

2º LUGAR

# Financial impacts of implementing the Football Corporations (SAFs) model: Analysis of Botafogo Futebol e Regatas Club

*Impactos financeiros da implementação do modelo de sociedade anônima do futebol (SAF): Análise do Botafogo Futebol e Regatas*

Article received: 08/23/2024, Article accepted: 10/25/2024

**Bruno Garcia de Almeida Ferreira**

Rio de Janeiro – RJ

Undergraduate in Accounting Science from UERJ<sup>1</sup>  
bruno.galmeida@hotmail.com

**Flávia Rechtman Szuster**

Rio de Janeiro – RJ

PhD in Administration from EBAPE/FGV<sup>2</sup>  
Associate Professor at UERJ

## ABSTRACT

Considering the most practiced sport on the planet, football has the power to influence the lives of many people, especially in Brazil. In recent years, to try to recover from high debts, some Brazilian clubs have begun to adopt the Football Corporations (SAFs in its Portuguese acronym) model, which was regulated in 2021 by Law No. 14,193/2021, leaving behind the old model of non-profit association. This study investigates the impacts of the transition of Botafogo Futebol e Regatas, one of the first Brazilian clubs to adopt the SAF model, analyzing the balance sheets of 2018, 2019, 2022 and 2023. Through the financial reports released by the club, we will apply the concepts of the analysis of the financial statements to show the real financial impact of the implementation of the SAF. The research becomes relevant due to the growing number of clubs adopting the model, which can have major social and economic impacts in Brazil. It was observed that the transition to the SAF model can bring some benefits, especially in relation to attracting new revenues and investments. In addition, there is an increase in the transparency of the club's financial statements, which can contribute to attracting new sponsors

**Keywords:** Football Joint-Stock Society. SAF. Analysis of financial statements. Financial ratios. Financial indicators. Vertical Analysis. Horizontal Analysis. Botafogo Futebol e Regatas.

## 1. INTRODUCTION

Charles Miller, a Brazilian of British origin and son of an English consul, was the first to introduce football to São Paulo's high society.

<sup>1</sup> UERJ – Rio de Janeiro State University – Maracanã – Rio de Janeiro – RJ - CEP. 20550-900.

<sup>2</sup> EBAPE/FGV - Brazilian School of Public Administration of the Getúlio Vargas Foundation - Botafogo, Rio de Janeiro – RJ – CEP. 22231-010.

From that moment on, other important Brazilian cities, such as Rio de Janeiro, Salvador, Porto Alegre and Belo Horizonte, followed the example and began to establish their own amateur clubs (NEGREIROS, 1998).

Historically, soccer clubs were predominantly structured as non-profit associations. This was because, at the time they were founded, soccer was considered primarily a recreational activity, which provided the basis for adopting this associative format.

After years of this model, some political groups took over the clubs, seeking the tax benefits that non-profit associations enjoy. As a result, many clubs ended up accumulating billion-dollar debts, which in 2021 exceeded 10 billion reais (Ernst & Young, 2022).

According to Luciano Motta (2020, apud SIMÕES SANTOS, 2020a), three main arguments support the infeasibility of maintaining professional football clubs as non-profit civil associations: the precariousness of the associative model as the cause of the bankruptcy of the current management model; the incompatibility of the legal form of association with the concept of business in high-performance sport; and the global success of adopting the club-company model as a solution to overcome crises.

As Cardoso et al. (2022) point out, the club-company proposal opens the door to the participation of individuals, companies and investment funds in the management of clubs. One of the main guidelines of the project is to require directors to dedicate themselves exclusively to the administration of the Sociedade Anônima do Futebol. In addition, the bill prohibits members of the board of directors, supervisory board or executive board of one club's SAF from also participating in another club's SAF.

Therefore, on August 6, 2021, Law No. 14,193/2021, known as the SAF law, was sanctioned, as provided for in the legislation, football clubs can adopt the form of Sociedades Anônimas do Futebol (SAF). This legislative initiative seeks to professionalize football management in the country, attracting investors and establishing guidelines for governance, control and transparency. As the bill's author, Senator Rodrigo Pacheco, stated (2021):

*The establishment of the SAF is an alternative for Brazilian football. It could be the way out for several clubs that have many traditions, have a lot of values, want to keep players in the country and just need good, entrepreneurial and professional management.*

After the approval of the Football Joint-Stock Society (SAFs), Brazilian football witnessed the first purchase and sale transactions of mass clubs in the country, bringing a new phase to national football. One of the first investors to enter this market was Engle Holdings, led by John Textor, who acquired 90% of Botafogo de Futebol e Regatas' SAF (SIMÕES SANTOS et al., 2022).

Considering that the SAF model is increasingly present in Brazilian football, the following research problem was formulated: What are the

impacts of Botafogo Futebol e Regatas' transition to the football joint-stock company model, based on the club's financial performance?

