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BIG MONEY, BIG GAME? FINANCIAL STRUCTURE AND ANALYSIS OF THE MOST SUCCESSFUL CLUBS IN HUNGARIAN FOOTBALL[1]

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ABSTRACT

All over the world, professional sports, particularly football, have evolved into a branch of the entertainment industry. As their popularity increases, their impact is also increasing. Just as in past centuries, football plays a prominent role in sports today. However, both our national team and club football have been on a downward path recently. In response. the Hungarian government has set up a support system to boost sports as a branch of the national economy. The process has had a major impact on the operation of domestic football clubs.

This study intends to describe how the international performance of top Hungarian football teams of the 21st century has altered over the past two decades as their financial structure was transformed. The question will be answered in a comparative case study. The author intends to analyse the asset structure of the clubs, their liquidity, indebtedness and profitability. In addition, the investment and funding strategies of the financial management of the clubs with particular attention on their specific features will be discussed. Conclusions will be drawn to assess whether the changes of the past decade have actually driven Hungarian club football in the right direction. Next, the difference between the financial structure of the top clubs today from what it was in past decades will be described. At the same time, the importance of the clubs' financial management's decisions will be underlined including the role played by the funding environment and the

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links between financial and sports success. The findings may assist the financial management of Hungarian clubs in decision making while they can also offer a new approach for club analysis.

JEL codes: L83, M41, Z23

Keywords: football, sports enterprises, financial management, funding, corporate income tax (TAO) support

1 INTRODUCTION

Talking about sports you can claim in general that their role has changed over the past decades, which is particularly true with respect to football (Házi–Tóth, 2024). One cannot regard professional sports as simple leisure time activities promoting healthy life. Football has an increasing economic importance, since it is a hyped branch of the entertainment industry (Tóth–Mátrai, 2023). Accordingly, clubs must not be assessed on the basis of their sports success alone, as their economic performance is becoming increasingly important (Házi–Tóth, 2024). Therefore, performance in professional sports can be measured in two ways: one is their results in the pitch and the other is their financial-income position (Solberg–Haugen, 2010). As a result, and similar to general trends, the quality of accounting data is a critical factor, i.e., how reliably such information can present the real financial and operational position of the clubs (Denich et al., 2023). In this study, three clubs are reviewed, the DVSC Football Ltd (hereinafter: Debrecen), the Fehérvár FC Kft (hereinafter: Fehérvár) and the FTC Football Ltd (hereinafter: Ferencváros), as they are the ones that have arisen out of the domestic field over the past 20 years and have been able to reach the group stage to one or another of the international cups several times.

The relevant literature presents the evolution of Hungarian sports and football after the change of regime. The objective of this study within the above framework is to analyse the impact of the transformation of the financial environment on the clubs as well as to describe how their financial management tried to adapt. The author also intends to evaluate how effectively capital was utilised by Hungarian top clubs both from the aspect of sports performance and financially. This may allow one to reveal whether the structure of sports funding, which has been transformed over the past decades, has resulted in a proper improvement of sports performance at the level of the clubs. In addition, one can draw lessons about international competitiveness and make proposals to improve effectiveness. The author is not aware of any comprehensive analysis having been made on the funding of Hungarian football clubs to date, so this study is to make up for that shortage and endeavours to promote better understanding of funding and the financial decisions of top clubs.

2 LITERATURE REVIEW

In Hungary, sports have always been in the focus of attention. Hungarian football had its golden years in the period from 1950 to 1960, when it could play in the best championships in Europe. According to the website ClubElo, which analyses and ranks clubs based on their past results, there were seven Hungarian teams in the top ten European clubs in 1957.[3]. After the change of political system in Hungary, the system of government funding for sports was gradually stopped while local governments have become the main supporters of local sports (Gyömörei, 2012). They helped organising local sports events and provided funding for sports organisations (Kozma et al., 2016). As for the capital market of football, individual investors must be mentioned separately; it is specifically true for them that they make emotionally biased decisions (Fűrész–Rappi, 2022). Another peculiar feature is that players' economic and sports rights within the asset structure of clubs seem to be the driving force of the operation of the sport. Accordingly, the right assessment of economic and sports rights has a major impact on the quality of accounting data (Házi–Tóth, 2024). Players are part of human resources taking into consideration their individual capabilities and competencies (Kovács et al., 2021). As they are intangible assets, depreciation can be accounted on them, typically using a linear method with no residual value. Depreciation time is practically the period of their contract, since a player becomes free to join another club when their contract expires. However, the book value so accounted for can differ from a player's actual market value as the latter rather reflects future income and growth potential (Rodov–Leliaert, 2002). It is also rather subjective. Further, the book value of economic and sports rights do not necessarily reflect the real knowledge and skills of a player since the reduction of their accounting value does not go hand in hand with the deterioration of their capabilities. Therefore, relying on accounting data alone can be misleading (Tóth, 2025). The economic power of football can be proved looking at the continuous increase of transfer fees and invested capital (Nagy, 2011). Still, the financial sustainability of the industry is threatened as transfer fees as well as salaries are increasing (Fűrész, 2021). Thus, in addition to improving their game, clubs have a vested interest in a fierce competition with their rivals. If it is lacking, fans' interest may decline, which can lead to a loss of income (Sloane, 1971). The Hungarian government has been investing high

3 http://clubelo.com/1957-07-17/Ranking

amounts into spectator sports including football following the amendment of Act No LXXXI of 1996 on corporate tax and dividend tax, hereinafter the TAO Act in 2011 (Fűrész–Takács, 2021). Although TAO is an important player in the life of football clubs, the detailed review of TAO-subsidies is not within the scope of this study. Spectator sports can be described as sports events that are able to generate and maintain solvent demand, particularly through income from spectators. The concept refers to elite sports to some extent emphasizing their market viability (Ács et al., 2015). Through its supporting system, the government is trying to solve the problems occurring and to promote Hungarian football intentionally. The introduction of TAO subsidies has had a major impact both on championships and the operation of the clubs. It also influences sports as a branch of the national economy for two reasons, according to Sárközy (217). On the one hand, the *fake amateurism prevalent in Socialist times* came to an end after the regime change and the governments of the 1990s introduced market relations into the operation of professional sports. As mentioned by Boros et al. (2020), most of the clubs reviewed during the period could implement different projects of stadium building or development with government support.

