



News Release

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Europe reaps rewards of English transfer spending

Deloitte analysis has shown that half of player transfer spending by Premiership clubs in 2005 has gone to overseas clubs.

Dan Jones, Partner in the Sport Business Group at Deloitte, commented: "Many overseas clubs benefit from player transfer spending by English clubs, with around £140m being redistributed overseas in 2005. The Premiership's financial success and the clubs' improved financial discipline means that, in general, more English clubs can invest in players. Wage bills are also under better control in English clubs than their counterparts in other major leagues. Overall, the Premiership clubs have spent over £285m in 2005, a moderate increase on 2004 and 2003 but lower than the levels of spending we saw in 2002 and before."

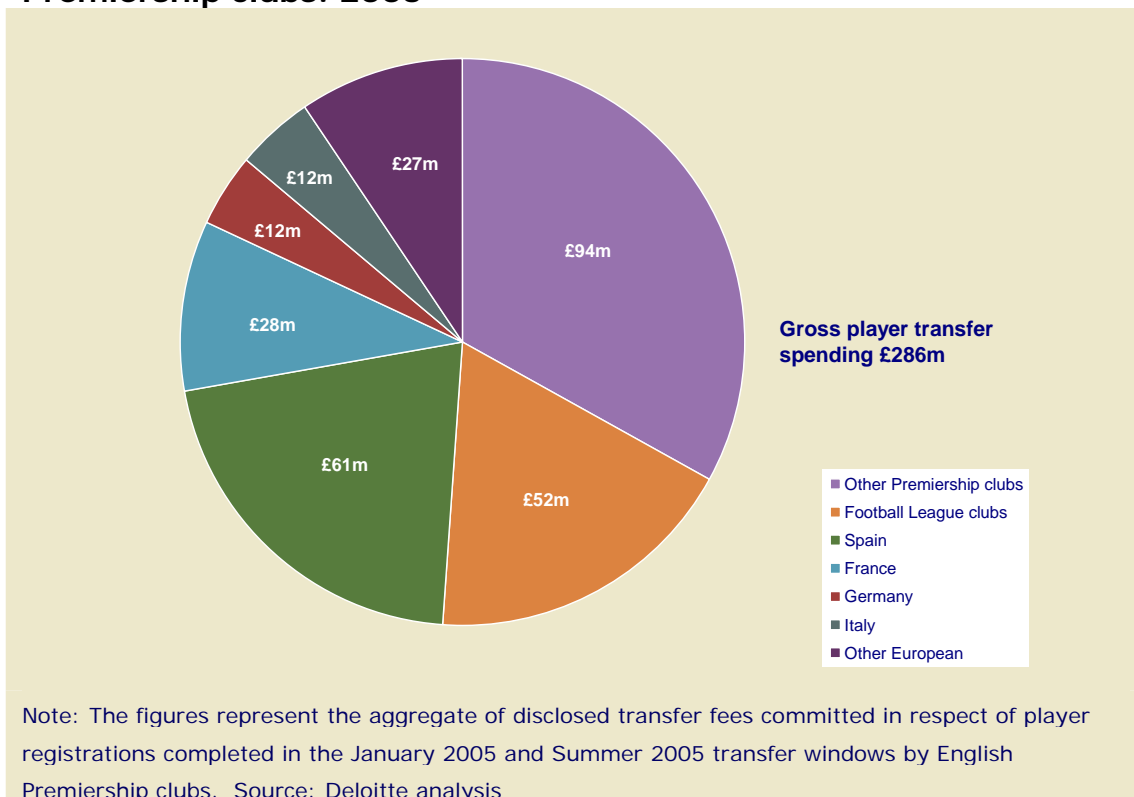
Commenting on the domestic scene, Paul Rawnsley from the Sports Business Group at Deloitte added: "In financial terms, there is good news for clubs below the top tier in England, with around £50m of Premiership spending going to Football League clubs. There have been a far greater number of clubs benefiting from this redistribution in 2005 compared to previous years. Over a dozen Championship clubs have each benefited by at least £1m."

