



Garmian University

School of Basic Education/Sport Department

Financial Analysis of Sherwina football club

By: Ali Karim Ali

April ٢٠١٩

Abstract

The purpose of this research is to analyze the way that Sherwina football club increase their income and getting benefit However, despite the fact that many clubs currently barely make a profit, while others lose money year-on-year, a few businessmen have been able to make a healthy return from their ownership of a club over time. The research shows analyses how Arsenal football club benefit annually and what is the purpose behind, and what Sherwina football club should do to stay safe financially in the future this club, if they loss account year by year The club will fortunes declined in the future, so we are trying to give key issue for what will happen in the future and our solution and recommendation .

1995 م

1416 هـ

وقل رب زدني علماً
كلية التربية البدنية وعلوم الرياضة للبنات
College of Physical Education and Sport Sciences For Women



١. Introduction

The history of football is a long and detailed one; football is also known as soccer! Games involving the kicking of a ball have been played in several countries throughout history. Soccer was played in China in the ٢nd and ٣rd century BC. Romans played it and different forms of soccer were played in medieval-Europe. Today, soccer is one of the most popular sports in the world, played by roughly ٢٥٠ million people in over ٢٠٠ countries.

The rules of the modern game of football were first described in ١٨٦٣ in London. Since then a lot has changed, not only the game itself and the rules of the game but also the revenues and commerce surrounding it. Today football is huge, in the season ٢٠٠٩-٢٠١٠ total club revenues exceeded €٢,٤٧٩ billion and in ٢٠١٣ Real Madrid became the first club to earn over €٥٠٠ million in revenue in a single year (Deloitte, ٢٠١٣)

As a result football clubs are nowadays run like businesses and some football clubs even decided to become publicly listed companies. This leads to some potentially interesting research topics: Does a Sherwina club making profit and financial performance? And taking that one step further, how they are making benefit? And what should they do to stay safe financially?

١,١ Background of the study

Sherwina football Club

Sherwina F.C is the most successful football club in Kurdistan Premier League football club based in Kalar and Ali Muhammad is owned by the Shewina F.C. Sherwina F.C stadium is the Kalar of Sherwina Stadium which known as Garmian. Sherwina F.C founded in ١٩٩٢ is Association Football Club. The club has played at the City of Kalar Stadium since ١٩٩٢. The club's most successful period was in the late (٢٠١٦ – ٢٠١٧) under the management team of Ali Muhammad.(komar ٢٠١٤)

Arsenal Football Club

Arsenal was founded in ١٨٨٦ in Woolwich. When the club won five League Championship titles and two FA cups in the ١٩٣٠'s then it starts their most successful periods in Arsenal football history. More recently, the most successful manager in Arsenal history helps to won



three Premier League titles, and four FA Cups. Since ١٨٨٦, Arsenal has gone on to become not only one of London's most successful teams, but one of the most famous brands in modern football with millions of passionate followers around the globe (Arsenal ٢٠١٤).

In the following portion, investigator tries to analyze the financial condition and also compare with Arsenal Football Club.

In this dissertation we are trying to analyse financial Sherwina football club and compare with Arsenal football club financial, and the risk would face our club in the future, so what is the key to stay our club safe financially.

٢,٢ Competitive structure

The amount of money that is made from sponsorship deals, price money and even broadcasting rights is largely affected by in which country a club is playing, the competition they are playing in and the performance in that specific competition. Clubs playing in the English Premier League, the highest division in England, all get a share of a three billion pound broadcasting deal with Sky Sports for three years (Sky Broadcasting Group plc, ٢٠١٢)

٣. FINDINGS AND ANALYSIS

٣,١ Financial Ratio Analysis

Profitability Ratios

Return on Capital Employed (ROCE) = Profit before interest and tax (PBIT)/Capital Employed
Calculation:

ROCE = profit before interest and tax / capital Employed

Profit or loss = Revenue – expenditure

Profit or loss = ٢٥٠,٥٠٦ – ٣١٣,٧٦٧ = - ٦٣,٢٦١ pound

PBIT is mentioned in the Income statement (Profit and Loss account) of the football club, and is valued at - ٦٣,٢٦١ pound loss in ٢٠١٤. The Capital Employed, which is referred to as "Total assets less current liabilities" is located within the Balance sheet, and is valued at ٣٣٥,٧٣٢ pound in ٢٠١٤.