3 METHODOLOGY

This study wants to describe how the international performance of the top Hungarian football teams has been altered over the past two decades as their financial structure was transformed. To answer the question, document analysis has been selected as the method of research. Document analysis includes the systematic analysis and evaluation of documents (Bowen, 2009). The method is suitable for primary research or to reconstruct the operation of an organisation, how documents were created and the framework of their use (Jakusné, 2023). The three clubs are introduced in a case study in terms of asset composition, liquidity, debt stock and profitability, which we believe is a new approach in the study of Hungarian football clubs.

The financial data in the analysis come from the annual financial reports of the clubs. The asset distribution of the clubs is presented in proportion to economic and sports rights, as it is the item where one can present the players as direct sources of income generation in a sports club. In addition, the equity growth ratio is used to analyse how the equity of the clubs evolved in the given periods to illustrate their internal capital accumulation capacity. The liquidity ratio (hereinafter: CR) is the best means of assessing the liquidity position of an enterprise (Gősi–Nagy, 2018). Subject to the particular features of the industry in question, its value is considered optimal at 1 to 1.5 (Bíró et al., 2016. The next assessment criterion is the equity ratio within the total capital structure that provides information about capital strength (Baloghné et al., 2006). Profitability is presented with the help of return on sales (ROS) and the profitability of labour use. The latter, an indicator of labour effectiveness, is a relevant factor of analysis for enterprises including sports clubs (Zéman–Béhm, 2017). Analysing salaries as elements of expenditure is particularly important in the case of football clubs, since they are the largest items causing reduction in terms of both accounting profit and cash flow result. Finally, the financial decisions of the clubs are illustrated with the economic and sports rights indicator, i.e., the ratio of economic and sports rights to equity. It is supplemented with an indicator on funding investment assets, which is the rate of equity to the sum of long-term liabilities. This allows readers to see the funding policy applied by the club. It should be emphasised that TAO subsidies for investments and shareholders' subsidies as deferred income are booked – to a significant extent – on the liabilities side of the clubs. The author believes the methodology requires those items to be underlined as the financing structure of the clubs is analysed.

A limitation on the research has been that no public information has been available about the clubs' internal financial decisions or their justification, so only assumptions can be made there. For an in-depth analysis, you should have detailed information provided by the management accounts of the clubs. Management accounting is the primary source of information for decision makers, and it can lead to better founded, more successful and more effective economic decisions (Tóth, 2024). There might exist resources affecting the financial performance of the clubs, but they can only be incorporated in traditional financial reports with difficulty (Lippai et al., 2019). In the case of football clubs, such items could be their reputation or their competitive market advantage. All in all, however, the analysis of the reports can be applied, with limitations, to describe the financial operation and practice of the clubs.

4 REVIEW OF THE ELITE CLUBS

The Debrecen was analysed for the period 2003 to 2015, since the club reached its first major success in an international cup in the 2003–2004 season. It was also in 2004 that it won its first championship while the 2014–2015 season was the last when it could participate in the Champions League (hereinafter: CL) qualifiers as the Hungarian champion. In the case of Fehérvár, the period analysed was 2010 to 2023, as MOL Plc became its sponsor in 2010 and its main sponsor from 2018 to 2023, which had a substantial effect on the financial position of the club. Ferencváros was also analysed in the period 2010 to 2023, since it was in 2010 that the parent company Ferencváros Gymnastics Club bought up the football department to become its 99% majority shareholder. The club has been active in the group stage of some or another international cup every year since 2019.

There are several ways to measure the sports performance of clubs. In this study, the clubs' performance is illustrated by the UEFA coefficients the clubs obtained in each season and the average number of spectators *(Table 1)*. The two factors have been selected out of the consideration that the UEFA coefficients are best to show a club's international success, while the spectator numbers at national championship matches allow indirect conclusions to be drawn about the effectiveness of government subsidies by presenting how much of the capacity of the stadiums built were actually used.

Table 1
UEFA coefficients of the three clubs and their spectator numbers at National Championship 1 matches by seasons

Season	Debrecen		Season	Fehérvár		Ferencváros	
	UEFA coefficient	Spectator numbers (pc)		UEFA coefficient	Spectator numbers (pc)	UEFA coefficient	Spectator numbers (pc)
2003/04	8.60	5 581	**2010/11**	1.05	4 158	0.55	5 814
2004/05	1.38	6 467	**2011/12**	1.45	4 102	0.95	5 850
2005/06	0.33	7 267	**2012/13**	4.60	3 127	0.60	6 404
2006/07	0.33	7 567	**2013/14**	0.43	3 336	0.18	9 012
2007/08	0.33	5 633	**2014/15**	0.43	3 381	0.93	8 384
2008/09	0.20	4 967	**2015/16**	1.50	1 989	0.50	7 737
2009/10	4.55	5 447	**2016/17**	1.00	2 073	1.00	6 721
2010/11	2.55	4 967	**2017/18**	1.50	2 101	0.50	9 066
2011/12	0.45	7 340	**2018/19**	5.00	3 178	1.00	10 715
2012/13	2.10	4 800	**2019/20**	1.50	3 611	6.00	9 175
2013/14	0.68	7 500	**2020/21**	2.50	4 036	5.00	7 623
2014/15	1.93	3 803	**2021/22**	1.00	2 891	3.00	8 709
			2022/23	2.50	3 239	12.00	10 430

Source: Own design using data of Kassiesa.net[4] and magyarfutball.hu[5]