Therefore, the aim of this study is to assess, using financial indicators and an analysis of the club's balance sheets, how the adoption of the SAF has impacted on the club's financial health. The analysis was based on the balance sheets presented on the club's website in 2018, 2019, 2022 and 2023.

The years chosen for the analysis were the first two in the SAF model and the last two in the association model, disregarding the pandemic years because it was an atypical period where the championships lasted for more than a year and there was a big reduction in gate receipts, which would have had an even greater impact on the analysis.

The importance of this work is justified by the growing adherence of Brazilian football clubs to the FAS model, which can have major social and economic impacts on the country. Football is considered to be a national passion and has been practiced in Brazil for over 100 years, today being considered Brazilian cultural heritage. In recent years, with the aim of trying to save the big clubs from the crises they were going through, with huge debts and enabling new investments with greater legal certainty, the football joint stock company model began to be discussed and implemented.

Sports results were not considered in this study, as it is understood that changing the model involves long-term planning.

## 2. THEORETICAL FRAMEWORK

### 2.1 Financial ratios

Through indicators, it is possible to extract from the financial statements the relationships between accounts and a comprehensive view of the economic and financial situation of the organizations (MARTARAZZO, 2008).

Iudícibus (2010) highlights the importance of analyzing several indicators together to assess the economic situation of companies. The main indicators are classified as: liquidity, indebtedness and profitability.

#### 2.1.1. Liquidity ratios

Marion (2019) and Assaf Neto (2020) emphasize that liquidity ratios convey the financial situation, i.e. the company's ability to pay its various financial commitments.

Firstly, Current Liquidity shows the company's ability to pay in the short term (MARION, 2019) and is calculated by dividing current assets by current liabilities.

The General Liquidity Index shows the company's financial capacity to settle its obligations over the long term (IUDÍCIBUS, 2010; MARION, 2019). This indicator shows how much the company has in assets for every R\$1 of debt and is calculated by dividing the sum of current assets and long-term assets by the sum of current liabilities and non-current liabilities.

On the other hand, Assaf Neto (2014) notes that the execution stock is, in most cases, more difficult than the other current asset accounts, even though they are classified as short-term current assets. Therefore, the dry liquidity index disregards stock in the calculation, as well as other assets that are difficult to realize.

In addition, the immediate liquidity ratio can be calculated by dividing cash and cash equivalents by current liabilities.

#### 2.1.2. Debt ratio

According to Braga (2011), the ratio between third-party capital and own capital shows how much debt the company has in relation to shareholder funds. In short, a ratio of more than 100% (or greater than 1.0) indicates a higher level of third-party funding compared to the company's own resources.

This indicator shows how much the company is being financed by third parties rather than its own resources. It can be calculated by dividing total liabilities by shareholders' equity.

In turn, the composition of debt reveals how much of the company's total obligations will have to be paid off in the short term. The accumulation of short-term debt can indicate an immediate financial squeeze (BRAGA, 2011). In general, a high value indicates a greater need to generate resources to meet commitments and not compromise cash flow.

The General Indebtedness Index measures the portion of total assets that has been financed by third parties and is calculated by dividing total liabilities by total assets. The higher the ratio, the greater the amount of third-party capital used to generate profit (Gitman, 2010).

Thus, an indicator greater than 1 indicates that liabilities are greater than assets, characterizing a negative equity situation. The opposite indicates that the company uses less debt to finance its assets, suggesting a lower risk of insolvency.

#### 2.1.3. Profitability ratio

According to Martins et al. (2012), the analysis of profitability shows whether the entity effectively remunerates the capital employed in it, especially equity.

Saporito (2015) points out that profitability ratios are divided into two groups: margins and returns. Margins are ratios obtained exclusively from the income statement. Returns, on the other hand, are obtained using items from the Balance Sheet to compare results.

According to Iudícibus (2010), by analyzing the profit of an enterprise with a value that expresses its relative size, it will be possible to analyze how well the company did in a given period.

The return on assets ratio represents the efficiency with which the company uses its total investments in relation to its assets. It is very important because it shows the total profitability of the resources managed by the company. A low Return on Assets (ROA) may suggest that the company is not using its assets in the most efficient way.

On the other hand, return on equity shows the rate of return on own resources, i.e. a company's ability to generate profit from the resources invested by shareholders. It is calculated by dividing net profit by equity.

In addition, asset turnover indicates how many times total assets have turned over in relation to the volume of sales, showing the proportion between sales and the total investments made in the company. The higher the indicator, the better. The result will show the relationship between sales for the period and total investments made in the company and can be calculated by dividing net sales by total assets.