Year ٢٠١٤-٢٠١٥ (company) ROCE = $-\frac{63,261}{335,732} \times 100 = -18,84\%$

Significance: This ROCE ratio states the affiliation among the operating profit produced throughout the financial term as well as the average long-term capital financed in the club throughout the same financial year. ROCE is measured to be a key quantity of profitability as it associates inputs (capital invested) with outputs (operating profit). This is an important measure as it is critical in assessing how effective the club has been in allocating the funds. In the case of the Sherwina football club, the loss $-63,261$ the value of the outputs (shareholders' funds + non-current liabilities) (Sherwina ٢٠١٤).

Reason not making profit is: Sherwina football club The major decrease in Operating profit from ٢٠١٤ is due to the staff and administration cost, social security cost, wages and salaries, player purchase. so we could say that Sherwina is not making profit because In ٢٠١٤, this Football club received only ١,٢٨٢ thousand pound to transfer only own player, while they spend ١٥٢,٨٨٤ thousand pound for salary (Sherwina ٢٠١٤).

Net profit margin

Net profit margin = operating profit / revenue $\times 100$

Net profit margin = $-\frac{63,261}{250,506} \times 100 = -25,25\%$

Calculation: The Operating profit in ٢٠١٤ is valued at $-63,261$ In the Profit and Loss Statement; The Revenue which is the "Group Turnover" is valued at ٢٥٠,٥٠٦ thousand pound in the ٢٠١٤ financial years. Net operating profit margin is the company income as they revenue generated in those financial year

Therefore the ratio is:

Year ٢٠١٤-٢٠١٥ **Net profit margin** = $-\frac{63,261}{250,506} \times 100 = -25,25\%$

Significance: Net profit margin ratio is calculated as sales portion after deducting the all overhead from profit.

Asset turnover = revenue / capital employed $\times 100$

Calculation: to calculate the Assets turnover, there are two information is essential. Group turnover is about ٢١,٦٨٣ pound in the ٢٠١٤ financial year, The Capital Employed which is required to calculate ROCE of the company and it is ٣٣١,٤٢٧ pound in ٢٠١٤.



Year ٢٠١٦ **Asset turnover** = $250,506 / 335,732 \times 100 = 74,614 \%$

Significance: Asset turnover express, how the company efficiently use their asset to generate the revenue of the company. From the calculation it is seen that, in ٢٠١٤ financial year, Sherwina football club could earn money. It is ٧٤,٦١٤ % on the basis of asset turnover ratio. (Sherwina ٢٠١٤)

Compare with the Arsenal Football club

Ratios	 ٢٠١٤-٢٠١٥	 ٢٠١٤-٢٠١٥
ROCE	- ١٨,٨٤ %	٣,٥٢%
Net Profit Margin	- ٢٥,٢٥%	٢,٤١%
Asset turnover	٧٤,٦١٤ %	٣٠١,٨٧٢

Comparing with the arsenal football club to Sherwina football club according to the above ratio analysis, it is results that which one is more financially strong than the other.

In the case of the Sherwina football club and the Arsenal Football club, it is seen that, in the ٢٠١٤ financial year, Sherwina football club has the ROCE or the operating profit is - ١٨,٨٤ % (Sherwina ٢٠١٤).

