Financial Analysis of AFC Ajax: Is The Club Struggling Financially?

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Abstract

This report gives a comprehensive overview of AFC Ajax's business operations. All data is given in a thorough and straightforward style. The study has financial data, an industry analysis, and expert comments. The study also allows for direct comparisons involving AFC Ajax and its rivals. This gives readers a comprehensive idea of AFC Ajax's position within the Media Industry. The report covers complete data on AFC Ajax that supplies unparalleled insight into the corporation's internal business environment. information on the company's origins, affiliates, industry, services, and history. The AFC Ajax financial analysis includes the financial statements and ratio trend-charts, along with yearly and periodic balance sheets and future revenues. The report describes the primary financial parameters relevant to the company's financial performance, marginal analysis, inventory turnover, credit ratios, and lengthy stability. This kind of properly accounted data will aid and boost the choice-making processes of the reader's business. In the section describing AFC Ajax and the sector, the financial ratios of the firm are contrasted to those of its rivals and the market. Managing the business climate will be eased by a comprehensive study of the market and the corporation's rivals, as well as data on the dependent and independent variables affecting the core competence. The business and sales operations of a firm will receive help from buying knowledge of its rivals' operations.

Keywords: Liquidity Ratios, Current Ratios, Quick Ratios, Cash Ratios, Activity Ratios, Inventory Turnover, Receivable Turnover, Total Asset Turnover, Leverage Ratios, Debt Ratios, Time Interest Earned Ratio, Profitability Ratios, Assets, Equity, Return on Investment, Shareholders Wealth.

1. Introduction

Amsterdam FC Ajax, which is also famous by the names AFC Ajax, Ajax Amsterdam, and just Ajax, is a Dutch Amsterdam-based professional soccer team that competes in the Eredivisie, the highest level of the Dutch Football league. The name Ajax has been kept after an old hero belonging to Greek who has won 36 Eredivisie titles and 20 KNVB Cups, making it the most popular team in the Netherlands. Since its start in 1956, the league has always taken part in the Eredivisie. This is one of the "big three" teams that have led the tournament, alongside Feyenoord and PSV Eindhoven.

1.1. Historical Background

The club Amsterdam was set up on March 18, 1900. The club was elevated to the Dutch top division in 1911 and won its first major title in 1917 when it won the KNVB Beker, which is the Dutch national league. In the following term, Ajax won their first national championship. The team managed to hold their championship and went unbeaten in the Dutch Football League Championship from 1918–to 19. Ajax was a regional powerhouse during the 1920s, and in 1921, 1927, and 1928, they won the Eerste Klasse West. However, the club's domination at the national level was short-lived. Throughout the 1930s, the squad received five national titles and was the most dominating Dutch club of the decade. In 1942–1943, Ajax had won their second KNVB Cup and seventh Dutch title, the club's last season under Englishman Jack Reynolds, who were having managed all the club's national championships and its 1917 KNVB Cup success.

In 1956, Ajax took part in the inaugural campaign of the Eredivisie, which was the new Dutch national competition. The next year, the Amsterdam club competed for the Cup of European Championship Teams for the first time and lost 6–2 on aggregate in the quarterfinals against Hungarian champions Vasas SC. In 1961, the team won the Eredivisie for the third time and the KNVB Cup for the third time.

Ajax too is renowned for its outstanding nonprofit group related to the young generation, which has spawned several Dutch players, like Johan Cruyff, Edwin van der Sar, Matthijs de Light, and others, all through the decades. Ajax always supports local talent that is often provided by Ajax to the Dutch national youth teams.

1.2. Ratio Analysis

Ratio analysis is a quantitative approach for evaluating the operational efficiency of a business, liquidity, and profitability by examining its income reports, such as its financial statement (al Mheiri et al., 2021). Fundamental equity research relies heavily on ratio analysis. Market analysts use ratio methods to analyze a firm's past and present financial data to decide its financial condition. Comparative data might be employed to prove the success of a firm historically and to predict its company's outcomes. In addition, this could be used to assess a firm’s financial performance to the market average and to assess how a firm relates to everyone else in its field.

Alkhyeli et al. (2021) noted that financial ratios are an essential instrument for management and key parties doing quantitative analysis. The ratio is used to reveal patterns in a company's financial and operational performance over a short and long period of time. Additionally, ratio analysis may reveal warning indications. Indicating a firm's ability to manage its financial liabilities in a brief period, liquidity ratios are an added essential metric. The higher the insurance for liquidity ratio, the more likely the company is to meet its short-term obligations.

Ratio Analysis is a statistical technique for evaluating a bank's profitability, operational sustainability, and efficiency by examining its financial statements, such as its cash flow statement and pay declaration, (al Ghanem et al., 2021). The core of fundamental value inquiry is proportional inquiry. By analyzing earlier and momentum annual reports, financially affluent donors and inspectors judge the effectiveness of institutions using percentage analysis.

Financial ratios and data aid in deciding turnover and inventory information (Alhosnai et al., 2021). Accounting and control management is necessary for a sustainable company and purpose. Ratio analysis is a useful management tool in helping to better understand financial results and patterns over time while also providing key performance indicators for your company. Executives will use ratio analysis to determine which strategies and activities will be implemented. Funders may use ratio tests to analyze the company's performance to those of others or to assess the effectiveness of the administration and objective impact.

2. Literature Review

Multiple studies were done to grasp the causes that drive the stock prices of European football teams. According to the study in (Gimet & Montchaud, 2016), stock returns and volatility causes were tested over an analyzed sample of a total of 24 teams. A matrix of internal and external dimensions of real and financial variables were put into test. The obtained results indicated that a team's stock returns are hugely impacted by the real and financial framework and by a number of internal elements such as the considered profit reflected by accounting discipline, the capitalization determined by the size and stadium attendance taken as a reputation proxy indicator. Furthermore, it was noticed that stock volatility of returns to be especially vulnerable against the instability on stock markets which is significantly dependent on the team's profit and overall net of player transfers, but not as of a great effect on actual sporting outcomes. (Gimet & Montchaud, 2016)

Another study done by team from the University of Bari in Italy (Maci, et al., 2020), that thoughtfully investigated the link between the sporting and financial performance on the dynamics illustrated a rather positive relation. The study included the analysis of all European football teams listed on the stock exchange from 2012 till 2017 that were tested with multiple regression models where the share price was placed as a function of several variables. The study's results concludes that a positive effect is reflected on sports performance, economic performance, and on asset and revenue diversification. (Maci, et al., 2020)

2.1. AFC Ajax Stock Listing

Ajax was a team that had high dreams of reaching the very top, and a lot of extreme measures were taken to achieve these dreams; nonetheless, the team's dreams were unexpectedly short lived. In the end of 1998, the team has decided to list its stock in the stock exchange Euronext Amsterdam as an initial public offering (IPO), which made it to be the first ever and only Dutch team to list its stocks as IPO. (nrc.nl, 2008) "We wanted to stay at the European top, both in sports and in business." (nrc.nl, 2008) Was Van Os' justification behind the IPO. Van Os was the financial mastermind behind the idea, who had later become the treasurer of Ajax by the late 90s after a successful career in the stock exchange. (nrc.nl, 2008) Moreover, Bob-Jan Hillen, the commercial director of the club at the time also backed the decision by: "The IPO was necessary to keep up with the European top." (nrc.nl, 2008)

At the beginning, the Ajax stock was a hit. The Amsterdam stock exchange welcomed it with immense excitement and a lot of the stockholders were actual fans of the team. "The demand was huge; the issue was 15 times oversubscribed." Stated Van Os. (nrc.nl, 2008) With a total of 120 million guiders raised by the share issue and a price of slightly more than 11 euros, the market value of Ajax was an approximate 54 million euros. (Yahoo Finance, 2022) Ajax was no longer being called "not rich" and have successfully started breathing new life into a tradition with the IPO. (nrc.nl, 2008) Nevertheless, the team was faced with huge backlash from critics and financialists. "The 54 million euros that the club collected were not invested profitably… An investor looks at dividends and value development and the Ajax share was below par" Noted Ronald Huisman, a research assistant at Erasmus University Rotterdam. (nrc.nl, 2008) "If you, as an investor, strive to maximize the return on your investments, then you should certainly not buy Ajax shares" said Errol Keyner of the Association of Effectors Owners (VEB). (nrc.nl, 2008)

Van Os firmly stated on multiple occasions on the fact that it was not all about the money. "An IPO would increase the international image of Ajax" he stated. (nrc.nl, 2008) He also emphasized on the fact that it plays a deeper role for the team supporters, as they would feel a deeper connection with the team and the players. Furthermore, he was proud of the fact that Ajax was the first team to launch an IPO, stating that "being the first is what makes you an "Amsterdammer." (nrc.nl, 2008) Additionally, efforts were put in order to preserve the identity of the team and to prevent it from being "alienated" noted Hein Blocks, former member of the Ajax Members' Council. (nrc.nl, 2008)

