

ANNEX X: Calculation of the break-even result

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

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

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

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

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

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

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

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

f) Expense transaction(s) with related party(ies) below fair value.

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

g) Expenditure on youth development activities

h) Expenditure on community development activities

i) Expenditure on women's football activities

j) Non-monetary debits/charges

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

l) Costs of leasehold improvement

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

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

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

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

c) Tax expense/income

B. Relevant income

Definitions for the calculation of relevant income are as follows:

a) *Revenue – Gate receipts*

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

b) *Revenue – Sponsorship and advertising*

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

c) *Revenue – Broadcasting rights*

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

- d) *Revenue – Commercial activities*
Includes revenue derived from merchandising, food & beverage sales, conferencing, lottery and other commercial activities not otherwise categorised.
- e) *Revenue – UEFA solidarity and prize money*
Includes revenue derived from UEFA in respect of participation in a UEFA club competition and/or solidarity distributions.
- f) *Revenue – Other operating income*
Includes all other operating income not otherwise described above, including revenue derived from other sources such as subsidies, grants and other money from the government of the territory of the licensee, rent, dividends and income from non-football operations related to the club.
- g) *Profit on disposal of player registrations and/or Income from disposal of player registrations*
For the calculation of relevant income, whether a club includes either (i) profit on disposal of player registrations or (ii) income from disposal of player registrations will depend on each club's method of accounting for player registrations in its financial statements and application of the requirements defined below:
- i) For a club that uses the 'capitalisation and amortisation' method of accounting for player registrations, profit on disposal of a player's registration is calculated by deducting the net book value of the player's registration at the time of the transfer, from the net disposal proceeds received and receivable.
A profit on disposal of a player's registration will be reported if the net disposal proceeds exceed the net book value of the player's registration at the time of the transfer. Any such profit must be included within relevant income for the calculation of the break-even result.
- ii) For a club that uses the 'income and expense' method of accounting for player registrations, income from disposal of a player's registration is the net disposal proceeds generated from the transfer of the player's registration to another club. The net disposal proceeds should equate to the monetary income from the disposal of the player's registration.
For the purpose of the break-even calculation:
- iii) For clubs which use the 'capitalisation and amortisation' method of accounting for player registrations in their annual financial statements, relevant income and relevant expenses must reflect this same accounting treatment;
- iv) For clubs which use the 'income and expense' method of accounting for player registrations in their annual financial statements, the club can elect to apply either the 'income and expense' or the 'capitalisation and

amortisation' method. The selected treatment must be applied on a consistent basis from one reporting period to the next.

h) *Excess proceeds on disposal of tangible fixed assets*

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

- i) If a tangible fixed asset other than a stadium or training facilities is not being replaced, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:
 - the difference between the proceeds on disposal and the historical cost of the asset which was recognised as a tangible fixed asset in the financial statements of the reporting entity;
- ii) If a club demonstrates that it is replacing a sold fixed asset, then the profit on disposal recognised in the income statement can be taken into account as a relevant income up to:
 - the difference between the proceeds on disposal and the full cost of the replacement asset which is recognised, or to be recognised, as a tangible fixed asset in the financial statements of the reporting entity;
 - the difference between the proceeds on disposal and the present value of 50 years' minimum lease payments in respect of the replacement asset to be used by the club under a lease/rental arrangement.

i) *Finance income and foreign exchange result*

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

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

j) *Non-monetary credits/income*

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

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

Examples of non-monetary credits/income include:

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

k) *Income transaction(s) with related party(ies) above fair value*

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

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

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

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

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

Contributions from a related party may only be taken into consideration in the determination of the acceptable deviation (as defined in Article 61) as part of the assessment of the break-even requirement, as further described in part E of this annex.

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

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

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

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

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

- Operations based at, or in close proximity to, a club's stadium and training facilities such as a hotel, restaurant, conference centre, business premises (for rental), health-care centre, other sports teams; and
- Operations clearly using the name/brand of a club as part of their operations.

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

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

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

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

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

C. Relevant expenses

Definitions for the calculation of relevant expenses are as follows:

a) *Expenses - Cost of sales/materials*

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

b) *Expenses – Employee benefits expenses*

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

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

c) *Expenses – Other operating expenses*

Includes all other operating expenses, such as match expenses, rental costs, administration and overhead expenses, and expenses of non-football operations related to the club. In accordance with the minimum disclosure requirements in Annex VI C, depreciation, amortisation and impairment of fixed assets are not included in other operating expenses and are to be separately disclosed in the profit and loss account.

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

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

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

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

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

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

For the purpose of the break-even calculation:

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

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

e) *Finance costs and dividends*

Finance costs include interest and other costs incurred by an entity in respect of the borrowing of funds, including interest on bank overdrafts and on bank and other loans, and finance charges in respect of finance leases.

Dividends are distributions to holders of equity instruments. If dividends are recognised in the financial statements then, regardless of whether the dividends are presented in the profit and loss account or an alternative statement, the amount of dividends must be included as relevant expenses.

f) *Expense transaction(s) with related party(ies) below fair value*

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

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

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

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

g) *Expenditure on youth development activities*

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

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

- i) Organisation of a youth sector;
- ii) Youth teams taking part in official national, regional or local competitions or programmes recognised by the member association;

- iii) Football education programme for different age groups (e.g. playing skills, technical, tactical and physical);
- iv) Education programme on the Laws of the Game;
- v) Medical support for youth players; and
- vi) Non-football education arrangements.

