

Carlisle United

Understanding the
Club's finances 22/23

4 January 2023



Carlisle United

Understanding the
Club's finances

Overview (1)

This overview aims to help our fans understand the Club's finances.

Why is understanding the Club's finances important?

We believe having greater understanding of the Club's finances:

- provides **context and background** to the financial and operational **decisions** we make
- reduces confusion, incorrect presumptions and the rebuts "fake news"
- creates a closer connection with supporters
- builds trust between fans and Club
- is a **key part of fan engagement**
<https://www.carlisleunited.co.uk/siteassets/documents-2223/fan-engagement-2223.pdf>
- is a key part of understanding the overall strategy and approach of the Club

The analysis and data in this briefing is up to 30 June 2022 and is compiled from the publicly available Audited Accounts over previous years. Where further clarity can be given by additional Club data we have provided that too

By understanding the Club's finances our fans can better see our financial position, performance and progress and the challenges we face in our aim to be financially sustainable.

Carlisle United

Understanding the Club's finances

Overview (2)

The Club's overall objective is...

“Working Together, building a Sustainable and Successful Club that we can take Pride in.”

For Carlisle United, being financially **Sustainable** means:

- The Club's trading and football activities can consistently and reliably pay for our normal spending and on-going investment needs
- Not relying on external funding every year to survive or for routine investment
- Not relying on shareholder debt and equity to fund trading losses or normal routine football spending

The journey to sustainability is difficult and requires us to:

- **Grow our income – in particular Business Turnover**
- **Control Business Costs and Overheads**
- **Manage Total Football Expenditure** within affordable levels
- **Earn Football Fortune** to reinvest and support our Business and Football activities
- **Invest** in business and football activities to generate income, bring efficiencies and improve on field performance
- **Build cash reserves** which are important to provide contingencies against uncertainties – rather than spending all our cash in the short term

Carlisle United

Understanding the Club's finances

Overview (3)

Being financially **Sustainable** is crucial to the Club because it means:

- we can continue to operate into the future in a way where we **can thrive, grow and develop** to achieve our goals – not simply just existing and surviving
- we are less vulnerable to unexpected and external influences; to **control our own destiny**
- we can **avoid short term crisis decisions** aimed at survival which can create long term harm
- we have **reduced reliance on funding support**
- **we have flexibility** over expenditure and investment decisions and to take advantage of opportunities

Carlisle United

Understanding the Club's finances

Overview (4)

In this review we will:

- explain the **key elements** of our finances
- show how the key elements **work and fit together**
- provide **detailed and meaningful data and explanation**
- be **transparent** over our finances
- provide a reference point to “fact check” claims

We are **committed to transparency on a continuing basis** by:

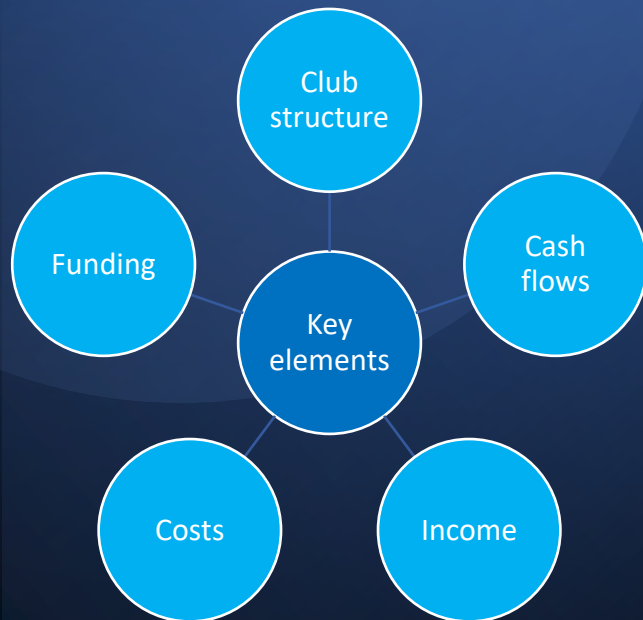
- publishing and updating this detailed explanation to help fans understand the Club's finances
- providing detailed Audited Financial Statements – beyond the minimum required by the law and EFL and FA requirements
- sharing detailed financial data and trends and key performance indicators
- giving regular financial updates on our website direct to fans
- answering financial questions posed to us by fans through our Fan Engagement activities (CUSG, CUOSC etc)

From time to time, there will be some information we cannot provide that fans would like us to. Where this is the case will say so and explain why.(for example legal and confidentiality reasons).

Carlisle United

Understanding the Club's finances

Key elements



Key elements

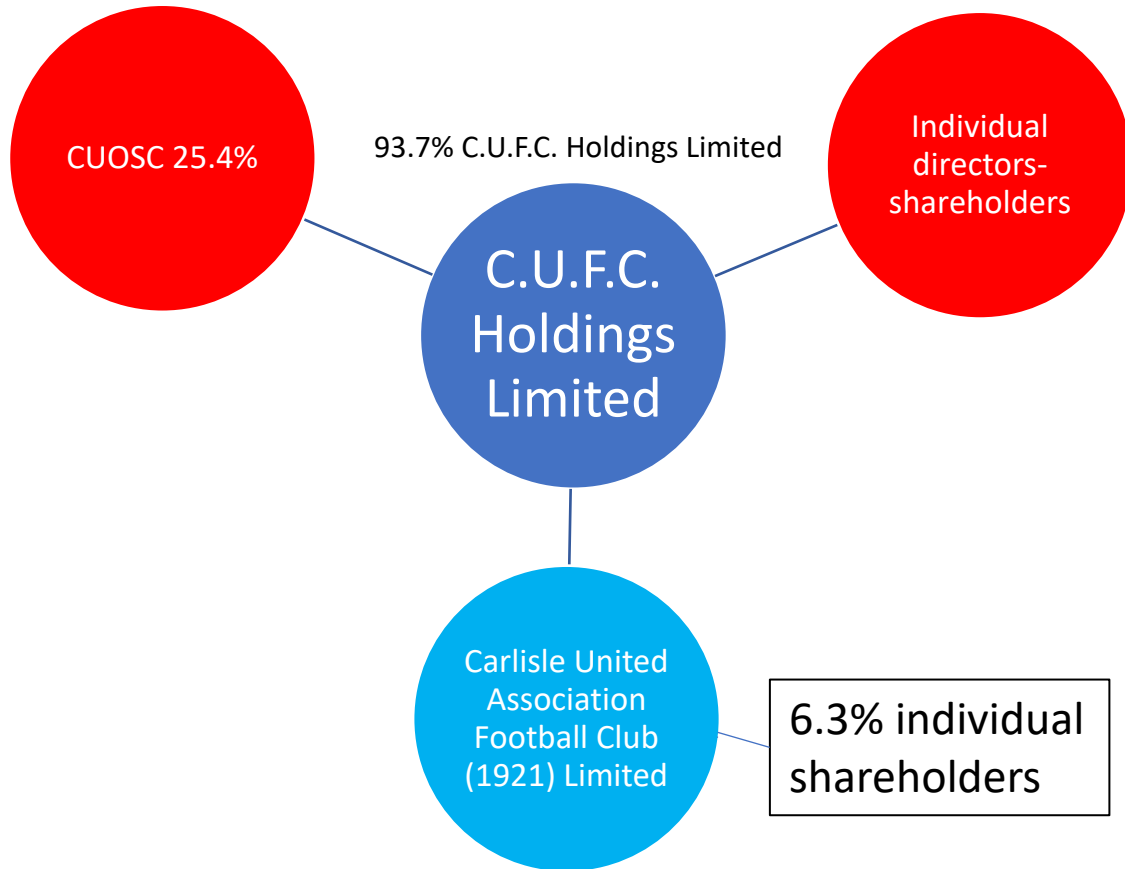
There are a number of key elements which **work and fit together** to impact on our finances:

- **Club structure** - legal and operating organisation, shareholdings and boards
- **Income** - how much we earn and where does it come from?
- **Costs** - how much we spend and what we spend on?
- **Cash flows** - where does our cash come from and where does it go?
- **Funding** - how is the Club financed, where does it come from? debt and equity
- **Other financial factors** – other considerations that play an important part: :
 - attendances
 - wages & salaries
 - data, KPIs

Carlisle United Finances

Key elements

Share structure



C.U.F.C. Holdings (“Holdings”)

- Holding company, non-trading
- Makes strategic decisions, determines football spending and provides finance. Makes football manager and CEO personnel decisions
- Holdings has two classes of share
 - A voting
 - B non-voting (arising from debt / equity swaps)

1921

- Trading company for the club
- Owns EFL golden share
- 93.7% owned by Holdings & 6.3% by small individual fan shareholders
- Makes operational decisions, undertakes day-to-day management, responsibilities focused on off-the-field
- Implements operational plans

