

INFORMATION CONTENT OF A SPORTS UNDERTAKING'S STATEMENTS SERVING DIFFERENT PURPOSES – PARTICULARLY WITH REFERENCE TO THE PLAYER RIGHTS

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Abstract: *In the 21st century, sport is not just a fun, social cohesive force but also a business; it has become an independent industry by now and several countries possess developed sport markets. According to estimates, sport accounts for 4% of the EU's GDP. The actuality of our research is given by the fact that the economic aspect of sports develops continuously which is also due to that more and more amounts already stream into sports in our days. In Hungary, sport is mainly state aided and has mostly financing problems while the sport businesses existing in the more developed Western Europe are principally sponsored by the private sector. The government considers sport as a strategic branch (HERCZEG et al, 2015) and manages as such because they see the international breakthrough potencies in sport as well. Sport companies must also adapt the business-based thinking, which requires the strategic planning and operation (BECSKY, 2011).*

The research covers the subject of economic approach of the players' rights. The task of accounting is to give a true and fair image about the property, income and financial situation of an undertaking. Information provided by accounting is essential for both the management decision-making and the market operators. In Hungary, the sports undertakings, as each managing entity, have to prepare their statements according to the Act C of 2000 on Accounting (AoA.) (NAGY – BÁCSNÉ BÁBA, 2014). The purpose of this research is to examine how a domestic sports undertaking demonstrates the value of available players in the books and how the incomes and expenditures incurred with the players are accounted for, based on the regulations of the Hungarian, international associations and the Union of European Football Associations (hereinafter: UEFA). In order that the leaders of the businesses can make quick and appropriate economic decisions, it is essential in this intensively changing world that an enterprise should have a well-functioning accounting system based on up-to-date information.

International Financial Reporting Standards (hereinafter: IFRS) are intended to provide the comparability across borders. Firstly, we deal with the accounting reporting system, both the Hungarian, international financial reporting standards and, relating to UEFA, the investigation of the intangible assets to a great extent during analysing the balance sheets. Then, we examine the income statements from the viewpoint player transfers. To what extent the rules of a statement laid down by UEFA differ from the ones of a statement prepared according to AoA? What is the difference in domestic and international relations? In this study, we search after the answers for questions mentioned before.

Keywords: *accounting IFRS, financial reports, player rights, UEFA*

SPORTING PLAYERS' ECONOMIC RIGHTS

In Hungary, appearing of the player's economic rights concept itself can be ascribed to Act LXIV of 1996 on Sport. Actually, the concept of player's economic rights itself was really necessary because of two reasons. On the one hand, from the aspect of that the payment has to be legal during a player transfer between different sport businesses. On the other hand, it is necessary to regulate the possibility for allowing the sportspersons to leave their present club under any circumstances or irrespectively of certain reasons. The law provides for that the player right in sports is "a right representing assets which is linked with a professional sporting activity and embodies the totality of its physical and mental abilities" (Sporting Act, 1996). Definition worded in the previous sentence covers the amateur and professional

sporting rights as well; there is a difference between these two ones in connection with the competition right of a player. We can determine that the relevance of the player's economic rights itself is subjective at different sports, sport organizations and sportspersons – the importance of the definition emerges principally in case of the spectacle sports. The Act I of 2004 on Sport being currently in force (hereinafter: AoS.) states that the player's economic right is "a right to use the physical and mental abilities relating to sporting activity of a sportsperson in the context of sporting activity" (PRINCZINGER, 2010). This definition worded in a novel way already differs from the previous ones significantly since it no longer specifies the value of a player as a right represent assets specifically just because it is proved in this way and the definition does not make distinction between an amateur and professional player (PRINCZINGER, 2010).

The central subject of this research requires that we should touch upon those legal transactions which come to fruition during each player transfer. These legal transactions come into existence by employment contracts or agency agreements within frame of which the player's economic rights can be sold or lent. The professional sportspersons are employed in frame of working time in most cases. If a sportsperson as an employee is willing to establish a legal relationship not closely related to the working then he/she shall request a written approval from the present organization. The same applies if he/she wishes to perform sports activities in another sport. Beyond the obligatory elements, the contract between a sportsperson and an undertaking shall contain the remuneration, the number of working- and rest days. A player can be considered as a professional sportsperson just in that case if he/she has a competition licence (AoS, 2004). Beyond the employment contract or agency contract between a sports organization and a sportsperson, every other contract is qualified as null and void which provides financial benefit in addition to those specified in the contract. Condition of the agreements is that the contractually fixed amount shall be accounted as wage costs according to the accounting rules (BERKES et al., 2012). The lender can claim a counter-value in exchange of the lending. Purchasing the use of the right is qualified as a sporting certificate (it could be temporary or permanent), it can also involve a payment of counter-value (PRINCZINGER, 2010). The legislator has not touched upon the situation what happens in that case when a sportsperson would like to transfer to another organization before the end of contract. But in this case, not the receiver organization shall pay the value but the sportsperson is bound to refund the costs arisen in relation to his/her education. The other important factor stated by the Act on Sport is when the employment contract or agency agreement of a sportsperson is expired then he/she can have disposal of his/her own player's rights independently. Insofar as he/she sells these rights again then he/she shall be obliged to pay 1% of the counter-value to the sport association and 4% to the fund of the sport association supporting the junior training (PRINCZINGER, 2010).

Regarding the transfer of the sportspersons, the European Commission made the first major decision in 1995, on the occasion of the Bosman transaction. Since that point, the European law (the Treaty of Rome) has been regulating the rights related to the freedom of sportspersons. In connection with the transaction, the legislator ruled to terminate a former so-called limitation by quotas which regulated the number of the players with other citizenship in case of a club. The Court has ruled that those undertakings are entitled to compensation which is left by the sportsperson employed with first professional contract before the end of contract (I2). Another important goal is to preserve the integrity of the economic competitions appearing in sports (MISKOLCZI et al., 2011).

Nowadays, as in many areas, borders in sports have also faded. Sportspersons have chance to prove not only in their home countries but at an international level as well. In Hungary, selling and buying of the player's economic

rights are regulated by the license. The following things contribute to the players' current value: the marketing value i.e. the public image obtained during the sports events, the associated emotional effects, and the subjective adjudication of their performance. Transfer of the player's value as a right representing assets is realized in direct or indirect finances. (PRINCZINGER, 2010). One of the main income sources of the sports organizations could be the players' transfer mentioned before. Extent of the income depends on internal and external conditions. The player choosing system and the position of the club are ranked among the internal conditions while the international performance and image of the country can be external conditions (ANDRÁS, 2009).

