Highlights

Europe's premier leagues

- Despite significant economic headwinds, the European football market grew by 4% to €16.3 billion in 2009/10. The 'big five' leagues' revenues grew by 5% to €8.4 billion, with all five leagues demonstrating revenue growth. Broadcasting revenue was the main driver of growth (up 8%) and now stands at over €4 billion.

- The Premier League increased its revenue to almost €2.5 billion in 2009/10. The gap to the second highest revenue generating league, the Bundesliga, now exceeds €800m.

- The Bundesliga's revenue grew 6% to €1,664m, driven by an impressive increase in commercial revenues, and the largest average attendance (42,700) in European football.

- La Liga revenues grew by 8% to €1,622m, the highest absolute and relative growth of any of the 'big five' leagues. Much of the growth was driven by Real Madrid and Barcelona (whose collective revenues increased by €69m).

- Serie A's revenues increased by 3% to €1,532m leaving it in fourth place of the 'big five' leagues, ahead of Ligue 1 whose clubs' revenues grew by 2% to reach €1,072m. UEFA's decision to hold Euro 2016 in France provides a significant opportunity for French clubs to refurbish stadia to increase attendances and revenue. Whilst Italy lost out, it still needs to invest to improve its outdated stadia.

- Football's greatest business challenge remains cost control, with the 'big five' leagues' wages increasing by over €400m (8%) to exceed €5.5 billion in 2009/10. In Italy and France wages growth exceeded the absolute level of revenue growth, while in England and Germany revenue and wages both grew by similar amounts. In Spain aggregate wages excluding Barcelona and Real Madrid fell and the overall wages/revenue ratio of 60% represented a ten year low.

- The Premier League and the Bundesliga were the only 'big five' leagues to achieve operating profits in 2009/10, with the Bundesliga (€138m) remaining ahead of the Premier League (£83m (€101m)). Losses in Ligue 1 increased to €102m and while Serie A clubs marginally reduced their losses these still exceeded €100m.

- Outside of the 'big five' countries, The Netherlands (€420m), Turkey (€378m) and Russia (€368m) have the largest revenue generating leagues. Commercial revenue is typically the most lucrative area for non 'big five' leagues.

- For many years it has been evident that the temptation to invest in playing talent in search of improved performance on the pitch has been outweighing the need to balance budgets. Intervention, being led by UEFA on a pan-European basis, provides the opportunity to deliver a long awaited improvement in football's ability to more sustainably control its costs.

Revenue and profitability

- Total revenues of the 92 top professional clubs grew by 5% to almost £2.7 billion in 2009/10.

- Premier League clubs' revenues increased by 2% to exceed £2 billion for the first time. This revenue growth has demonstrated that English football, especially at the top level, has proved resilient to the worst of the economic downturn.

- Premier League clubs' broadcasting revenue increased by 7% to £1,040m to become the first £1 billion revenue stream of any domestic football league. Since 1991/92 it has grown at a staggering compound annual growth rate of 27%.

- Premier League clubs' commercial revenues increased by 6% to £459m, but there was considerable variation in performance with a handful of clubs achieving significant increases (notably Manchester City) while the majority experienced modest declines.

- Matchday revenues fell by 7% in 2009/10, primarily due to the change in mix of clubs, in particular the relegation of Newcastle United, and a £22m reduction in matchday revenues from the clubs which competed in the UEFA Champions League, all of whom exited the competition earlier than in the previous season. Excluding these factors matchday revenue grew by 1%.

- The new Premier League broadcasting rights contracts will have driven clubs' revenue to over £2.2 billion in 2010/11. The overseas proportion of total rights values continues to increase (to c.40% of the overall total), reflecting the global appeal of the league.

- Championship clubs' revenues increased by 9% to exceed £400m for the first time. The presence of Newcastle United boosted revenues, as did the first year of increased distributions under the Football League's new three year broadcasting contracts, but many clubs experienced falls in matchday and commercial revenue.

- Premier League clubs' operating profits improved marginally to £83m, similar to early 2000s levels despite revenue growth of c.£1 billion since.

- There is a wide range of results amongst the clubs with Arsenal, Liverpool, Manchester United and Tottenham Hotspur maintaining their track record of generating operating profits, newly promoted clubs contributing profits of £44m, and substantial losses at benefactor funded Manchester City and Chelsea.

