More than 11% of English league football clubs facing ‘severe financial pressure’ as curtain falls on the season

In the first season in which football clubs’ accounts have come under the scrutiny of the Financial Fair Play rules, the overall health of English league clubs has deteriorated, according to a report issued today.

The Begbies Traynor Red Flag Alert Football Distress Report provides six-monthly snapshots of financial distress in English football clubs. The report’s latest figures reveal that a total of eight clubs, one in nine of the 72 clubs in the Championship and Leagues One and Two, are suffering from serious financial distress. The figure represents a 33% increase on the number of financially troubled clubs since the survey was last carried out in September 2013, rising from six to eight clubs now showing signs of severe financial distress.

“The end of the season is always a more telling time for the underlying financial health of football clubs that tend to pull more cash in during the second half of the year as season ticket, sponsorship and television payments land,” said football finance expert Gerald Krasner of Begbies Traynor.

“To see levels of critical distress rising is never welcome, and it would be a surprise if one or more of these troubled clubs avoided administration, sale or a comprehensive restructuring over the closed season,” he added.

While average attendances across the three divisions for the 2013/14 season have seen little or no movement since the previous Football Distress Report, the financial consequences of the Financial Fair Play rules have taken their toll.

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Begbies Traynor

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Play rules are being contested by some Championship and League One clubs, with the rules due to be enforced for the first time in December this year.

Designed to prevent football clubs from spending beyond their means and running up substantial losses, the Financial Fair Play rules have been threatened with a legal challenge by several - unidentified - clubs which claim the rules’ sanctions are unrealistic.

As clubs fight for one of the three promotion places in each league, typically achieved by paying high enough wages to recruit the right players, keeping spending under control becomes difficult in the face of financially disastrous relegations, while promotion to the Premier League is estimated to be worth £120m.

Under the Financial Fair Play rules, clubs filing losses of more than £3m, plus a further £5m if guaranteed by an owner, will be punished by transfer embargo, barring them from signing players from January next year. With so many clubs already displaying symptoms of severe financial distress, the threat of penalties as the new rules are enforced has focused clubs’ minds and prompted the threat of legal challenge, which the Football League has said it will defend.

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- The Red Flag Alert statistics in this survey were accurate as at 1 April 2014.
- The survey is anonymous and the clubs surveyed cannot be named.


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