While the financial controlling, and the tangible assets management was typical for the industrial society, in the information society dealing with intangible assets and intellectual capital are in the focus. (FENYVES, 2014) In the accounting report, the sporting right is demonstrated as an intangible asset. In the further chapters, the study focuses on the statement of rights representing assets and the presentation of related economic events.

THE HUNGARIAN ACCOUNTING SYSTEM

The accountancy is essential not only for the managing entity but its external environment as well. It is required from both the managing entity as well as external operators that the accountancy has to help on forming a true and fair image about an undertaking. Information provided by the accountancy should reach the user in time since these ones are considered as useful in this case only (SIKLÓSI-VERESS, 2012). The accountancy can be treated as one of the most important communication-purposed information architectures for a managing entity (BARICZ, 2009).

The account regulated by Act on Accounting contains the information relevant for the internal and external users. Parts of the annual accounts are the balance sheet, the profit-and-loss statement and the additional annex. The business report is not part of the account but it needs to be prepared simultaneously (KOZMA, 2001a).

Balance sheet to be struck as part of the report

The balance sheet needs to be struck as part of the report; values of the sportsperson's economic rights being in focus of the research are also indicated here as the value of property elements. The balance is nothing but such a bilateral statement which contains the company's assets and liabilities contractedly, with regard to a specific time and stated in value of money.

The vast majority of the sports undertakings prepare an annual report from among the possible forms of reporting. Its balance sheet is 'A' so balance sheet-like (*Table 1*).

Table 1: Asset side of the balance sheet according to Act on Accounting (AoA.)

A. Fixed assets
I. INTANGIBLE ASSETS
3. Rights representing assets
II. TANGIBLE ASSETS
III. FIXED FINANCIAL ASSETS
B. Current assets
I. INVENTORIES
II. RECEIVABLES
III. SECURITIES
IV. CASH
C. Accrued and deferred assets
ASSETS IN TOTAL (A+B+C)

Source: Act on Accounting, 2000.

During the balance sheet classification, the entrepreneur decides what ranging he/she applies for a given asset. For example, a certain player can be stated as a fixed asset and a current asset as well. In that case if the trade in relation to the player value is not the main activity of an undertaking but the player serves the business activity permanently, for more than one year at least, then it is considered as a fixed asset. But the same player could be a current asset in case of another undertaking if this undertaking deals with, for example, mediation of player rights. However, in case of most undertakings, the player right is a fixed asset, within that, it belongs to the Intangible assets.

The **intangible assets** are such non-material goods (non-materialized) which permanently serve the activity of undertaking for more than one year (SZTANÓ-SIMON, 2012). Only records in value need to be kept about the intangible assets. At the end of the year, these assets need to be valued individually. The basis of assessment is provided by the analytical records which are duly supported with documents continuously kept by the managing entity. The same records allow the verifiability of these assets. As these are non-materialized assets therefore it is worthwhile to give a text reporting about the most important features of items in the notes (BARACSKAINÉ et al., 2003). There is the following grouping of the intangible assets in the balance sheet (AoA, 2000):

1. A.I.1. Capitalised value of foundation and restructuring,
2. A.I.2. Capitalised value of experimental development,
3. A.I.3. **Rights representing assets**,
4. A.I.4. Intellectual property,
5. A.I.5. Goodwill,
6. A.I.6. Advances for intangible assets,
7. A.I.7. Value adjustments on intangible assets.

We state the player's economic rights as **rights representing assets**. The rights representing assets are such non-material goods which alone personify negotiable

rights. For example the brand name, the concession rights and the player's economic rights are classed among the rights representing assets. There is a criterion that rights related to real estate cannot be put in this row since these ones stated among the property. Namely, these non-material assets need to be negotiable; this is a very important point of view in several areas, including the sports as well. But what does it mean? Those rights are negotiable on which there is effective demand and the seller has disposal of those ones. Namely, rights representing assets can be gained only by financial contributions or purchase; rather by purchase in case of sports. A very important attribute of the rights representing assets is that the counter-value is paid in advance and not sometime later during the operation and we talk about permanent rights i.e. a managing entity possesses these ones for one year at least (AoA., 2000).

The rights representing assets need to be indicated at net value. Period of the scheduled depreciation charge of rights representing assets depends on the decision of a managing entity; an accelerated depreciation can be charged in that case if the right is limitedly enforceable or it cannot be enforced at all. The contractor has the opportunity to estimate these rights at market value. (ÉVA, 2007).

Profit-and-loss statement to be prepared as part of the report

The outcome arising in the course of accounting the buying and selling of the player's economic rights is indicated in the profit-and-loss statement to be prepared as part of the report. Task of the profit-and-loss statement is to provide information about the outcome arising as a result of certain economic events during the business year, about its structure and allocation of the outcome. The profit-and-loss statement itself is such an accounting document which contractedly states the periodical revenues and expenditures of a managing entity in value of money, in bound structure and with regard to a specific time. The outcome resulting from the difference between revenues and expenditures is also indicated. Linking point of the balance sheet and income statement presented in the previous chapter is the balance sheet earnings therein since the profitability and the property change are connected with each other and equal valuation principles, rules apply to both reporting elements (HIMBER et al, 2006). The report contains the profit-and-loss statement in a bound form but there is the opportunity to detail the rows further if a real demonstration of the activity requires it. (HIMBER et al, 2006).

The contractor has the opportunity to choose what method is used for making the report: classification of expenses by nature or classification of expanses by function. Both procedures contain the same category of results; the difference between them is the method for calculating the operating profit or loss. Whichever method is chosen, both of them can be prepared in gradual ("A") or balance sheet ("B") form. Most of the sports undertakings apply the classification of expenses by nature. (HIMBER et al, 2006). The only disadvantage of this method is that it does not demonstrate

the direct costs related to the sales and there is no opportunity to carry out an economic analysis of the sale itself (HIMBER et al, 2006).

Main features of the income statement made by means of classification of expenses by nature (*Table 2*) are the following (HIMBER et al., 2006):

- it places the emphasis mainly on the costs and expenses incurred in the financial year,
- it groups the costs incurred in the financial years by type of cost,
- a gross attitude which means that all yields are taken into consideration; also those ones which have not been realized yet and these ones are set against all the expenses,
- it records not only the sale but the performance of a given period as well,
- it records the direct first-costs of own performances in the 5th, 8th and 9th class of accounts,
- it is not suitable for knowing and analysing the profitability of single activities.