Unfortunately for the team, the stock had been steadily dropping for the first few years, which unveiled a big backlash to the team, and by 2004 when it hit its lowest point of 3.5 euros, Ajax was seriously considering "terminating the stock exchange listing" as stated by the Uri Coronel, the chairman. (DePers.nl, 2008) However, and to everyone's surprise, ever since the stock hit that point, and it has been raising till it passed its initial launching price by 2018 and hit its highest ever point to date of 22.5 euro by 2019. (Yahoo Finance, 2022) Sadly though, the 2020 pandemic of COVID19, has taken a great toll on the stock and it drastically dropped down again, with a current price of around 12 euros by mid-2022. (Yahoo Finance, 2022)

2.2. Ratio Analysis

Ratio analysis is a quantitative based methodology that aims to attain acumen deep into the liquidity, efficiency of operations, and profitability of a corporation via investigations done in its financial statements. (BLOOMENTHAL, 2021) Hence, ratio analysis has a significantly crucial aspect when it comes to investors trying to evaluate overall organizational performance in order to decide investment decisions. "They show events as they have unfolded in a specified period and assist in ascertaining the financial status of a particular organization." (Alkhyeli, et al., 2021) It was noted by (Adedeji, 2014), that said ratios are typically chosen to provide investors with the business's financial circumstances. Furthermore, (Rashid, 2018) illustrated how the analysis would assess the firm's ability and competence to fulfill its responsibilities and obligations which he stated as "indispensable for creditors", he then followed by noting that these ratios are typically attained from the financial statements.

Financial statements consist of conveying written records of business activities of a firm. Moreover, they are usually audited by government agencies, to guarantee certainty and precision for tax, financing, or investing schemes. (MURPHY, 2022) Also, financial statements can be derived to three essential types: income statements, balance sheets, and cash flow statements. (Almansoori, et al., 2021) Income statements highlight the sales and expenses of a firm in a set period, whereas balance sheets display a firm's assets, shareholders' equity, and overall liabilities for a specified date. Meanwhile, cash flow statements are basically a measurement tool that demonstrates whether or not an organization has the capability to set its debt obligations, fund investments, or fund operating expenses. (Almansoori, et al., 2021)

3. Data and Methodology

The presented data below was derived from Ajax's financial statement during the time period 2018 to 2021. The table was filled in accordance with the financial ratios implemented in the analysis. As illustrated below, figures are presented in thousands. The source of the data was Yahoo Finance, and the demonstrated entries are to serve as a tool to compute the different financial ratios for set time period.

Table 1: AFC Ajax Financial Data (Yahoo Finance),

Item/Year	**2021**	**2020**	**2019**	**2018**
Current Assets	118,858,000	114,058,000	166,226,000	116,893,000
Current Liabilities	89,908,000	86,321,000	121,774,000	93,064,000
Inventories	5,385,000	3,774,000	3,456,000	4,590,000
Average Inventory	4,579,500	3,615,000	4,023,000	3,555,000
Cash	17,713,000	22,492,000	61,968,000	12,177,000
Receivables	71,480,000	61,480,000	74,380,000	61,530,000
Average Receivables	66,480,000	67,930,000	67,955,000	59,820,000
Total Assets	503,372,000	508,415,000	387,180,000	272,324,000
Average Total Assets	505,893,500	447,797,500	329,752,000	148,466,000
Total Liabilities	281,419,000	279,615,000	177,180,000	113,387,000
Sales	125,160,000	162,300,000	199,500,000	92,980,000
Cost of Goods Sold	186,370,000	167,300,000	146,250,000	88,460,000
EBIT	- 9,558,000	29,037,000	69,294,000	1,777,000
Interest	2,158,000	2,107,000	28,000	16,000
Net Income	- 8,057,000	20,661,000	51,919,000	1,186,000
Operating Cash Flow	-14,122,000	-12,002,000	48,465,000	-4,622,000
Shareholder Equity	221,950,000	228,680,000	209,550,000	157,650,000
Total Revenue	108,904,000	153,000,000	197,281,000	88,821,000

The Financial Ratios

4. Liquidity Ratios

Liquidity ratios are considered one of the most essential financial metrics that are implemented to verify whether a debtor has the ability to set off their current debt settlements without the needs of consuming external capital. Hence, it is used by investors to acknowledge companies' margin of safety by knowing if they are capable of fulfilling their debts. (Hayes, 2021) Furthermore, liquidity ratios are obtained from the combination of the three measurements: current ratio, quick ratio, and operating cash flow ratio. (Almansoori, et al.,

2021) The attained results of the liquidity ratio analysis of AFC Ajax's are illustrated the table below.

Table 2 Liquidity Ratios of AFC Ajax (Yahoo finance)

Ratio/Year	**2021**	**2020**	**2019**	**2018**
Current Ratio	**1.32**	**1.32**	**1.37**	**1.26**
Quick Ratio	**1.26**	**1.28**	**1.34**	**1.21**
Cash Ratio	**0.20**	**0.26**	**0.51**	**0.13**

4.1. Current Ratio

The Current Ratio is a liquidity ratio that determines the company's ability to settle a short-term obligation and is measured as per the below calculations. (Fernando, 2021) As seen, as it is the ratio between the value of the current assets in a firm divided by the firm's current liabilities; therefore, it basically implies how current assets could be liquidated in order to pay for the current liabilities. Generally, investors consider a current ratio of at least 2:1 or above 2 as a safe and is preferred. (AccountingTools, 2022) Current ratio it acts as a fundamental asset for investors as it allows them to determine how a firm would be able to increase its current assets on its balance sheet in order to further settle its current obligations. (Fernando, 2021)

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

The Current Ratio of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Current Ratio 2021} = 118{,}858{,}000 \ / \ 89{,}908{,}000 = 1.32$$

$$\text{Current Ratio 2020} = 114{,}058{,}000 \ / \ 86{,}321{,}000 = 1.32$$

$$\text{Current Ratio 2019} = 166{,}226{,}000 \ / \ 121{,}774{,}000 = 1.37$$

$$\text{Current Ratio 2018} = 116{,}893{,}000 \ / \ 93{,}064{,}000 = 1.26$$

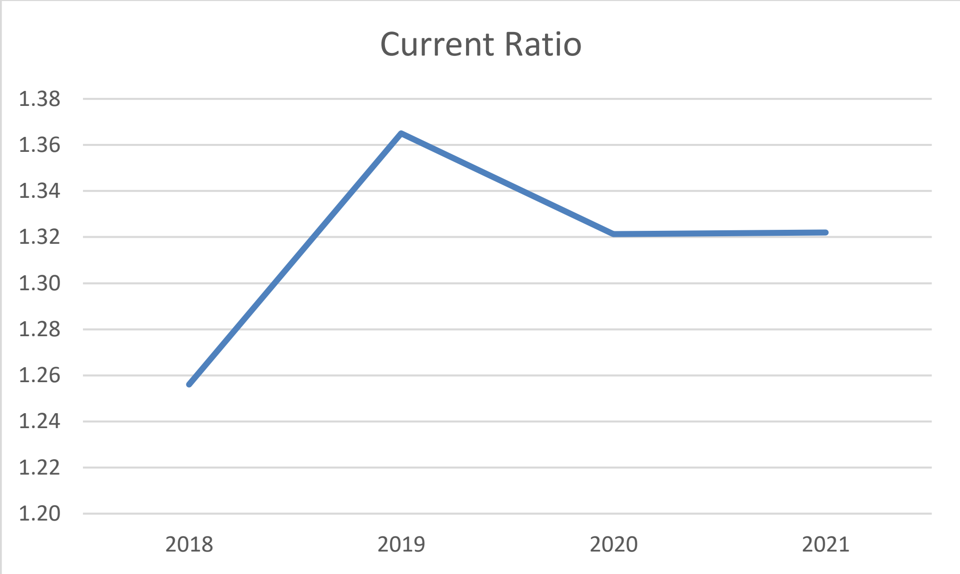

Figure 1 Current Ratio of AFC Ajax (Yahoo finance)

4.2. Quick Ratio

Similar to the Current Ratio the Quick Ratio also determines the company's ability to settle a short-term obligation, however with its most liquid assets and is calculated via using the formula presented below. (Seth, 2021) In this ratio, the inventory is omitted since it requires a relatively extended period of time to be liquidated. In addition to the fact that inventory sales are pruned to occur at a loss. Meanwhile, neglecting the prepaid expenses allows the ratio to prevent overinflation when it comes to the firm's position of liquidity. Subsequently, the quick ratio is considered as a more accurate representation of the firm's ability of liquidity compared to the current ratio. (Myšková & Hájek, 2017)

$$\text{Quick Ratio} \quad = \quad (\text{Current Assets} - \text{Inventory})/\text{Current Liabilities}$$