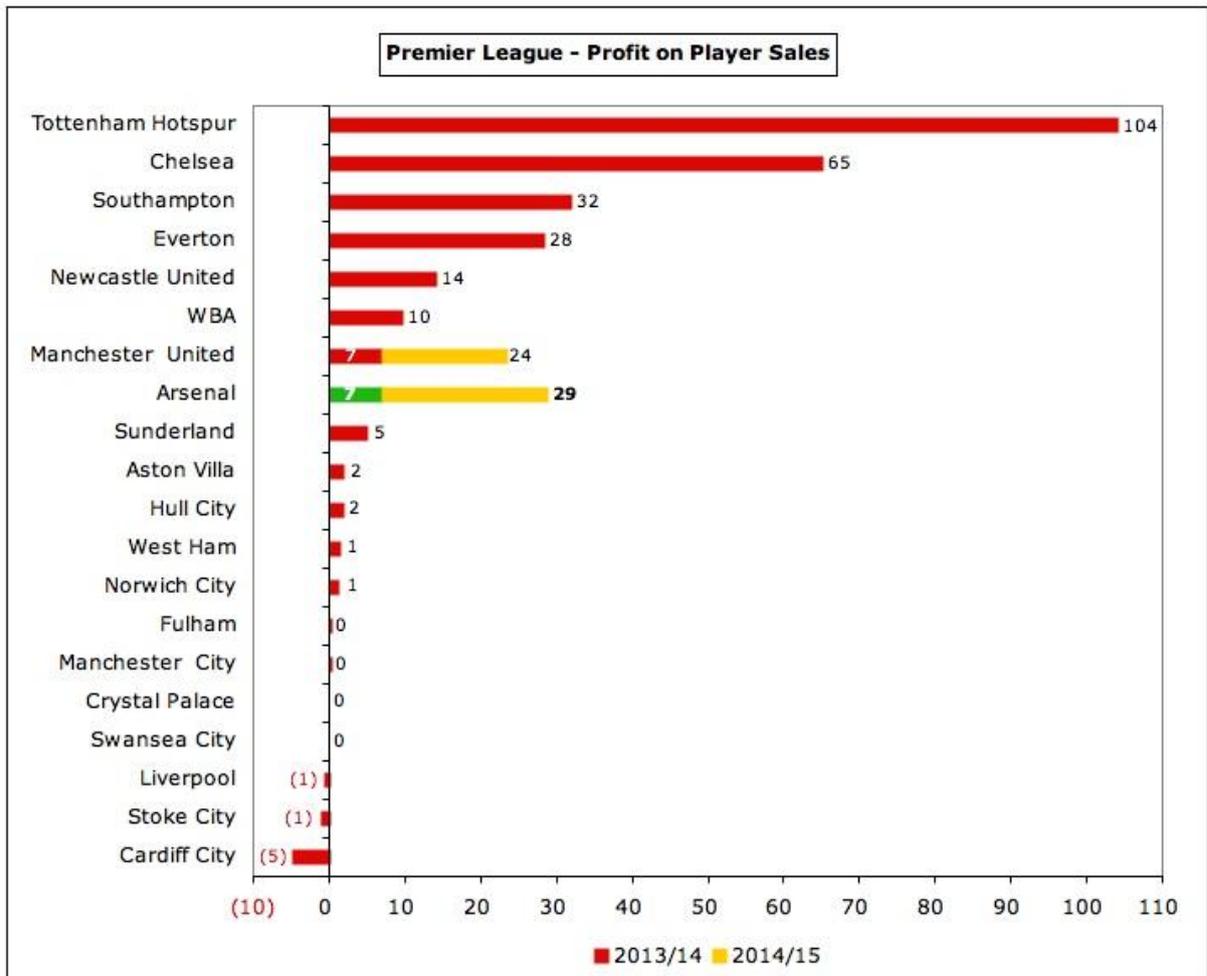
So from the profitability ratio analysis, Sherwina football club was not stronger than the Arsenal Football club. This ROCE ratio states the affiliation among the operating profit produced throughout the financial term as well as the average long-term capital financed in the club throughout the same financial year. If we look at the ٢٠١٤ financial year, it can be seen that, ROCE of the value of the inputs (shareholders' funds + non-current liabilities) in the Sherwina F.C was - ١٨,٨٤ % In the case of the Sherwina football club and



the Arsenal Football club, the major increase in operating profit from ٢٠١٤ is due to the staff and administration cost, social security cost, wages and salaries, player purchase.