4 https://kassiesa.net/uefa/data/method5/trank2026.html

5 https://www.magyarfutball.hu/hu/merkozesek/bajnoki_merkozesek/nb_i/2025_2026/nezoszamok

The better a club performs in a given season, the higher its coefficient. In the period reviewed the UEFA changed how the coefficients were calculated. Also, the final value received by a team is subject to several factors. Still, you can say playing one match in the group round can collect at least 3-4 points while getting into the knockout stage means at least 8-10 points in each season. The stadiums built from government subsidies were completed in the mid–2010s or in their second half. In the case of Ferencváros, spectator numbers increased significantly. Groupama Arena completed in 2014 houses at least 2-3 thousand more spectators than earlier. Still, it only means that 40-50% of its capacity is used. The increase may be due to two factors: an improving sports performance and the modernity of the stadium. Since the number of spectators failed to show any significant growth with the other two teams, one can assume the higher spectator number is the result of the team's performance in the pitch, which is also supported by its growing UEFA coefficient. To draw further conclusions, the financial performance of the clubs will be presented and related to their sports performance in the next sections.

4.1 Debrecen VSC

The Debrecen was analysed first as the most successful Hungarian club in the early 2000s. It played in the group stages in the Champions' League (CL) in 2009 and in the European League (hereinafter: EL) in 2010. It won seven championships in 2004–2014[6]. The sports performance of the club significantly declined after the period reviewed so much so that it has fallen out of the First Division of National Championship (NB1).

4.1.1 Asset, liquidity position and capital strength

In the case of Debrecen, the ratio of property rights remained below balance sheet total (hereinafter: BST) all through the period analysed. It had been growing till 2010 than declined from 2011 *(Table 2).* Its reason was not the high rate of amortisation of sports rights but because some existing players were sold and lower-value players were signed in. The growth indicator of equity, which is the ratio of own funds and subscribed capital, mostly depended on annual performance in the period reviewed. The outlier in 2008 was caused by the sale of Balázs Dzsudzsák while the peak values of 2009–2010 were the result of international successes. Playing internationally had considerably raised the budget, while the dividends of HUF 800.4 million paid in 2009 after CL resulted in decline. The impact of play-

6 https://dvsc.hu/klub/tortenelem/

ing in the cup appeared in CR and in the capital adequacy ratio *(Table 2)*. CR was stable at higher than 1 during the period reviewed, but it was specifically high at 25+ in 2010 while the capital adequacy ratio of the club surpassed 90% as the effect the Dzsudzsák transfer and cup performance. After 2010, the rise of staff costs (hereinafter: SC) negatively affected the result while the value of sports rights also declined. Sustainability could have been ensured if the UEFA revenues had been reinvested. In 2013 investments connected to the construction of the stadium increased the club's indebtedness and the indicators declined.

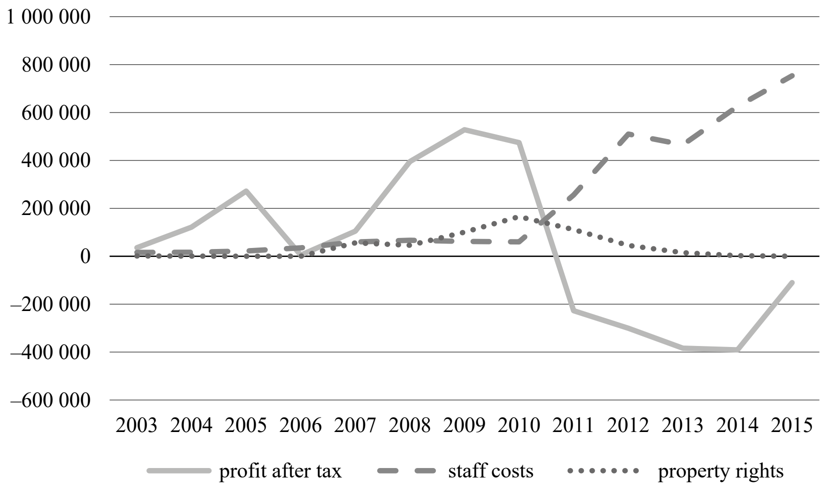
Table 2
Assets, liquidity position and capital strength

Year	Assets (%)	BST (HUF million)	Equity growth rate (%)	CR	Capital adequacy (%)
2003	0.73	135	167.87	2.07	57.08
2004	0.19	262	431.74	3.90	75.73
2005	0.06	585	1023.63	4.15	80.55
2006	0.04	541	1034.73	6.66	87.97
2007	8.34	671	1263.04	5.71	86.56
2008	4.29	1 065	2122.42	9.70	91.67
2009	4.17	2 418	3270.62	2.44	62.23
2010	8.07	2 049	4301.27	25.60	96.57
2011	5.77	1 933	3807.76	9.55	90.59
2012	2.97	1 525	3154.13	12.86	95.14
2013	0.87	1 688	2320.29	1.04	63.22
2014	0.24	938	1471.06	1.38	72.18
2015	0.005	817	1231.79	1.21	69.31

Source: own design based on the annual reports of the club

Figure 1 shows the controversial movement of players' salaries. Although the value of sports rights had declined to almost nil and the club had sold some players, the salaries of the players highly increased after 2010.

Figure 1
Impact of sports rights and related salaries on profits, 2003–2015



Source: own design based on the annual reports of the club

To sum up, Debrecen operated stably holding sufficient capital and facing low financial risks in the period reviewed. At the beginning of the 2000s and 2010s, the part played by loans was negligible, which I believe was an unexpected positive feature. The club was able to operate smoothly although it lacked a system of sponsorship or high income from subsidies and general conditions were poorer under much less developed conditions than today.