The Quick Ratio of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Quick Ratio 2021} \quad = \quad (118{,}858{,}000 - 5{,}385{,}000)/89{,}908{,}000 \quad = \quad 1.26$$

$$\text{Quick Ratio 2020} \quad = \quad (114{,}058{,}000 - 3{,}774{,}000)/86{,}321{,}000 \quad = \quad 1.28$$

$$\text{Quick Ratio 2019} \quad = \quad (166{,}226{,}000 - 3{,}456{,}000)/121{,}774{,}000 \quad = \quad 1.34$$

$$\text{Quick Ratio 2018} \quad = \quad (116{,}893{,}000 - 3{,}590{,}000)/93{,}064{,}000 \quad = \quad 1.21$$

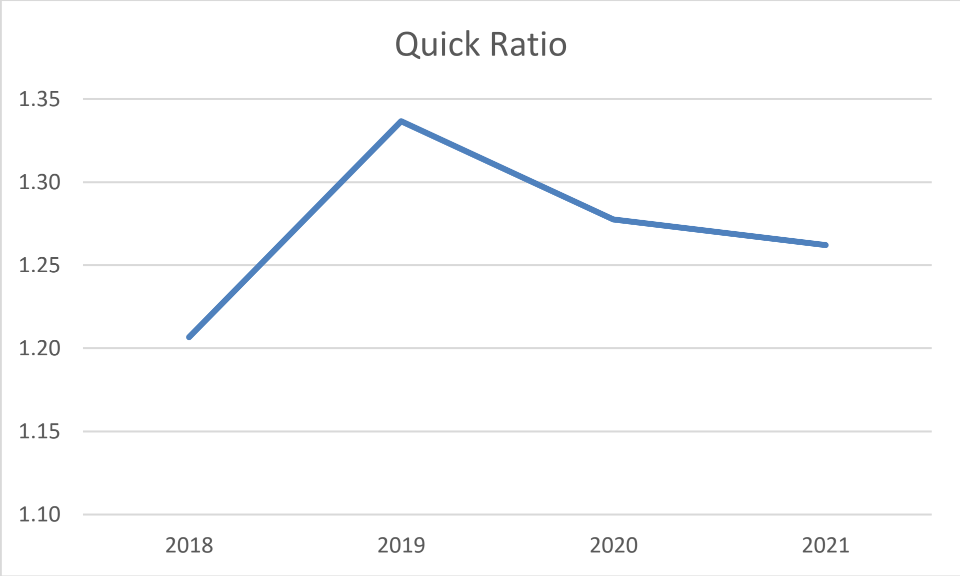

Figure 2 AFC Ajax Quick Ratio (Yahoo finance)

4.3. Cash Ratio

The Cash Ratio measure the company's liquidity and is calculated by using the following formula below. (Kenton, 2022) The cash ratio is generally considered as a conservative approach to liquidity when compared to the quick ratio, that is due to not including the inventory and account receivables in the metric. (Myšková & Hájek, 2017) it displays a more precise picture, as only cash is taken into account.

$$\text{Cash Ratio} = (\text{Cash} + \text{Cash Equivalents})/\text{Current Liabilities}$$

The Cash Ratio of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Cash Ratio 2021} = 17{,}713{,}000\ /89{,}908{,}000 = 0.20$$

$$\text{Cash Ratio 2020} = 22{,}492{,}000\ /86{,}321{,}000 = 0.26$$

$$\text{Cash Ratio 2019} = 61{,}968{,}000\ /121{,}774{,}000 = 0.51$$

$$\text{Cash Ratio 2018} = 12{,}177{,}000\ /93{,}064{,}000 = 0.13$$

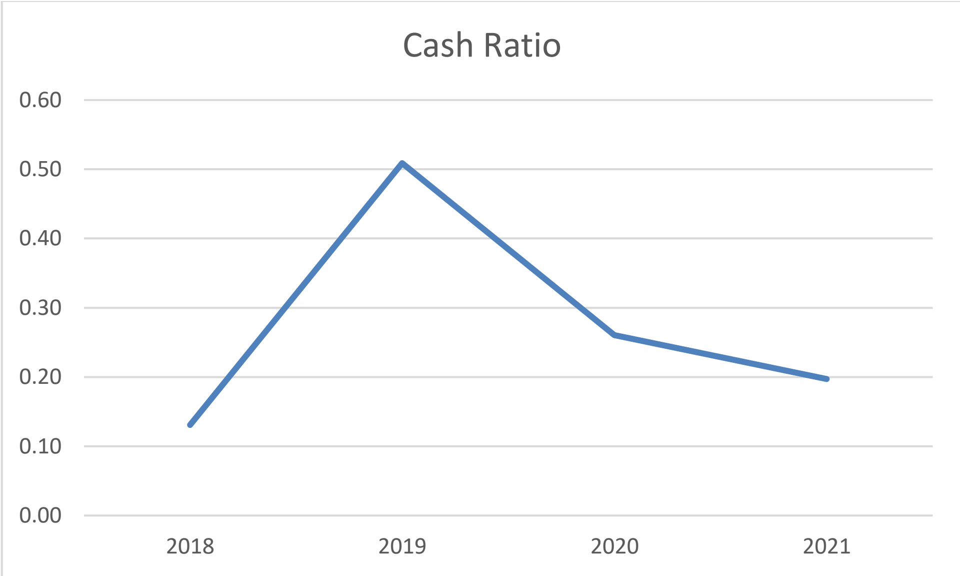

Figure 3 AFC Ajax Cash Ratio (Yahoo finance)

4.4. Discussion on the Liquidity Ratios

4.4.1. Current Ratio

As seen in the attained results in Figure 1, AFC Ajax's current ratio of 2018 was 1.26, which then rose respectively to 1.37 in 2019 which is due to the drastic increase of just about 50,000 euros of the team's current assets compared to the previous year; nonetheless, the current liabilities rose as well, with a difference of just slightly below 30,000 euros from the previous year. Nonetheless, the current assets of the team suffered immensely in the following year and recorded the worst measurement for the past four years with a drop of just above 50,000 euros to make the total current assets to have a value of merely 114,058,00 euros; therefore, dropping the current ratio for the year 2020 down to 1.32. This unexpected drop is most probably to the losses suffered from COVID19 in 2020. Thereafter, it seems that the team has recovered slightly with a small increase of about 4,000 euros and 3,000 euros in both assets and liabilities respectively. This leads the current ratio of the year 2021 to not change from the previous year, and to stay at 1.32. It can be noted that all measured current ratios are above 1, which is considered as a decent rate, especially with the 2020 pandemic.

4.4.2. Quick Ratio

The quick ration analysis resulted the values illustrated in Figure 2. It can be observed that all values are less compared to the values of the current ratio to each year which is due to the fact that the inventory is subtracted from the current assets which results a lower overall value. Nevertheless, for the year 2018 the quick ratio was 1.21 which is the lowest quick ratio since 2018, but it hit its highest point in 2019 of 1.34, then it gradually decreases to 1.28 then 1.26 in both 2020 and 2021 respectively. It can be noticed from that the inventory was around three and a half million euros till it reached its maximum of a quarter above five million in 2021.

4.4.3. Cash Ratio

Results in Figure 3 AFC Ajax Cash Ratio (Yahoo finance), show the different cash ratios for each of the years. It can be seen why it is considered as a conservative and accurate metric, as each of the values has been below 1. However, that is to be expected since only cash and cash equivalents are taken into again against the total current liabilities. For the year 2018, the lowest cash ratio was calculated of 0.13 because the cash and cash equivalents were a total of 12,117,000 euros. Meanwhile, the year 2019 had the highest cash ratio of 0.51 as the cash and cash equivalents rose up of about fifty million euros that year. Thereafter, in the year 2020, the cash ratio dropped down to almost half the previous value of 0.26 due to almost a forty million euros drop in cash. The year 2021 witnessed a small decrease to finally reach 0.20.

5. Activity Ratios

Following metric implemented to analysis the financial position of AFC Ajax illustrates how efficiently can a company leverage the assets presented in its balance sheet. This is done in order to generate revenues and cash overall. (KENTON, 2020) Activity ratios are used in this analysis to track AFC Ajax's fiscal progress over a set of multiple annual recording periods, to study changes over time. The activity ratios used are inventory turnover, receivable turnover, and total assets turnover.