In the case of the Sherwina football club and the Arsenal Football club, it is seen that, in the ٢٠١٤ financial year, Sherwina football club's Net Profit Margin was - ٢٥,٢٥% and ٢,٤١% for the Arsenal. It indicates that, Arsenal football club was more strong position in ٢٠١٤ financial year than the Sherwina football club regarding the Net Profit Margin ratio analysis.

In the case of the Sherwina football club and the Arsenal Football club, it is seen that Asset turnover was ٧٤,٦١٤ % ٢٠١٤ and ٣٠١,٨٧٢ for the Arsenal ٢٠١٤. It shows that, Asset turnover ratio was not greater than the Arsenal.



Prepared by @SwissRamble

Figure ١: The importance of player sales to these figures is clear.



٤. Conclusion:

Arsenal's overall strategy is highly dependent on the revenue generated from player sales (Arsenal ٢٠١٤).while Sherwina revenue generated from those equipment they have and helping business men and it is not stay forever. Arsenal football club was more strong position in ٢٠١٤ financial year than the Sherwina football club regarding the Net Profit Margin ratio analysis. This means that unless Arsenal sells its players, or increases debt, the cash flow at the club will be a concern for the future. Sherwina is not better financially, so Sherwina should concern about certain way to earn money however, a way in which Sherwina can improve these situation sales. In this research we could see that Sherwina spend more money for the club and losing at the end , so They can expand their commercial team and generate more commercial revenue to be financially stronger off the pitch, which would in turn, enable them to be more competitive on the pitch. Sherwina football club should get money because of broadcasting rights Domestic and Foreign Broadcasting stations bid for rights to broadcast live matches to millions of football fans who are ever eager to watch. Because if we look at the Arsenal football club we could see that they making millions of pound because of broadcasting In the case of the Sherwina football club and the Arsenal Football club, the major increase in operating profit from ٢٠١٤ is due to the staff and administration cost, social security cost, wages and salaries, player purchase.

٥. Recommendation

- Sherwina Football Clubs make money from selling kits and other club merchandise to fans around the world.
- It is common to find shops that sell Jerseys around stadiums, or even club owned stores that sell club Merchandise.
- Selling players to other clubs are another source of income for football clubs.



- Sherwina football club should think about broadcasting rights Domestic and Foreign Broadcasting stations bid for rights to broadcast live matches to millions of football fans who are ever eager to watch.
- Match Day Revenue When a football team play at home (in their own stadium) they should sell tickets to every individual that enters the stadium on match day.
- Sherwina football club should think about Transfers selling players to other clubs is another source of income for football clubs.
- Sponsorship Brands pay huge amount of money for clubs to advertise them.

٦. Reference

- Deloitte. (٢٠١٣). Football Money League. Deloitte.
- Naik,(٢٠١٨) Who Invented Soccer? The One Question in All Our Minds [Online] available at:< <https://sportsaspire.com/who-invented-soccer>>
- McNulty, P. (٢٠١٣, September ١). Gareth Bale Joins Real Madrid from Spurs. Retrieved from BBC: <http://www.bbc.co.uk/sport/0/football/23032118>
- Arsenal (٢٠١٤) financial statement of ٢٠١٤-٢٠١٥ of Arsenal Football club [Online] available at: < <https://www.arsenal.com/the-club/corporate-info/arsenal-holdings-financial-results> > [Retrieved ١٢ July ٢٠١٤]
- Swiss Ramble, p.(٢٠١٥). Arsenal - Searching For The Hows And Whys [Online] available at:< <http://swissramble.blogspot.com/2015/09/arsenal-searching-for-hows-and-whys.html>>
- Sá, D. (٢٠١١). European Football Attendances Report. IPAM The marketing school. Sky Broadcasting Group plc. (٢٠١٢). Annual Report.
- Muhammad; Komar (٢٠١٤) Analysis of financial statement of Sherwina football: The Fall and Rise of Sherwina football club.



