

CRACOVIA 

MKS CRACOVIA

REGION  
EUROPE

Founded in 1906, MKS Cracovia is the oldest football team in Poland, and the oldest active sports club in the country. It has had a volatile history, with triumphs in the Polish top division (the Ekstraklasa) at one end of the spectrum, relegation and near bankruptcy at the other. Today, after years in lower leagues the club is re-established in Poland's top flight, and last year competed in the Europa League for the first time in decades. In 2020 Cracovia won the Polish super cup for the first time in its history. Off the pitch Cracovia's fortunes are also on the rise. Today it is a subsidiary of Comarch S.A., which is also the club's sponsor. Cracow-based Comarch is a global software business listed on the Warsaw Stock Exchange.

### CHALLENGE

Football club finances are a complicated business, with income generated through gate receipts, media earnings (mostly TV rights), sponsorship, club shop sales, hospitality franchises and player transfers. Income can rise and fall on an almost weekly basis. A poor run of form dampens matchday receipts and shop sales, and success has the opposite effect. Outgoings are equally unstable. Player wages usually make up the lion's share, and transfers can dramatically alter the short term financial picture, increasing or reducing pressure on the overall wage bill.

Comarch first acquired shares in Cracovia's holding company in 2003, and now holds 66.11% of Cracovia share capital. In 2019 the club turned to Polish UHY member firm UHY ECA Group to audit its financial statements and licensee documentation, and

to help ensure that the club's performance on the pitch would never be undermined by financial issues off it.

### SOLUTION

For Comarch, UHY ECA Group's reputation for excellent service was well established. "We already had positive opinions and credentials around UHY ECA Group and UHY is a well-known brand," says Konrad Tarański, CFO and vice president of the management board of Comarch S.A. "We could draw on the experience of earlier cooperation between UHY ECA Group and other entities related to Comarch, so we were happy to trust the firm with the Cracovia account."

For UHY ECA Group, Cracovia is a labour of love. "For Polish fans Cracovia is more than a football club, it is a significant part of Polish football history," says Dominik Biel, partner at UHY ECA. "Cracovia is not only the oldest Polish club, it is also the beloved club of Pope John Paul II. Being an auditor of Cracovia is a combination of private and professional passion."

Associate partner Patryk Steidten agrees. "Auditing the financial statements of Cracovia, a distinguished and titled football club, was not in the category of work. Football is my greatest hobby, so the analysis of the football business was one of my favourite projects."

The trust between UHY ECA Group and Comarch was reinforced by the smooth handling of the first audit. UHY ECA Group was contracted in 2019, and completed the audit during the first wave of Covid in 2020. Comarch was impressed by the firm's commitment despite the challenges presented by the lockdown.

"We quickly agreed on the method of cooperation with UHY ECA Group and the first audits went smoothly," says Konrad. "All deadlines were met despite the occurrence of *force majeure* during the audit period in the form of the pandemic. We are satisfied with the quality and timeliness of UHY ECA Group's services as well as with a fully professional approach to cooperation."

### RESULT

UHY ECA Group is now tasked with completing the next Cracovia audit, which may be more complex still. The Polish Ekstraklasa was one of the first leagues to suspend matches due to the pandemic in March 2020. The league resumed in May, with games played without fans until the end of the competition in July. So far, 2020/21 season matches have been played behind closed doors.

As well as shortfalls in ticket revenue, the audit will take account of other financial pressures caused by Covid, with reductions in hospitality and media income. Cracovia will weather the storm thanks to the support of Comarch, but for UHY ECA it will be a football club audit unlike any other.

Happily, the firm has the complete confidence of the club and its parent company to perform to the highest standards. Konrad says the cooperation between Comarch and UHY ECA Group, and the quality of the work so far has put the firm in a strong position to be considered for further contracts as the group expands.

### UHY IN THE SPORTS SECTOR

There has never been a more challenging time for global sport, with the pandemic affecting participation, ticketing, tourism, media and hospitality revenues. Our expertise includes tax and financial planning advice for sportspeople to auditing and advising clubs, government bodies, coaches and agents, as well as advising clubs and gyms.



MKS Cracovia 2019 UEFA Europa League.  
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