Table 3 Activity Ratios of AFC Ajax (Yahoo finance)

Ratio/Year	**2021**	**2020**	**2019**	**2018**
Inventory Turnover	40.70	46.28	36.35	24.88
Receivable Turnover	1.9	2.4	2.9	1.6
Total Asset Turnover	0.25	0.36	0.61	0.63

5.1. Inventory Turnover

Inventory turnover is a financial metric that demonstrates the number of times a firm sold and replaced its inventory in a given time. Hence, the firm could use the ratio to find out the time required to sell the inventory at hand. This ratio helps the organization to achieve better decision-making regarding pricing, manufacturing, marketing, and purchasing new inventory and it is calculated by implemented the equation below, which involves finding the ratio between the cost of goods sold against the average value of the inventory. (FERNANDO, 2022)

Inventory Turnover = $\text{Cost of Goods Sold} / \text{Average Inventory}$

Average Inventory = $\text{Openning Inventory} + \text{Closing Inventory} / 2$

The Average Inventory of AFC Ajax is calculated as follows using the figures in table 1;

Average Inventory 2021 = $(5{,}385{,}000 + 3{,}774{,}000)/2$ = 4,579,500

Average Inventory 2020 = $(3{,}774{,}000 + 3{,}456{,}000)/2$ = 3,615,000

Average Inventory 2019 = $(3{,}456{,}000 + 4{,}590{,}000)/2$ = 4,023,000

Average Inventory 2018 = $(4{,}590{,}000 + 2{,}520{,}000)/2$ = 3,555,000

The Inventory Turnover of AFC Ajax is calculated as follows using the figures in table 1;

Inventory Turnover 2021 = $186{,}370{,}000 / 4{,}579{,}500$ = 40.70

Inventory Turnover 2020 = $167{,}300{,}000 \ /3{,}615{,}000$ = 46.28

Inventory Turnover 2019 = $146{,}250{,}000 \ /4{,}023{,}000$ = 36.35

Inventory Turnover 2018 = $88{,}460{,}000 \ /3{,}555{,}000$ = 24.88

Figure 4 AFC Ajax Inventory Turnover Ratio (Yahoo finance)

5.2. Receivable Turnover

According to (MURPHY, 2021), he states that the receivable turnover ratio is "quantifies a company's effectiveness in collecting accounts receivables." Hence, it gives investors an idea of how an organization manages its short-term debit it extends to consumers and collects it. The receivable turnover ratio involves finding the rate between the total credit sales and comparing them with the average receivables to know how big of a portion that is and it is measured via the formula shown below. (MURPHY, 2021)

Receivables Turnover = $\text{Total Credit Sales} \ /\text{Average Receivables}$

Average Receivables = $(\text{Openning Receivables} + \text{Closing Receivables})/\ 2$

The Average Receivables of AFC Ajax is calculated as follows using the figures in table 1;

Average Receivables 2021 = $(71{,}480{,}000 \ + \ 61{,}480{,}000 \ )/2$ = 66,480,000

Average Receivables 2020	=	(61,480,000 + 74,380,000)/2	=	67,930,000
Average Receivables 2019	=	(74,380,000 + 61,530,000)/2	=	67,955,000
Average Receivables 2018	=	(61,530,000 + 58,110,000)/2	=	59,820,000

The Receivables Turnover of AFC Ajax is calculated as follows using the figures in table 1;

Receivables Turnover 2021	=	125,160,000 /66,480,000	=	1.9
Receivables Turnover 2020	=	162,300,000 /67,930,000	=	2.4
Receivables Turnover 2019	=	199,500,000 /67,955,000	=	2.9
Receivables Turnover 2018	=	92,980,000 /59,820,000	=	2.6

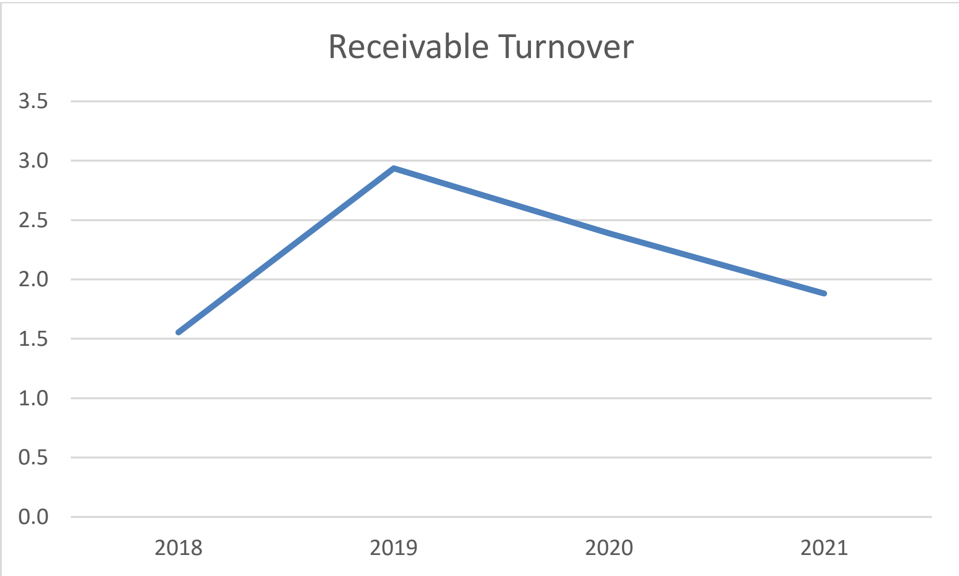

Figure 5 AFC Ajax Receivables Turnover (Yahoo finance)

5.3. Total Asset Turnover

The asset turnover ratio demonstrates the sales value of a company in relative with the total value of its assets which can work as an indicator to know how efficiently the firm uses its assets to generate sales or revenue. Hence, the higher the ratio, the better the organization manages its sales compared to its assets. The ratio is calculated as shown in the formula below. (HAYES, 2022)

$$\text{Total Assets Turnover} = \text{Total Sales } / \text{Average Total Assets}$$

$$\text{Average Total Assets} = (\text{Assets at the start of the year} + \text{Assets at Year End}) / 2$$

The Average Total Assets of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Average Total Assets 2021} = (503{,}372{,}000 + 508{,}415{,}000)/2 = 0.25$$

$$\text{Average Total Assets 2020} = (508{,}415{,}000 + 387{,}180{,}000)/2 = 0.36$$

$$\text{Average Total Assets 2019} = (387{,}180{,}000 + 272{,}324{,}000)/2 = 0.61$$

$$\text{Average Total Assets 2018} = (272{,}324{,}000 + 24{,}608{,}000)/2 = 0.63$$

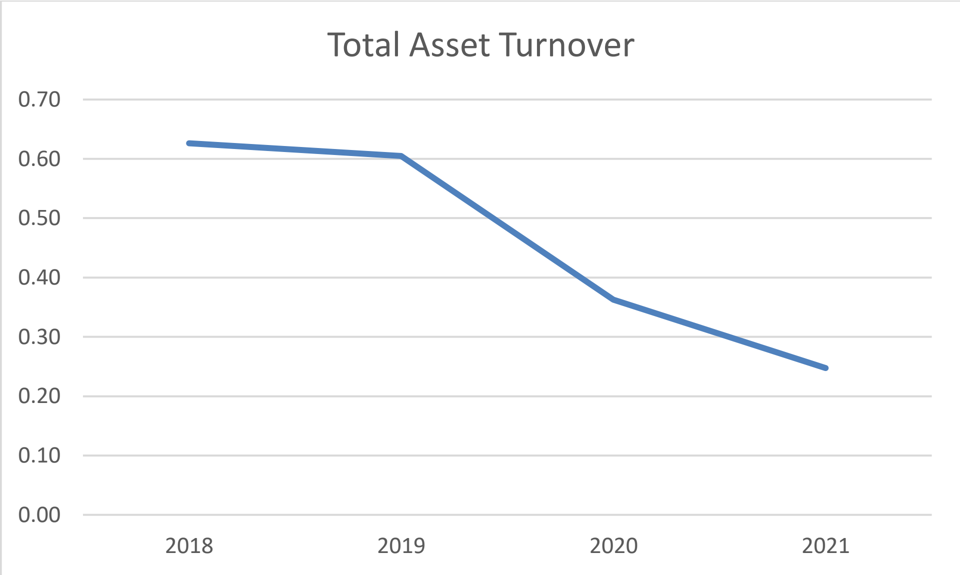

Figure 6 AFC Ajax Total Assets Turnover (Yahoo finance)

5.4. Discussion on the Activity Ratios

5.4.1. Inventory Turnover

Figure 4 illustrates the different inventory ratios per the past four years for AFC Ajax. The year 2018 registered the lowest inventory turnover ratio with 24.88, due to having the lowest sold goods of just above 88 million euros. Thereafter, for the year 2019 the ratio increased substantially up to 36.35 since the sold goods' value also experienced an increase by about 50 million euros. Another jump was seen in the year 2020 to finally reach the maximum ratio in the past four years of 46.28. However, in 2021 even though the cost of goods sold increased by 20 million euros, the increase in the average inventory of about one million euros due to a higher opening and closing inventory values, resulted a decrease in the inventory turnover ratio down to 40.70.

5.4.2. Receivable Turnover

As for the receivable turn over shown in Figure 5, the year 2018 had a ratio of 2.6, followed by a slight increase up to 2.9 for the year 2019 caused by an almost doubled total credit sales compared to the previous year. Then, a decrease of just about 35 million euros in the year 2020, lead the ratio to drop slightly to 2.4. Nonetheless, another decrease of about 40 million euros in 2021 reflected the lowest receivable turnover ratio of 1.9.

5.4.3. Total Assets Turnover

It can be observed from Figure 6 that AFC Ajax has been experiencing a decreased assets turnover each year, which could reflect the poor sales management compared to assets. The year 2018 witnessed the highest assets turnover ratio to date of 0.63. Then, it decreased slightly down to 0.61 in the following year due to an increase in the average total assets in 2019. Thereafter, 150 million euros increase in the average total assets, caused the ratio to go down almost by half to reach 0.36. A followed increase in average assets lead to yet another decrease in the ratio to finally reach 0.25 in the year 2021.