4.1.2 Profitability

At the time of playing in the UEFA club in 2004–2005, ROS increased at a lower rate than in 2009 and 2010 *(Table 3)*, as cash prizes from the UEFA had been booked under sales revenues while they were treated as other income later. A reduction of the indicator in 2006 was caused by the loss of income from UEFA, the decline of selling single and season tickets and also because advertising revenues were transferred to LOKI-PRO Kft. The indicator became negative in the period 2011 to 2015, and operation had become loss making as cash prizes from UEFA declined and salaries increased.

The profitability indicator of the use of labour was positive from 2003 to 2010, since staff costs increased at a moderate rate by 20.8% annually on average. On the other hand, the increase was much faster in 2011 to 2015, by 65.8% annually on average, which explained why profit after tax and the indicator declined into negative.

Table 3
Profitability (%)

Year	ROS	Income from use of labour
2003	13.52	222.87
2004	31.99	715.05
2005	31.12	1241.44
2006	0.98	14.60
2007	29.75	176.94
2008	46.32	592.73
2009	228.80	849.86
2010	211.62	788.49
2011	–106.48	–88.63
2012	–47.96	–58.94
2013	–72.40	–82.39
2014	–57.00	–62.45
2015	–11.22	–14.61

Source: own design based on the annual reports of the club

4.1.3. Financial decisions by the club

The asset position of the club is characterised by a low rate of sports rights and high capital adequacy, which indicates the purchase of players could be managed from own funds *(Table 4)*. On the other hand, salary increase represented a major burden on the club, which can be seen in the annual results. After 2010, the ratio of sports rights to own funds declined, since the club used its capital for stadium investments and the purchase of the Academy.

Fixed assets were fully financed from equity. The club had no long-term liabilities or deferred revenues. In the period from 2012 to 2015, invested financial assets including mainly shares in the Debrecen Football Academy and loans became decisive; 84.1% of own resources had been fixed in the Academy by 2015. That is why the ratio of fixed assets increased while a continuous increase of staff expenditure depleted profits, which resulted in a shrinkage of equity.

Table 4
Capital structure (%)

Year	Financing sports rights	Financing fixed assets
2003	1.28	19.57
2004	0.25	7.21
2005	0.08	23.92
2006	0.05	22.53
2007	9.64	26.79
2008	4.68	20.97
2009	6.70	12.65
2010	8.36	12.66
2011	6.37	11.25
2012	3.12	39.40
2013	1.38	97.58
2014	0.33	85.32
2015	0.01	90.67

Source: own design based on the annual reports of the club

It is obvious the club's financing policy was conservative. Its net working capital was positive, so its operation carried low risk of funding as its long-term assets were not covered from short-term funds. Increasing shares held for investment purposes and staff expenses beginning in 2012 indicate the club had to face a major challenge of maintaining the Academy and covering rising salaries in the years following the period reviewed. The decline of its sports performance and falling out of the National League 1 also indicate the financial stability of the club had suffered.

4.2 Fehérvár FC

Fehérvár as a sports enterprise was founded on 18 June 1998. The club has been a three-time champion and has won the cup twice.[7]

7 https://vidipedia.hu/

4.2.1 Asset, liquidity position and capital strength

The period to be reviewed can be broken down into two parts. In the period from 2010 to 2017, Fehérvár preserved its positive equity as a result of additional payments by the shareholders, while it made a loss of about HUF 4.5 billion; equity and the value of sports rights were roughly the same. What is more, the value of sports rights exceeded that of equity in 2012–2013, which resulted in drawing short-term loans. According to *Table 5*, the ratio of sports rights was the highest in 2013 (above 40%), and the lowest in 2022 (appr. 7%), although the value of sports rights in the balance sheet in 2022 was one and half times of that in 2013 because of asset increase. Property rights, CR and capital adequacy increased significantly from 2018 to 2021, side by side with the rise of BST. It had three main reasons: the club reached group stage in EL in 2018 (revenues of appr. HUF 3.3 billion), increasing government support after 2016 and sponsorship by MOL beginning from 2018. Because of loss making operation, capital adequacy only improved slightly; positive equity was ensured by additional payments and short-term loans that could be repaid because financial results improved in 2018 and 2019. Later on, however, the excess capital remaining from sponsorship was not spent on improving the team. On the contrary, players were sold for HUF 1.4 billion in 2021 and 2022. The 2023 report of the club reveals[8] the accumulated capital was invested into debt securities for trading that were sold at a significant loss at the end of 2023. Despite the financial instruments received from the sale of the securities and trade receivables, cash and equivalents had been significantly reduced from 2022 to 2023 as sponsorship by MOL had come to an end. The financial position of the club was further weakened.

The club was not forced to take out a loan when sponsorship came to an end in 2023, but the wrong investments can cause the further deterioration of CR and an increase of risks due to financial leverage, which could endanger further operation. As sports problems and insecurity increased, the club fell out of NB1 at the end of the 2024-2025 season. Then, István Garancsi sold his majority shareholding to the Municipality of Székesfehérvár for a token sum. The Municipality agreed to maintain the club for one more year to keep it in the NB2. The team has sold its foreign players or terminated their contracts and started playing in NB2 with young players educated at the Academy of the club. At the same time, the Municipality invited a tender to sell the club trying to find an investor with the right financial means and sports background[9].