Appendix

Appendix-١

Balance Sheets as at ٢٠١٤ – ٢٠١٥ (Arsenal City)

Arsenal - Profit and Loss Account				
Arsenal Holdings PLC				
£ mlns	2015	2014	Growth	% Growth
Match Day	100.4	100.2	0.2	0.2%
Broadcasting	124.8	120.8	4.1	3.4%
Commercial	78.6	59.2	19.4	32.7%
Retail and Licensing	24.7	17.9	6.7	37.6%
Commercial	103.3	77.2	26.1	33.9%
Player Loans	0.8	0.5	0.3	56.9%
Turnover (Football)	329.3	298.7	30.7	10.3%
Wages & Salaries	(192.2)	(166.4)	(25.8)	15.5%
Other Expenses	(71.9)	(69.7)	(2.2)	3.2%
Expenses	(264.1)	(236.1)	(28.0)	11.9%
EBITDA	65.2	62.6	2.6	4.2%
Player Amortisation	(54.4)	(40.1)	(14.4)	36%
Player Impairment	(0.9)		(0.9)	
Depreciation	(14.6)	(12.4)	(2.2)	17.7%
Goodwill Amortisation	(0.4)	(0.4)	0.0	(2.3)%
Non Cash Flow Expenses	(70.4)	(52.9)	(17.5)	33%
Operating Profit	(5.2)	9.6	(14.8)	
Profit on Player Sales	28.9	6.9	22.0	319%
Share of JV	0.8	0.7	0.1	7.3%
Revenue	15.2	3.2	12.0	373%
Costs	(2.2)	(2.8)	0.6	(20.4)%
Property	13.0	0.4	12.5	3,030%
Profit before Interest & Tax	37.5	17.7	19.8	112%
Net Interest Payable	(12.8)	(13.0)	0.3	(2.1)%
Profit/(Loss) before Tax	24.7	4.7	20.0	429%
Taxation Credit/(Charge)	(4.7)	2.6	(7.3)	
Profit/(Loss) after Tax	20.0	7.3	12.8	176%
Wages to Turnover	58%	56%	3%	
Gross Debt	233.8	240.5	(6.6)	(2.7)%
Cash	228.2	207.9	20.3	9.8%
Net Debt	5.7	32.6	(26.9)	(82.6)%
<i>Average League Attendance</i>	<i>59,930</i>	<i>59,790</i>	<i>140</i>	<i>0.2%</i>
Memo: Total Revenue	344.5	301.9	42.7	14%

Prepared by @SwissRamble

Appendix-٢

Balance Sheet of Sherwina Football club



بهريز / سهروكي يانهى وهريشى شيروانه
بابهت / راپورتى خهريجى و داهات

بفهرموون به بينينى راپورتى دارايى بو سائى / ۲۰۱۴ يانهكهمان كه له هاويپيچدا به روونى جوڙى داهات و سهرچاوهى داهات لهگهڻ خهريجى مانگهكانى سائى / ۲۰۱۴ برى خهريجى ديارى كراوه و برى (۳۳ ۸۲۵ ۷۰۰) تهنها سى و سى مليون و ههشت سهد و بيست و پينج هزار و جهوت سهد دينار پاشماوهى پاره ماوه له خهزنهى يانهكهمان له سهرحسابى (۳۸۷۴) بفهرموون لهگهڻ ريزدا .