6. Leverage Ratios

Leverage ratio is a financial metric that is implemented in order to understand how much capital is attained from debt in an organization, which is used to assess the organization's capability to set its financial obligations. It makes for a significantly important financial metric since most corporations depend on a combination of debt and equity to operate and knowing the ratio would illustrate the company's ability to fulfill its duties. The leverage ratio consists of both of the debt ratio, and the times interest earned ratio. (HAYES, 2020)

Table 4 Leverage Ratios of AFC Ajax (Yahoo finance)

Ratio/Year	2021	2020	2019	2018
Debt Ratio	**0.56**	**0.55**	**0.46**	**0.42**
Times Interest Earned Ratio	**-4.4**	**13.8**	**2474.8**	**111.1**

6.1. Debt Ratio

The debt ratio aims to assess the scope of an organization's leverage. Essentially, the debt ratio measures the rate between the firm's total outstanding debts against its total assets; thus, it can be interpreted as the relative value of the assets that are financed by debt. Nonetheless, an obtained value greater than 1 would reflect an increased debt value compared to assets which means the company is holding a risk of default on its debts if interest rates rise. The implemented formula is shown below. (HAYES, 2021)

Debt Ratio = Total Debts/Total Assets

The Debt Ratio of AFC Ajax is calculated as follows using the figures in table 1;

Debt Ratio 2021 = 281,419,000 /503,372,000 = 0.56

Debt Ratio 2020 = 279,615,000 /508,415,000 = 0.55

Debt Ratio 2019 = 177,180,000 /387,180,000 = 0.46

Debt Ratio 2018 = 113,387,000 /272,324,000 = 0.42

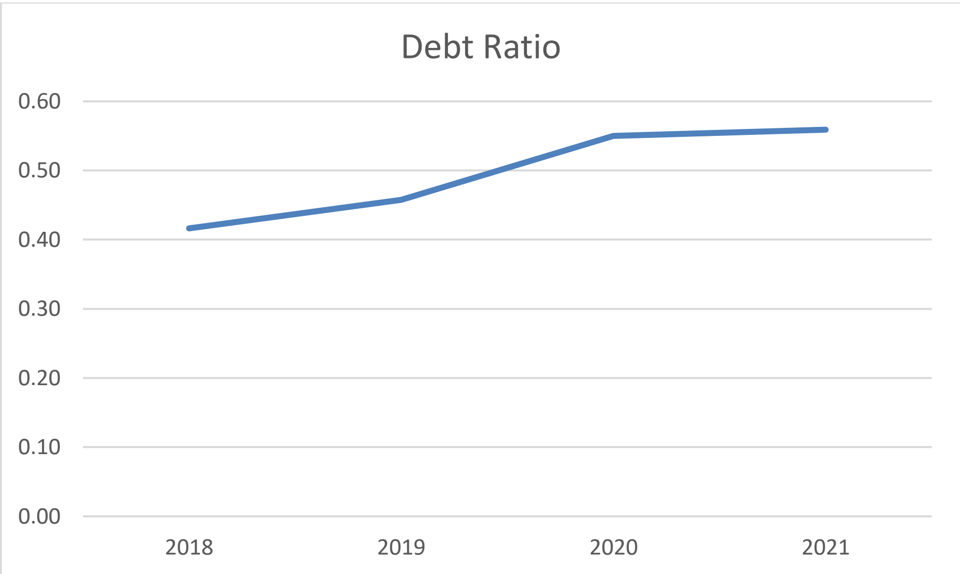

Figure 7 AFC Ajax Debt Ratio (Yahoo finance)

6.2. Times Interest Earned Ratio

The time interest earned ratio is a financial metric that displays the company's ability to meet its debt obligations based on the company's current income. The ratio could be calculated via the formula illustrated bellow. (CHEN, 2022) The resulting outcome demonstrates the number of times a firm could cover its interest charges with its pretax earnings. (CHEN, 2022)

Times Interest Earned Ratio = $\text{EBIT}/\text{Interest}$

The Times Interest Earned of AFC Ajax is calculated as follows using the figures in table 1;

Times Interest Earned 2021 = $-9{,}558{,}000\ /52{,}158{,}000$ = -4.4

Times Interest Earned 2020 = $29{,}037{,}000\ /2{,}107{,}000$ = 13.8

Times Interest Earned 2019 = $69{,}294{,}000\ /28{,}000$ = 2474.8

Times Interest Earned 2018 = $1{,}777{,}000\ /16{,}000$ = 111.1

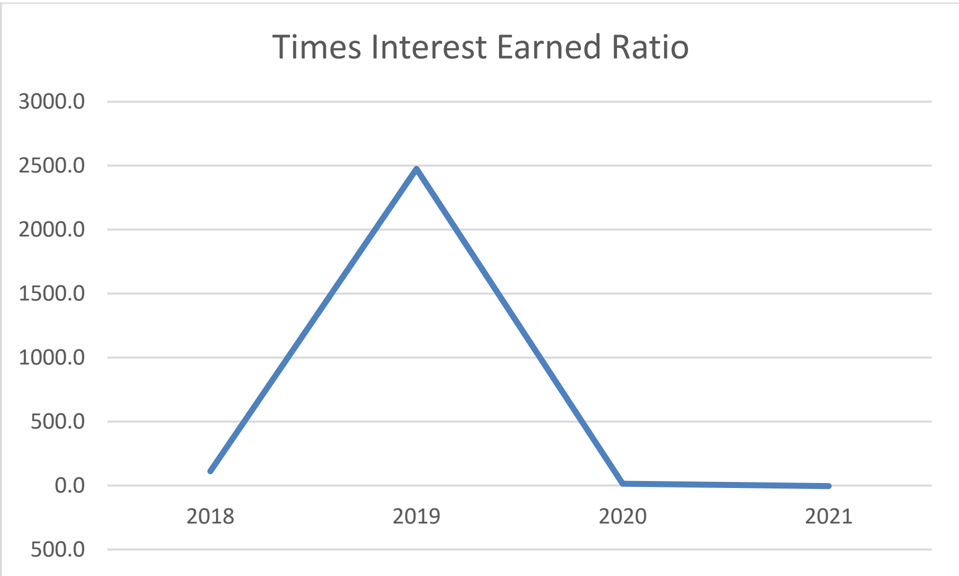

Figure 8 Times Interest Coverage Ratio (Yahoo finance)

6.3. Discussion on the Leverage Ratios

6.3.1. Debt Ratio

As illustrated in Figure 7, AFC Ajax has been experiencing an increase each year of the debt to assets ratio, which reflects that it has been depending on debts more often to resolve its financial obligation. In the year 2018, Ajax's debt ratio was 0.42, meaning that it formed the value of less than half of its assets. A 0.3 increase in the ratio was seen in the following year of 2019 due to an increase in the total debt of the team. Another increased debt in the years 2020 and 2021 lead the ratio to register a value of 0.55 and 0.56 for the two years respectively. It can be noted that as of 2020, Ajax's debt value is more than half of its assets.

6.3.2. Times Interest Earned Ratio

As demonstrated by Figure 8, in the year 2018, the earned times interest ratio was 111.1, but an increase in EBIT of more than 65 million euros caused the ratio to jump up to 2474.8. Nevertheless, the increase in interest and EBIT going down by almost half in the following year of 2020, dropped the times interest earned ratio down to 13.8. A further drop happened in the year 2021 as well as the EBIT has hit a value of negative nine million and half which lead the ratio to be -4.4 for the year.

7. Profitability Ratios

Generally, profitability ratios are implemented in order to demonstrate the organization's ability of generating earnings relative to its revenue, its operating costs, its balance sheet, or its shareholder's equity for a given period of time. (HAYES, 2021) Included in these financial metrics: Rate of return on equity, rate of return on assets, and the profit margin.