8 file:///C:/Users/USER/Downloads/Kiegeszito_melleklet-12.pdf

9 https://www.vg.hu/vilaggazdasag-magyar-gazdasag/2025/11/videoton-fehervar-elado-cserpalkovics-uj-tulajdonos

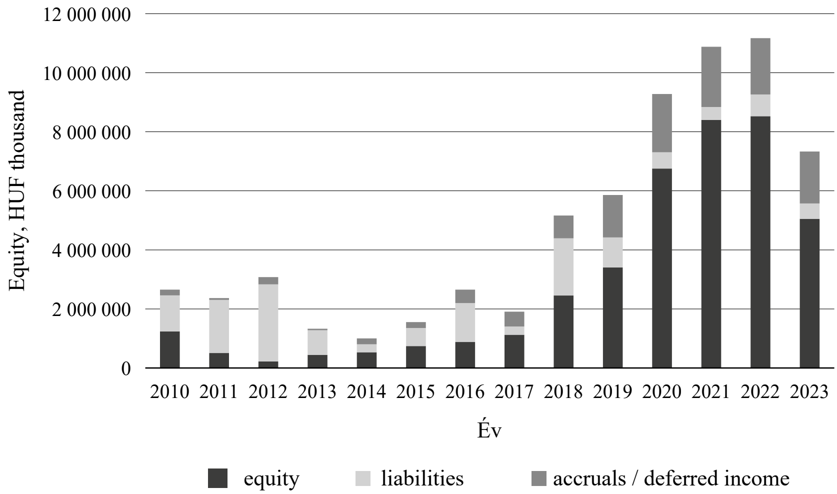
Table 5
Assets, liquidity position, and capital strength

ear	Assets (%)	BST (HUF million)	Equity growth (%)	CR	Capital adequacy (%)
2010	28.87	2 652	4405.16	1.21	46.68
2011	15.29	2 367	1801.10	0.97	21.38
2012	18.25	3 080	777.04	0.81	7.09
2013	40.33	1 331	1576.04	0.61	33.27
2014	25.81	1 002	1891.64	1.12	53.04
2015	22.63	1 555	2180.94	1.10	47.82
2016	27.83	2 655	2572.50	0.83	33.04
2017	32.99	1 907	3302.02	0.87	59.04
2018	19.03	5 248	7194.27	1.22	46.75
2019	27.80	5 860	9987.57	0.96	58.12
2020	18.30	9 453	19803.19	2.18	71.44
2021	13.44	10 911	24637.95	2.91	77.00
2022	7.11	11 172	25011.88	3.14	76.34
2023	13.00	7 333	14812.90	2.02	68.88

Source: own design based on the annual reports of the club

Figure 2 illustrates how the resources of Fehérvár evolved year on year. The main drivers of liabilities were the loans taken out in the early 2010s and in 2018. In addition, you can see that improving sports success as well as increasing TAO and sponsorship played a crucial part in equity growth beginning from 2018.

Figure 2
Equity funding, 2010 - 2023



Source: own design based on the annual reports of the club

One can see that subsidies and sponsorship meant there was no more need for loans following 2018, which significantly reduced leverage risk for the financial management in early 2020. It was the most important impact of the support system.

4.2.2 Profitability

According to *Table 6,* profit after tax was more than twice of net sales, which however was the outcome of an extraordinary income item due to released liabilities of HUF 2.2 billion, while operating loss was HUF –845 billion. The club was continually loss making in the period 2010 to 2015; staff costs increased by 65.1% on average while sales only grew by 26.1%. So, despite reaching the group stage in EL 2012, the growth of players' salaries failed to improve sports successes. Subsidies beginning from 2014, MOL sponsorship from 2018 and playing on the international stage increased income, so the indicator remained positive between 2016 and 2022 although staff costs did also increase by 12.3% on average annually. The indicator turned into negative in 2023 as MOL sponsorship came to an end. It indicated that the success of the club largely depended on sponsorship and subsidies. The indicator of labour use also supports the above claim: 2010 figures were distorted by extraordinary revenues, then the indicator became negative until 2015, since revenues could no longer cover staff costs.

Table 6
Profitability (%)

Year	ROS	Income from use of labour
2010	201.67	617.08
2011	–51.15	–51.94
2012	–43.15	–50.83
2013	–38.30	–42.08
2014	–84.02	–68.96
2015	–56.63	–45.10
2016	3.85	5.97
2017	7.59	9.27
2018	37.63	87.22
2019	39.83	86.07
2020	35.93	92.28
2021	21.04	36.16
2022	1.57	2.20
2023	–146.73	–80.81

Source: own design based on the annual reports of the club

Successful international performance as well as sponsorship from 2018 to 2022 allowed sales to significantly exceed players' salary costs. Following the termination of MOL sponsorship in 2023, revenues declined while staff costs continued to increase. As a result, sales fell back to the level prior to 2017, and the gap continued to grow, which is also proved by the indicator.

4.2.3 Financial decisions by the club

As of 2014, Fehérvár received mostly government subsidies it managed as deferred income. As *Table 7* illustrate, the club was unable to finance its players from its own funds in 2012 or 2013, so they withdrew short-term loans. Also, the growth of equity was the result of additional payments by the shareholders. The main reason of operating loss was the increase of staff costs and the services used, which raised both financial and operating risks. Beginning from 2014, the club could repay its earlier loans as well as additional payments thanks to TAO subsidies, sponsorship revenues, and their successful performance in EL, so it could finance its players from its own funds.

The indicator of financing fixed assets shows a similar picture *(Table 7)*. Own funds could not finance fixed assets from 2011 to 2013, but in the following years the ratio of own funds grew step by step thanks to the positive profit after tax and investment into securities as the number of players was reduced. To sum up, the financial management of the club applied conservative financing policy. Improved capital strength with high net working capital ensured smooth operations.

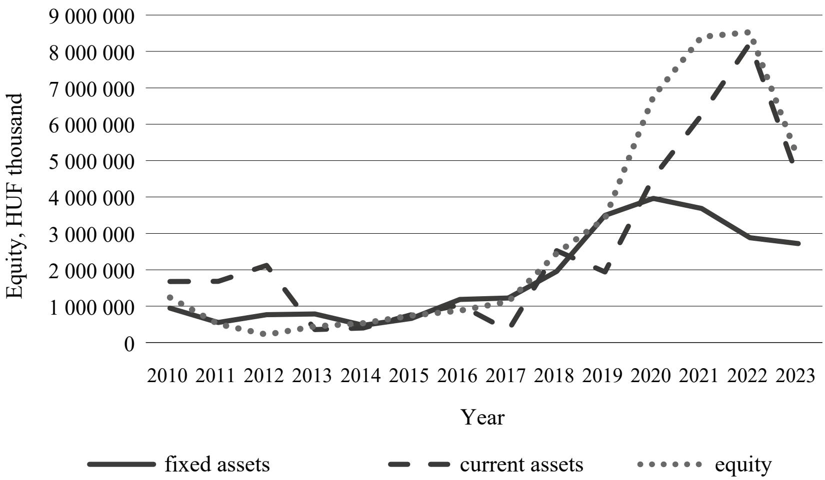
Table 7
Capital structure (%)