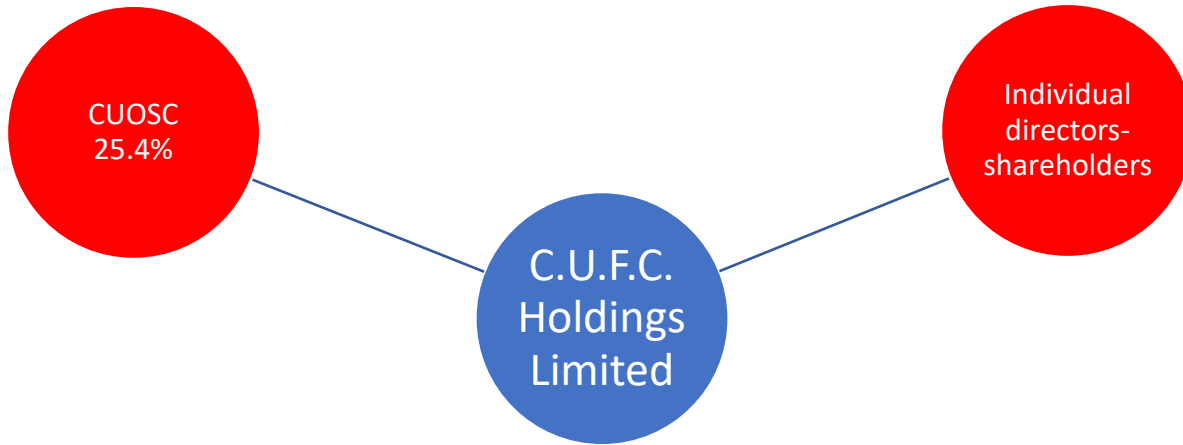
Both companies have separate boards of directors

Carlisle United Finances

Key elements

Share structure

Voting A-shares - Holdings



Voting shares	Initial	New	Current	%
AJ	50	296,628	296,678	37.31%
JN	25	148,315	148,340	18.66%
SP	25	148,315	148,340	18.66%
LORD CLARK	-	-	-	0.00%
CUOSC	33	201,709	201,742	25.37%
	133	794,967	795,100	100.00%

C.U.F.C. Holdings (“Holdings”)

- 74.6% votes controlled by three individual shareholders
- 25.4% votes controlled by CUOSC - Fan trust <http://cuosc.org.uk/>
- Initial share allocations
 - A Jenkins Chairman (largest individual shareholder) 50 shares
 - J Nixon 25 shares
 - S Pattison 25 shares
- CUOSC then issued with 33 shares in consideration of £700k of cash being injected (in 1990’s)
- A Share restructuring in 2016/17 lead to further shares being issued to extinguish share premium (no change to voting share)

• Current voting rights

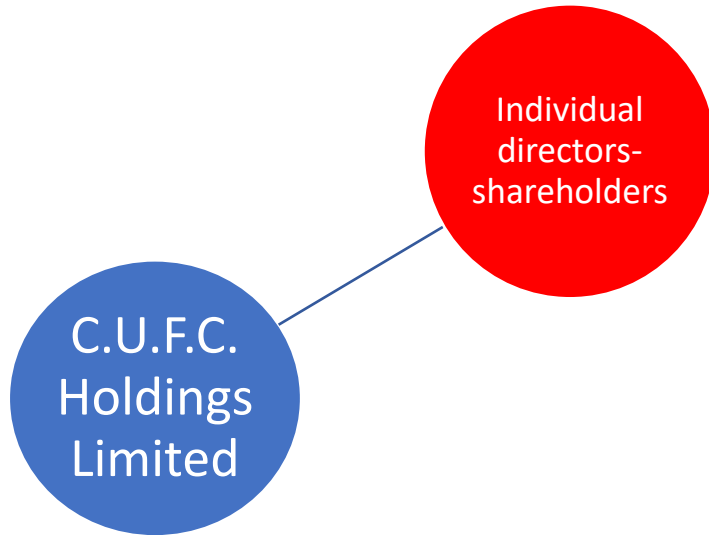
- **A Jenkins Chairman (largest individual shareholder) 37.3%**
- **J Nixon 18.7%**
- **S Pattison 18.7%**
- **CUOSC 25.4%**

Carlisle United Finances

Key elements

Share structure

Non-voting B-shares - Holdings



C.U.F.C. Holdings (“Holdings”)

- In prior years £1.485m of shareholder debt was exchanged for £1 non-voting B shares
 - AJ 1.445m
 - JN 20,000
 - Lord Clark 10,000
- Current share ownership

	A	B	Total	A	Total
AJ	296,678	1,343,000	1,639,678	37.3%	71.9%
JN	148,340	132,000	280,340	18.7%	12.3%
SP	148,340	-	148,340	18.7%	6.5%
LORD CLARK	-	10,000	10,000	0.0%	0.4%
CUOSC	201,742	-	201,742	25.4%	8.8%
	795,100	1,485,000	2,280,100	100.0%	100.0%

Carlisle United Finances

Key elements

Organisational structure

Board of directors

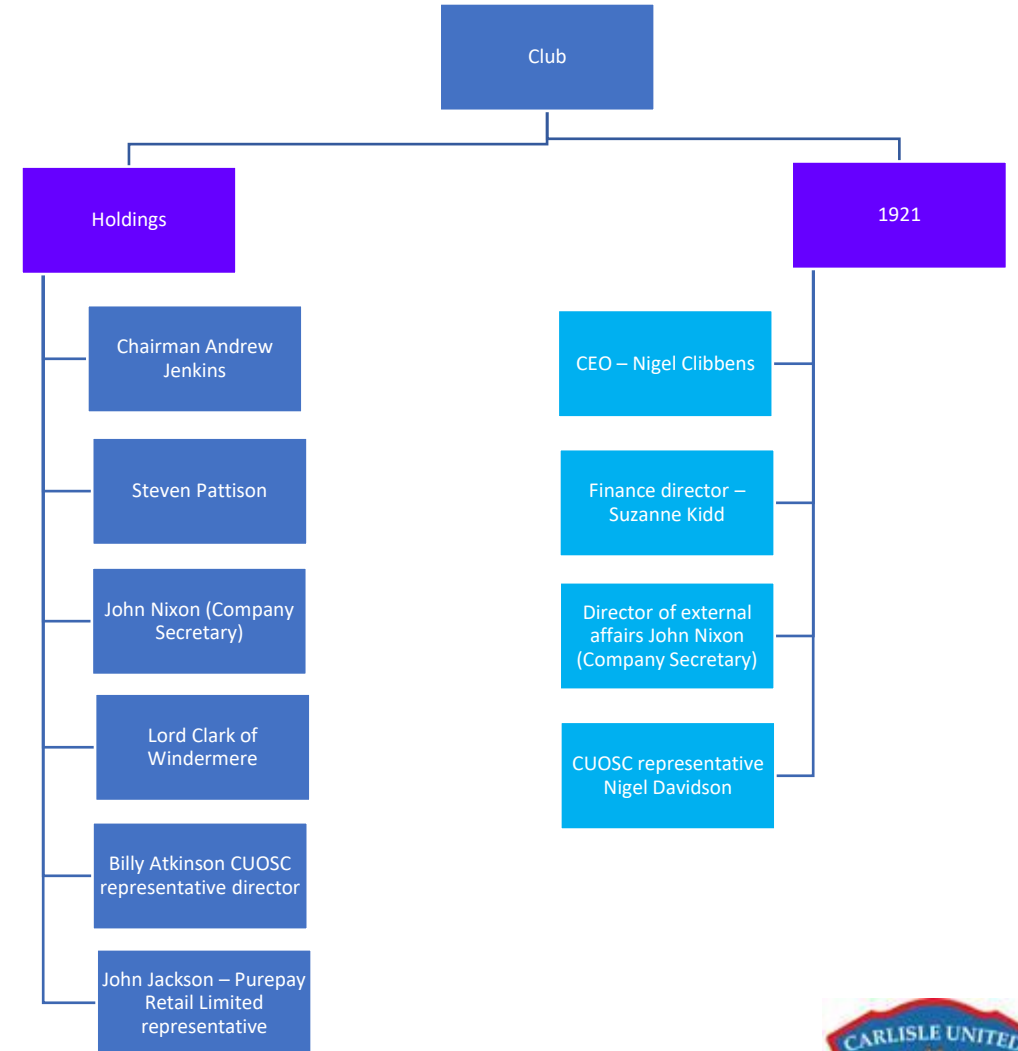
Holdings and 1921 have separate boards of directors with separate roles summarised as follows:

Holdings

- Undertakes overall club governance
- Strategic decisions – material investments, budget allocations
- Funding
- Football budget, spending and decision making
- Makes football manager and CEO personnel decisions
- Monitoring of 1921 operational control

1921

- Club, Business, Academy and Community day-to-day operational management
- Operational compliance including legal and football
- Day-to-day financial control



Carlisle United Finances

Key elements

Organisational structure

Strategic Activities



Club operations comprises **five Strategic Activities namely, Club, Football, Business, Academy, Community:**

- all combine together and are intrinsically linked together
- all rely on each other
- all can't succeed alone