Table 5 Profitability Ratios of AFC Ajax (Yahoo finance)

Ratio/Year	2021	2020	2019	2018
Return on Equity	-0.04	0.09	0.25	0.01
Return on Assets	-0.02	0.04	0.13	0.004
Profit Margin	-7%	14%	26%	1%

7.1. Return on Equity

The return on equity ratio is attained by finding the ratio between the net income and the shareholder's equity, and since the shareholder's equity is essentially the firm's assets minus its debt, the rate of return on equity is basically the return on net assets. Therefore, it reflects the gauge of the profit of the firm and profit generation efficiency. (FERNANDO, 2021)

$$\text{Return on Equity} \quad = \quad \text{Net Income}/\text{Shareholder's Equity}$$

The Return on Equity of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Return on Equity 2021} \quad = \quad -8{,}057{,}000 \ /221{,}950{,}000 \quad = \quad -0.04$$

$$\text{Return on Equity 2020} \quad = \quad 20{,}661{,}000 \ /228{,}680{,}000 \quad = \quad 0.09$$

$$\text{Return on Equity 2019} \quad = \quad 51{,}919{,}000 \ /209{,}550{,}000 \quad = \quad 0.25$$

$$\text{Return on Equity 2018} \quad = \quad 1{,}186{,}000 \ /157{,}650{,}000 \quad = \quad 0.01$$

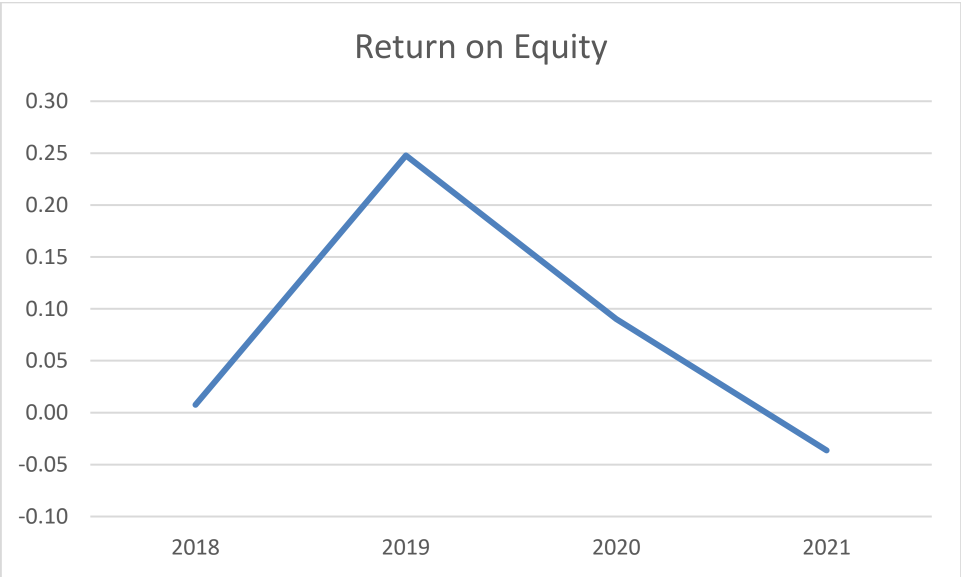

Figure 9 AFC Ajax Return on Equity (Yahoo finance)

7.2. Return on Assets

The financial metric return on assets refers to a financial ratio that illustrates the degree of a company's profitability in contrast to its total asset value. Hence, it reflects the rate of efficiency of a company as it uses its assets for profit generation. The formula presented below indicates how the calculation for the metric is done. (HARGRAVE, 2022)

$$\text{Return on Assets} = \text{Net Income}/\text{Total Assets}$$

The Return on Assets of AFC Ajax is calculated as follows using the figures in table 1;

Return on Assets 2021	=	$-8{,}057{,}000$	$/503{,}372{,}000$	=	-0.02
Return on Assets 2020	=	$20{,}661{,}000$	$/\ 508{,}415{,}000$	=	0.04
Return on Assets 2019	=	$51{,}919{,}000$	$/387{,}180{,}000$	=	0.13
Return on Assets 2018	=	$1{,}186{,}000$	$/272{,}324{,}000$	=	0.004

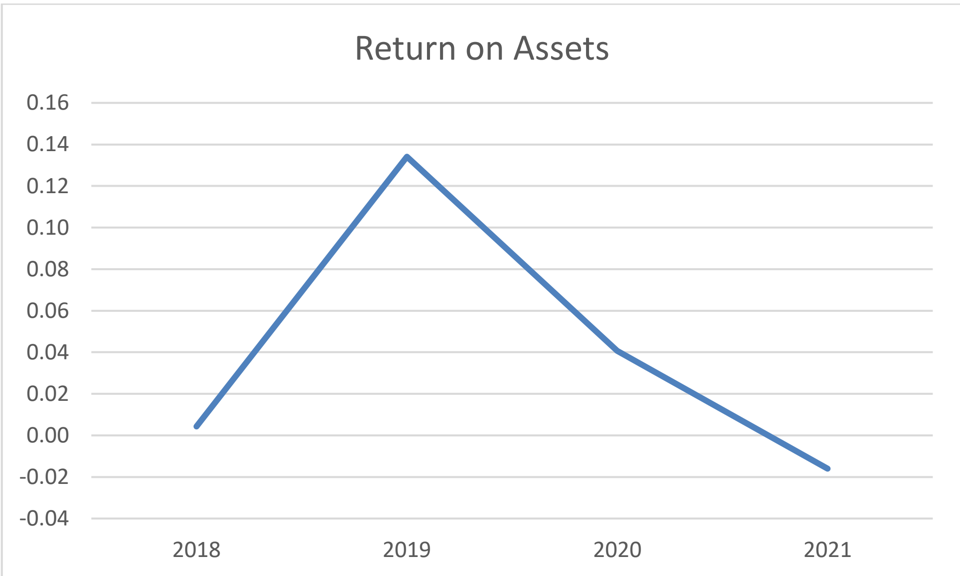

Figure 10 AFC Ajax Return on Assets (Yahoo finance)

7.3. Profit Margin

The profit margin is widely known and is one of the most used financial metrics by businesses and investor, to measure the rate at which a business activity generates money. Plus, it displays the ratio of sales or revenue that has turned into profits. In basic terms, it reflects how many cents of profit generated to each dollar of sale. The profit margin is calculated via the formula presented below by taking the rate between the net income against the revenues. (SEGAL, 2021)

$$\text{Profit Margin} = \text{Net Income}/\text{Revenue}$$

The Profit Margin of AFC Ajax is calculated as follows using the figures in table 1;

Profit Margin 2021	=	$-8{,}057{,}000$	$/108{,}904{,}000$	=	-7 %
Profit Margin 2020	=	$20{,}661{,}000$	$/153{,}000{,}000$	=	14 %
Profit Margin 2019	=	$51{,}919{,}000$	$/197{,}281{,}000$	=	26 %
Profit Margin 2018	=	$1{,}186{,}000$	$/88{,}821{,}000$	=	1.3 %

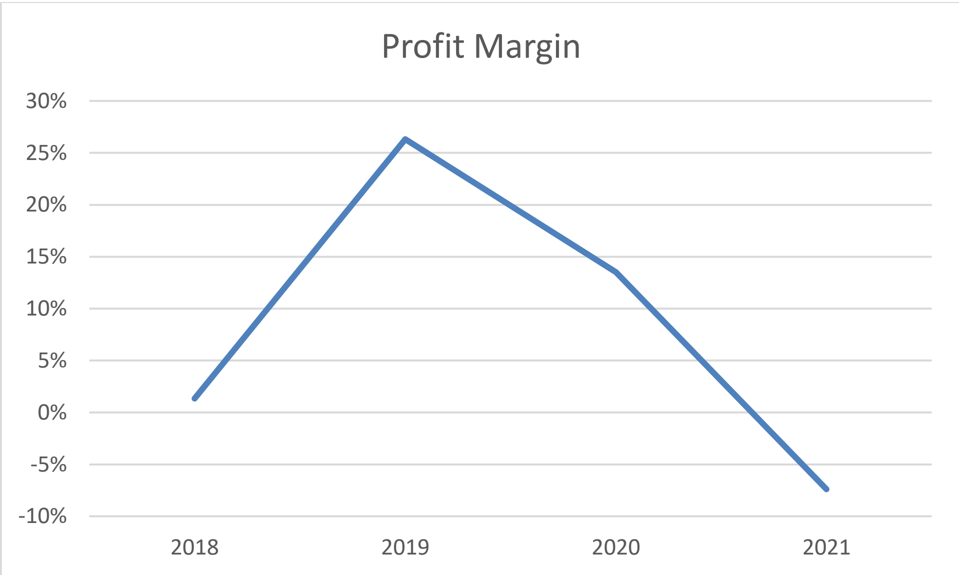

Figure 11 AFC Ajax Profit Margin (Yahoo finance)

7.4. Discussion on the Profitability Ratios

7.4.1. Return on Equity

As seen in Figure 9, the return on equity ratio for AFC Ajax has been quite low in most cases, and even dropping down in negative in some instances. A measured 0.01 for the year 2018 reflected the immensely low-income statement compared to the organization’s shareholder’s equity. In the year 2019, the ratio increased drastically up to 0.25, due to the 49 million euros increase in the income statement. Nevertheless, the following drop in income statement in the year 2020 lead the ratio to reach 0.09. As for the year 2021, it recorded the worst ratio of -0.04. This is because the net loss of the team has reached more than negative eight million euros.

7.4.2. Return on Assets

The return on assets has recorded a similar attitude compared to return on equity as seen in Figure 10. The year 2018 had the lowest ratio on the return on assets of 0.004 since the income statement was slightly more than 1 million euros. The ratio increased in 2019 up to 0.13 due to the drastically increased income statement. From that point on, the ratio decreased to 0.04 in 2020, and hit the lowest point of -0.02 in the following year as the negative income statement indicating a net loss.