Year	Financing sports rights	Financing fixed assets
2010	61.84	76.29
2011	71.51	109.38
2012	257.43	345.28
2013	121.22	177.89
2014	38.43	70.46
2015	39.77	74.87
2016	57.23	91.83
2017	42.52	82.80
2018	33.87	64.39
2019	36.41	78.10
2020	20.04	44.98
2021	14.23	35.65
2022	7.77	28.13
2023	14.47	41.30

Source: own design based on the annual reports of the club

The growth of equity drove the increase of both fixed and current assets, i.e., assets really increased. However, current assets only increased in harmony with the equity beginning from 2019, while fixed assets decreased mainly due to the sale of players *(Figure 3)*.

Figure 3
Evolution of equity and assets, 2013 – 2023



Source: own design based on the annual reports of the club

The figure illustrates the club had sold part of its fixed assets and used the capital from it to buy current assets. The process is definitely peculiar and professionally questionable, particularly because the series of decisions resulted in a loss for the club while it executed transactions that were not directly related to its core activity.

4.3 Ferencváros

Ferencváros as a sports enterprise was established on 24 October 2002. The club has been national champion thirty-five times and cup winner twenty-four times as well as winning the Inner-Cities Fairs Cup once[10].

4.3.1 Asset, liquidity position, and capital strength

In the period reviewed, both sports rights and BST were growing at Ferencváros. The year 2018 was a turning point, because getting into the group stage of international cups resulted in regularly increasing income that was partly spent on buying players. TAO subsidies and growing income from sponsors allowed the club to strengthen its players squad from 2012, while the ratio of sports rights was

10 https://www.fradi.hu/klub/trofeak

stable at around 20-30% after 2018 *(Table 8)*. The club's assets almost doubled from 2020 to 2023.

The growth of equity *(Table 8)* was mainly the result of changes in profit reserves and capital reserves, as subscribed capital or committed reserves did not really change. The shareholders ensured the maintenance of positive equity with capital payments both in 2013 and 2019. Equity significantly exceeded subscribed capital in most years, and increased multiple times after 2019, while profit reserves remained negative. The structure of funds was at the same time characterised by a predominance of outside financing, which is less healthy financially in the case of a developing enterprise, particularly if the number one goal of capital payments was to offset losses.

The liquidity of the club *(Table 8)* was basically defined by current assets, short-term liabilities, and the structure of accruals and deferred income. CR remained low all through the period reviewed. It surpassed the optimal value of 1.5 in 2010 mainly because of high VAT refunds. Beginning from 2018, liquid assets became decisive as a result of growing subsidies and UEFA income, while the increase of suppliers and other short-term liabilities further damaged the indicator. The continuous development of the player squad further increased the liabilities related to transfers. Similarly to top clubs, the balance of the trade of players was typically negative offset by the successes in the pitch and sponsorship moneys (Fűrész, 2018). The process indicates Ferencváros has been growing both on the domestic and international scenes, as its transfer policy is increasingly similar to that of the elite clubs while the balance of the trade of players typically remains negative. To sum up, the increase of revenues could not improve liquidity, because the funds were mainly spent on fixed assets, mainly the purchase of players.

Table 8
Assets, liquidity position, and capital strength

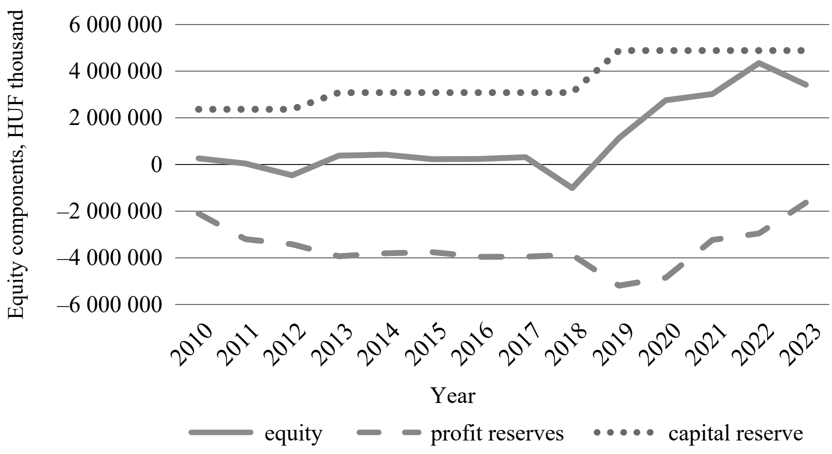
Year	Assets (%)	BST (HUF million)	Equity growth (%)	CR	Capital strength (%)
2010	0.28	629	1318.12	2.19	41.92
2011	0.10	1 026	223.23	1.00	4.35
2012	21.36	1 063	–2328.94	0.50	–43.81
2013	7.67	1 814	1892.81	0.92	20.88
2014	6.09	2 539	2119.97	0.77	16.70
2015	7.74	1 926	1138.62	0.37	11.82
2016	4.93	2 336	1178.26	0.44	10.09
2017	16.72	3 243	1556.78	0.50	9.60

Year	Assets (%)	BST (HUF million)	Equity growth (%)	CR	Capital strength (%)
2018	28.28	2 784	–5045.56	0.22	–36.26
2019	26.52	5 446	5650.44	0.66	20.77
2020	22.85	9 647	13743.89	0.91	28.52
2021	39.38	9 212	15119.68	0.68	32.86
2022	22.14	17 189	21734.54	0.92	25.31
2023	28.46	15 366	17074.79	0.79	22.24

Source: own design based on the annual reports of the club

The main reason equity and the related indicator increased was not because profits increased year on year but because loss-making years could not offset profit-making years later on. Therefore, shareholders' equity had to be involved further to keep equity and the other indicator in the positive range *(Figure 4)*. So, one cannot draw the conclusion that Ferencváros was mainly able to increase its funds thanks to its better performance.