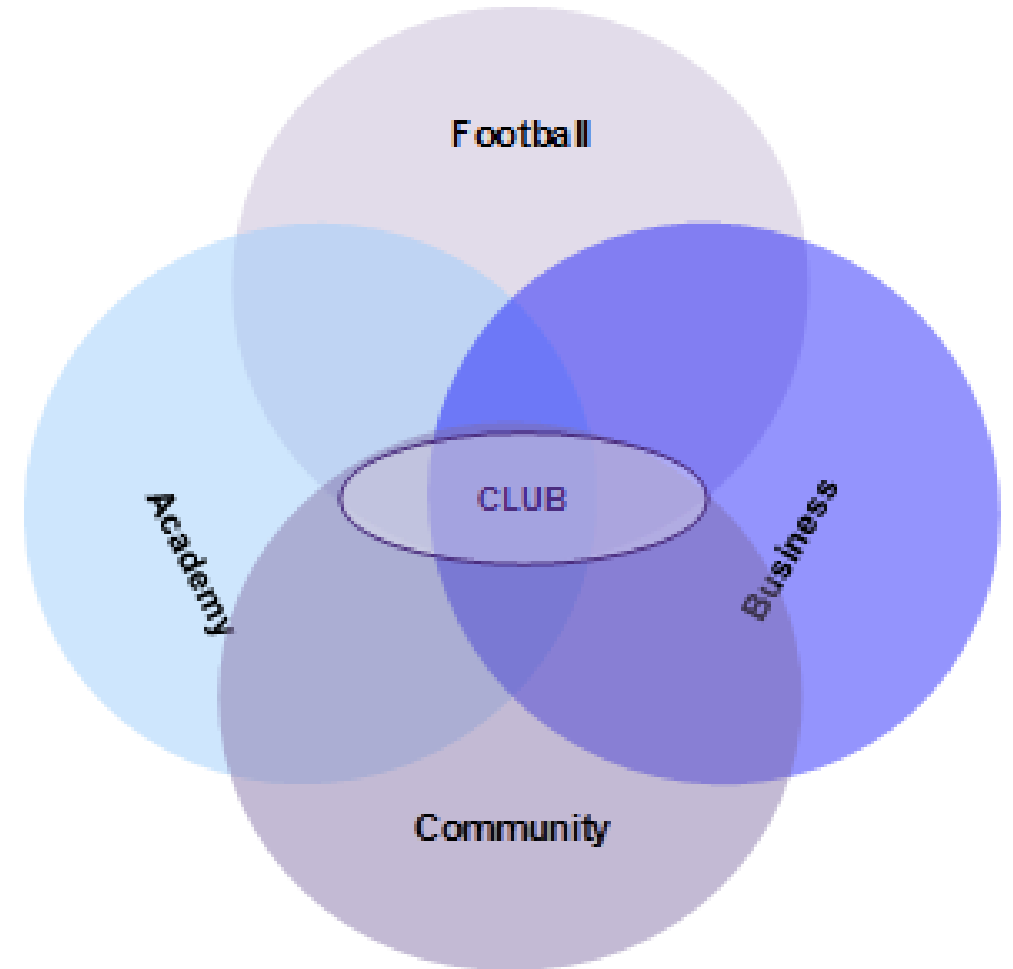
The five Strategic Activities have very different issues and challenges.

Each Strategic Activity has its own financial characteristics which lead to specific matters to manage.

By looking at each individually and also their interaction we can bring accountability and responsibility and management control.

Our financial reporting and information is presented for each activity.

We provide further detailed for the departments and operations that are within each Strategic Activities



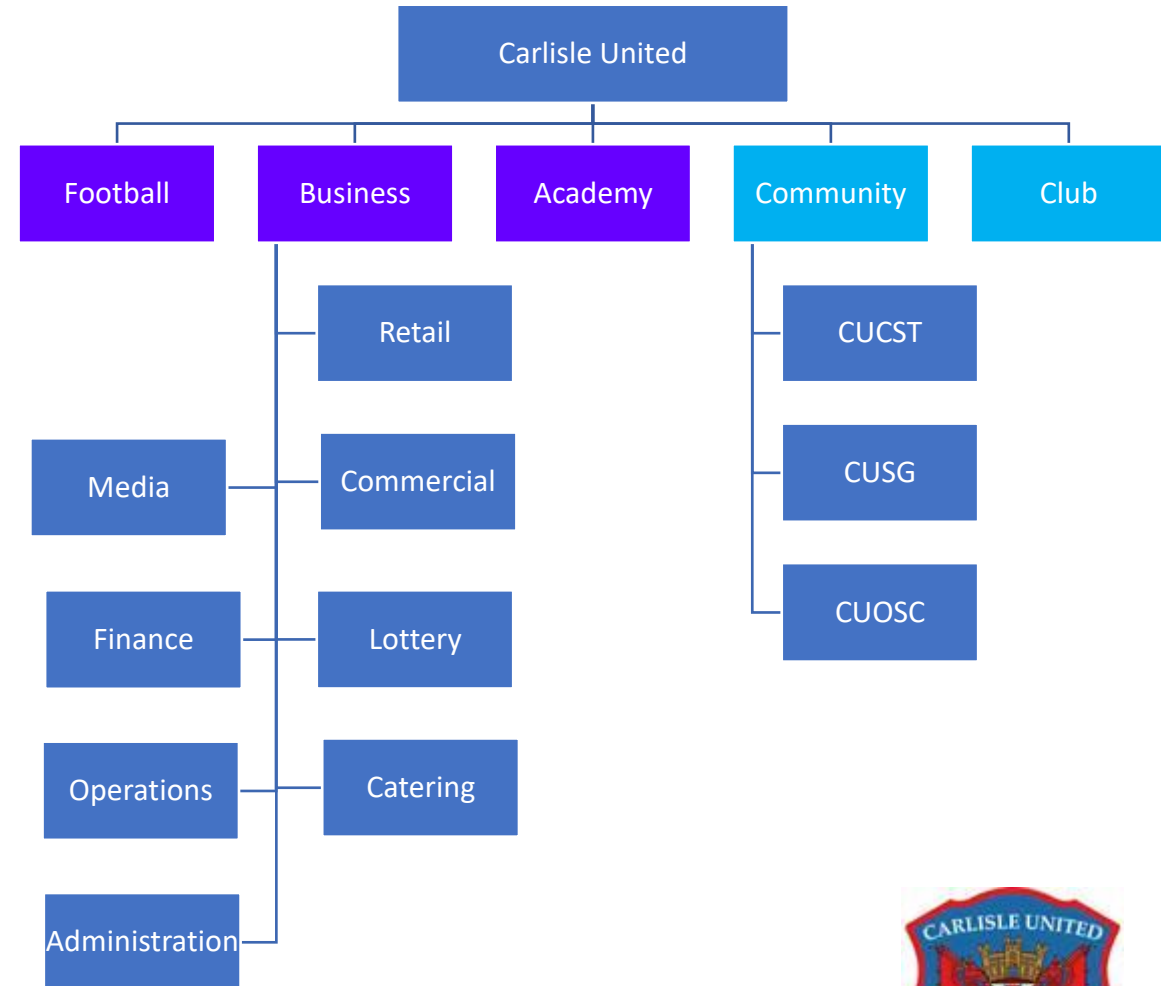
Carlisle United Finances

Key elements

Organisational structure Departments

Within the five Strategic Activities sit the **operating departments** of the Club:

- **Football** is all the first team operations that go into on-the-field activities - players, football staff, games, training, preparation, medical, scouting and recruitment and coaching etc
- **Business** comprises the all off-the-field trading activities of the Club.
- **Academy** is the department delivering the youth development programme under the Elite Play Performance Plan (“EPPP”)
- **Community** is the fan and social activities we do – linking with the independent Carlisle United Community Sports Trust (“CUCST”), Carlisle United Supporter Groups (“CUSG”)
- **Club** - covers the boards, governance, board and organization



Carlisle United Finances

Key elements

Departmental – staffing

The staff of the Club in recent years is detailed here

Up to 22/23, there has been a reduction in Business staff numbers and full time staff as efficiencies have been sought and resources directed to Football.

In June 2022 we had 12 FT Business staff and directors plus part time staff (5 FTE) plus Football and Academy Staff. Part time match day and catering staff are additional.

The Club has no community staff - these are employed CUCST.

From 21/22 the club had a volunteer Supporter Liaison Officer and Equality, Diversity and Inclusion Officer.