Table 2: Income statement completed according to Act on Accounting (AoA.)

I. NET SALES REVENUES
II. CAPITALIZED OWN PERFORMANCES
III. OTHER REVENUES
IV. MATERIAL EXPENDITURES
V. PERSONNEL EXPENDITURES (10. + 11. + 12.)0
VI. DEPRECIATION CHARGE
VII. OTHER EXPENDITURES
A. OPERATING PROFIT OR LOSS
VIII. INCOME FROM FINANCIAL OPERATIONS
IX. EXPENDITURES OF FINANCIAL OPERATIONS
B. FINANCIAL PROFIT OR LOSS
C. ORDINARY PROFIT OR LOSS
X. EXTRAORDINARY INCOME
XI. EXTRAORDINARY EXPENDITURES
D. EXTRAORDINARY PROFIT OR LOSS
E. Pre-tax profit or loss
XII. TAX LIABILITY
F. After tax profit or loss
G. NET PROFIT OR LOSS

Source: AoA, 2000

We can see several result rows in the income statement. The collective result of these ones gives the sum of balance sheet earnings of an undertaking. The operating profit or loss is outstandingly important regarding the subject; it can be found at “A” point of *Table 2*. Insofar as an undertaking sells a player right then we can see its result i.e. the business success in this row.

In the income statement according to the Hungarian Act on Accounting, the selling of player right concerns the rows of other revenues and other expenditures. Insofar as an undertaking decides to sell one of its rights representing assets to another sports undertaking then the value of intangible good and the depreciation relating to it have to be written off from the books; its aftermath is that the value of intangible assets and depreciation will decrease and the other expenditures will increase. The other expenditure occurs during the ordinary course of business and it is qualified as neither financial nor extraordinary expenditure. After writing off an intangible good, we account the counter-value itself as other revenue. The other revenue does not form part of the net sales revenues of sales, it occurs during a regular activity and it belongs to neither the financial nor the extraordinary revenues. We can see the result of selling a player right in the row of operating profit or loss. In that case if the main activity of an undertaking was the trade of player rights then the players would be inventories and the undertaking would demonstrate the revenue from selling player rights among the net sales revenues of sales.

In the next chapters, the difference between the recognition methods of the player rights’ sale is going to be very conspicuous. Videlicet, while each undertaking prepares a unified income statement in the Hungarian accountancy, we can see in the international accounting and the income statement to be prepared according to UEFA that those intangible assets specialized on the activity are mentioned in separate rows which are relating to the player transfer itself. The latter methods separately help the leaders of undertakings to make decisions about such significant questions as how much amount is available for development of the player division or what results can be attained during sale of each player. A leader will not need to peruse the whole income statement if he/she faces a decision-making process relating to only one area. Of course, the information provided by the Hungarian accountancy could also be appropriate but the fact itself, that IFRS and UEFA offer opportunities for the free groupings, already means an ease in order to know whether, for example, a given profit or loss arises from selling a real estate or a player right.

INTERNATIONAL ACCOUNTING SYSTEM (IFRS)

Thanks to the global processes occurred over the last few decades, changes took place in the economic processes and the area of accounting was formed much as well. Nowadays, a lot of undertakings perform such activities which are cross-border and building international connections up. We need to ensure the comparability in order that a foreign partner, investor or creditor can get to know the property, financial and income position of an undertaking. The financial statements to be prepared annually by the undertakings reflect the international rules of the firms’ own country. This requires a greater attention in that case if the company is also in the international life. The differing content and rules of the statements applied in different countries make the comparability and the performance measurement more

difficult, particularly for the undertakings, their owners, their existing and potential investors, other decision-makers as well as authorities. The above-mentioned differing application of the accountancy enhances the necessity for establishing a uniform harmonized accounting system which is unanimous worldwide as well. It makes the financial reports more transparent and unequivocal for its users; it helps to understand the content of reports and makes the decision-making more open and more predictable. However, we need to be attentive not only to the benefits of unification efforts but the economic, cultural, traditional and legislative differences of the single nations and the difficulties of adopting the different and unusual norms

In 2001, the International Financial Reporting Standards (IFRS) replaced the International Accounting Standards (hereinafter IAS) to be applied in the period between 1973 and 2001. Since 1st January 2005, the EU's and EEA's (European Economic Association) companies, banks, financial institutions, insurers and their subsidiaries, which are quoted on the stock market, have been obliged to apply the IFRS. It means that these ones have to prepare consolidated (contracted) financial statements according to the International Accounting Standards (hereinafter IAS)/IFRS (Regulation (EC) 1606/2002). Since 2007, this regulation has been binding for those undertakings which trade only with debt instruments on the stock market. Thus, the firms trading with equity securities on the stock exchange are obliged to complete their consolidated accounts according to IFRS since 2005. Aim of IFRS is to ensure the comparability of corporate performances (KISS, 2014). In case of some Member States, there are opportunities to prepare consolidated and individual financial statements for firms not quoted on the stock market, in accordance with IFRS.

The basics of IFRS are formed by the **Framework**. The Framework focuses on not only the financial reports but it lays down the basics of the whole financial reporting. Based on this, we can tell that the aim of financial statements is to give useful information about a company to the capital investors and potential creditors in order that they will be able to make decisions about the resources to be provided for a company (BEKE, 2014).

Instead of determining the value of an undertaking exactly, the specific task of **Financial Reporting** is to try to give a clue for estimating the market value of an undertaking. In addition to the primary users, the general purpose financial statements can also be useful for the management of undertaking, the economic regulators and other business partners in spite of the fact that the financial statements are not primarily prepared for them. During the completion of financial statements, it can be told that concrete numbers and amounts are not always available; that is the time when there is need for an estimation and individual judgment, the basics of which are laid down by the Framework (BEKE, 2014).

The Hungarian equivalent of the financial statement is the report. It was necessary to create standards relating to the international accounting rules in order to make the completed

reports/statements comparable. The following items can be found within standard frame of Presentation of Financial Statements, (hereinafter IAS1): principles to be applied during the international accounting, general information and the regulations regarding structure and content of the financial statements. The aim of financial statements is to prove the efficiency of a managing entity therefore it presents in great detail, among others, the assets, liabilities, equity, revenues and expenditures of the managing entity.

Based on these, as in the Hungarian accounting regulation as well, the financial statements consist of several elements which are the following (BEKE, 2014):

- statement of financial position as at the end of the period,
- statement of profit or loss and other comprehensive income,
- statement of changes in the equity for the period,
- statement of cash flows,
- notes.