Figure 4
Some components of equity, 2010 - 2023

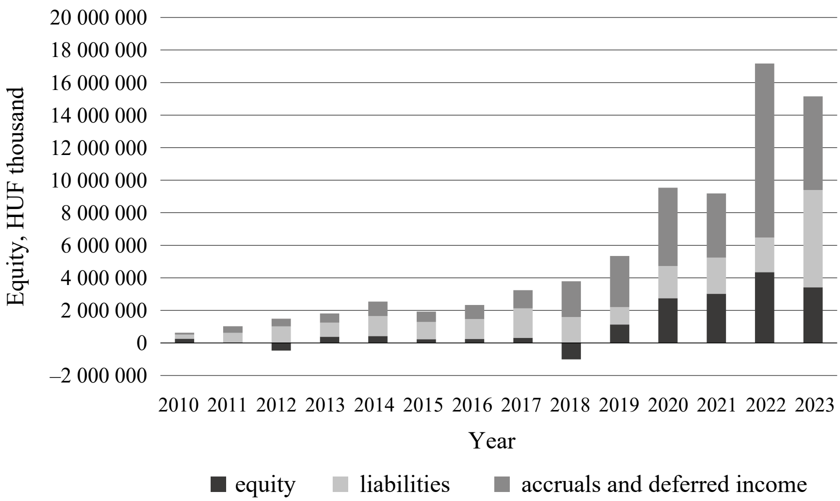


Source: own design based on the annual reports of the club

As shown above the club has received high amounts of capital injection both from its shareholders and the government. This fits into the assumption that Ferencváros has been considered "the national team" since 2010, so it has been given outstanding government support.

Based on *Figure 5*, the ratio of equity continues to be low, but it has been stable at around 20-30% since 2018, which can be explained by the income from playing at international cups and the reduction of negative profit reserves. Prior to 2018, sources had mainly been dominated by different liabilities, while deferred income related to investment subsidies had strongly increased making up for over 60% of the funds in 2022. The increase was mainly due to UEFA cash prizes, TAO subsidies for investment and shareholders' non-refundable donations. The unused part of the latter was booked as accruals and deferred income. In total, the low ratio of equity can be explained with high deferred income, while the level of liabilities indicates no significant indebtedness.

Figure 5
Equity funding, 2010 – 2023



Source: own design based on the annual reports of the club

4.3.2 Profitability

The evolution of ROS *(Table 9)* was affected by the fact that Ferencváros had booked sponsorship, marketing income as well as the revenues from selling its players under sales while UEFA cash prizes had been under other revenues. As a result, the indicator was negative for several years particularly at the beginning of the 2010s due to high staff costs and the expenses aimed to strengthen the squad. Following 2016, an improvement could be seen except for a few occasions, particularly in 2020 and 2022 thanks to successes at international cups. At the same time, profit after tax failed to reach 50% of sales. In the 2020s the club signed on and sold quality players, which increased sales revenues. At the same time however, staff costs and depreciation also increased, which made the maintenance of profitability difficult. In 2023, ROS was again negative because of weaker results at the cups and soaring agency fees.

Income from the use of labour also sheds light to an important factor. The value of the indicator was lower than ROS almost every year. The salaries of players surpassed sales all through the period reviewed and staff costs have been above HUF 5 billion since 2021, i.e., they come to about the same amount as the UEFA cash prize for playing internationally.

Table 9
Profitability (%)

Year	ROS	Income from use of labour
2010	–296.11	–639.19
2011	–41.32	–46.31
2012	–68.24	–51.87
2013	11.91	8.26
2014	2.54	2.02
2015	–9.01	–7.57
2016	0.46	0.28
2017	3.00	2.38
2018	–45.76	–39.73
2019	8.99	6.78
2020	44.51	19.27
2021	5.20	3.70
2022	20.01	14.01
2023	–11.42	–9.74

Source: own design based on the annual reports of the club

4.3.3 Financial decisions by the club

Deferred income has been playing a decisive part in the funds structure of Ferencváros, as its ratio is even higher than that of Fehérvár. The value of sports rights has been increasing since 2012 because of subsidies and the subsequent UEFA income; its ratio is 20-30% of total assets. Losses made earlier were offset by shareholders' capital payments. Profitability mainly improved because the club regularly played at international cups. The loan portfolio of the club was low, so financial risk remained moderate. According to *Table 10,* equity had provided enough cover to finance sports rights, on the other hand, high salaries of the players and amortisation carried important operating risks, so capital injections had become necessary several times until UEFA cash prizes appeared.

The indicators of financing sports rights, particularly their negative values in 2012 and 2018, suggest that the players' squad could hardly have been maintained from everyday operations prior to 2019. Had external sources been involved, their major part would not have been spent on the improvement of the players, rather, they would have been used on high salaries or to cover the related capital repayment and interests.

Table 10
Capital structure (%)

Year	Financing sports rights	Financing fixed assets
2010	0,68	13,47
2011	0,37	15,08
2012	−49,42	−75,35
2013	36,73	128,67
2014	36,47	212,76
2015	19,17	143,42
2016	12,26	136,83
2017	54,80	168,26
2018	−209,72	−628,68
2019	77,77	135,44
2020	62,22	94,41
2021	101,21	139,35
2022	32,38	46,34
2023	50,20	68,78

Source: own design based on the annual reports of the club

The fixed assets of the club include sports rights as well as significant tangible assets including real estate and the related property rights. As to financing fixed assets, you can claim the portfolio of fixed assets exceeded the sum of own sources and long-term external funds in a significant part of the period analysed, i.e., those assets were funded from short-term external sources, which suggests a kind of aggressive, high-risk financing policy.