Finally, the net profit margin indicator measures the company's profitability compared to its turnover, i.e. the portion of sales that the company has managed to retain. It is calculated by dividing net profit by net sales. A high result indicates that the company is managing to efficiently convert its sales into profit, while the opposite shows that the company may be having difficulty controlling costs.

## 2.2 Horizontal and Vertical Analysis

According to Assaf (2012), when we analyze an account or asset group in isolation, we are unable to see the importance of the value presented and its value over time. For this reason, we use vertical and horizontal balance sheet analysis to extract information about a com-

pany's past, present and future position. According to Martins (2012), these two analyses are relevant techniques for evaluating trends.

In accordance with Martins et. al. (2012), vertical analysis is conducted by extracting percentage relationships between items belonging to the same statement for a given year. The percentages obtained can be compared with each other over time and can also be compared between different entities. According to the authors, vertical analysis can be used for all financial statements, however, it is most relevant in the Statement of Fiscal Year Results, where various items are calculated in comparison to sales. Also, in the balance sheet, the percentage share of accounts is calculated based on total assets and total liabilities.

On the other hand, the purpose of horizontal analysis is to show the evolution of the equity accounts and results of the company over a given period of time in order to portray trends (Iudicibus, 2010). Assaf Neto (2012) also emphasizes that horizontal analysis is a comparison between the values of the same account or group in different fiscal years. According to Martins (2012), this type of analysis is an important tool for analyzing the evolution of individual accounts and groups of accounts over time.

### 2.3. The Football Joint-Stock Company (SAF)

Law 14.193/2021 establishes the Football Joint Stock Company (SAF) and provides for rules on constitution, governance, control and

public educational institution to promote measures for the development of education through football, and of football through education.

At the start of the 2024 Brazilian Championship, seven of the twenty participating clubs had joined the SAF model, namely Atlético Mineiro, Bahia, Botafogo, Cruzeiro, Cuiabá, Fortaleza and Vasco da Gama.

## 3. METHODOLOGY

To investigate and analyze the financial impacts of the transition of Botafogo Futebol e Regatas to the Futebol Joint Stock Society model, the research used the club's financial statements for the years 2018, 2019, 2022 and 2023 as a basis. The statements are available on the club's website.

From the statements, spreadsheets were prepared with information about the club, in order to organize, calculate and visualize the financial data. In addition, the analysis methodology considered most appropriate to achieve the objective was selected. This consisted of analyzing the liquidity, indebtedness and profitability indicators and the vertical and horizontal analysis of the Income Statement and Balance Sheet.

## 4. DATA ANALYSIS

### 4.1. Liquidity ratio

FUTEBOL JOINT STOCK SOCIETY – SAF BOTAFOGO	ASSOCIATION		SAF	
	2018	2019	2022	2023
current liquidity	0,107	0,108	0,170	0,729
dry liquidity	0,107	0,108	0,162	0,719
general liquidity	0,062	0,079	0,228	0,679
immediate liquidity	0,008	0,000	0,011	0,022

transparency, means of financing of the football activity, treatment of liabilities of sports practice entities and a specific tax regime.

SAF has opened up the possibility of partial or total sale of football to new owners and presents a professional structure hired by them.

As far as taxation is concerned, according to the Law, the Football Joint Stock Company is subject to the Football Specific Taxation Regime. This implies the monthly payment, through a single collection document, of certain taxes and contributions, such as Corporate Income Tax and Social Contribution on Profits, to be calculated on a cash basis.

In addition, according to the law, during the first five calendar years of the establishment of the Football Joint Stock Company, it will be subject to the monthly and unified payment of the aforementioned taxes, at a rate of 5% of the monthly revenue received. For this purpose, monthly revenue is considered to be all revenue received by the SAF, including that related to prizes and supporter programs, with the exception of that related to the transfer of athletes' sporting rights.

From the start of the sixth calendar year of the formation of the Football Joint-Stock Society, the TEF will be levied at a rate of 4% of the monthly revenue received, including the taxes referred to, including revenue from the transfer of athletes' sporting rights.

In addition, the Football Joint-Stock Society must establish an Educational and Social Development Program in agreement with a

**Source:** prepared by the authors

In 2018 and 2019, Botafogo Associação's current liquidity remained stable, but with an extremely low value, possibly indicating a difficulty in meeting short-term debts. In 2022, the first year of the SAF, there was an improvement in the ratio to 1.70, influenced by the amount of accounts receivable from the club's new master sponsorship. In 2023, the indicator improved significantly to 0.729. However, this figure is influenced by transactions with related parties, which amounted to R\$369,606 in the year. In an explanatory note, the club stated that most of this amount refers to the operation conducted by the SAF in partnership with XP investments, involving the fiduciary assignment of credit rights to John Textor. The club emphasized that this fact does not bring any risks to the SAF, since these will be assumed by the majority shareholder and, in the future, used to settle the loan with XP.