			22/23	21/22	20/21	19/20	18/19	17/18	16/17	15/16	14/15	
Business	Admin	Club secretary										
	Finance	Finance assistant										
	Commercial	Commercial Director										
		Commercial advisor										
		Commercial manager										
		Commercial assistant										
		Commercial assistant										
	Media	Media manager										
		Press officer										
	Grounds	Stadium facilities										
		Groundsman										
		Groundsman support 1										
		Groundsman support 2										
		Stadium maintenance										
	Tickets	Ticket office manager										
		Ticket assistant 1										
		Ticket assistant 2										
	Retail	Retail manager										
		Retail staff 1										
Retail staff 2												
Lottery	Lottery manager											
	Part time collectors											
Football	Director of Football											
	Football manager											
	Assistant Manager											
	First team coach											
	Goalkeeping coach											
	Physio											
	Sports Science and fitness											
	Analyst											
	Kit man											
Academy	Academy Manager											
	Head of Coaching											
	Head of PDP											
	Head of YDP											
	Head of FP											
	Academy Physio											
	Academy Sports Science											
	Player Care Officer											
	Designated Safeguarding Officer											
	Part time coaching staff											

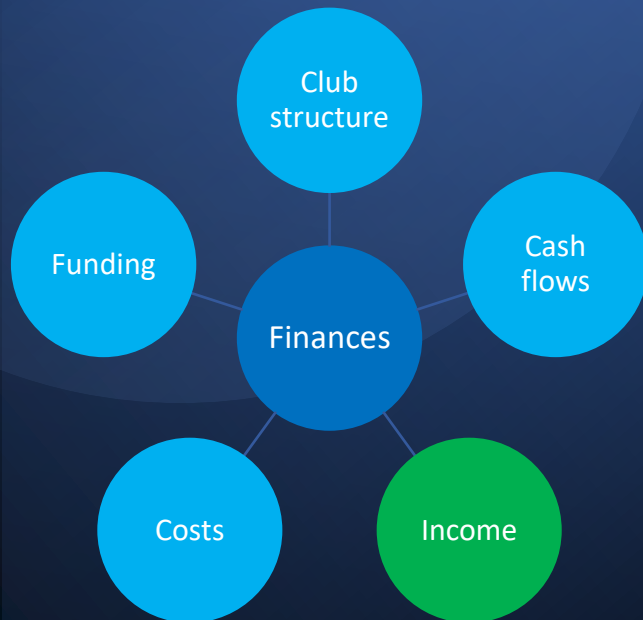
Full time

Part time

Carlisle United

Understanding the Club's finances

Key elements



Key elements – income

We earn income from Recurring and Non-recurring activities. The difference is whether the income arises year after year (even if it is variable in the amount we earn) or it is unpredictable and uncertain - if we get anything at all

Recurring income - year in year out

- Business Turnover from Commercial, Matches, Retail, Catering
- Professional Game Income from EFL and Premier League (Solidarity and EPPP Academy)

This income is earned each year on a relatively consistent and predictable basis but is still variable. It goes up and down but can be forecast to a large extent.

Non-recurring income - highly uncertain and largely unpredictable

- Football Fortune – player sales and cup runs
- Other non-recurring Business Turnover – one-offs like concerts, compensation, donations, insurance, grants

These are not controllable, unpredictable and cannot be relied on or forecast. They can be very large and very irregular and totally distort trends and can lead to misleading conclusions and financial misunderstanding.

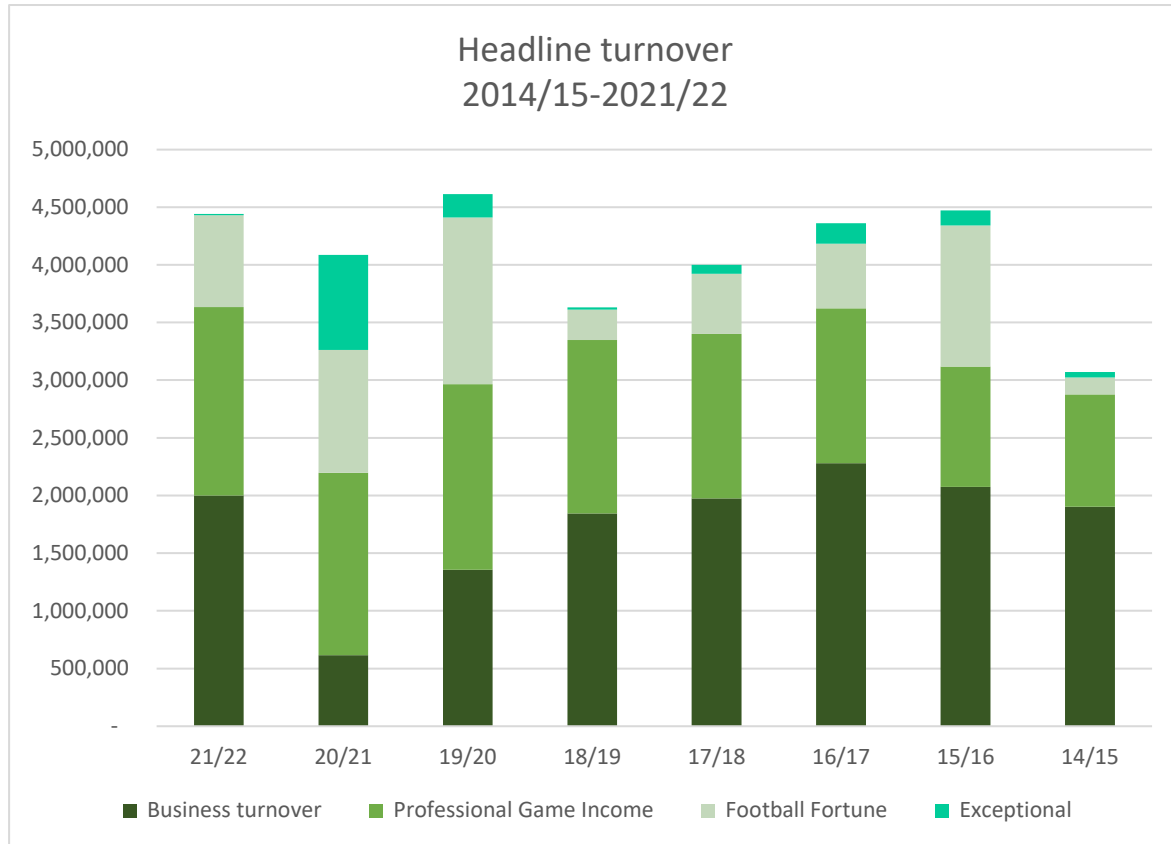
It is crucial to understand the different characteristics of each type of income as it results in different risks and has implications for other decisions.

Although the non-recurring income is irregular, it is a core part of the club's financial model.

Carlisle United – Income

Headline turnover

£4.4m in 21/22



Headline turnover – the turnover disclosed in the profit & loss account from all activities together. It comprises:

- **Business Turnover** - income from matches including tickets, commercial, retail, catering and sundry activities (Neil centre hires, donations)
- **Professional Game Income** - comprises EFL income, Premier League Solidarity and EPPP Academy grant income

(Recurring income – comprises Business turnover + PGI)

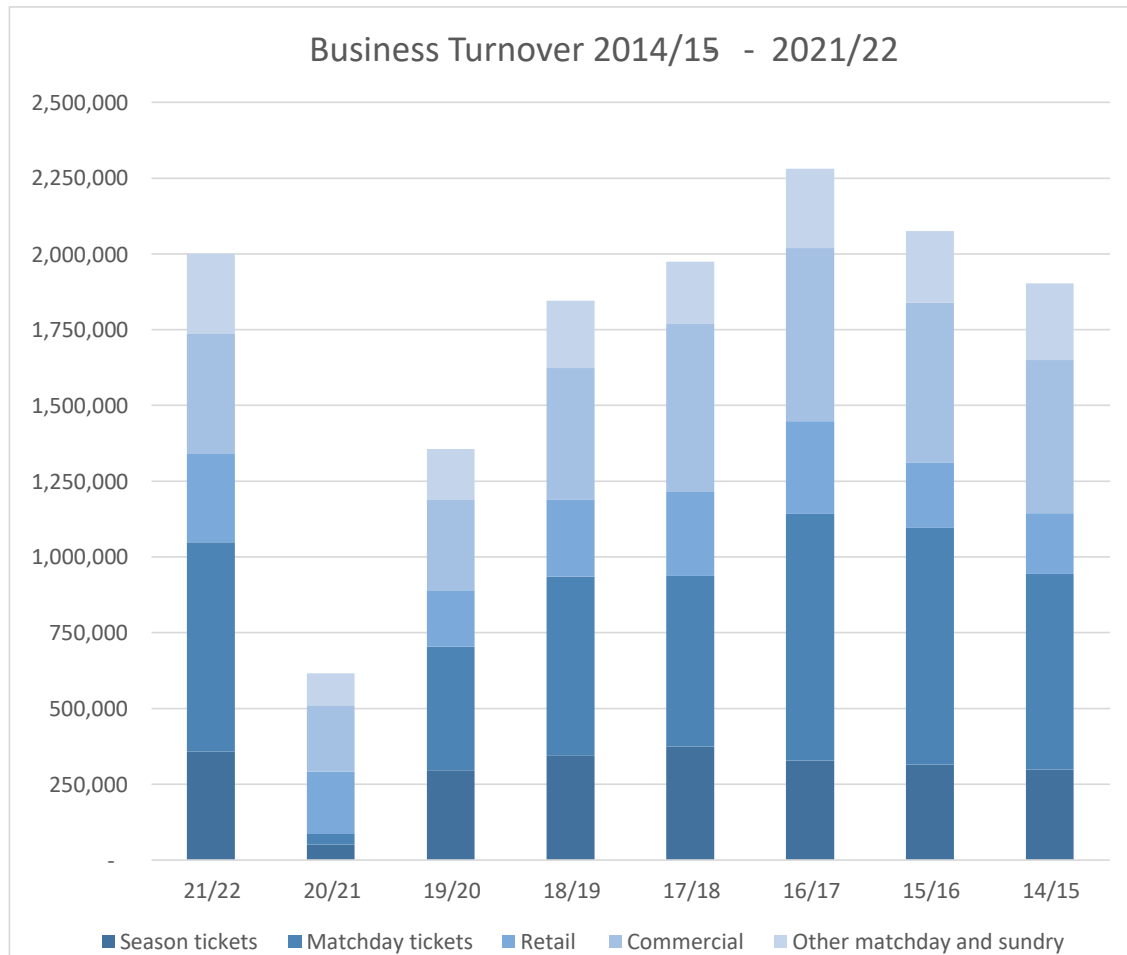
- **Football Fortune** – this is non-recurring income from cup runs (cup match income, TV money and prize money) and player sales
- **Exceptional non-recurring Business Turnover** – this is unexpected income which occurs from time to time (insurance, concerts, friendlies, CV19 donations, CV19 Job Retention Scheme)
- In 19/20 and 20/21 Business Turnover was adversely reduced by the Covid crisis. This was mitigated by non-recurring Covid Grant support from the EFL and PL
- 21/22 saw a return to normal pre-covid trading

