of the first team, they are offered a professional labour contract, and their rights are registered to play only for said club in professional competitions. Free players (agents) are those whose working relationship with a prior club in possession of their registration rights is currently finished. Such players can sign a new labour contract with a new club, and their rights to play for said club in competition may be registered. In both cases (academy and free players), no transfer is paid to any other club, but their rights can be transferred to other clubs at a price.

5. The Transfer Window refers to the two periods within a given year when the purchase/sale of football players' exploitation rights between clubs is allowed. These two periods are July/August and January, also known as the summer transfer window and winter transfer window, respectively. The first window occurs just after the closing of the accounts, i.e. 30th June. The second window occurs in the middle of the financial year.