Dry liquidity follows the same trend as current liquidity, since the difference between the two indicators is the exclusion of inventories, which have low values.

In turn, general liquidity showed that the club had R\$0.062 in assets for every R\$1.00 in debt in 2018 and that it improved to 0.679 for every R\$1 in 2023, the second year of the SAF model for Botafogo. The improvement in this ratio can be explained not only by the factors

that caused the increase in current liquidity indicators, but also by the increase in the amount to be received in advertising related to the contract with Brax and the sale of 20% of the commercial rights of the Liga Forte Futebol (a Brazilian football association) for the next 50 years.

The last index, immediate liquidity, shows the ability to pay short-term debts immediately with cash available. This indicator is not often used in isolation because it presents a very short-term analysis. Despite this, it is possible to see a gradual improvement in the index over the years analyzed.

## 4.2 Indebtness ratio

FUTEBOL JOINT STOCK SOCIETY – SAF BOTAFOGO	ASSOCIATION		SAF	
	2018	2019	2022	2023
Level of indebtedness	-118,03%	-122,01%	-332,61%	-690,73%
General indebtedness	16,004	12,613	1,430	1,169
Composition of indebtedness	28,48%	34,05%	76,73%	74,59%

Source: prepared by the authors

Firstly, the indebtedness level indicator shows the relationship between third-party capital and the club's equity. Because the club's equity is negative, it is difficult to make a more in-depth analysis of the index, but it can be pointed out that Botafogo is highly dependent on third-party resources.

In relation to general indebtedness, this shows the portion of assets that has been financed by third parties. The ratio greater than 1 presented by the club indicates a negative net worth in all the years analyzed, but with a significant improvement in recent years.

The composition of indebtedness shows the percentage of the company's obligations that must be paid in the short term. The ratio increased from 24.48% in 2018 to 74.59% in 2023, indicating that most of the club's assets are being financed by third parties, a situation that could be worrying. The increase in the ratio refers to accounts payable for acquiring players and taking out loans for working capital.

## 4.3. Profitability ratio

FUTEBOL JOINT STOCK SOCIETY – SAF BOTAFOGO	ASSOCIATION		SAF	
	2018	2019	2022	2023
ROA	-0,135	-0,131	-0,884	-0,122
ROE	-	-	-	-
Asset turnover	1,331	1,260	0,504	0,429
Net profit margin	-10,12%	-10,41%	-175,24%	-28,46%

Source: prepared by the authors

Firstly, the return on assets (ROA) shows the return on the club's investments in relation to total assets, indicating the efficien-

cy with which these resources are invested. As seen in the table, the negative ROA presented by Botafogo means that the club has been losing money in relation to its assets in all the years analyzed, despite a slight improvement in the last one, but still without presenting a satisfactory return.

The Return on Equity (ROE) indicator represents the return on capital invested in the club with its own resources. As with the other indicator already analyzed, the club's negative net worth makes a more critical analysis impossible, but it is possible to see that the club made a loss in all four years analyzed and therefore did not make any return on its investments.

In turn, asset turnover shows the number of times assets turnover in relation to revenue and their behavior with investments,

indicating the efficiency with which the club uses its assets to generate revenue, the higher the indicator the better. This indicator fell from 1.331 in 2018 to 0.429 in 2023, despite the club's revenue having increased in the years analyzed. What affected the fall in the indicator was the increase in the club's assets, mainly due to the growth in operations with related parties and the increase in accounts receivable.

Lastly, the net profit margin represents the percentage of revenue that the club manages to turn into profit. Botafogo made a loss in all the years analyzed, so the index remained negative throughout the period. The worsening of the index with the arrival of SAF may be worrying, but it can be explained by the high investments made in an attempt to get the club's finances back on track. The improvement in the indicator from 2022 to 2023 was due to the accounting of 161 million in revenue from the sale of Liga Forte Futebol's commercial rights, revenue that is not routine. The real impact of this operation will only be seen in the coming years.

## 4.4. Vertical and horizontal analysis of the balance sheet Table

Table 1 - Vertical and Horizontal Analysis of Assets

	2022	AV(%)	AH(%)	2023	AV(%)	AH(%)
Total Assets	280.932	100,00%	100%	828.441	100,00%	195%
Current	52.474	18,68%	100%	526.417	63,54%	903%
Cash and cash equivalents	3.375	1,20%	100%	16.057	1,94%	376%
Accounts receivable	40.849	14,54%	100%	128.393	15,50%	214%
Stock	2.492	0,89%	100%	7.016	0,85%	182%
	2022	AV(%)	AH(%)	2023	AV(%)	AH(%)
Related parties	0	0,00%	100%	369.606	44,61%	
Down payments	2.268	0,81%	100%	1.488	0,18%	-34%
Recoverable tax	204	0,07%	100%	203	0,02%	0%
Anticipated expenses	3.286	1,17%	100%	3.654	0,44%	11%
Non-current	228.458	81,32%	100%	302.024	36,46%	32,20%
Accounts receivable	38.970	13,87%	100%	131.441	15,87%	237%
Other services	0	0,00%	100%	2.015	0,24%	
Fixed assets	1.614	0,57%	100%	11.025	1,33%	583%
Intangible	187.874	66,88%	100%	157.543	19,02%	-16%