Can be highly variable leading to a volatile trend

Carlisle United – income trend

Business Turnover

£2m in 21/22



19/20 and 20/21 Business turnover is distorted by CV19 and curtailment of the season after 37 games

Typically, circa £2.0m per year. Comprises income from:

- **Ticket income £900k**
 - Walk up tickets £550k and season ticket £350k
 - Sundry – car parking, programmes, Golden Gamble
- **Commercial income £650k**
 - Commercial sponsorships (big ticket, naming rights)
 - Hospitality, boxes and match sponsorships
 - ifollow
 - Advertising – boards, big screen, posters, social media
 - Catering and pourage profit (now in-house)
 - Other sundry commercial income
 - Blues lotto, EFL digital (ifollow), Vice Presidents
 - Hires (Neil Centre)
- **Retail income £250k** - Bluesstore and on-line

The reduction in Business turnover in 19/20 and 20/21 reflects the early cessation of the season and a loss of income due to Coronavirus.

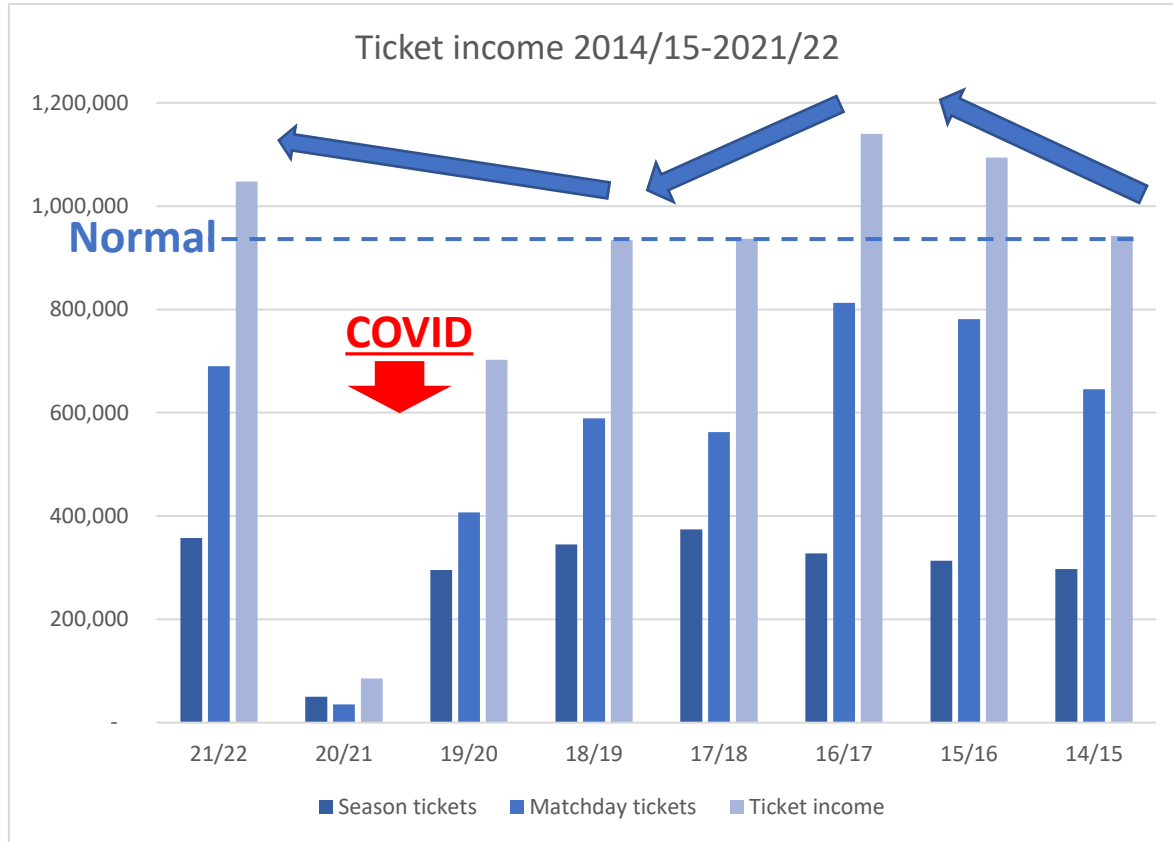
Match income is directly driven by on-field performance. Commercial income tends to lag on field performance as deals are done annually.

21/22 saw a reversal in a downward trend pre-covid and the best Business Turnover since 16/17 with and a return to income of circa £2m per annum.

Carlisle United – income trend

Ticket income

£1m in 21/22



19/20 Business turnover is distorted by CV19 and curtailment of the season after 37 games

The income is determined by the mix of numbers of tickets sold and the different prices for each ticket category.

The average price per ticket is termed “Ticket Yield”.

Ticket income is typically circa £1m per year at present from:

- Walk up tickets £700k and
- Season Ticket £350k

2016/17 income was high due to an on-field improvement in 15/16 plus a play-off season - resulting in higher walk-up match ticket sales during the year (+£200k extra)

2019/20 was lower due to the disappointing season on the pitch before Covid combined with 37 league games played not 46

20/21 season was behind closed doors due to Covid

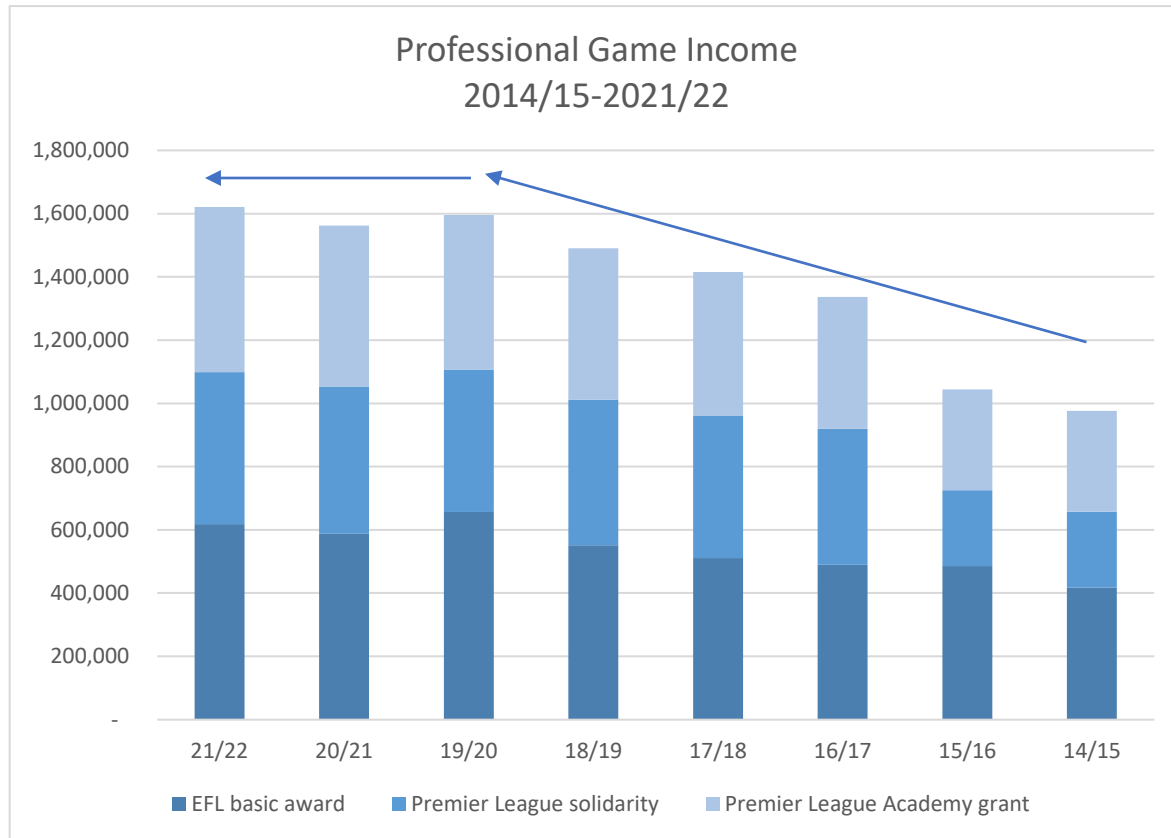
21/22 income was the best since 16/17 and it was significantly improved on recent years despite poor on-field performance.

