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**Begbies Traynor**

## **One in 10 English football clubs 'facing financial distress'**

The Begbies Traynor Red Flag Alert Football Distress Survey, which twice a year analyses the corporate health of football clubs in England, has shown that the number of clubs facing financial difficulties has more than tripled since the last survey in October 2012.

In the Championship and divisions one and two of the Football League, 10% of clubs are showing financial distress, a sharp rise since October when the number was just 3%. However, the number of distressed clubs has fallen since March 2012, when 19% were showing signs of potential failure.

The survey that is carried out by leading business rescue and recovery specialists Begbies Traynor shows that of the 72 English clubs playing in the top three divisions below the Premier League, a total of six football clubs, in addition to Portsmouth, which continues to trade whilst in administration, are facing distress. More worrying is the concentration of distress in the lower divisions, where match attendances have been hit hard and revenues are falling.

Gerald Krasner is a partner at Begbies Traynor and an expert in football finance who has in the past been joint administrator of both AFC Bournemouth and Port Vale Football Club. Commenting on the survey results he said: "Football clubs feel the pinch in the spring each year as the receipts from season tickets, television money and other income that lands earlier in the year runs low.

"This accounts for the rise in distress in the past six months, but the comparison with distress levels in the game a year ago indicates the start of a welcome fall in underlying financial problems. Clubs may well be making improvements in housekeeping and good financial management in advance of the of UEFA's new financial play regulations. That said, as well as the well-publicised issues at Portsmouth and Coventry, there are at least five other clubs struggling to keep their heads above water with a few months left of the season.

"What we have also seen through the survey is that the distress is being felt much more in the lower divisions, and there are likely to be problems ahead for at least six more clubs over the coming months," he added.

Analysis of match attendances also indicates that average gates in the Championship, Division 1 and Division 2 fell by 3%, 16% and 5% respectively so far this season, but a rise of 3% in the Premier League attendances balanced totals to show just a 1% fall in match attendances overall across all four top divisions.

"The underlying year on year improvement in distress levels shows that more clubs are living within their means. We are starting to see more responsible budgeting even ahead of UEFA's financial



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regulation coming into force, although the concentration of distress in lower divisions in England is obviously a concern,” added Mr Krasner.

The latest Football Distress Survey has been carried out during the period when, financially, most clubs are at their weakest, having already received and spent the majority of their season ticket, sponsorship and television payments. The results of the twice yearly survey also showed a reduction in distress in Scotland’s football clubs.

Business distress levels, as measured in the survey, comprise a range of significant financial problems that include clubs with serious court actions against them, including winding up petitions and high court writs; clubs that have been issued with striking off notices for late filing of accounts; those with county court judgements against them; and those with serious negative balances on their balance sheets.

The Football Distress Survey figures show that just 2% of UK businesses show such pronounced symptoms of distress and football clubs continue to show levels five times higher than the average business.

A full copy of the report can be downloaded [here](#).

Direct link: [http://www.begbies-traynorgroup.com/begbies-traynor/football\\_distress\\_survey\\_2013\\_england.aspx](http://www.begbies-traynorgroup.com/begbies-traynor/football_distress_survey_2013_england.aspx)

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- **The Red Flag Alert statistics in this survey were accurate as at 26 March 2013.**
- **The survey is anonymous and the clubs surveyed cannot be named.**

**Contacts:** Gerald M Krasner on 07836 607782

**For further information and to arrange interviews please contact:** Paul Snape or Sarah Hone on 01423 56 99 99 or [paul@appealpr.com](mailto:paul@appealpr.com)