

**Northern Ireland Football League Ltd**  
**Salary Cost Protocol Regulations**  
**Season 2019/20**

**1. Allowable Income**

The definition of allowable income is provided in ANNEXE 1. The figure to be inserted into each part of the allowable income calculation will be based on the average of the previous two full years audited financial statements of the club.

This calculation has to be carried out for each separate category of allowable income. The calculation of allowable income must be formally agreed and confirmed in writing by, the Irish Football Association prior to the commencement of the summer registration period.

**2. Percentage Cap**

The percentage cap applicable to any particular season will be communicated to the clubs by the Irish Football Association.

For season 2019/20 clubs will be assessed via direct linkage to the position of defined key creditors i.e. Bank Loans, Overdrafts, Directors Loans/Accounts or any Other Loans (hereafter 'Key Creditors') as stated in the audited financial statements of the club for the financial year ending in 2018.

Clubs will be capped in line with a percentage of Key Creditors vs. Allowable Income (2 year average) as follows:

Key Creditors position representing up to 24.99% of AI	- 60%
Key Creditors position representing 25% to 49.99% of AI	- 55%
Key Creditors position representing 50% to 99.99 of AI	- 50%
Key Creditors position representing 100% and above of AI	- 45%

**3. Bonuses and Expenses**

Bonus and expense payments may form part (or all) of the total cost to a club for engaging any player. Such payments must be managed by each club and fall within the total allowable figure agreed for player expenditure costs following the 'key creditors' calculation as per 2 above.

At the conclusion of each playing season, a breakdown (by month) confirming bonus and expense payments made to **all** professional players and any amateur players forming part of the first team squad for the year 1 June - 31 May must be detailed on a template to be provided by the IFA.

Additionally at the conclusion of the playing season, clubs will also be required to submit monthly payroll information confirming their total salary spend on professional players engaged by the club during the year 1 June - 31 May.

The total of bonus and expense payments confirmed will be added to the total contract value of all professional contracts submitted by the club for that season.

The resultant figure is the total player expenditure cost to the club.

Any players paid expenses must be reimbursed via a vouched expense claim form. The Club must retain all expense records in a format acceptable to HM Revenue and Customs.

Player Pool Bonuses – where team bonuses (which are not individually contracted) are paid to all professional players within a playing squad resulting from competition success i.e. Irish Cup winners, qualification for Europe etc. this player expenditure cost must be declared to the IFA immediately at the conclusion of the applicable season. This expenditure will be netted off from the corresponding allowable income prize money to be included within the calculation to be performed for the subsequent season.

#### **4. Assessment and Monitoring**

Monitoring of ongoing total player expenditure costs will be carried out by the Irish Football Association through a live player registrations database and the end of season bonus/expense payment review.

Each player will have a finite value defined and agreed for each season of his contract, or part thereof. The value per player will be based on the contractual documentation submitted by the club.

These values shall be defined in Gross payment terms ONLY.

Should a new player registration contract value exceed the agreed fixed cap for total player expenditure costs then such player's registration with that club shall be refused until such times as the club has reduced its cumulative total accordingly by the release of existing players.

When the addition of bonuses and expenses are made to contractual costs, in line with **3** above, the club must still remain within the agreed fixed cap for total player expenditure costs.

**It is entirely the responsibility of the club to monitor such costs and to ensure compliance.**

Where a club is found to have exceeded its agreed overall figure for player expenditure costs by:

**0%-1.5%** - Considered an acceptable deviation in any season.

## **Greater than 1.5%**

Season 1 - Any sum in excess of agreed total player expenditure costs to be deducted from agreed total player expenditure costs for next season.

Season 2 - Any sum in excess of agreed total player expenditure costs will be doubled with that figure to be deducted from agreed total player expenditure costs for next season.

Season 3 - Any sum in excess of agreed total player expenditure costs will incur a 3 point deduction for next season.