The most important demand on the financial statements is the fair presentation. This expectation is helped by that if a managing entity suitably chooses its accounting policy, if a detailed, not numerical but text presentation of the events deemed important are touched upon in the notes and if the principle of materiality, reliability, comparability and comprehensibility. Following the principle of clarity, there are such items which can be detailed free. With regard to all elements of the financial statements, only a minimal content is specified by IFRS. The IAS1 standard deals with presentation only, not with assessment. This large space can be either benefit or disadvantage for a managing entity since the completion of statement requires more attention in the absence of specific content elements (LAKATOS et al., 2013).

Balance sheet to be struck as part of the financial accounts

Among the International Financial Reporting Standards, we can find the requirements on striking a balance sheet which are regulated by IAS1 standard i.e. presentation of the financial statements (I1). The standard specifies the rules regarding the content of balance sheet, its items to be presented compulsorily, its possible format, classification as well as qualification of the assets and liabilities, the items to be indicated in the balance sheet and additional data. IFRS does not regulate all elements as well as sequence for rows of the balance sheet; the standards merely list those elements which have obligatory to be indicated without reference to the nature of activity.

Some examples for the aforementioned rows (BEKE, 2014):

- property, plant and equipment,
- investment properties,
- intangible assets,
- financial assets,
- investments accounted for using the equity method,
- biological assets,
- inventories,
- trade and other receivables,
- cash and cash equivalents,

- trade and other payables,
- provisions,
- financial obligations,
- current tax liabilities and current tax assets,
- deferred tax liabilities and deferred tax assets,
- minority interest presented within equity,
- share capital and reserves being attributable to the equity holders of parent undertaking.

If it is required by the nature of activity then the following things are totally accepted: enlarging the rows of balance with further elements, modifying the sequence of items, another kind of groupings – this is a decision of the managing entity. The only expectation of IAS1 is that the most reliable information should be provided by the balance sheet prepared in a subjective way. It is useful to group the assets according to their nature, liquidity and function while the liabilities should be sorted according to their nature and expiry. According the rules of IAS1, the following items shall be managed separately: the fixed and current assets among the assets as well as the current and non-current liabilities among the liabilities. The financial statement is prepared for one year thus the aforementioned segregation fulfils the purpose that the changes in property relating to the operating cycle can be stated. Certain economic activities rather bring the grouping according to liquidity to the fore so the classification according to expiry is not required in this case. The standard separately touches upon that those economic events are obliged to be presented among the rows of balance sheet which seem to be recoverable or levelling off during a period being shorter than the ordinary 12-month cycle. Insofar as a managing entity takes the opportunity that it represents the information regarding the expectable date of realizing the assets and liabilities then useful information about the liquidity and long-term solvency of a managing entity will be provided not only for the entity itself but also the market operators. The classification of assets amongst the fixed and current assets is performed as follows: the current assets have a specific concept and those things which do not belong to this category are the fixed assets. A current asset is a thing which is not realized during an ordinary operating period or is not sold or used during this time. A current asset can also be a thing which is purchased for trading purpose. Furthermore, those things belong to here which will probably be realized within 12 months calculated from the accounting period and are cash or cash equivalents (LAKATOS et al., 2013).

Specialities of the balance sheet are the following: the groups of fixed assets can be detailed further; the accruals are represented not in a separate row but among the receivables/liabilities; the reserves in the equity are grouped according to their nature; the provisions are represented not in a separate row but as part of the liabilities; the minority interest share is stated in a separate row of the balance sheet (BARTHA et al., 2013).

As we mentioned before, pursuant to the Regulation (EC) 1606/2002, each undertaking quoted on the stock market and the ones willing to take this opportunity shall

prepare accounts according to IFRS. As the domestic sports undertakings are not quoted on the stock market and have not taken this opportunity, they do not have accounts prepared in accordance with the international rules. We present the following things based on the accounts of an English football club, the Manchester United which were published on its own homepage (13) and is according to IFRS: the possible balance sheet of a sports undertaking in accordance with IFRS (Table 3) and later, relating to the further chapters, the income statement and cash flow statement as well.

A balance sheet according to IFRS is very similar to a balance sheet according to UEFA which will be presented in the next chapter. The difference between them is that UEFA enumerates the main groups and their elements according to liquidity while IFRS does it according to the Hungarian accounting rules in this case but IFRS gives an opportunity for another kind of grouping as well.

Table 3: Asset side of balance sheet according to IFRS

Fixed assets
Property, plant and equipment
Investment property
Player registrations
Goodwill
Long-term receivables, loans
Other long-term receivables, loans
Receivable of deferred tax
Other fixed assets
Fixed assets in total
Current assets
Trade receivables
Other receivables
Cash and cash equivalents
Inventories
Other current assets
Current assets in total
Assets in total (Fixed assets in total + Current assets in total)

Source: Own editing based on the balance sheet of Manchester United according to IFRS, 2015

The focus of research is the intangible assets i.e. the buying and selling process of the player's economic rights so, for this reason, the particular standard regarding the Intangible assets (hereinafter IAS38) is to be examined. The role of intangible assets acutely grows against the tangible assets. Both the domestic and the international regulatory devote a separate section to this asset group. The scope of IAS38 covers the accounting of all intangible goods except those goodwills which are obtained by an undertaking during a business combination. The intangible goods are nothing but a non-monetary identifiable asset without any physical

appearance (I1). An asset without physical appearance is such an asset which is non-materialized. The identification means that the identifiability criteria are met. According to these criteria, the asset can be separable from the managing entity and it arises from legal or other contractual rights. The non-monetary character means the utilization not in cash but in business activity. According to the Framework, we can also tell about these non-materialized assets that these are such resources which are under the control of a managing entity as a result of past events and the entity will have future economic benefits from the assets expectedly. Some examples can be mentioned that the intangible goods are, for example, the patents, trademarks, copyrights, customer lists, goodwill etc.

In the international accountancy, we separate initial recognition, initial assessment and follow-up assessment during the assessment of intangible assets. The intangible assets may have two big groups in case of a sports undertaking: acquired and internally generated rights representing assets. The registration itself is performed at acquisition value, similarly to the Hungarian accountancy, or it may be carried out at production costs if we talk about own internal production. Consequently, a sports person, who transfers to the undertaking, shall be kept in records at purchase price while the undertaking shall keep the value of a home-grown player in records at production cost. In relation to the initial assessment, it is required to know that an intangible good shall be presented in the balance sheet at historical cost if it was acquired independently and at fair value if it was acquired during a business combination while the internally generated assets shall be demonstrated at activity cost considered as development. A sports undertaking has the opportunity to determine the fair value of an asset based on active market information; at this moment, the market price will be the value of a player. Insofar as there is no active market then an undertaking has 3 opportunities:

- to estimate how much would be paid for the player,
- to compare the player to another footballer,
- to determine the value by means of financial calculations (discounted cash flow).