7.4.3. Profit Margin

The profit margin is dependent on the income statement as well, which further reflects another similar attitude in Figure 11 to the previous profit ratios. A low profit margin of 1.3% is measured for the year 2018 due to the low-income statement compared to the total revenues. Thereafter in the year 2019, the highest profit margin of 26% was calculated due to the increase in the income statement. In 2020, the profit margin dropped by almost half to be 14%, as the income statement experienced a similar drop. As for the year 2021, the net loss occurred directly impacted the profit margin and resulting a ratio of -7%.

8. Cash Flow Ratios

Cash flow ratios compares the different financial elements of a firm against its cash flows, in order to attain a reading that would reflect the firm’s ability to withstand drops in operating performance, and dividends issuance to investors. Therefore, making this financial metric a substantial tool to evaluating firms with a diversified cash flow compared to reported profits. (AccountingTools, 2022)

Ratio/Year	2021	2020	2019	2018
Cash Flow to Total Assets	-0.03	-0.03	0.15	-0.17
Cash Flow to Sales	-0.11	-0.07	0.24	-0.26

8.1. Cash Flow to Total Assets

This financial metric calculates the cash flow amount an organization is making in compression to its average total assets. It does not reflect the picture of whether the company makes profits or losses, rather it indicates the cash inflow of the company. The metric is calculated via the illustrated equation below. (AccountingGuide, 2022)

$$\text{Cash Flow to Total Assets} = \text{Cash Flows From Operations}/\text{Average Total Assets}$$

The Cash Flow to Total Assets of AFC Ajax is calculated using the figures in table 1;

$$\text{Cash Flow to Total Assets 2021} = -14{,}122{,}000\ /505{,}893{,}500 = -0.03$$

$$\text{Cash Flow to Total Assets 2020} = -12{,}002{,}000\ /447{,}797{,}500 = -0.03$$

$$\text{Cash Flow to Total Assets 2019} = 48{,}465{,}000\ /329{,}752{,}000 = 0.15$$

$$\text{Cash Flow to Total Assets 2018} = -24{,}622{,}000\ /148{,}466{,}000 = -0.17$$

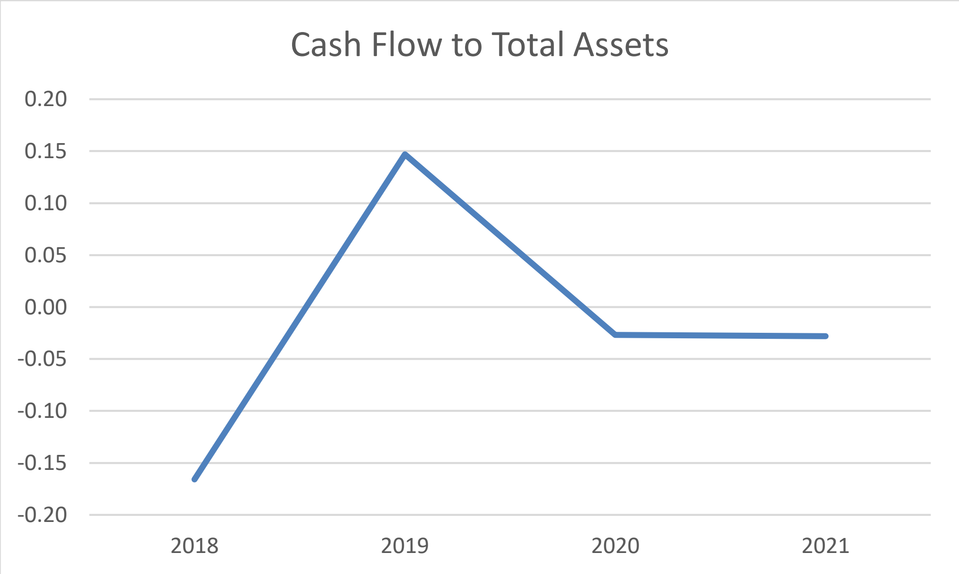

Figure 12 AFC Ajax Cash Flows to Total Assets (Yahoo finance)

8.2. Cash Flow to Sales

Cash flow to sales reflects a more precise picture of the business's value after accounting to capital expenditures compared to how much revenue the firm makes, which is attainable with the equation presented below. (Collective, 2022)

$$\text{Cash Flow to Sales} \quad = \quad \text{Cash Flows From Operations}/\text{Sales}$$

The Cash Flow to Sales of AFC Ajax is calculated as follows using the figures in table 1;

$$\text{Cash Flow to Sales 2021} \quad = \quad -14{,}122{,}000 \ /125{,}160{,}000 \quad = \quad -0.11$$

$$\text{Cash Flow to Sales 2020} \quad = \quad -12{,}002{,}000 \ /162{,}300{,}000 \quad = \quad -0.07$$

$$\text{Cash Flow to Sales 2019} \quad = \quad 48{,}465{,}000 \ /199{,}500{,}000 \quad = \quad 0.24$$

$$\text{Cash Flow to Sales 2018} \quad = \quad -24{,}622{,}000 \ /92{,}980{,}000 \quad = \quad -0.26$$

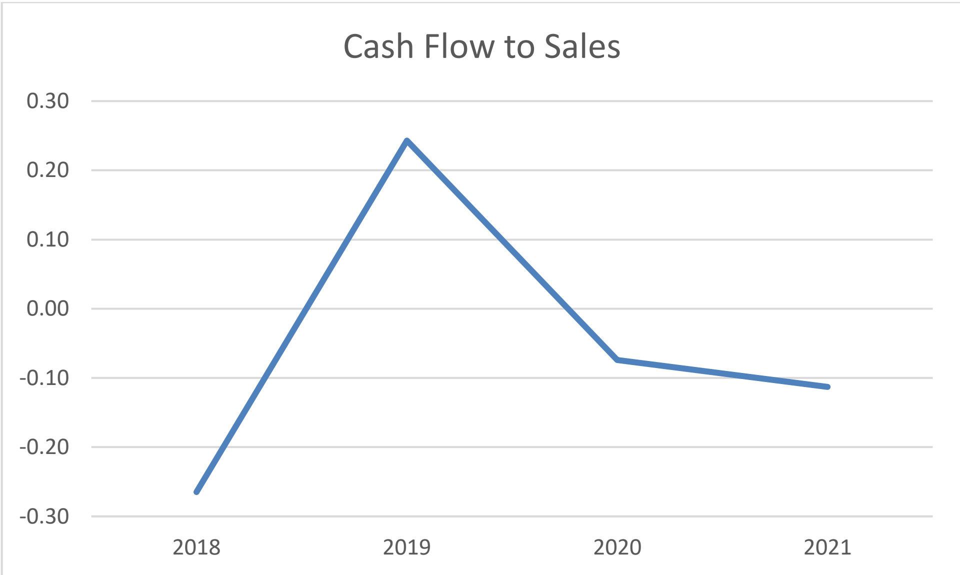

Figure 13 AFC Ajax Cash Flow to Sales (Yahoo Finance)

8.3. Discussion on the Cashflow Ratios

8.3.1. Cash Flow to Total Assets

It can be observed in Figure 12 that in most cases, the opeartion cash flow for AFC Ajax comes in negatice, reflecting a cash outflow rather than inflow. Therefore, in the year 2018 and with an operation cash flow of about negative 25 million euros, the cash flow to assets ratio was -0.17. The year 2019 was the only year with a positive cash flow of just shy from 50 million euros, and returned a ratio of 0.15 which is the highest recorded in the past four years. The follow two years 2020 and 2021, measured an exact value of -0.03 due to a negative cash flow and similar ratio with the average total assets.

8.3.2. Cash Flow to Sales

Figure 13 demonstrates the cash flow to sales ratio for the four years, and it can be noted that the figure is similar to that for the cash flow to total assets ratio due to the fact that they are both heavily dependent on the operations cash flow. Hence, a negative value of -0.26 was measured for the year 2018. Followed by an increased measurement of 0.24 for the year 2019. Thereafter, a negative value of -0.07 and -0.11 was measured for the years 2020 and 2021 respectively.

9. Discussion

AFC Ajax displayed an overall poor financial performance according to the analyzed financial ratios. To begin with, the liquidity ratio measurements were more than 1 for all the current and quick ratios across the analyzed four-year period which is considered sufficient and reflects the team's ability of liquefying its assets. Nonetheless, for the cash ratio analysis, none of the values were even decent. With the highest value almost being 0.50; thus, indicating that the value of cash and cash equivalents are quite a small portion of the team's current liabilities which could make investors quite warry.

As for the activity ratios, the overall results were pretty good considering the team's position, with the minimum value being 24.88 and it is almost increasing ever since. This reflects that the inventory is selling at a decent rate. However, the relatively low receivable turnover ratio would make investors reluctant of AFC Ajax, as it is indicating the low commitment of the customers and poor receivable management by the team. Thereafter, another warrying financial metric would the total asset turnover which never went above 1 in the past four years indicating a low sales value compared to the organization's assets.

The organization's debt ratios were a mixed bag as well, the increasing debt ratio over the past four years indicated the team's increasing dependance on debt which would increase the overall volatility for investors since worries of the organization's ability of fulfilling its debt obligations will rise. Also, this can be seen in the times interest earned ratio, which is not stable. The -4.4 ratio for the year 2021 will definitely lead investors to consider alternative organizations.