Source: prepared by the authors

Table 2 - Vertical and Horizontal Analysis of Liabilities

	2022	AV(%)	AH(%)	2023	AV(%)	AH(%)
Total Assets	401.705	100,00%	100%	968.681	100,00%	141,14%
Current	308.242	76,73%	100%	722.499	74,59%	134,39%
Suppliers and accounts payable	139.278	34,67%	100%	153.603	15,86%	10%
Loans and financing	16.630	4,14%	100%	358.871	37,05%	2058%
Labor obligations	10.391	2,59%	100%	24.682	2,55%	138%
Tax obligations	26.497	6,60%	100%	51.380	5,30%	94%
Obligations to related parties	42.147	10,49%	100%	36.198	3,74%	-14%
Deferred income	73.299	18,25%	100%	97.765	10,09%	33%
Non-current	93.463	23%	100%	246.182	25%	163,40%
Suppliers and accounts payable	13.421	3%	100%	21.613	2%	61%
Loans and financing	3.370	0,84%	100%	0	0,00%	-100%
Tax obligations	21.850	5,44%	100%	95.687	9,88%	338%
Provisões para contingências	0	0,00%	100%	4.251	0,44%	
Deferred income	54.822	13,65%	100%	124.631	12,87%	127%

Source: prepared by the authors



Firstly, when analyzing SAF Botafogo's assets vertically, it can be seen that current assets represented 18.7% of total assets and increased to almost 64% in 2023. This variation was basically due to operations with related parties, which jumped from 0 to 369.6 million, becoming the account with the greatest impact on current assets.

The accounts receivable balance represented 14.5% with an increase to 15.5% in the following year, driven by the advertising agreement with Brax, the sale of the broadcasting rights for the Brazilian and Rio de Janeiro championships until 2024 to Grupo Globo of Television and the sale of the Liga Forte Futebol's commercial rights until 2074. The other current asset accounts such as cash and cash equivalents, inventories, advances, taxes to be recovered and prepaid expenses represented 1.2%; 0.89%; 0.81%; 0.07%; and 1.17% in 2022 respectively and did not change much in 2023, showing 1.94%; 0.85%; 0.18%; 0.02% and 0.44%.

As for non-current assets, the percentage fell from 81.32% to 36.46% last year. Although in absolute numbers it increased, this increase was smaller compared to current assets.

The account with the biggest impact was intangible assets, which in 2022 represented around 67% of total assets and was reduced to 19%. The accounts receivable balance increased by 2%, from 13.87% to 15.87%. Fixed assets and other services represented a low value in relation to total assets in the year analyzed, with 1.33% and 0.24% respectively for 2023.

In liabilities, short-term obligations represented almost 77% of total liabilities in 2022, with a slight reduction to 74.6% the following year. Within the current assets group, the loans account underwent the greatest variation, representing 4% of total liabilities to 37% in 2023, most of this variation arising from the loan with XP involving the fiduciary assignment of credit rights to John Textor, the other part arising from loans for working capital.

The balance of suppliers and accounts payable, which amounted to 34.7% of liabilities in 2022, now represents 15.9% of all liabilities in 2023. Labor and tax obligations, which corresponded to 2.6% and 6.6%, became 2.55% and 5.3% in 2023. Obligations to related parties and the deferred revenue account reduced their percentages in the last year from 10.5% and 18.25% to 3.7% and 10.1%.

Non-current liabilities in 2022 reflected 23% and now represent 25% of total liabilities. The account with the biggest change was tax liabilities, which in 2023 came to represent almost 10% of all liabilities. The other sub-accounts of non-current liabilities didn't change much in relation to total liabilities: the suppliers' account went from 3% to 2%, loans and financing (long-term) represented 0.84% and were zeroed out in 2023, provisions that didn't exist became 0.44% of liabilities and deferred income, which corresponded to 13.65%, went to 12.9%.

As for the horizontal analysis, current assets increased by 903% compared to the previous year, while non-current assets grew by only 32.2%. Of particular note in current assets were cash and cash equivalents and the accounts receivable group with substantial increases of 376% and 214% respectively.

Still concerning current assets, inventories increased by 182%, but the explanatory note was not very detailed, only disclosing new balances of sports equipment and stock for resale. Finally, prepaid expenses increased by around 11% and prepayments decreased 34%.