After the initial recognition, the undertaking can choose how to revalue the intangible assets: based on historical cost or revaluation model. The revaluation may also be performed every 3, 4 or five years, it is not mandatory per annum. The chosen form shall be fixed in the accounting policy. Essence of the cost model is that the book value of asset is decreased with the accumulated amortisation and the accumulated impairment. In case of the revaluation model, the given asset is revalued to fair value, then it will be amortized and impairment will be account for it (LAKATOS et al., 2013).

Based on the previous chapters, let's see an example for buying intangible assets, in this case, a football right. Assume that an undertaking buys a player right for 120 million HUF in 2014. In the year when the right representing assets is bought, the undertaking demonstrates it in the books as

120 million HUF among the player registrations. After the initial recognition, we account for depreciation by means of the Cost Model or, by dint of the Revaluation Model, we estimate the player right at market value and we account for depreciation again after the value revaluated.

During the valuation of intangible assets, the differentiation of definite-lived and indefinite lived intangible assets may be a curiosity. Depreciation must not be accounted for indefinite-lived assets. In case of definite-lived ones, depreciation as well as impairment shall be accounted for. If the contract of a player is definite-lived and does not include that the contract can be extended then the player right can be considered as definite-lived and can be depreciated. Value of the player right cannot be depreciated in that case if the undertaking concludes such a contract with a player which is without time or is fixed-term but there is an opportunity to extend.

Profit-and-loss statement to be prepared as part of the financial accounts

IAS1 standard regulates the content of profit-and-loss statement, its elements to be presented compulsorily, its procedure, the items to be indicated compulsorily in the profit-and-loss statement or among the complementary data and their possible forms (BEKE, 2014).

A managing entity can choose how to state its total revenues and expenditures per item. On of the solutions that the entity prepares a statement of total comprehensive income but it can also choose the completion of a Profit or Loss statement and then the statement of other comprehensive income. IAS1 does not regulate the other comprehensive profit-and-loss statement concretely. There are terms only regarding the items to be presented compulsory, which are the following (LAKATOS et al., 2013):

- revenues,
- financial expenses,
- share of income of associates and joint ventures accounted for using the equity method
- tax expense,
- net profit/loss,
- comprehensive income.

The mandatory elements listed before shall be grouped further according to the fact what proportion it has in the income being attributable to the minority interest and equity holder of the parent undertaking (LAKATOS et al., 2013).

One of the conspicuous differences between the Hungarian and international accountancy is that extraordinary items may be presented in the Hungarian accountancy while it is not allowed in case of the international one.

In order to make out the income statement easily, IFRS determines its opportunities. During the derivation of profit or loss for a period, the expenditures shall be presented based on their types and functions. There are two opportunities to present the expenditures. According to one, a managing entity can group the expenditures by type of cost; this is equal to the expense-type income statement in the Hungarian

accountancy. According to the other, the categorisation is performed by function; this is the equivalent of turnover-type income statement in the Hungarian accounting regulation. The choice is in the hands of managing entity but it is an expectation that the entity shall choose that method which mostly adjusts to the size of undertaking, the nature of activity and are able to provide the most reliable information. In connection with the derivation of other comprehensive income, IAS1 expects this statement part to contain such items which may not be presented among the given profit or loss for a period (since these one are not income from the corporate activity) but they form part of the yields and expenditures (since these ones are induced by the market). For example, these include the revaluation surpluses, exchange differences and the available-for-sale financial instruments. The managing entity has another opportunity to present the other comprehensive income elements either at after tax value or at pre-tax value (BARTHA et al., 2013).

Table 4 contains an example which is the income statement of the Manchester United, an English football club, prepared according to IFRS.

Table 4: Income statement based on the rules of international accounting

Revenues in total
Ticket revenues
Sponsorship and advertising
Broadcasting
Trade
Grants, awards
Operating income
Operating expenditures in total
Employee benefit costs in total
Other operating costs
Depreciation, amortisation and impairment in total (except the player transfers)
Amortisation of intangible assets (player transfers)
Financial profit or loss
Income from financial operations
Expenditures of financial operations
Tax revenues/expenditures
Share of minority owners
Profit or loss rightful for the shareholders
Profit/loss
Basic earnings of EPS
Diluted EPS

Source: Own editing based on the balance sheet of Manchester United according to IFRS, 2015

The income statement can serve as an aid for the leaders of an undertaking to be able to analyse the profitability and

effectiveness appropriately. The income statement prepared on the basis of international regulations lines up the revenues and expenditures from the areas appearing in case of sports undertakings. In addition, the statement presents the result of financial operations and the tax to be paid. Consequently, the main income categories are the revenues and expenditures originating from the operating activity and the non-operating activity. As we can see on Table 4, the income derivation is performed as a difference of the revenues and expenditures. The accounts of tax could also be performed in connection with a given area but here the tax revenues and tax expenditures are presented in total.

In the chapter of income statement prepared according to IFRS, we would rather like to deal with presentation of the economic events regarding the intangible assets. Similar to the report according to UEFA, a separate row is intended to present the results relating to the player rights transfer itself. So, here the results from events relating to the intangible assets can be separated well within the other revenues and other expenditures while the Hungarian accountancy does not present these ones. Sales of the intangible assets are regulated by the **Revenues Standards** (hereinafter IAS18). According to the Framework, the sales revenue is such an income which arises during the ordinary undertaking activity. In IFRS, during the application of IAS 18 standard, the main question is the date of accounts of sales revenue. During the application of revenues standard, the date of account is determined by the principle of matching; according to it, the revenues and expenditures shall be accounted with regard to the period when these ones have emerged economically. The no-netting principle stipulates that the revenues and expenditures must not be set off between each other (BEKE, 2014). IAS18 was designed to provide rules for the accounting management of revenues as well as practical guide for the application of criteria and to help to identify the circumstances of realization of recognition criteria (I1). The recognition criteria of revenues include the identifiability, control and the future economic profit. IAS18 standard shall be applied if the revenue originates from the sales of goods (self-manufactured product, purchased inventory, assets acquired for resale), in connection with service-providing or income of interest, royalty and/or dividend. Based on term of the revenue (the revenue is a gross profit inflowing in connection with the activity of a managing entity during a specific period, without contribution of the owners), that amount can be indicated only as a revenue which was collected by a managing entity on its own behalf (BEKE, 2014). The revenues shall be presented in the amount of counter-value obtained according to contract i.e. at fair value. The different related taxes are not part of the revenues but the rebates shall be taken into consideration in relation to the sales revenues (LAKATOS et al., 2013). During the recognition, it can occur that the amount of revenue should be disunited to its elements as a separate transaction and the recognition criterion should be applied for each element. Of course, the separation is not obligatory for every transaction; insofar as it happens then the recognition criterion shall collectively be applied for all units. The expenditures are not regulated by a

separate standard (LAKATOS et al., 2013).