Walk-up match ticket prices increased for 22/23 for the first time since before 2015. This should see a further ticket income increase in 22/23.

Also see Attendance data

Carlisle United – income trend

Professional Game income £1.6m in 21/22



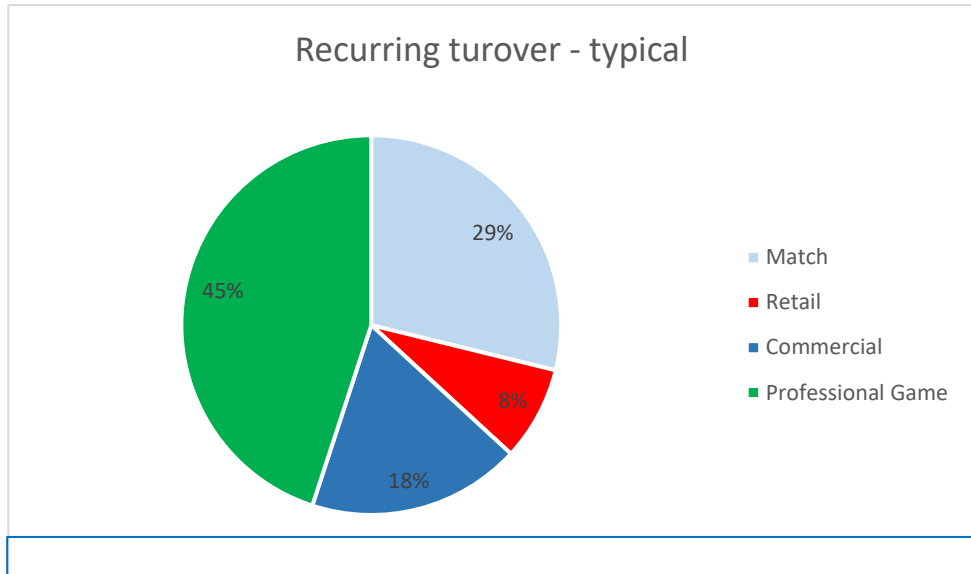
- **EFL basic award income circa £600k** - dependent on divisional status mostly changes based on EFL TV. Flat in recent years. Received monthly.
- **PL solidarity £480k** - dependent on division status
 - L2 clubs get 1.5 x L1 and 10% of Championship income (the pot is shared 80/12/8 between the three EFL decisions)
 - Amount is directly tied to PL TV deal – flat since 16/17
 - It is received in two equal payment in August & January each season
- **EPPP Academy £480k** - grant income depends on Academy categorisation
 - PL grant of £450k is a Category 3 Academy + £30k for specific Head of Coaching role (in 22/23 additional funding is provided for a Player care position)
 - CUFC must match fund the EPPP grant £ for £
 - There is no transfer of EPPP money to the wider club (it must be spent on the Academy). Our Academy spending is reviewed each year and our academy performance and compliance is audited independently on an ongoing basis
 - LFE educational grants and other claims of around £50k are received each year to fund scholar apprenticeships-

PGI is predictable and relatively stable but highly dependent on TV broadcasting deals and divisional status

Carlisle United – income trend

Recurring turnover mix

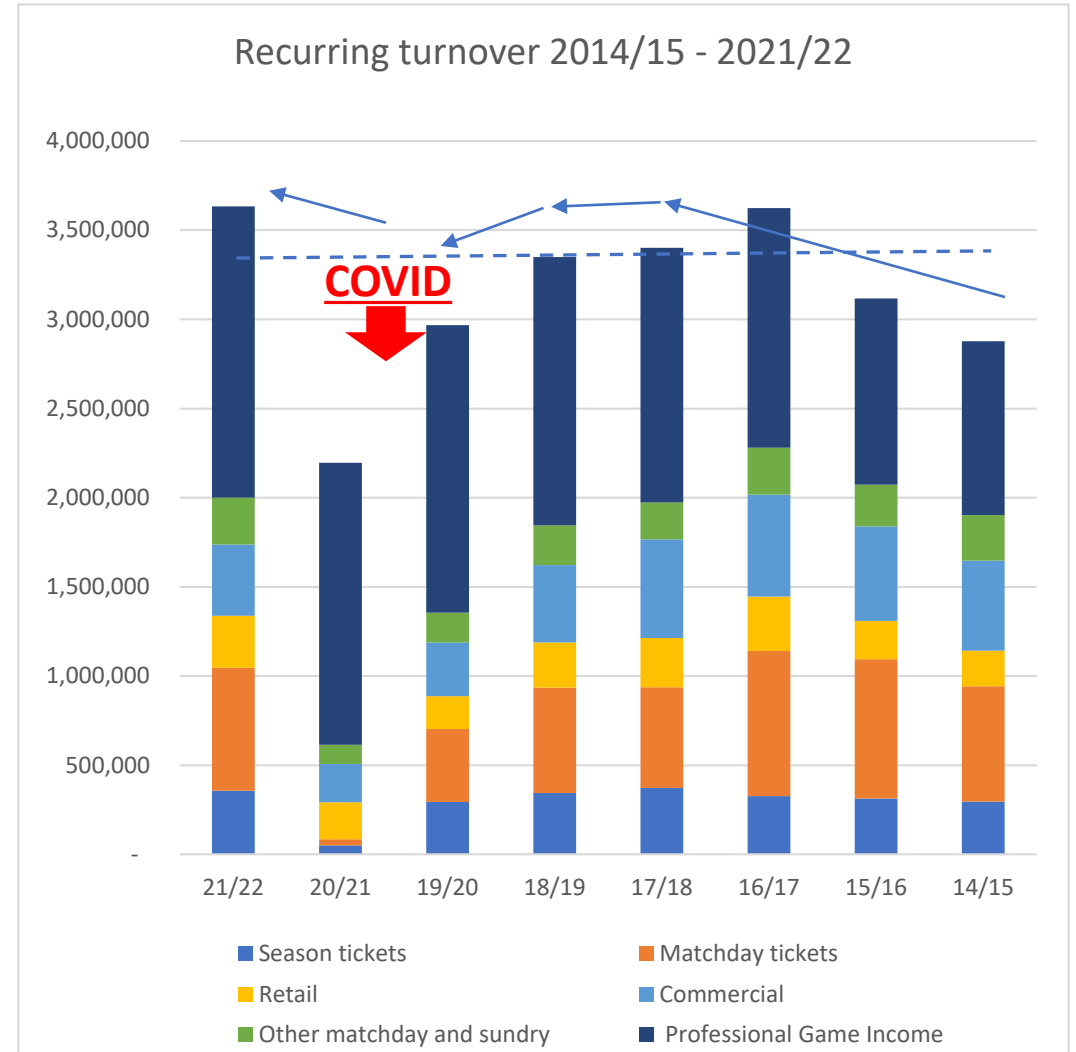
£3.6m in 21/22



Recurring income – comprises Business turnover + Professional Game Income, with Business Turnover comprising retail, commercial (including catering and ifollow) and ticket income

The trend has been:

- 16/17 - high due to reaching the play offs which increased match ticket income (walkup).
- 17/18 was higher than trend due to increased season ticket income in after 16/17
- 18/19 (a normal year) saw Recurring Turnover of £3.35m
- 19/20 Recurring Turnover was £2.97m reduced due to Covid by circa £345k
- 21/22 was the best performance since before 14/15 only the play off year 16/17 coming close