Directly attributable expenses include, but are not limited to:

- vii) Costs of materials and services used in undertaking youth development activities, including accommodation costs, medical fees, educational fees, travel and subsistence, kit and clothing and facility hire;
- viii) Costs of employee benefits for employees wholly involved in youth development activities other than players such as the head of youth development programme and youth coaches, as defined in Articles 38 and 39, if their employment by the club is wholly for the youth development activities;
- ix) Costs of employee benefits for employees who are youth players under the age of 18 as at the statutory closing date of the licensee. Costs of employee benefits for employees who are youth players aged 18 or over as at the statutory closing date of the licensee cannot be excluded from relevant expenses.

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

- x) Player scouting costs;
 - xi) Fees to obtain the registration of a youth player, such as any fees paid to an agent or to another club;
 - xii) Selling, administrative and other general overhead expenditure unless this expenditure can be directly attributed to the youth development activities;
 - xiii) Costs of employee benefits for employees only partly involved in youth development activities (for example, a coach working part-time on youth development activities).
- h) *Expenditure on community development activities*

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

Community development activities include, but are not limited to:

- i) The advancement of education;
- ii) The advancement of health;
- iii) The advancement of social inclusion and equality;
- iv) The prevention or relief of poverty;
- v) The advancement of human rights, conflict resolution or the promotion of religious or racial harmony or equality and diversity;
- vi) The advancement of amateur sport;
- vii) The advancement of environmental protection or improvement; or
- viii) The relief of those in need by reason of youth, age, ill health, disability, financial hardship or other disadvantage.

Directly attributable expenses include, but are not limited to:

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

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

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

i) *Expenditure on women's football activities*

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

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

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

- i) Organisation of a women's football sector;

- ii) Women's teams taking part in official national, regional or local competitions or programmes recognised by the member association.

Directly attributable expenses include, but are not limited to:

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

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

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

j) *Non-monetary debits/charges*

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

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

Examples of non-monetary debits/charges include:

- Downwards revaluations of inventories;
- Foreign exchange losses on non-monetary items.

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

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

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

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

l) *Costs of leasehold improvement*

A licensee may exclude from the calculation of the break-even result subsequent construction and/or substantial modification costs it has incurred on a tangible fixed asset that has been leased for at least ten years if such costs (i) can be measured reliably, (ii) will result in future economic benefits to flow to the licensee, (iii) are not otherwise capitalised.

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

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

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

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

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

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

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

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

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

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

carrying amount of a tangible asset exceeds its recoverable amount, i.e. the higher of an asset's fair value less costs to sell and value in use.

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

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

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

Examples of intangible assets include:

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

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

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life, i.e. the period over which an asset is expected to be available for use by an entity. An impairment loss is the amount by which the carrying amount of an asset exceeds its fair value less costs to sell.

The profit/loss on disposal and amortisation/impairment loss of intangible fixed assets other than in respect of player registrations in a reporting period is excluded from the calculation of the break-even result. For the avoidance of doubt, the loss on disposal and amortisation/impairment of player registrations must be included in the calculation of the break-even result for a reporting period (see part C(d)).

c) *Tax income/expense*

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

Tax expense does not include value added taxes or tax and social security contributions in respect of employees.

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

E. Contributions from equity participants and/or related party(ies)

1. Acceptable deviation can exceed EUR 5 million up to the amount described in Article 61(2) in a monitoring period only if such excess is entirely covered by contributions from equity participants and/or related parties. The cash or goods must have been received by the reporting entity, rather than just some form of promise or commitment from the equity participants and/or the related party.
2. Contributions from equity participants are:
Share capital increase: payments for shares through the share capital or share premium reserve accounts (i.e. investing in equity instruments in their capacity as shareholder) less capital reductions.
3. Contributions from a related party include:
 - a) Monies received from a related party as a donation: that is an unconditional gift made to the reporting entity by a related party which increase the reporting entity's equity without any obligation for repayment or to do anything in consideration for receiving them. For example, a waiver of inter-company or related party debt constitutes a capital contribution, as it results in an increase in equity; and/or
 - b) Income transactions from a related party: the amount to be considered as a contribution will be no more than an amount equivalent to the difference between the actual income in a reporting period and the fair value of the transaction(s) in a reporting period as already recognised in the calculation of the break-even result (see part B(k)).
4. The following types of transaction are not 'contributions from equity participants and/or related parties':
 - i) Positive movement in net assets/liabilities arising from a revaluation;
 - ii) Creation, or increase in the balance, of other reserves where there is no contribution from equity participants;
 - iii) A transaction whereby the reporting entity has a liability in that the entity has a present obligation to act or perform in a certain way;
 - iv) Contributions from owners in respect of instruments classified as liabilities.

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

1. A related party is a person or entity that is related to the entity that is preparing its financial statements (the 'reporting entity'). In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

2. A person or a close member of that person's family (i.e. those family members who may be expected to influence, or be influenced by, that person in his dealings with the entity, including that person's children and spouse or domestic partner, children of that person's spouse or domestic partner, and dependants of that person or that person's spouse or domestic partner) is related to a reporting entity if that person:
 - a) has control or joint control over the reporting entity;
 - b) has significant influence over the reporting entity; or
 - c) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
3. An entity is related to a reporting entity if any of the following conditions apply:
 - a) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - b) The entity and the reporting entity are controlled, jointly controlled, or significantly influenced by the same government;
 - c) One entity has significant influence over the other entity;
 - d) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - e) Both entities are joint ventures of the same third party;
 - f) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - g) The entity is controlled or jointly controlled by a person identified in paragraph 2;
 - h) A person identified in paragraph 2(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - i) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity.
4. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price has been charged (disclosure requirements in respect of related parties and related party transactions are set out in Annex VI).
5. A related party transaction may, or may not, have taken place at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. An

arrangement or a transaction is deemed to be 'not transacted on an arm's length basis' if it has been entered into on terms more favourable to either party to the arrangement than would have been obtained if there had been no related party relationship.

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