However, we have mentioned the no-netting principle in connection with IAS18 standard but the standard makes expectations to the principle. Transfer of intangible assets is accounted in net way. While a right representing assets concerns the rows of other revenues and other expenditures, here the IAS18 standard deals with the regulation of revenue from sales. Insofar as an undertaking sells a player right then its revenue can be accounted just in that case if the following conditions are met jointly (LAKATOS et al. 2013):

- the risks and economic benefits relating to the player right are transferred to the customer,
- the revenue originating from the transaction can be measured reliably,
- the economic benefit associated with the transaction will probably come in,
- the expenditures related to the derecognition can be measured reliably,
- the undertaking does not reserve any controlling right and managing right in connection with the player right.

In the income statement, there are some other rows which cannot be found in the Hungarian income statement and the one according to UEFA. One of these can be found in *Table 5*: it is the income of events meaning the share of minority owners. Those shares shall be indicated in this row which behave those owners who have minority ownership proportion in the undertaking. This is followed by the income of shareholders. The Profit/Loss income category covers the result of the Hungarian balance sheet and the one according to UEFA. The last row of *Table 6* is the basic EPS index which should be calculated in the following way:

$$\text{EPS} = \frac{\text{Net profit or loss of the ordinary share holders of the parent}}{\text{Weighted average of ordinary shares outstanding}}$$

Finally, the diluted EPS calculated on the basis of basic EPS index is presented in the income statement which, in addition to the basic index, takes other factors into consideration and which calculates such events correcting the profit/loss of the potential ordinary shares per share as, for example, the interest or dividend (BERK et al., 2015).

REPORT TO BE PREPARED ON THE BASIS OF UEFA RULES

Each football undertaking, in this case licence applicant, has to prepare an annual report and to submit it to the licensor i.e. UEFA regarding the financial year immediately before the submission deadline of the licence application. The report prepared in this way shall be verified by an independent auditor and he/she shall give an acceptance clause (Regulations of the Hungarian Football Federation 2015).

Each sports undertaking shall prepare the following as part of the annual report according to UEFA:

- balance sheet;
- income statement;

- cash flow statement;
- notes on the accounts,
- business report.

We can see, like in case of the Hungarian accountancy, the business report shall be prepared here as well; it is true that here the report should be drawn up as part of the account. While the business report is to be prepared with the AoA simultaneously, it is not an obligatory element of the IFRS account. We can also observe that, like in case of the IFRS report, the cash flow statement is part of the account, it cannot be found in the notes on the accounts like in case of the Hungarian accounting. The international accounting regulations prepare a statement of changes in equity; this shall not be performed in the UEFA statement as according to the Hungarian AoA either.

UEFA also determines what information the annual report shall contain; these ones shall be in accordance with the accounting principles. This information is contained by the notes No. 3 and 4 of the Hungarian Football Federation (hereinafter: HFF) Licensing Regulations. Like in case of the Hungarian and international accountancy, the data of the current year and previous year shall also be presented in the UEFA statement (HFF Regulations, 2015).

The date of submitting the application shall be before the account submitted on the balance sheet date. The account shall be prepared in SAP system. The undertakings send HFF the accounts prepared by means of the program. Insofar as HFF finds the account appropriate then it will be forwarded to UEFA. UEFA does not stipulate a specific pattern according to which the account shall be prepared. The SAP system generates a format on the basis of which the data are recorded. If the account viewed by an auditor does not contain any delimitation clause the UEFA will give the football club the licence for the international appearance (HFF Regulations, 2015).

Presentation of the balance sheet prepared in view of UEFA regulation

The sports undertakings prepare the annual report requested by UEFA in SAP system. Each sports club centrally receives a code and, entering the SAP system by means of this code, they can view their own interfaces where they shall prepare and send the annual report and the quarterly financial report. *Table 5* contains the balance sheet of an undertaking's annual report to be prepared for UEFA. The report shall be prepared in English language; the data shall be represented in thousand HUF that the program will also present in EUR in the completed report. Here, like in case of the Hungarian and international accountancy mentioned before, the data of the current year and previous year shall also be represented; the difference is that the current year is highlighted first and then the data of previous year are represented. This principle is equal to the international regulation.

Many differences can be detected in comparison with the balance sheet according to the Hungarian regulation. Due to the differences of valuation methods and the aggregations as

well as separations during the grouping, the single categories and their values (can) emerge in a different way. Focusing on sports activities, the content of different balance sheet rows are determined by demonstrating every economic event. Viewing from the perspective that the balance sheet is prepared not for the investors, creditors and other market operators but for international organizations dealing with football, it is understandable that the emphasis is on the sport as activity so the main profile is reflected properly. The aim is to follow the liquidity order; it is conspicuous that the current assets and their groups are listed first on the asset side and the fixed assets are stated only thereafter. While, among the sources, the current liabilities are also at the first place and then the non-current liabilities and the equity take place.

Table 5: Asset side of balance sheet according to UEFA

Cash
Receivables generated from player transfer
Customer receivables against affiliated undertakings
Other customer receivables
Taxes
Inventories
Current assets- other
Current assets in total
Tangible assets
Intangible assets- players
Intangible assets - other
Receivables generated from player transfer
Receivables against partner and affiliated undertakings
Tax receivable
Investments
Fixed assets- other
Fixed assets- in total
Assets in total (Currents assets in total + Fixed assets in total)

Source: Own editing based on annual accounts of an undertaking according to UEFA, 2015

The current assets compose the first group of a balance sheet prepared on the basis of UEFA regulation. Logic of the UEFA balance sheet follows the grouping by liquidity within current assets as well. So the first balance sheet row, which is represented, is the cash which is also among the current assets in the Hungarian accountancy, just in the last row. We can see that the receivables take place in the third and fourth rows within the current assets being in the *Table 5*; an undertaking disunites them on the basis of the fact that against whom the undertaking has receivables against. Here we can find receivables from player transfers, receivables against affiliated undertakings and other receivables. The receivables from the player transfers are extremely important from the viewpoint of the subject; these can be current or fixed assets

as well. The payment demands resulting from the player transfers are those ones which come into being because a firm sold one or more players i.e. rights representing assets to other sports undertakings but the quid pro quo has not been received yet. Both categories can include tax assets as well.