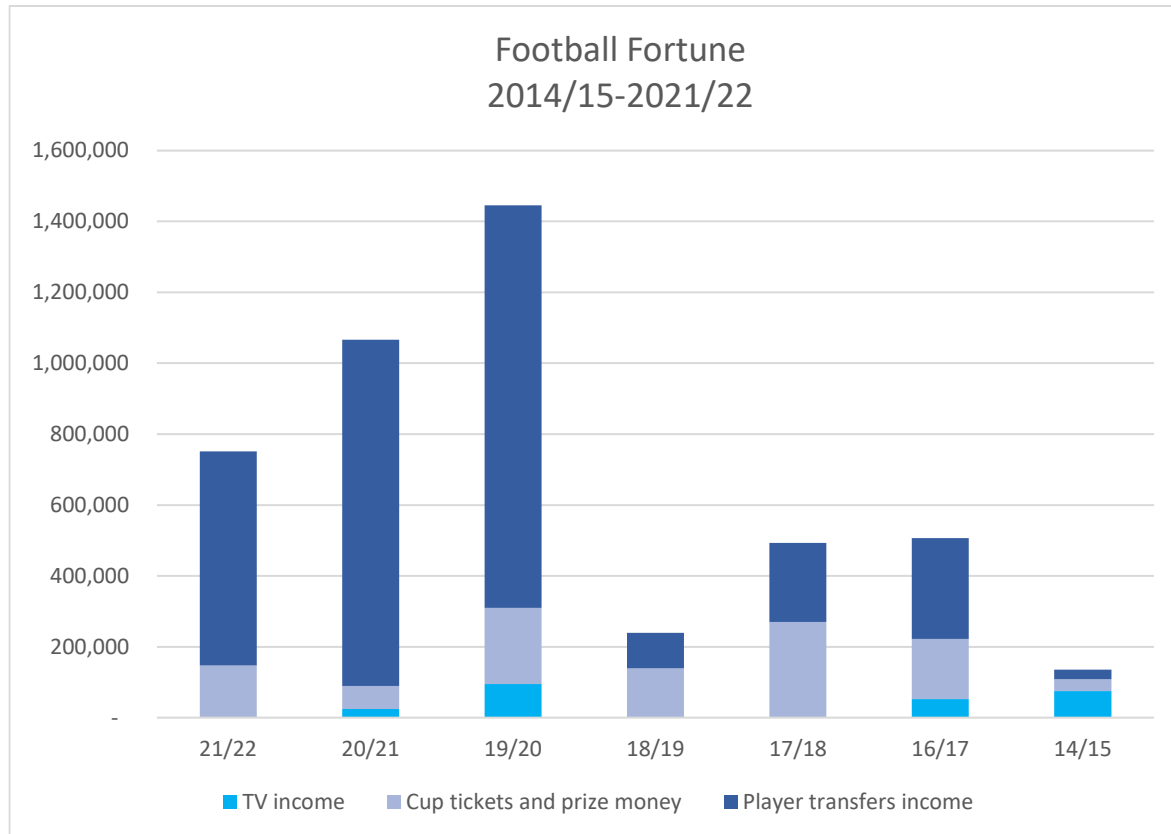


19/20 and 20/21 Recurring turnover is distorted by CV19 and curtailment of the season after 37 games which reduced Business turnover

Carlisle United – income trend

Football Fortune

£0.8m in 21/22



Football Fortune comprises non-recurring income from:

- Cup games (cup match income, TV, prize money); In the six years 2015-2020, it has ranged from a high of £0.7m (15/16) to a low of £0.1m
- Recent typical cup income is circa £200k pa (low £0.1m – high £0.7m)
- Player sales income was £1.1m in 19/20, from
 - Guaranteed amounts (heavily driven by Branthwaite sale)
 - Add-ons earned after the transfer (eg appearances)
 - Sell-ons from a subsequent transfer (% of profit)

Note: Cash can be received over a number of years (see later)

• **Football Fortune is highly volatile and unpredictable**

For budget purposes we only plan to earn amounts which are certain. These comprise:

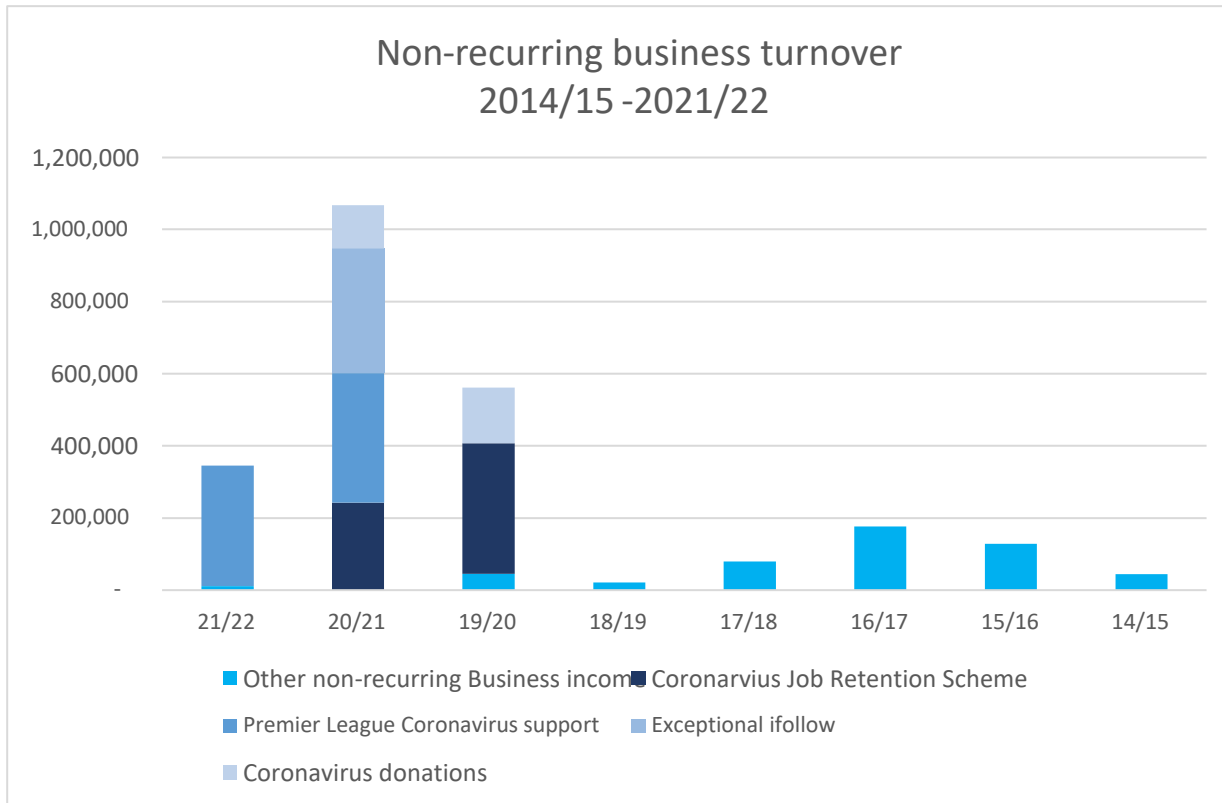
- the £20k participation fee from the EFL Trophy and one game in the FA cup and EFL Cup
- guaranteed transfer income (not add-ons/sell-ons)

Football Fortune can make a huge difference to club finances, with long lasting positive effects.

Carlisle United – income trend

Other non-recurring Business Turnover

£0.35m in 21/22



This comprises unusual one-off Business Turnover that happens from time to time:

- Concerts
- Friendlies
- Donations including CV19 (19/20: £145k)
- Insurance claims (15/16 and 16/17)
- PL Coronavirus grants (20/201: £359k and £333k in 21/22)
- Other sundry unexpected income
- Coronavirus Job Retentions Scheme claims (19/20: £361k and £242k in 20/21). These are reported in other income in the Audited accounts

This is highly volatile and unpredictable income and distorts trends (which is why Recurring Turnover is a better measure of underlying club financial performance)

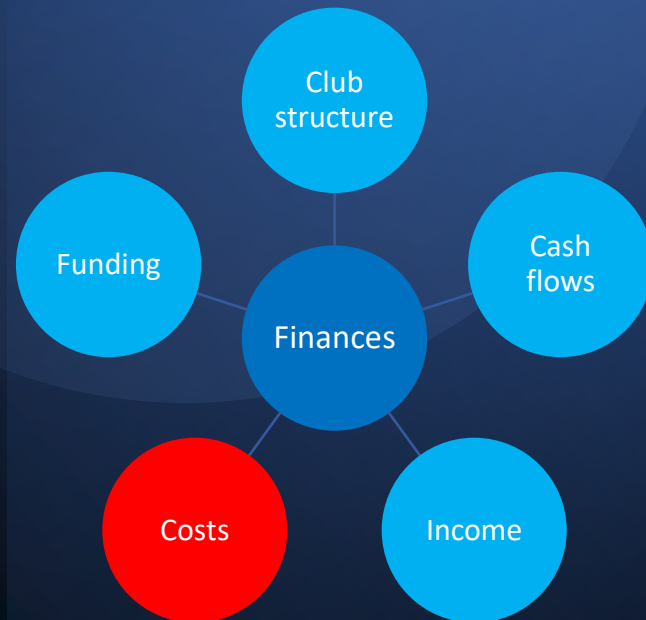
For budget purposes we do not plan to earn income or rely on income from these sources

In 21/22 we earned £333,000 from these non-recurring sources, which were a direct result of Coronavirus and mitigated the lost Business Turnover and Business Costs we suffered in 21/22 and 20/21