5 COMPARISON OF FIRST-DIVISION TEAMS

This study analyses the financial structures of Ferencváros, Fehérvár and Debrecen in different periods. In the 2000s, Debrecen mostly relied on support from the local government, as the local government held some of the shares. In the middle of the 2010s, local government support was also granted to Fehérvár, however, TAO subsidies and own income were the main source of operations. Still, both clubs had problems with managing the salary costs of their squads.

In the 2010s, external funds needed to be involved because of growing salaries. TAO subsidies mainly appeared with the clubs as funds for investment and they could partially substitute credit finance. In that way, the lack of external funds or their low level resulted in reduced leverage risks and helped to ensure safe operation for the clubs. However, the impact of subsidies on operation is more complex since they can - indirectly - lead to an increase of operational or even financial leverage, particularly if the clubs purchase high-value players for higher salaries and transfer fees. Subsidies may in certain cases have a negative impact on the clubs, as subsidies available under low-demand conditions may function as a negative prompt to operate in a competitive way. If increased expenditure fails to bring about more success in the pitch in the long run, it can lead to indebtedness or the need to involve shareholders' payments or loans.

Debrecen mostly used the cash prizes from playing at international cups on the improvement of its Academy, while both Ferencváros and Fehérvár strengthened their squads by signing on new players. Exploiting TAO subsidies and sponsorship money properly is key from the aspect of the clubs' financial stability and sports performance. The aggressive funding strategy of Ferencváros has proved to be successful in the long run, as it could book significant income from selling some players and attracting new sponsors, while its game performance also improved.

On the other hand, both Fehérvár and Debrecen used a more conservative, low-risk strategy, which failed to drive effective management decisions. Funds with Fehérvár were not spent usefully, which – in the end – resulted in the main sponsor leaving the club. Foreign players also left in return for either no payment or for sales prices below market standards. Finally, the club was relegated from the first division, and its financial position became insecure. Those examples show that even the operation of top clubs may be endangered if support from shareholders, sponsors or the government runs out or if the management fail to use them in the right way.

The market income of a club and the value of its players primarily depend on its success in the pitch. This study reveals that club policy can support it in two ways: either by training its own young players or buying high-value players. The example of Debrecen shows that training new players is a long-term investment. It involves high investment at the beginning, but the risk and salary costs are lower. In contrast, the strategy of both Fehérvár and Ferencváros focused on buying 'ready-made' players, which can be done in a shorter timeframe, but it means high financial risk and higher salaries.

We believe the optimal strategy is highly subject to the particular club. Provided a balanced League model were established, it could result in two things. In some clubs, young players could spend more time in the game while other clubs - such as Ferencváros TC today - could become more active on the international cup stage. The latter could sign on the most talented players of smaller teams in return for a proper transfer fee and so they could become part of the bloodstream of international football.

The statements are illustrated with the help of a SWOT analysis *(Figure 6).* Side by side with developing its Academy, Debrecen applied a conservative financing policy mainly relying on funds received from the local government. Fehérvár and Ferencváros received sponsorship money, subsidies from shareholders and the government, and also improved their squads by the transfer of foreign players. The model involves higher staff costs, so the ability to main and calculate the revenues is of key importance. The latter two clubs differ in how they are financed. Fehérvár applied a more conservative, Ferencváros a more aggressive strategy. In addition, the financial management of Ferencváros was more effective, also the club is internationally acknowledged due to its sports success.

Figure 6
SWOT analysis of the financial operation of the three clubs analysed

Internal	Strengths (S)	Weaknesses (W)
Debrecen	Liquidity, low risks, supports Academy	Wrong alignment of growth opportunities and funding, dividends taken
Fehérvár	Strong ability to attract capital	Wrong financing decisions
Ferencváros	Strong ability to attract capital, conscious financial management	Over-aggressive financing relying on foreign player transfers
External	**Opportunities (O)**	**Threats (T)**
Debrecen	Stable support by local government	Sports result decline, budget becomes tight
Fehérvár	Funding by government, shareholders, and sponsors	Sports results decline, subsidies are withheld, expenses increase
Ferencváros	Stable funding from several directions, international acknowledgement	Sports results decline, subsidies are withheld, expenses increase

Source: own design based on the annual reports of the club

SUMMARY AND OUTLOOK

The example of the three clubs underline that international participation at cups and conscious financial management are both of key importance to achieve sustainable development. TAO subsidies offer major opportunities, but you need to make the proper decisions to ensure long-term competitiveness. Comparing Ferencváros and Fehérvár proves the way a club makes use of a sudden growth of funds will have a major impact on its success as well as on its effectiveness. It will also define how they are judged by the funders including the government or corporates. The part played by shareholders must also be emphasised, as you can see examples of how - in a certain situation - a capital injection can maintain a club's financial stability.

The main limitation of the research was that the author had had no direct link to the clubs, so any information relating to internal operations or management decisions, which could not be derived from the financial reports, was missing. Such data would have allowed the author to draw more accurate conclusions, particularly with respect to important items that had a major impact on the findings of external financial analysis and the conclusions to be drawn from them.

The study supplements the relevant literature on sports organisations in Hungary with a new comparative approach focusing on a comprehensive analysis of the financial position of top Hungarian clubs. Additionally, it reveals the methodological characteristics of analyses of that type and contributes to the success of future research.

As regards the future study of the topic, it should be pointed out which clubs in the National League 1 should focus on developing their players at their Academies rather than transferring news players from abroad. Another issue might be to identify the financial and sports level at which a Hungarian club is able to contract high-quality legionnaires. In addition, one should analyse how much the operation of NL1 clubs is competitive and sustainable both at club level and in terms of sports funding of a given country.

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