

Amortisation



1) Discussion

- a) Who is your club's most expensive signing ever?
- b) Who is your club's highest paid player?
- c) Do you think footballer's salaries are too high?

2) Vocabulary

a) Match the vocabulary to the definition.

1) Strain (noun)

2) To align (verb)

3) Acquisition (noun)

4) Vigilant (adjective)

5) Intricate (adjective)

a) Watchful, alert, and attentive to stop potential danger, risks, or problems.

b) The act of gaining possession or obtaining something, often referring to assets, resources, or knowledge.

c) Complex, detailed, and having many interconnected parts or elements.

d) To create a coordination or agreement.

e) To experience pressure, tension, or difficulty due to excessive demands or stress.



b) Complete the sentences with the vocabulary from exercise 2a.

Strain

To Align

Acquisition

Vigilant

Intricate

- 1) The Barcelona team of 2011 was known for their _____, passing and movement, with players like Xavi and Iniesta pulling the strings in midfield.
- 2) The _____ of Declan Rice was a crucial moment for Arsenal.
- 3) In world football, clubs often experience financial _____ due to the escalating costs of player transfers and salaries.
- 4) It's crucial for clubs to _____ their youth team's style of play with the first team.
- 5) Football clubs need to remain _____ to detect any potential breaches of financial fair play regulations.



3) Quick Read - Read the article quickly and answer the question.

- a) According to the article, what are the benefits of Amortisation?
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Contract Amortisation

In football finance, amortisation serves as a crucial tool for clubs to manage their budgets amidst the escalating costs of player transfers. Essentially, amortisation involves spreading the cost of a player transfer over the duration of their contract, offering both benefits and challenges to clubs.

Amortisation offers financial stability by allowing clubs to spread out the impact of high-value transfers over several years. This prevents immediate strain on finances, ensuring compliance with financial fair play regulations and promoting stability. Moreover, it provides a more accurate reflection of a player's true cost to the club, aligning expenses with the player's contribution over time rather than in a lump sum.

However, amortisation also presents potential drawbacks. While it offers short-term relief, it can lead to long-term financial commitments, especially if a player fails to meet expectations or the club encounters financial difficulties. Additionally, managing player contracts, transfer fees, and amortisation schedules can be complex, needing adept financial planning and accounting expertise.

Chelsea's recent transfer policy illustrates how clubs apply amortisation in practice. For instance, when Chelsea signed Ukrainian international Mykhailo Mudryk for £88 million with a 8 and a half year contract, they would amortise the transfer fee at £11 million per year. Similarly, Their acquisition of Moises Caicedo for £115 million with, again, an 8 year contract would result in an amortisation of £14.4 million annually. Likewise, when Enzo Fernandez joined Chelsea from Benfica, the £107 million transfer fee would be amortised evenly over the contract duration of his 8 year contract.

Amortisation plays a pivotal role in football finance, enabling clubs to pursue ambitious transfer strategies while maintaining financial stability. Despite its benefits, clubs must remain vigilant of potential risks and complexities associated with this financial practice. By understanding and effectively managing amortisation, clubs can navigate the intricate financial landscape of modern football.



4) Discussion

- a) What are your thoughts on Amortisation in football?
- b) Do you think it's a good long-term strategy?
- c) Do you think Chelsea's amortisation strategy will pay off in the future?