As for non-current assets, the balance of accounts receivable (long-term) increased by 237% compared to 2022. Fixed assets, in turn, increased by 583%, which can be explained by SAF's investments in the Nilton Santos stadium, in relation to the implementation of the synthetic turf, which allowed the stadium to be used for concerts and events without jeopardizing soccer matches. The intangibles account, which records the club's professional and youth players, decreased by 16%.

The club's current liabilities increased by around 135%, with the loans account showing a significant increase of 2058% as a result of the operation with XP and John Textor, already mentioned in other sections of this article. It is important to mention that SAF explains in a note that the risks of this operation are shared with the majority shareholder (John Textor). Another account with a considerable increase was labor obligations, up 138%, while the balance of suppliers and deferred revenue increased by 10% and 33%. While obligations to related parties was the only one to decrease, with -14%.

The non-current liabilities of the club increased by 163.4%, with emphasis on the loans that were zeroed out in the long term and the tax obligations that increased by 338% due to the various installments that the administration was able to renegotiate with the revenue, thus giving the club greater security to meet its obligations as well as relieving the cash flow. The suppliers' account increased by 61%, while the deferred income increased by 127%.

## 4.5 Vertical and horizontal analysis of the Income Statement

In the vertical and horizontal analysis of the income statement, net operating revenue is used as the base for the years 2022 and 2023, so it is possible to check the percentage of each account in relation to the club's net revenue.

Firstly, in relation to the vertical analysis, in 2022 the cost of the club's activities represented around -180% of revenue, almost triple Botafogo's net income. The club's gross result, in turn, reflected -81.2% of revenue. Administrative expenses and other operating expenses amounted to -43.3% and -47% respectively, while other income accounted for just 5.4%.

The financial result is equivalent to -166.2% of net income, while financial income reflects only 3% and financial expenses -12.1%. Finally, the club's profit for the year was -175.2% of net revenue.

In 2023, they reflected -116% and the gross result -16%, an improvement compared to 2022. Administrative expenses are now -29.5%, other operating expenses -18% and other operating income is the most significant at 51.2%, due to the sale of the Liga Forte União (LFU, a Brazilian soccer association) rights already discussed in this article.

The financial result in 2023 was -12.3%, while financial income is now around 5% and expenses -21%. The club's result for that year was only -28.4%, a good improvement compared to 2022, but worrying because much of this is due to the accounting of income from the LFU.

With regard to the horizontal analysis, it can be seen that Botafogo managed to increase its operating revenue by around 151%, a remarkable achievement. As a result, the club has continued its investments, which can be seen in the 60% increase in activity costs, with salary costs rising from 110 million to 171 million in 2023. The gross result, although still negative, improved with -51%.

Administrative expenses increased by 71%, driven once again by salary costs, which jumped from almost 9 million in 2022 to 28 million in 2023. Other operating expenses decreased slightly by 4% and other income increased by 2281%, which represents the accounting of LFU income, which will not be recurring.