The worse results up to this point were attained from the profitability ratio, with all of them getting worse by the years and always being close to zero. AFC Ajax's ability to generating earnings compared to its revenue is depressingly low and turning negative in some cases which would make for a further warring aspect to investors. The results of the cash flow ratio are quite similar to that of the profitability ratio as well. The metrics are reflecting negative values which are caused by the net loss the team has faced in the past four years.

AFC Ajax is heavily suffering in different financial aspects, and the 2020 pandemic has definitely did not make it any easier for the team. It can be noticed in most of the financial metrics that the year 2020 usually displays the worse values, due to the losses suffered from not being able to selling tickets due to restrictions. This unfortunate as the year 2018 was a quite bright year considering the team's financial history due to the team's performance, but there were no precautions that would help the team in the case of a global pandemic and just like other organizations, it suffered badly from it, and is not recovering well compared to present financial results.

When comparing AFC Ajax with other successfully corporation with rather healthier financial and economic circumstances, it becomes clearer the dry state of AFC Ajax. To illustrate, the article by (Al Mheiri, et al., 2021) implemented a ratio analysis study on Apple inc., which is one of the world's leading electronic corporations. The analysis showed its healthy financial status when it comes to meeting its short-term obligations, which AFC Ajax suffered from, specially in the cash flow metric. Furthermore, Apple inc. does not depend heavily on debt, but on equity to finance its operations which was described as having a "has a balance of equity and debt in its working capital." (Al Mheiri, et al., 2021) Furthermore, the significant ability of the company of profit and generation of profit to investors found by the profitability metric, which is another area AFC Ajax lacked in. Moreover, the article demonstrated and emphasized on Apple inc.'s potential and ability of having growth in its return to investments since it experiences a consistent growth in return of equity, which is another area AFC Ajax is suffering from. (Al Mheiri, et al., 2021)

In another article addressing a local organization in the UAE by (Almansoor, et al., 2021), a ratio analysis was measured for Abu Dhabi National Oil Company (ADNOC) which is an integrated group of energy company. It showed the corporation's relatively high profitability ratios which are mainly being funded by equity as the corporation has a high rate of equity. Unlike AFC Ajax, ADNOC's profit margin rates are much healthier, which further induces the fact that the company has been efficiently managing its costs to generate profits. Furthermore, high numbers were measured for all of the liquidity ratio metrics, something AFC Ajax lacked in for the cash flow ratio, further proving ADNOC's capability in instantly liquidating its assets. Nonetheless, ADNOC has experienced a small drop in the inventory turnover ratio unlike AFC Ajax which is witnessing an increase. Also, ADNOC's cash flow ratios have been increasing steadily in the past few years, another department AFC Ajax was lacking in. (Almansoor, et al., 2021)

Moreover, a similar analysis was conducted on one of the world's premier biopharmaceutical companies Pfizer by (Alkhyeli, et al., 2021) illustrated a similar financial performance when compared to AFC Ajax. Pfizer is experiencing bad sufficient liquid assets due to the low liquidity financial metrics. Furthermore, the calculated low current and quick cash flows similarly to AFC Ajax, was deemed to causing Pfizer to not being capable of fulfilling its short-term liabilities for the year 2019. Also, it exposed the fact that Pfizer does not show proper inventory and receivables management. Moreover, the article displayed the slow and declining rate of sales of the company, and the declining asset turnover ratio showed that the company is suffering with revenue. (Alkhyeli, et al., 2021)

10. Recommendation to Investors

10.1. Overviews to the investors

"AFC Ajax NV" is a sporting organization headquartered in the Netherlands. It owns and operates "AFC Ajax, an Amsterdam-based football team". The company generates income from five primary sources: sponsorship, merchandise, the sale of broadcast and Internet rights, ticket sales, and player sales. (*Official Website AFC Ajax Amsterdam - Ajax.Nl*, n.d.).

10.2. Recommendations to the investors

To avoid investors from being misled, investment suggestions must adhere to a variety of transparency rules. The information that must be disclosed in accordance with these transparency criteria enables investors to evaluate the status or credibility of an investment proposal, the interests of its makers and publisher, and the objectivity of its presentation. (AFM, 2022)

To that end, the conducted financial ratio analysis on AFC Ajax has revealed multiple different aspects from the organization's financial situation. It has displayed various metrics that could act as identifying tools to decided whether or not it is a reasonable investing option. It should be noted however, that the COVID19 pandemic has had a hefty impact on multiple of different organization in multiple sectors; hence, any critically measured metric for the years

2020 and above could be caused by the pandemic. Overall, AFC Ajax was witnessing an overall financial boost and improvement in the late 2010 decade, which was due to a new management and proper sports performance. This could be seen in the current ratio where it spiked at a respectable 1.36 by 2019 but declined slightly in the following years. A similar case appears for the quick ratio as well; nonetheless, the cash ratio has been under 1 consistently, and merely spiking to half that in 2019 which makes for a great concern to investors, as it indicates that the cash and cash equivalents that organization barely covers half of that of the liabilities. (Alkhyeli, et al., 2021)

As for the activity ratios, the organization displayed mixed results, as the inventory turnover has been increasing up till 2020 with a value of above 45 and dropped slightly thereafter. This could be a sign for investors that AFC Ajax is having a good balance between not having to reorder too frequently, indicating good inventory management. However, the relatively low receivables turnover ratio across the board, would warn the investors of an inadequate process of collection. A similar case could be seen in the total asset turnover, as it never actually reached 1, and has been dropping immensely since the past few years, which further illustrates the poor management of assets to produce revenues by the team. This is followed by the leverage ratios which are critically concerning for investors because even though the debt ratio is acceptable by most investors, the times interest earned ratio is warningly bad, with negative results for the years 2019 and 2021. Therefore, indicating a high risk of possible bankruptcy and it is advisable for investors to be extremely cautious when investing in the organization. Furthermore, the relatively low and recently negative net income led to poor outcomes in the profitability ratios, which makes for another warning that indicates the rather poor profit generation efficiency. Also, the cash flow ratios have not been doing good either, as most of attained values were negative. This reflects the firm’s poor capability to withstand drops in operating performance, which was asserted by the 2020 pandemic as well. (Myšková & Hájek, 2017)

It cannot be argued with the fact that AFC Ajax has an overall poor financial performance, and when it comes to investors, the best course of actions would be to look at alternatives that have a healthier overall status. Current investors should be very warry of the organization as its alarming metric results indicate that the organization's finances are getting worse, and is not recovering as required from the pandemic. Moreover, as this is the case, it is expected that the organization might not receive anymore capital equity, which would probably lead to increases in debt ratios. This could ultimately lead it going bankrupt and losing a lot of investors' money. To that end, the increasing number of red flags leads to a recommendation of staying away of AFC Ajax as an investing opportunity. (Almansoori, et al., 2021)

11. Conclusions

AFC ajax is one of the most reputable football teams in the professional Dutch football league Eredivisie. However, the purpose of this report is to address the football teams financial performance in accordance to its financial statement in the past four years; and whether it may be considered favorable or unfavorable to investors and creditors.

This report analyzed the team's profitability, liquidity, activity, leverage, profitability and cashflow ratios. The football team's profitability ratio showed fluctuation across all three ratios of (return of equity, return on assets and profit margin), peaking in 2019 and dropping drastically in 2020, reaching eventually achieving numbers below that of 2018. Showing an overall weakness in profitability performance. Similarly, to the profitability ratio, liquidity also displays a fluctuation trend peaking in 2019 and dropping in 2020 in all three ratios (current, quick and cash ratios). However, it records a slightly higher number when compared to the year 2018.

The activity ratio comprised of (inventory, receivable and total asset turnover), with the inventory turnover increasing from 2018 to 2020, which dropped slightly in 2021. While, receivable turnover reaching a high point in 2019 and declining to level slightly higher than that of 2018. While total asset turnover showing a gradual drop across all four years. Leverage ratio of (debt ratio and times interest earned ratio (TIER)), the team has an increasing number in debt ratio across four years, meaning it has more financial obligations to meet. In addition, TIER fluctuated in 2019 and continued afterwards to drop, reaching the lowest point compared to all years. Finally, the football's team cash flow to total assets and cash to sales within the cashflow ratio both which fluctuated in 2019 and dropped later on to slightly higher numbers than that of 2018. Indicating an improved performance in cash flow ratio.

To conclude, the football team boomed financially from 2018 till 2019 with 2019 being the team's financial peak; until it dropped in 2020 due to the occurrence of COVID-19 pandemic that caused numerous coronavirus cases to arise, along with new polices that adversely affected the soccer teams primary sources of income, sponsorship, merchandise, the sale of broadcast ticket sales, and player sales adversely. This is exhibited in all ratios indicating that the football league is undergoing unsettling times through the financial inconsistency, which is not attractive to both investors that want to achieve steady long term returns on their investments, or creditors that will loan the football team provided they meet with their obligations.

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