*Season 2 and Season 3 sanctions will be applicable only where breach occurs in consecutive years.*

## **5. Related Party**

A party is related to a club/entity if:

- a) directly or indirectly through one or more intermediaries, the party:
  - i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries;
  - ii) has an interest in the entity that gives it significant influence over the entity; or
  - iii) has joint control over the entity.
- b) the party is an associate of the entity;
- c) the party is a joint venture in which the entity is a venturer;
- d) the party is a member of the key management personnel of the entity or its parent;
- e) the party is a close member of the family of any individual referred to in a) or d)
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in d) or e); or
- g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

They may include:

- a) The individual's domestic partners and children;
- b) Children of the individual's domestic; and
- c) Dependants of the individual or the individual's domestic partner.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

## **6. Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Any related party transaction involving players must be documented by the club in writing to the Irish Football Association. These shall include, but not be limited to:

- A player in any other paid service within the club (e.g. coach, barman)
- Payments made to players by club directors, management committee or staff members
- Payments made to players by companies or organisations owned or controlled by a club directors, management committee or staff members
- Payments made to players by sponsors
- Payments made to players by supporters clubs, trusts or organisations

**The above list is not exhaustive and all clubs must also adhere to the principles detailed in section 5 above.**

A club may at any time submit a written request to the NIFL to put all instances of doubt or uncertainty to the NIFL Board for decision. Any practice or procedure which, in the opinion of the NIFL, is calculated to defeat in anyway the overriding objective of these requirements will be deemed to have been deliberately concealed unless previously documented by the club in writing.

Clubs and players must declare that any other paid employment and the duration of such employment either within the club or via a related party transaction, is not dependent on the individual's engagement as a player for the club in question.

Where such paid employment is dependent on the individual's engagement as a player for the club then any such amounts shall be considered as 'salary' for the purposes of the calculation above.

## **7. Monthly Management Declaration**

Clubs are required to submit a monthly management declaration which shall self certify if payments have been made, and/or are up to date for:

- Players
- Other employees
- Current HMRC payment
- Historical HMRC repayment schedule
- Statement in relation to creditor position since last monthly return

## **8. Promoted Clubs**

Clubs coming under the scope of this criterion for the first time, i.e. becoming a member of the NIFL Premiership via promotion, shall have its allowable income calculated, in line with the allowable income streams detailed in **ANNEXE 1**, on a projection based approach.

This application of this principle shall include the following matters:

- Most recent sets (preferably two) of management accounts must be provided
- Projections shall be based on data within management accounts
- Any projected increases (e.g. gate receipts, sponsorship etc) will be modelled against known data from other recently promoted clubs
- Other known sources of confirmed income (e.g. IFA prize money, TV monies) shall be allowable
- All other projected sources are disallowable unless the club is actually in receipt of the monies at the time of the calculation

Should the club remain in the NIFL Premiership for a second successive season then the second year projections shall be based solely on the audited financial statements from the clubs first year of membership.

## **9. Matters not provided for**

Matters not provided for in these regulations will be decided upon by the NIFL Board.

## **ANNEXE 1 - DEFINITIONS OF ALLOWABLE INCOME**

### **All allowable income referred to below is after deduction of VAT**

#### **Gate receipts / season tickets / members' fees**

Actual amounts received.

Where season tickets are sold covering more than one season, income should be declared pro rata for the relevant season.

#### **Advertising / Sponsorship**

Actual amounts received less the cost of purchasing any items to provide advertising/sponsorship. For example, if an event is sponsored for £10,000 and the cost of holding the event is £4,000 then the allowable income is £6,000. Any costs less than £250 can be ignored for the purposes of establishing the allowable income.

If a loss is incurred then this will be deducted from the total of allowable income.

#### **Television income**

All income received which can be classified as televised income (excluding that associated with any international fixture) is allowable.

#### **Match day programmes**

The total of all programme sales less the cost of producing the programme.

#### **Prize Money**

All prize money generated from progress in Cups or from league position is allowable.

#### **Donations**

All donations received which are provided without conditions are allowable. Donations for specific purposes e.g. youth development are not to be classified as allowable income.

#### **Profit/loss from player transfer activity**

This refers to the profit or loss on transfer activity during the year. It is the difference between receipts from transfers out and payments made for transfers in and is calculated on a cash receipts basis. All amounts are to include receipts/payments relating to training and development compensation for U21 and U23 players. For example:

If total player transfer receipts are £10,000 and total player transfer payments are £4,000 then allowable income is £6,000.