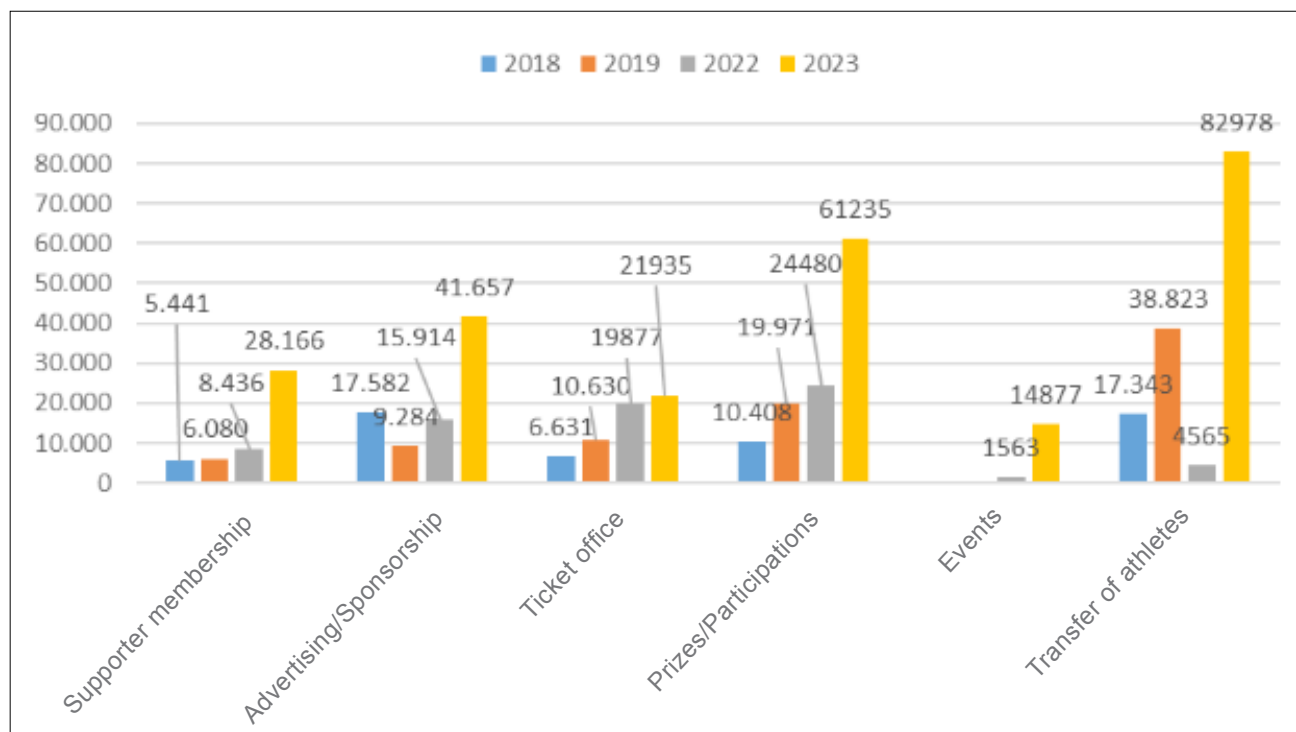
The operating result before financials was still negative but improved by -81.3%. Financial income increased by 306%, thanks to the exchange rate variation, which the club explains in a note is responsible for transactions involving athletes and related parties involving foreign currency. Financial expenses increased by 337%, mainly due to interest payments on loans with XP, install

Table 3 - Vertical and Horizontal Analysis of the Income Statement

	2022	AV(%)	AH(%)	2023	AV(%)	AH(%)
Gross operating revenue	151.905			388.083		
Deductions from revenue	-10.217			-32.845		
<b>Operating revenue, net</b>	<b>141.688</b>	<b>100,00%</b>	<b>100%</b>	<b>355.238</b>	<b>100,00%</b>	<b>150,72%</b>
activity costs	-256.745	-181,20%	100%	-412.049	-115,99%	60%
Gross Profit	-115.057	-81,20%	100%	-56.811	-15,99%	-51%
General and administrative expenses	-61.370	-43,31%	100%	-105.018	-29,56%	71%
Other operating expenses	-66.710	-47,08%	100%	-64.117	-18,05%	-4%
Other operating expenses	7.646	5,40%	100%	182.048	51,25%	2281%
<b>Operating result before financial result</b>	<b>235.491</b>	<b>166,20%</b>	<b>100%</b>	<b>-43.898</b>	<b>12,36%</b>	<b>81,36%</b>
Financial income	4.341	3,06%	100%	17.633	4,96%	306%
Financial expenses	-17.138	-12,10%	100%	-74.830	21,06%	337%
<b>Loss for the fiscal year</b>	<b>-248.288</b>	<b>-175,24%</b>	<b>100%</b>	<b>-101.095</b>	<b>-28,46%</b>	<b>40,72%</b>

Source: prepared by the authors

Operating Income



ments obtained and the exchange rate variation. Finally, the club still made a loss, but with an improvement of around 40,8%.

Generating new sources of income and increasing existing revenues is a very important step in the recovery of any type of business. As the graph shows, Botafogo has achieved significant revenue growth in the years analyzed.

The club's supporter membership program has only been growing since 2018 and reached a level of 28 million reais in 2023. Last year, the club announced the biggest sponsor in its history, Parimatch, boosting revenues from advertising and sponsorship. With the club able to invest more in the team, revenue from prize money and participation in championships jumped from 10 million in 2018 to an incredible 61 million in 2023. The results on the field were also reflected on the public, and the club managed to raise around 22 million in ticket sales. Looking for new sources of income, SAF Botafogo started holding concerts and events at the Nilton Santos stadium, raising almost 15 million reais last year. Finally, in 2023 the club made the biggest sale of an athlete in its history, when Jeffinho was sold to Olympique Lyonnais SASU, bringing in more than 82 million reais in player transfers.

## 5. FINAL CONSIDERATIONS

The aim of this study was to analyze the financial impacts of implementing the football joint stock company (SAF) model at Botafogo Futebol e Regatas. In the course of the work, it was obser-

ved that the transition to the SAF model can bring some benefits, especially in relation to attracting new revenue and investments.

As highlighted in this study, the club has seen revenues from advertising, ticket sales, prizes, supporter memberships and athlete transfers increase significantly, as well as gaining a new source of income from using the stadium for concerts and events. The increase in revenue and activities has important economic and social impacts for the country, such as an increase in taxes and jobs.