In the balance sheet according to UEFA, the second major unit is the fixed assets. While the intangible assets, tangible assets and the financial fixed assets have been represented here in case of the balance sheet prepared on the basis of the Hungarian accounting regulation, here the UEFA balance sheet includes some receivables in addition to the intangible and tangible assets; furthermore, we can also detect a row of other fixed assets as in case of the current assets. The classification of tangible and intangible assets is unequivocal; it is similar to the Hungarian accountancy. The values are the same. As a curiosity, in case of the intangible assets, we can experience that the balance sheet according to UEFA highlights what value belongs to those intangible assets which result from player transfers. Furthermore, other category is represented within the intangible assets which can be, for example, the licence in case of such a spots undertaking. The values arising from the player transfers and the other category give the aggregate value of intangible assets. The intangible assets are followed by the receivables; here we are able to observe that these ones can also be found within the current assets so the receivables are disunited according to the short-term and long-term nature. UEFA uses the word ‘investments’ instead of the term ‘financial fixed assets’ where the same elements are ranked among as in case of the Hungarian accountancy but the description is different.

Presentation of the income statement according to UEFA

The rows of balance sheet prepared according to UEFA unequivocally exhibit that the main activity of undertaking is the sport itself. In contrast to the Hungarian accountancy, it does not aim to line up income categories but it endeavours to show those activities during which specific revenues are provided and expenditures arise. The income statement of undertaking can be seen in *Table 6* in view of UEFA regulation.

Table 6: Income statement based on the rules of UEFA

Income statement
Ticket revenues- national championship
Ticket revenues- UEFA club competition
Ticket revenues- season ticket
Ticket revenues- other /undistributed revenues
Ticket revenues in total
Sponsorship and advertising-main sponsor
Sponsorship and advertising-commercial
Sponsorship and advertising in total
Broadcasting rights- national championship

Broadcasting rights- other /undistributed
Broadcasting rights in total
Trade- other /undistributed
Trade in total
UEFA club competitions- broadcasting rights, trade, prize money
UEFA club competitions- solidarity contributions
UEFA solidarities and prize money- other /undistributed
UEFA solidarities and prize money in total
Grants- National football authorities
Grants- state or municipal authorities
Grants from non-affiliated undertakings
Extraordinary income
Other operating income- other /undistributed
Operating income in total
Revenues in total
Costs of sales- other /undistributed
Costs of sales in total
Wages and salaries- players
Social security contributions- players
Player benefit costs in total
Wages and salaries- other employees
Social security contributions- other employees
Other employees' benefit costs in total
Employees' benefit costs in total
Depreciation of tangible assets
Amortisation of intangible assets (except the player transfers)
Non-scheduled impairment of tangible and intangible assets
Depreciation, amortisation and impairment in total (except the player transfers)
Expenses of a match day
Expenses of sponsorship and advertising
Expenses of trading activities
Other operating expenditures- other /undistributed
Operating expenditures in total
Operating expenditures in total (except the player transfers)
Amortisation of intangible assets (player transfers)
Income from tangible assets sales (player transfers)
Trade of players in total
Income from selling of tangible assets
Income from financial operations
Expenses of financial operations
Financial profit or loss
Results of other income/expenses
Tax revenues/expensures
After tax profit or loss
Balance sheet earnings (after payment of dividend)

Source: Own editing based on the UEFA annual accounts of a sport undertaking, 2015

The aim of this method is the same as in case of the Hungarian accountancy and the one according to IFRS: the statement of balance sheet earnings, the concept of which corresponds to the ones presented in case of the other methods. The first major structural unit is the revenues. The undertaking groups and specifically details the revenues depending on what activities these ones are resulting from. Based on this, the total revenues include the following: ticket revenues, sponsorship and advertising, broadcasting rights, trade, grants provided by UEFA and the revenues from operation. I am not willing to present these ones in detail since this is not the central subject of the research. It is a curiosity that the undertaking does not present the extraordinary income in separate row, only as a part of income from operation. The next major structural unit is the expenditures. Like in case of the revenues, we can also observe several groups here. Total sum of the operating expenditures is signified by the following: the costs of sales, employees' benefits, amortization, depreciation, impairment and other operating expenditures. What can be detected is that this method thinks in the same way in relation to the depreciations as in case of the Hungarian accountancy; but it discerns the accounts relating to the tangible and intangible assets. The similarity between the depreciations is the following:

Another similarity between the two income statements is that the revenues and expenditures as well as the income from the resulting financial operations can similarly be found in both of the statements. Then, the sports undertaking presents the other revenues and expenditures which can be found as part of the operating profit or loss in the income statement according to the Hungarian accountancy. Other similarity of the two income statements is that the balance sheet earnings are given decreased with the tax to be paid in both cases.

In that case if an undertaking sells a player right then it will be represented in the row 'Income from intangible assets (player transfers)' of *Table 6*. It can be observed that the income statement does not intend a separate row for derecognition of player right and the account of revenue but the income of player transfer is presented in this row only. We can see that the UEFA, as an organization giving football club the licence for the international appearance, is not content with the fact that there are personnel expenses. UEFA would like to see how many the benefits of employees and players are, separately. We can also observe that the depreciation charge itself is not enough either; UEFA also wonders that the depreciation charge of what is accounted by an undertaking. Consequently, UEFA requests to present the annual profit or loss in much more detail, grouped on the basis of other aspects.

RESULT OF THE COMPARATIVE ANALYSIS

In this chapter, the results of comparative analysis are summarized in tabular form.