If total player transfer receipts are £10,000 and total player transfer payments are £15,000 then allowable income is reduced by £5,000.

### **Profit from bar sales**

This refers to the gross profit made from bar sales. It is the difference between bar sales and the cost of those items sold.

Direct salary/wages of bar staff must also be deducted as a cost in this calculation.

If a gross loss is incurred then this will be deducted from the total of allowable income.

### **Profit from tuck shop**

This is the gross profit made from tuck shop sales. It is the difference between tuck shop sales and the cost of those items sold.

If a gross loss is incurred then this will be deducted from the total of allowable income.

### **Profit from souvenir sales/merchandising/sport shop**

This is the gross profit made from souvenir sales. It is the difference between souvenir sales and the cost of those items sold.

If a gross loss is incurred then this will be deducted from the total of allowable income.

### **Gaming machine profit**

This is the income earned from gaming machines. It is the difference between gaming machine income and the rent/lease cost of the machine.

If a loss is incurred then this will be deducted from the total of allowable income.

### **Pool/snooker tables**

This is the pool/snooker table profit. It is the income generated from the pool/snooker tables less the cost of any repairs and maintenance to the tables.

If a loss is incurred then this will be deducted from the total of allowable income.

### **Cigarette machine**

This is the income generated from the cigarette machine less any cost of having the machine in place (e.g. rental/lease cost).

If a loss is incurred then this will be deducted from the total of allowable income.

### **Corporate hospitality**

All income generated from corporate hospitality is allowable, but the cost of providing the hospitality must also be deducted. For example, if the income from corporate hospitality is £20,000 but the cost of providing the hospitality is £12,000, then the allowable income is £8,000.

If a loss is incurred then this will be deducted from the total of allowable income.

### **Car parking**

All income generated from car parking is allowable.

### **Bass interest subsidy**

Any income received from Bass as an interest subsidy is allowable.

### **Entertainment**

All income generated from through entertainment is allowable unless it was arranged for a specific purpose (e.g. youth development). However, the cost of providing the entertainment must be deducted. For example, if the income from entertainment is £20,000 but the cost of providing that entertainment is £12,000, then the allowable income is £8,000.

If a loss is incurred then this will be deducted from the total of allowable income.

### **Profits from functions**

All income generated from other functions is allowable unless it was arranged for a specific purpose (e.g. youth development). However, the cost of holding the function must be deducted. For example, if the income from a function is £20,000 but the cost of holding that function is £12,000, then the allowable income is £8,000.

If a loss is incurred then this will be deducted from the total of allowable income.

### **Interest**

Any interest received is allowable.

### **Profit on sale of a fixed asset (excluding players)**

This will not be classified as allowable income.

### **Ground rents**

Any income received by a club for renting its ground or facilities is allowable.

### **UEFA prize money**

Amounts received from UEFA as prize money is allowable income after team participation costs have been deducted.

### **Bingo/other games profit**

All income generated from bingo/other games is allowable unless it was arranged for a specific purpose (e.g. youth development). However, the cost of providing the games (e.g. cost of prizes) must be deducted.

### **Community football centre receipts**

All incomes received under this classification are allowable.

### **Fund raising**

All amounts received through fundraising activities are allowable unless the fundraising is organised for a specific and identifiable purpose (e.g. youth development, ground repairs, purchase of new facilities).

### **Bad debts**

All bad debts will be deducted from the total of allowable income

### **Grants**

These will not be classified as allowable income.

### **Shares**

Income as a direct consequence of share issues is acceptable provided such issues are in line with national legislation and provided such income is not generated for a specific and identifiable purpose.

## **ANNEXE 2 - DEFINITION OF THE TOTAL COST OF A PLAYER**

This is defined as the total of the following for each player:

- Gross wages (this includes employee national insurance contributions and PAYE)
- Employers national insurance contributions
- Employers pension contributions
- Performance or Appearance related bonus payments
- Benefits in kind
- Relocation costs
- Loan payments to clubs
- Signing on fees
- Termination of contract fees
- Payments made to players for mileage and travel expenses
- Image Rights payments
- All other amounts paid to, or on behalf of, any player in order for that player to be registered to play, or actually to play, for any club