Following the implementation of the SAF, there was an increase in the transparency of the club's financial statements, helping to attract new sponsors. A detailed analysis of the balance sheets before and after the implementation of the SAF shows a slight improvement, albeit over a short period of just two years. It's also important to note that this is no guarantee that the club will be 100% healthy in the future, as Botafogo is still extremely dependent on third-party capital.

However, it is worth mentioning that the change to the joint-stock soccer company model, although it has worked for Botafogo at the moment, including good sporting results on the field, cannot be seen as a solution for all clubs, as each institution has its own particularities and challenges.

Finally, it can be concluded that despite an improvement in financial indicators, the club is still making a loss and as mentioned before is still highly dependent on third-party capital, financial contributions from its majority shareholder or transactions with other clubs in John Textor's group.

It is important that further studies are conducted on the subject, considering other fiscal years and different soccer clubs.

## REFERENCES

- ASSAF N. A. Estrutura e Análise de Balanços: um enfoque econômico-financeiro. 10ª. ed. São Paulo: Atlas, 2012.
- . Finanças Corporativas e Valor. 7ª ed. São Paulo: Atlas, 2014
- . Estruturas e Análise de Balanços - Um Enfoque Econômico-financeiro. 12ª ed. São Paulo: Atlas. 2020.
- BOTAFOGO FUTEBOL E REGATAS, c2024. Página inicial. Disponível em: <<https://www.botafogo.com.br/download/transparencia/balanco>>. Acesso em: 11 de maio de 2024.
- BRAGA, R. Fundamentos e Técnicas de Administração Financeira. São Paulo: Atlas, 2011.
- BRASIL. Lei 14.193/2021 de 06 de agosto de 2021. Disponível em [https://www.planalto.gov.br/ccivil\\_03/\\_Ato2019-2022/2021/Lei/L14193.htm](https://www.planalto.gov.br/ccivil_03/_Ato2019-2022/2021/Lei/L14193.htm). Acesso dia 13 de julho 2023
- CARDOSO, C. P., COSTA, M. C., BRUTTI, T. A., & Scheffer, D. da C. D. (2022). A CRIAÇÃO DA SOCIEDADE ANÔNIMA DO FUTEBOL E A APLICAÇÃO DA LEI 11.101/2005. Revista Ilustração, 3(1). <https://doi.org/10.46550/ilustracao.v3i1.76>. Acesso dia 13 de julho 2023.
- Ernst & Young Global Ltda, Ernst & Young Brasil, levantamento financeiro dos clubes brasileiros 2021, São Paulo, 2022.
- GITMAN, L. J. Princípios de administração financeira. 12ª ed. São Paulo: Pearson, 2010. IUDÍCIBUS, S. Análise de Balanços. 9. ed. São Paulo: Atlas, 2008.
- . Análise de balanços. 10. ed, São Paulo: Atlas, 2010. MARION, J. C. Análise das demonstrações contábeis. 8ª ed. São Paulo: Atlas, 2019.
- MARTINS, E.; DINIZ, J. A.; MIRANDA, G. J. Análise Avançada das Demonstrações Contábeis: Uma Abordagem Crítica. São Paulo: Atlas, 2012.
- NEGREIROS, P. J. L. C. A nação entra em campo: futebol nos anos 30 e 40. 1998.346 f. Tese (Doutorado em Administração) – Instituto de Administração, Pontifícia Universidade Católica de São Paulo, São Paulo, 1998.
- PACHECO, R. Sancionado projeto de Rodrigo Pacheco que cria a Sociedade Anônima do Futebol (SAF). 07 de ago. 2021. disponível em: <https://rodrigopacheco.com.br/index.php/2021/08/07/sancionado-projeto-de-rodrigo-pacheco-que-cria-a-sociedade-anonima-do-futebol-saf/>. Acesso em: 28 maio 2023.
- SANTOS, I. S. ASSOCIAÇÕES CIVIS, SOCIEDADES EMPRESÁRIAS E PARTICIPAÇÕES DE TORCEDORES: PROPOSTA DE TIPOLOGIA DE CLUBES DE FUTEBOL NO SÉCULO XXI. 1. ed. Rio de Janeiro: Cadernos do Centro de Ciências Sociais da Universidade do Estado do Rio de Janeiro, 2021. 21-38 p. v. 14.
- ; FERREIRA, J.; PISANI, J. R. Futebol, negócio e globalização: clubes brasileiros na nova era do multi-club ownership. Revista do Departamento de Geografia, 42, e203847. Disponível em: <<http://hdl.handle.net/11449/242522>>. Acesso em: 13 de julho 2023
- S., Antonio. Análise e estrutura das demonstrações contábeis. 1ª ed. Curitiba: Intersaberes, 2015.