Key figures for where the money has gone in 2005:

- Around half of player transfer spending by Premiership clubs in 2005, of £140m, has gone to non-English clubs (2004: 60%; £155m).
- Whilst the main flow of monies has been overseas, Premiership clubs have received over £50m from the transfer of players to overseas clubs. The overall 'international balance of payments' is an outflow of around £90m (2004: £130m) from Premiership clubs to non-English clubs.
- Football League clubs received over £50m from Premiership clubs in 2005 (2004: £37m), with over a dozen Championship clubs each benefiting by more than £1m. After transfer monies going the other way, the overall 'domestic balance of payments' is an inflow

to Football League clubs of £45m, being the highest level in the past decade.

Chart 1: Recipients of gross player transfer spending by Premiership clubs: 2005



Key figures for the Summer 2005 transfer window:

- Gross player transfer spending by Premiership clubs of around £235m for the Summer 2005 transfer window was 10% higher than in Summer 2004 (£215m).
- The 'top spenders' in Summer 2005 have been Chelsea (reported fees of around £56m) followed by Newcastle United (£38m), Liverpool (£19m) and Tottenham Hotspur (£16m).
- Spending by English clubs far exceeds that in other European leagues. Gross transfer spending by Premiership clubs is around double that of the clubs in each of the Italian Serie A and Spanish Primera Liga, and around three times greater than clubs in the top division in each of France and Germany.
- The aggregate reported spending by Premiership clubs for the January 2005 and Summer 2005 transfer windows of around £286m was moderately higher than in each of the previous couple of years (2004: £260m; 2003: £250m). However, looking back to 2000/01 and 2001/02, Premiership clubs spent over £320m in each of those seasons.
- Chelsea have reported spending in respect of player acquisitions of over £300m since July 2003, which has contributed over one-third of the overall spending by Premiership clubs since that time.

- As predicted by Deloitte, there have been fewer 'big deals' this year. During 2005 there have been four deals by Premiership clubs with a reported value of £10m or more (2004: Ten), of which three (2004: Seven) have been acquisitions from overseas clubs.

There is continuing restraint in transfer spending in the Football League with the clubs, in aggregate, spending around £16m on player transfer fees in 2005 (2004: £8m). In addition, they have entered into commitments of £7.8m to agents' fees (for the year to 30 June 2005) – equivalent to approximately 50% of player transfer spending - as recently disclosed in the Football League Agents' Fees Report

Summing up the findings and looking to the future, Dan Jones said: "Looking forward, whilst we still think that the Premiership holds the strongest hand in the world transfer market, we expect that the level of transfer spending by Premiership clubs will be lower over the next year. The World Cup will inevitably impact upon the timing of player transfers in 2006 and it will be interesting to see what effect it has on spending levels in each of the major European leagues."

Ends

Notes to editor

Basis of preparation

The information on player transfers is based on publicly available information in respect of player acquisitions by clubs, including from www.bbc.co.uk, www.premierleague.com and www.uefa.com, and further analysis carried out by the Sports Business Group at Deloitte. Further commentary about the transfer market is included in the Deloitte Annual Review of Football Finance. The figures contained in this release will not necessarily be the same as the cost of acquiring players' registrations as recognised in the financial statements of each club. Under accounting requirements, the cost of acquiring a player's registration includes the transfer fee payable (including any probable contingent amounts), plus other direct costs such as transfer fee levy and fees to agents.

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Over the last 15 years Deloitte has developed a unique focus on the business of sport. Our specialist Sports Business Group offers a multi-disciplined expert service with dedicated people and skills capable of adding significant value to the business of sport. Whether it is benchmarking or strategic business reviews, operational turnarounds, revenue enhancement strategies or stadium/venue development plans, business planning, market and demand analysis, acquisitions, due diligence, expert witness, audits or tax planning; we have worked with more clubs, leagues, governing bodies, stadia developers, event organisers, commercial partners, financiers and investors than any other adviser.

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