بو تيبينى و ناگ—ادارى بهريزتان برى (۲۵ ۰۰۰ ۰۰۰) تهنها بيست و پينج مليون دينار قهرزارى بهريز (صياح احمد عزيز) خاوهنى كومپانيائى پارهگورينه وهين كه بوگرى بهستى ياريزانان بو سائى ۲۰۱۴ قهزرزكرا بوو ماوه له سهريانه بفهرموون لهگهڻ ريزدا .

برى سهرحم داهات بو سائى / ۲۰۱۴ (۵۱۷ ۰۲۷ ۵۰۰) تهنها پينج سهد و جهقده مليون و بيست و جهوت هزار و پينج سهد دينار .

برى سهرحم خهريجى بو سائى / ۲۰۱۴ (۴۸۳ ۲۰۱ ۸۰۰) تهنها چوار سهد و ههشتا و سى مليون و دوو سهد و يهك هزار و ههشت سهد دينار .

پاشماوهى پارهى ماوه له خهزنهى يانهكهمان بو سائى / ۲۰۱۴ برى (۳۳ ۸۲۵ ۷۰۰) تهنها سى و سى مليون و ههشت سهد و بيست و پينج هزار و جهوت سهد دينار .

محمد على عزيز

ليپرسراوى دارايى يانه

۲۰۱۵ / ۱ / ۱۱



ليستی سەرجهم داھاتی يانہی وەرزشی شیروانہ بۆ سالی / ۲۰۱۴

ژ	جۆری داھات	بەری پارە
۱	داھاتی گەراج بارەگای کۆنی يانہی وەرزشی شیروانہ	۱۸ ۰۰۰ ۰۰۰
۲	داھاتی یاریگای تارتان و مەسج تەنیشت بارەگای يانہی وەرزشی شیروانہ	۳۹ ۰۰۰ ۰۰۰
۳	داھاتی گەراج تەنیشت بارەگای کۆنی يانہی وەرزشی شیروانہ	۶۶ ۲۹۲ ۰۰۰
۴	داھاتی بە کرێ دانێ بارەگای يانہ	۹ ۰۰۰ ۰۰۰
۵	داھاتی (۳) پاصی يانہ لە کۆمپانیای نەوت لە گۆندی حەسەرە	۹۱ ۸۰۷ ۰۰۰
۶	داھاتی (۱) یەك پاصی يانہ لە کۆمپانیای نەوت لە ناحیەي مەیدان	۲۶ ۲۳۰ ۵۰۰
۷	داھاتی یەکیئیتی تۆپی پێ (خەرچی) سەفەر کردنی شارەکان لە خولی نایاب وەرمان گرتووہ	۳۸ ۳۵۰ ۰۰۰
۸	منجەي مانگانەي يانہ ۵۰٪ لە بەرێوہ بەرایەتي گشتی وەرزش لە وەزارەتي رۆشنییری (۹) مانگ وەرمان گرتووہ	۶۲ ۱۰۰ ۰۰۰
۹	ھاوکاری و یارمەتي جیگری سەرۆکی حکومەتي هەریم بەرێز (کاک عماد احمد)	۵۰ ۰۰۰ ۰۰۰
۱۰	داھاتی فرۆشتنی گاز بۆ مۆلیدەکان تەرخان کرابوو	۲۴ ۰۰۰ ۰۰۰
۱۱	داھاتی ھاوکاری و یارمەتي کۆمپانیای نەوت لە ناحیەي نەوجول (۵) مانگ	۱۵ ۰۰۰ ۰۰۰
۱۲	فرۆشتنی کەل و پەلي نۆتۆمبیلی شکاو	۵۵۰ ۰۰۰
۱۳	داھاتی یاریگای تارتان پشت بارەگای يانہی وەرزشی شیروانہ	۹ ۰۰۰ ۰۰۰
۱۴	ھاوکاری و یارمەتي بانکی شیمال / سەنەي یانہ	۲۵ ۰۰۰ ۰۰۰
۱۵	ھاوکاری و یارمەتي کۆمپانیای قەيوان	۲۴ ۰۰۰ ۰۰۰
۱۶	داھاتی وەبەيھین / سەنەي وەبەيھین / سەنەي وەبەيھین	۱۶ ۶۹۸ ۰۰۰
۱۷	گەرانەوي پارەي استغاء یاریزان (کەيوان محمد رشید)	۲ ۰۰۰ ۰۰۰
	کۆي گشتی / تەنھا پینج سەد و حەقەدە ملیۆن و بیست و حەوت هەزار و پینج سەد دینار	۵۱۷۰۲۷۵۰۰