Table 7: Comparison of balance sheets

	Act C of 2000 on Accounting (AoA.)	International Financial Reporting Standards (IFRS)	Union of European Football Association (UEFA)
Description	Balance sheet	Statement of Financial Position (Balance sheet)	Balance sheet
Substantive scope	Each managing entity which is set out by AoA.	Each undertaking which prepares a statement according to IFRS.	Each undertaking which submits an application for the right to international appearance.
Base of regulation	No.1 appendix of Act on Accounting	IAS 1- Presentation of financial statements	Hungarian Football Federation (HFF) Club Licensing Regulations: Chapter 10- Financial criteria
Language	Hungarian	English	English
Measure	HUF	EUR	HUF and EUR
Connection with the report	individual element of the statement	individual element of the statement	individual element of the statement
Structure	Bound rows, defined groups	Free form	Free form
Balance sheet total	All assets= All sources	All assets = Equity + Liabilities	All assets = Capital + Liabilities
Main groups	A. Fixed assets B. Current assets C. Accrued and deferred assets D. Equity E. Provisions F. Liability G. Accrued expenses and deferred income	Fixed assets Current assets Equity Long-term liabilities Short-term liabilities (in general, non-obligatory grouping)	Current assets Fixed assets Short-term liabilities Long-term liabilities Capital
Order of main groups	defined	not defined	in liquidity order
Place of intangible assets	Fixed assets	Fixed assets	Fixed assets

Source: Own editing, 2015

Comparison of the balance sheets presented

Based on the previous chapters, we are able to see what differences in methods can be detected between three balance sheets. *Table 7* presents, in a structured way, what aspects make these balance sheets comparable and then the balance sheets are characterized based on the aspects determined previously.

As it can be seen on *Table 7*, the balance sheet prepared according to the Hungarian accountancy shows the biggest differences in comparison with the other two types. It can be determined that UEFA has presumably taken the balance sheet according to IFRS for the basis of working up the conceptions relating to its own balance sheet.

Comparison of the income statements

Within the frame of this chapter, I summarize what similarities and differences are shown by an undertaking's income statements prepared according to the Hungarian and international accountancy as well as UEFA. *Table 8* contains these 3 methods and their major features.

Based on the content of *Table 8*, we can draw the conclusion that the Hungarian income statement shows several differences compared with the international and UEFA income statements. UEFA income statement is very similar to the one according IFRS, numerous concepts of which were probably adopted by UEFA.

Table 8: Comparison of income statements

	Act C of 2000 on Accounting (AoA.)	International Financial Reporting Standards (IFRS)	Union of European Football Association (UEFA)
Description	Income statement	Statement of Total comprehensive income (Income statement)	Profit and Loss Account (Income statement)
Substantive scope	Each managing entity which is set out by AoA.	Each undertaking which prepares a statement according to IFRS.	Each undertaking which submits an application for the right to international appearance.
Base of regulation	No.2 appendix of Act on Accounting	IAS 1- Presentation of financial statements	Hungarian Football Federation (HFF) Club Licensing Regulations: Chapter 10- Financial criteria
Language	Hungarian	English	English
Measure	HUF	EUR	HUF and EUR
Connection with the report	individual element of the statement	individual element of the statement	individual element of the statement
Structure	Bound rows, defined groups	Free form	Free form
Target	Balance sheet earnings	Profit/loss – Net income + Other comprehensive income	Balance sheet earnings
Income categories, minimum rows	A. Operating profit or loss, B. Financial profit or loss, C. Ordinary profit or loss, D. Extraordinary profit or loss, E. Pre-tax profit or loss, F. After tax profit or loss and G. Balance sheet earnings.	Revenues Operating expenditures Financial profit or loss Tax revenues/expenditures Share of minority owners Profit or loss rightful for the shareholders Profit/loss Basic earnings of EPS Diluted EPS	Revenues Operating expenditures Trade of players Income from tangible assets sales Other revenues/expenditures After tax profit or loss Balance sheet earnings
Order of income categories	defined	based on activity	based on activity
EPS indicator	not included	decisive	not included
Place of sales of intangible assets	Other income and other expenditures	Trade of players in total	Operating income

Source: Own editing, 2015

CONCLUSIONS AND RECOMMENDATIONS

In this intensively changing world, in my opinion, there is an increasing need to ensure the economic comparability of undertakings at an international level and in case of sports undertakings as well. In Hungary, each managing entity, thus each sports undertaking, shall complete an annual report according to the Hungarian Act on Accounting. In our country, none of the sports undertakings shall prepare a statement according to IFRS because they are not quoted on the stock market. And those clubs shall draw up a statement according to UEFA which submit an application to UEFA in

order to appear in the international championship.

After examining the annual report drawn up based on the Act C of 2000 on Accounting, the financial statements prepared according to the International Financial Reporting Standards (IFRS) and the statements required by the Union of European Football Associations, it can be concluded that the Hungarian and international accounting rules significantly differ from each other. While the data shall be represented with specified content and grouping in the Hungarian statement, the international accountancy leaves free space for the undertakings, except some obligatory rows, in order that the report will be prepared adjusted their

own activities. The most important thing is that the mode of representation should be as true as possible. The report prepared on the basis of the UEFA licence regulations is a transition between the Hungarian and international rules since the description and content of the rows are similar to the Hungarian accountancy while free-form rows take place in the report.

During the exposé of subject, it was presented where the places of sporting rights as intangible assets are in the asset report. In case of each regulation, the balance sheet takes place as an independent element in the reports. During the examination of balance sheets, we could see that numerous main groups to be presented compulsory are represented in the Hungarian accountancy. In addition to the current assets and fixed assets also taking place in the two other reports, here can be found the accrued assets as well. Beyond the equity and current as well as non-current liabilities, the provisions as well as the accruals and deferred income are presented in a separate main group. The order of these main groups is bound in the Hungarian accountancy, it can be formed freely according to the international rules while it follows a liquidity order in accordance with the UEFA regulation. In each case, the intangible assets are among the fixed assets.

After it, the income statements have been studied. Like in case of the balance sheet, here the income statement also acts as a transition between the Hungarian and international regulations. The income categories have been developed according to a totally different principle. The result from the sales of intangible assets is represented among the operating profit or loss in the Hungarian accountancy, among the operating revenues in the international accountancy while in a separated row for this purpose at the trade of players in the income statement according to UEFA.

During completion of the study, we have worded the following recommendations in order to help the effectiveness of the undertakings' operation:

- Based on the report according to UEFA, it would be worthwhile to provide more information about the intangible assets, including the rights representing assets, in the notes being part of the Hungarian accounting report since the nature of activity requires that. These additional data would be useful for the domestic, internal and external environment of an undertaking.
- According to the Act C of 2000 on Accounting, the rows of elements of the Hungarian report can be detailed further so it would be worthwhile to extend the balance sheet and the income statement with rows corresponding to the activity.
- Every undertaking, thus sports undertaking, has an opportunity to prepare a report according to the International Financial Reporting Standards that I can suggest in order to ensure the international comparability.

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