- The remaining 11 Premier League clubs' operating losses averaged £4m each. Whilst these mid ranking clubs generated average revenues of £66m, they are caught in a cycle of excessive wage cost inflation as they compete against each other.

- Premier League pre-tax losses after financing and player trading costs deepened to £445m in 2009/10, an unwelcome record level.

- Championship clubs' operating results worsened for the sixth consecutive year, to a record loss of £133m. 14 Championship clubs lost £5m or more at an operating level (2008/09: 12 clubs) and only three clubs reported pre-tax profits (2008/09: two clubs).

- Overall, Championship clubs are spending £4 for every £3 they generate in revenue. Reduced Football League distributions from 2012/13 due to lower broadcasting rights values, and pressures on matchday and commercial revenues, risk worsening this position. Clubs urgently need to take corrective action.

- The top 92 clubs paid £971m in tax in 2009/10. This will have risen to over £1 billion in 2010/11.

- For the three years from 2010/11 Premier League broadcast rights values have increased to around £3.6 billion from £2.8 billion. As the majority of this increase is from overseas rights values which are shared equally amongst the 20 clubs, the benefit will be evenly distributed with each club receiving around £6m in additional revenue each year. Historically, such opportunities to address falling operating profits, through increases in Premier League broadcast revenues, have not been taken as spending on players in the form of wages and transfer fees has grown. Early signs are that this may be happening again.

Wages and transfers

- For a second successive year the Premier League clubs' total wages increase has outstripped revenue growth, rising by £64m (5%) to over £1.4 billion in 2009/10. As a result, the league's wages/revenue ratio reached an all time high of 68%.

- Chelsea spent the most on wages (£174m) with Manchester City (£133m) replacing Manchester United (£132m) as the next highest spender. In the first two seasons after they were acquired by the new owners in September 2008, Manchester City's total wages have increased by £79m in aggregate.

- All but two Premier League clubs reported an increase in the amount they paid in wages in 2009/10, the exceptions being West Ham United and Wigan Athletic, who achieved £13m and £3m reductions in wage costs respectively.

- In 2009/10 there continued to be a strong correlation in the Premier League between league finishing position and a club's ranking in terms of wages expenditure, implying that, other things being equal, spending more on wages translates to on-pitch success.

- Championship clubs' wages grew by 6% to £357m, which was less than their revenue growth and resulted in the wages/revenue ratio improving to 88% – albeit from a record high of 90% in the previous season. Nonetheless, worryingly around a third of clubs in the Championship reported a wages/revenue ratio of 100% or more, paying out more in wages than they earned in revenue. The correlation between wage costs and league finishing position remains weaker in the Championship overall, although evidence indicates automatic promotion to the Premier League almost always requires a top six ranked wage bill.

- Players' wages across the top 92 professional clubs grew by 13% to almost £1.4 billion.

- Total transfer spending across the 92 top professional clubs reduced to £627m in 2009/10 (2008/09: £784m). The 20% decrease was evidence of a degree of restraint in the transfer market, although whether this translates over time to lower wages levels remains to be seen. Indications are that wage costs will have increased substantially again in 2010/11.

- England remains a net importer of players, with £114m (net) leaving the English game to overseas clubs in transfer fees.

- For a second successive season, Manchester City reported over £100m in gross transfer expenditure in 2009/10, spending £145m (2009/09: £138m) including an estimated c.£75m within the domestic transfer market, which then stimulated further transfer activity. The next highest net spenders were Sunderland (£37m), Chelsea (£25m) and Aston Villa (£24m).

- Total agents fees paid by Premier League and Football League clubs remained at £80m, representing 13% of the top 92 clubs' gross transfer expenditure.

- The net transfer outflow from Premier League to Football League clubs more than doubled to £64m. This flow can be an invaluable source of funds to some Football League clubs.

Stadium development and operations

- Capital expenditure by the top 92 professional English football clubs totalled £179m in 2009/10, the 13th successive season in which total spending has exceeded £150m.

- Around £3.5 billion has been invested in English Football clubs' stadia and facilities over the last 20 years.

- League 1 and League 2 clubs invested £58m in stadia and facilities, a record level and more than twice the amount seen in any previous year, driven by the construction of Brighton & Hove Albion's new stadium as well as developments at Chesterfield and Morecambe.

