

5. SPORTS INTANGIBLE FIXED ASSETS AND NON-CURRENT ASSETS MAINTAINED FOR SALE

5.1. Sports intangible fixed assets

The heading “Sports intangible fixed assets” includes players’ acquisition rights and the like. The movement under this heading of the consolidated balance sheet for the 2021/22 and 2020/21 seasons, has been as follows:

June 30th, 2022:	Thousands of Euros				
	Balances at 06/30/2021	Incomings and allowances	Outgoings, discharges or reductions	Transfers (Note 5.2)	Balances at 06/30/2022
Cost:					
Football	589,560	81,342	(50,209)	-	620,693
Basketball	2,666	239	(1,610)	-	1,295
Handball	1,000	67	(42)	-	1,025
Hockey and others	501	-	-	-	501
Cash advances and others	10,550	-	-	-	10,550
Total cost	604,277	81,648	(51,861)	-	634,064
Accumulated amortization:					

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June 30th, 2021:	Thousands of Euros				
	Balances at 06/30/2020	Incomings and allowances	Outgoings, discharges or reductions	Transfers (Note 5.2)	Balances at 06/30/2021
Cost:					
Football	957,781	90,783	(167,130)	(291,874)	589,560
Basketball	4,640	196	(2,170)	-	2,666
Handball	2,550	300	(1,850)	-	1,000
Hockey and others	491	190	(180)	-	501
Cash advances and others	16,550	-	(6,000)	-	10,550
Total cost	982,012	91,469	(177,330)	(291,874)	604,277
Accumulated amortization:					
Football	(379,699)	(153,747)	126,831	128,833	(277,782)
Basketball	(3,513)	(564)	2,120	-	(1,957)
Handball	(1,674)	(511)	1,802	-	(383)
Hockey and others	(448)	(84)	106	-	(426)
Total accumulated amortization	(385,334)	(154,906)	130,859	128,833	(280,548)
Impairment:					
Football	-	(129,416)	4,375	125,041	-
Cash advances and others	-	(10,550)	-	-	(10,550)
Total impairment	-	(139,966)	4,375	125,041	(10,550)
Net total	596,678	(203,403)	(42,096)	(38,000)	313,179

Players' acquisition rights are considered as expenditure in the forthcoming seasons, without considering the effect of the reserves for impairment, in accordance with the following estimate:

Season:	Thousands of Euros	
	06/30/2022	06/30/2021
2021/2022	-	120,372
2022/2023	79,406	83,154
2023/2024	76,835	76,144
2024/2025	46,445	33,509
2025/2026* et seq.	43,521	-
Total	246,207	313,179

* At June 30th, 2022 it corresponds to the expenditure for the season 2025-2026 et seq.

The signings this year correspond to the acquisition of players' registration rights in the amount of €81,648 thousand (€91,469 thousand at June 30th, 2021).

At June 30th, 2022 and 2021, there are contingent liabilities derived from the agreements reached with clubs for the acquisition of players' registration rights belonging to the first team, which are subject to the fulfilment of a series of conditions. The likelihood of occurrence depends on uncertain future facts, the maximum amount to pay based on the contractual agreements applicable at the year ended June 30th, 2022 being €70 million (€65 million in the year ended June 30th, 2021). In addition, there are agreements with clubs over which the Club has contingent collection rights with regard to sold or transferred players for a maximum amount of €47 million (€57 million in the year ended June 30th, 2021).

In addition, pre-emption rights are maintained over certain players and the like for the amount of €10,550 thousand (€10,550 thousand at June 30th, 2021). The Board of Directors and the sports management of the Club considered that there were signs of impairment in respect of the said assets and proceeded with full impairment in the year 2020/21.

This year, the outgoings mainly correspond to the sale of players, which generated a net profit of €28,233 thousand entered under the heading "Result for disposals and others" in the attached profit and loss account (a net profit of €23,443 thousand in the year ended June 30th, 2021). In addition, this year, the contracts of several players have been terminated entailing a loss for the amount of €15,175 thousand (€30,463 thousand in the year ended June 30th, 2021).

Furthermore, the heading "Result for disposals and others" in the attached profit and loss account reflects other profits in the amount of €14,665 thousand (€10,769 thousand in the year ended June 30th, 2021), basically generated under the heading of payments received for variables for sports performance agreed in different agreements for the sale of registration rights and for transferring to other clubs players who formed part of the Club in previous years.

The Club's Board of Directors is not aware of situations requiring the registration of impairments for a significant amount at June 30th, 2022, apart from those entered in the attached consolidated annual accounts.

The average term of the labour contracts entered into with the personnel who can be registered with the National Professional Football League is 5 years as of the signing thereof.

At June 30th, 2022 and 2021, totally amortized elements exist in the amount of €140,859 and €916 thousand, respectively.

The players are contracted under a labour contract, pursuant to the provisions of Royal Decree 1006/1985, of June 26th, regulating the special labour relations of sports professionals, under the general regime.

The income derived from the assignment and training of players recorded under the heading "Other operating income" in the consolidated profit and loss account during 2021/22 ascends to €2,418 thousand (€9,504 thousand during 2020/21) (Note 18.2).

5.2. Non-current assets maintained for sale

The movement under the heading "Non-current assets maintained for sale" in the consolidated balance sheet in the 2021/22 and 2020/21 seasons, has been as follows:

June 30th, 2022:	Thousands of Euros				
	Balances at 06/30/2021	Incomings and Allowances	Outgoings, Discharges or reductions	Transfers (Note 5.1)	Balances at 06/30/2022
Football:					
Net amortization cost	163,041	-	(91,492)	-	71,549
Correction for impairment	(125,041)	(5,000)	61,492	-	(68,549)
Net total	38,000	(5,000)	(30,000)	-	3,000

The outgoings for the year 2021/22 correspond to the sale of several players' registration rights.

June 30th, 2021:	Miles de euros				
	Balances at 06/30/2020	Incomings and allowances	Outgoings, discharges or reductions	Transfers (Note 5.1)	Balances at 06/30/2021
Football:					
Net amortization cost	-	-	-	163,041	163,041
Correction for impairment	-	-	-	(125,041)	(125,041)
Net total	-	-	-	38,000	38,000

As established in Note 4.6, the Group classifies under the heading "Non-current assets maintained for sale" those assets the book value of which shall mainly be recovered through the sale thereof, instead of through the continual use thereof, when the following prerequisites are met: they are available for immediate sale; the action required to find a purchaser has been initiated; and the sale thereof is highly likely within a period of one year. The non-current assets maintained for sale are valued at the lesser of their book value and their fair value, minus selling costs.

In the case of certain assets of the sports intangible fixed assets in which the aforementioned prerequisites were met for the year 2020/21, the Group proceeded to implement the appropriate reclassification of the value of these assets under this heading of the balance sheet.