علی محمد شاسوار

سەرۆکی يانہ

محمد علی عزیز

لێپرسراوی دارایی يانہ

سامان عمر محمد

وردبین



ليستى كرى بهستى ياريزانانى تيبى تزيى پى ي پيش كهوتوان بو سائى ٢٠١٤ - ٢٠١٥

٣	تاوى سيانى	قسط يهكهم	قسط دوومم	قسط سئ يهه	عقد كامل	نيمزا
١	سامان عبدالكريم محمود	٥٧٠٠٠٠٠	٥٧٠٠٠٠٠	٥٦٠٠٠٠٠	١٧٠٠٠٠٠	X
٢	حسن حسين مجيد	٤٨٥٠٠٠٠	٤٨٥٠٠٠٠	٤٨٠٠٠٠٠	١٤٥٠٠٠٠	
٣	سلام عزيز ولى	٩٣٥٠٠٠٠	٩٣٥٠٠٠٠	٩٣٠٠٠٠٠	٢٨٠٠٠٠٠	X
٤	شهمان عمر رشيد	٦٠٥٠٠٠٠	٦٤٥٠٠٠٠	٦٥٠٠٠٠٠	١٩٠٠٠٠٠	
٥	محمد عزهت محمد	٦٠٥٠٠٠٠	٦٤٥٠٠٠٠	٦٥٠٠٠٠٠	١٩٠٠٠٠٠	
٦	محمد صابر محمد	٩٠٠٠٠٠٠	٩٠٠٠٠٠٠	٩٠٠٠٠٠٠	٢٧٠٠٠٠٠	X
٧	انس مالك على	٥٨٥٠٠٠٠	٥٨٥٠٠٠٠	٥٨٠٠٠٠٠	١٧٥٠٠٠٠	
٨	نذرگان رحيم خوداداد	٧٧٠٠٠٠٠	٧٧٠٠٠٠٠	٧٦٠٠٠٠٠	٢٣٠٠٠٠٠	
٩	هيمن زنگار حميد	٤٠٠٠٠٠٠	٤٠٠٠٠٠٠	٤٠٠٠٠٠٠	١٢٠٠٠٠٠	
١٠	هدردى محمد نجيب	٦٠٥٠٠٠٠	٦٤٥٠٠٠٠	٦٥٠٠٠٠٠	١٩٠٠٠٠٠	
١١	عدنان رحيم خوداداد	٥٠٠٠٠٠٠	٥٠٠٠٠٠٠	٥٠٠٠٠٠٠	١٥٠٠٠٠٠	
١٢	بدمؤ شريپ مول محمد	٦٠٥٠٠٠٠	٦٤٥٠٠٠٠	٦٥٠٠٠٠٠	١٩٠٠٠٠٠	
١٣	سوهيب صالح احمد	٢٨٥٠٠٠٠	٢٨٥٠٠٠٠	٢٨٠٠٠٠٠	٨٥٠٠٠٠٠	
١٤						
١٥						
١٦						
١٧						
١٨						
١٩						
٢٠						
٢١						
	كوى كشتى	78500000	80400000	79900000	238500000	

على محمد شاسوار
سهروكى يانه

محمد على عزيز
ليپرسراى دارايى

سامان عمر محمد
ورددين

1995 م

1416 هـ



كلية التربية البدنية وعلوم الرياضة للبنات
College of Physical Education and Sport Sciences For Women