- Premier League development continues to be affected by the economic climate, with Wolverhampton Wanderers currently the only Premier League club in the construction phase of a stadium redevelopment project. Manchester City were the largest spenders of any club, investing £42m in 2009/10, in the continued development of the area around the City of Manchester stadium as well as improvements in facilities at the stadium itself.

- The challenge of funding major new stadia remains for clubs. Technological advances mean that modular facilities provide a lower cost, more flexible option for clubs to consider.

- Clubs continue to respond to the challenges to attracting matchday fans with a variety of ticketing schemes including interest free season ticket payment plans, discounted youth season tickets and dynamic pricing for matchday tickets.

- Despite the economic downturn, matchday revenue in 2009/10 held up well for Premier League clubs. Stadia remained 92% full for league matches and the average matchday revenue per attendee decreased by just £1 (3%) in 2009/10 to £33.

- Manchester United, Chelsea and Arsenal accounted for almost 50% of the total matchday revenue generated by Premier League clubs in 2009/10, demonstrating the high levels of ticket demand they enjoy and the higher ticket prices they can command.

- Average attendance for the Premier League in 2010/11 was up 3% to 35,363 per match, aided by the return of Newcastle United, with St James' Park remaining the third largest stadium in English club football.

- Average utilisation at Premier League clubs was unchanged at 92% in 2010/11, an impressive achievement given the 4% increase in capacity.

- The Football League suffered a 6% decrease in attendances in 2010/11, due in part to the change in the mix of clubs in the Championship but also reflecting the challenges faced by lower league clubs arising from the economic climate.

Club financing

- Premier League clubs continue to be attractive to global investors with changes in majority ownership at Blackburn Rovers, Liverpool and Arsenal since the end of the 2009/10 season.

- We expect to see owners continue to inject new funds in 2010/11 and beyond and expect to see the trend continuing of this being injected as equity rather than debt.

- Sheikh Mansour Bin Zayed Al Nahyan's equity investment in Manchester City has increased to over £0.5 billion, with no debt due to the owner at the 2010 balance sheet date. Roman Abramovich's investment in Chelsea, which stood at c.£800m at May 2010, remains the largest contribution to English football from a single individual.

- Premier League clubs' net debt at summer 2010 reduced to £2.6 billion (2009: £3.3 billion) owing to a change in the club mix, debt to equity conversions and, in Arsenal's case, property sales. While the overall debt fell for the first time since 2002/03, net debt increased for around half the clubs in 2009/10.

- Non-interest bearing 'soft loans' account for 38% of Premier League net debt in 2010. Most of the £1 billion relates to just two clubs, Chelsea (£740m) and Fulham (£187m).

- Net bank borrowings reduced by 96% from £907m to £39m, reflecting Manchester United's £507m bank debt repayment after their bond issue for a similar amount, and positive net bank balances at nine clubs (totalling £380m).

- Excluding Manchester United's £65m exceptional interest charge, the interest cover for Premier League clubs – being the ratio of operating profit (£83m) to net interest (£174m) – increased to 0.5 (2008/09: 0.4), but still implies that clubs, on the whole, generated significantly lower operating profits than the amount they were required to spend on interest costs.

- The two largest assets on Premier League clubs' balance sheets at summer 2010 were the £1.8 billion carrying value of tangible fixed assets, reflecting the heavy investment by English clubs in facilities over the past two decades, and c.£1 billion carrying value of player registrations.

- The aggregate net debt of the 24 Championship clubs has increased to £875m at the end of the 2009/10 season (£459m at summer 2009). Excluding Newcastle United, the figure falls to £587m in summer 2010 – but is still up £128m year on year.

- Below the top two divisions, managing a club's financial position is a challenge from one season to the next with Plymouth Argyle the latest club to enter Administration in 2011. Legacy debt issues and the risks taken by some boards of directors will, without correction, inevitably lead to further insolvency cases in the seasons to come.

- The English football authorities' strengthening of the game's rulebooks and, at a European level, UEFA's leadership to define the financial fair play requirements, aim to reduce the risk of clubs getting into severe financial distress.

These highlights are extracted from the relevant sections of the Deloitte Annual Review of Football Finance (June 2011). The basis of the calculations are described in the relevant sections.