Carlisle United

Understanding the Club's finances

Key elements



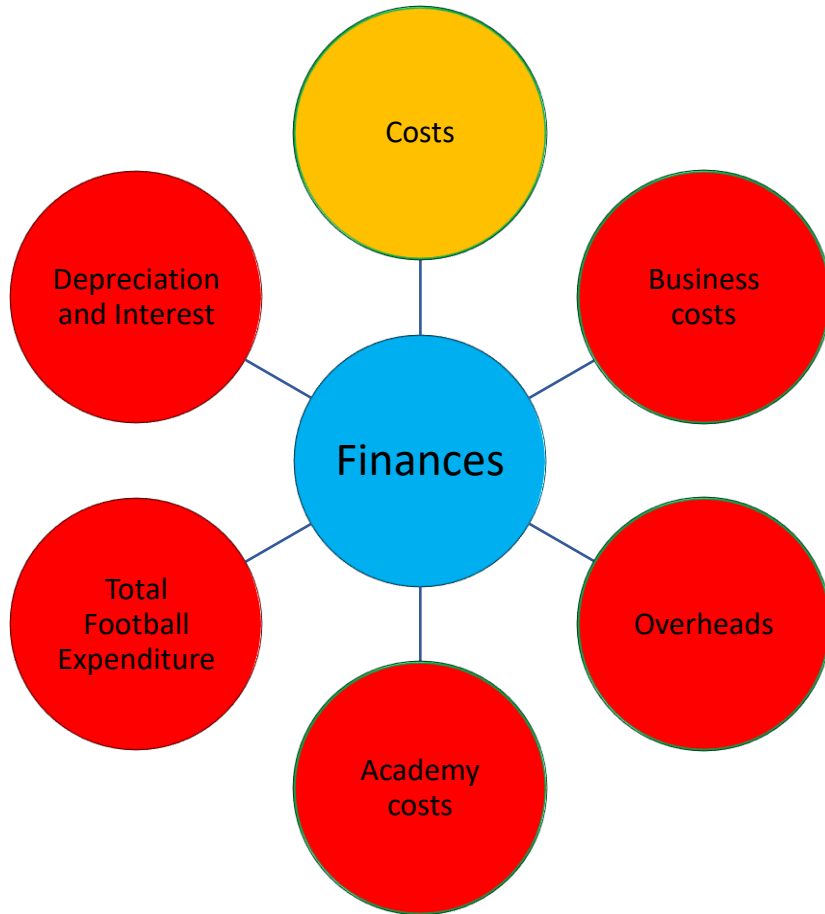
Key elements – Costs

Our costs can be categorised as follows:

- **Business Costs** are direct labour costs and expenses of matches (police, stewards, staff), commercial activity, retail (stock purchases), plus labour costs of sundry activities. Business Costs exclude overheads, depreciation and interest. They also exclude Academy and Football
- **Overheads** are indirect costs of running the club comprising stadium, rates, utility, repairs and maintenance costs, legal and professional, insurance, director costs (CEO and Finance director), media costs, IT and finance costs and administration and compliance
- **Academy costs** comprise scholar and coaching staff wages and expenses of the EPPP academy operations from U9-U18
- **Total Football Expenditure** comprises all Player Costs plus Other Football Costs
 - **Player Costs** - comprise all senior player, loan player & development players related employment costs (salaries, bonuses, benefits, employment taxes, relocation and personal expenses). Often referred to a “*player budget*”. Each club defines what it includes differently which makes comparisons difficult and unreliable.
 - **Other Football Costs** - comprise all first team coaching costs (like manager and first team staff, Director of Football), their payroll, expenses, travel and benefits, plus club agent costs, scouting, recruitment, team travel, food, football IT, sports science and medical, analytics, football insurance and direct non-coaching football staff costs (laundry).
- **Depreciation** is the costs of tangible fixed assets “used” by the club each year – covering buildings, plant and machinery, fixtures and fittings. These are non cash costs.
- **Amortisation** is the costs of intangible fixed assets “used” by the club each year – covering transfer fees and long-term grants. These are non-cash costs.
- **Interest** is the costs of financial debt provided to the club. Interest may not always be paid in cash each year and can accumulate to be repaid at a later future date (to ease short term cash flows)

Carlisle United

Costs – overview



Our **Business Costs** are managed in line with the Strategic Activities and Departmental structure (see previous – ie Business, Football, and Academy).

The Business Departments have costs which are directly linked to doing those own specific activities (eg retail purchases, retail staff).

Wherever possible we match specific costs and all labour expenses directly with income for each Department, so the true financial impact of each activity is clear and accurate. This improves management, accountability and control.

It is important to understand the nature of our costs for example:

- **fixed costs** – those costs which we incur regardless of levels of activity, fans, games or success (even with no games – like 19/20 late season) they still are suffered
- **variable costs** – those which directly related to levels of activity – like fans attending, game costs, retail purchases

Wages & salaries – are very fixed and if income or fans coming to games fall, they must be paid and it leaves a cash “hole” to fill (like CV19 in 20/21) where income is lower but wages unchanged.

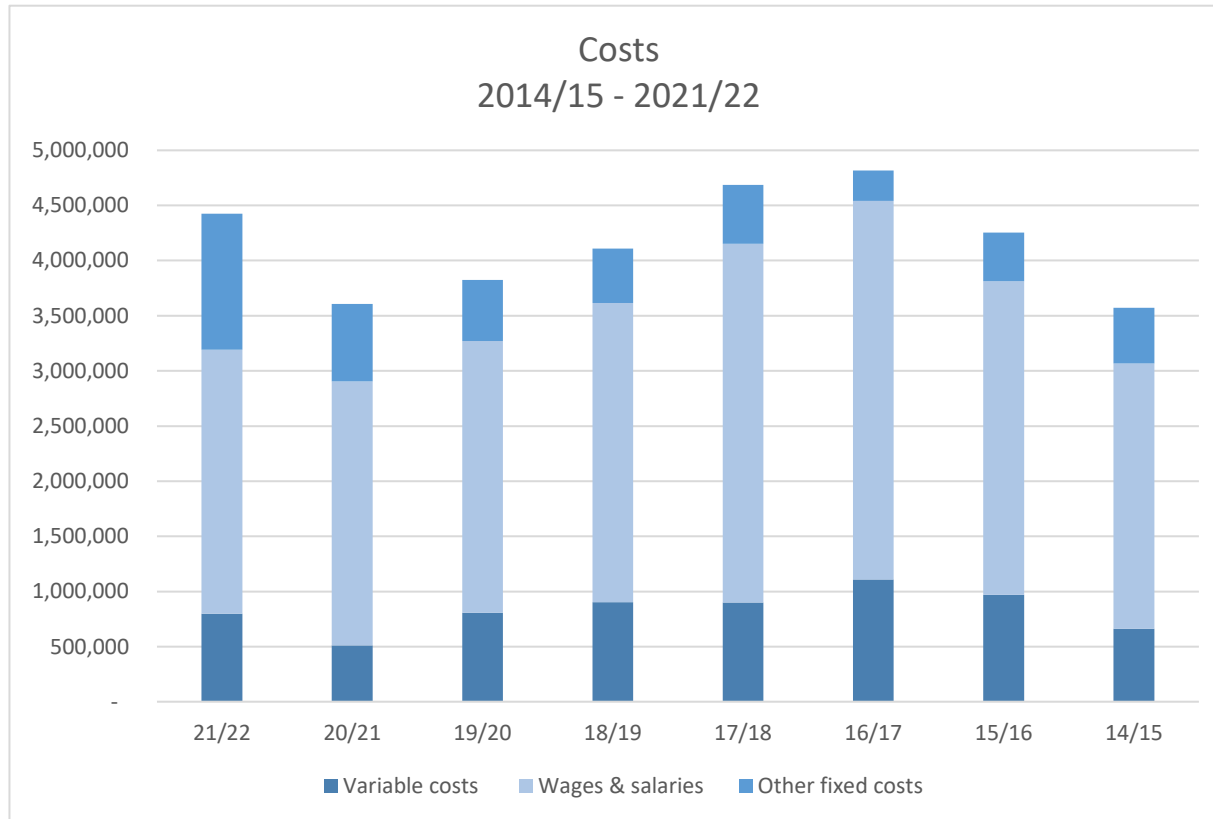
Player Costs / Other Football Costs - compared with the costs of rest of the Club, as these are significant, fixed and long lasting, not easily changed once committed to, regardless of results and gates and fans.

Site and stadium costs - which tend to be unavoidable (driven by safety and the need to be open for business and fans), very fixed and rising (as the stadium ages) and regulation and compliance increases.

Carlisle United

Total costs

£4.4m in 21/22



Total costs are around £4.4m in 21/22

Total Football Expenditure is around 51% of the total

Fixed costs

Around 82% of the club's cost are fixed.

Fixed costs are not easily reduced. They had fallen in recent years after rising significantly from 2015-2018. They rose in 21/22 with extra Total Football costs, exceptional Football Costs (staff exit costs) and inflationary cost pressures.

Fixed costs have to be paid for every month (especially wages) regardless of income. High/rising fixed costs (Football driven) and falling income (Football performance or external) are a bad mix.

Wages and salaries make up around:

- 67% of all our total costs
- 81% of all our fixed costs

Our **variable costs** are circa £0.8m and mostly comprise retail purchases, commercial purchases and player loans.

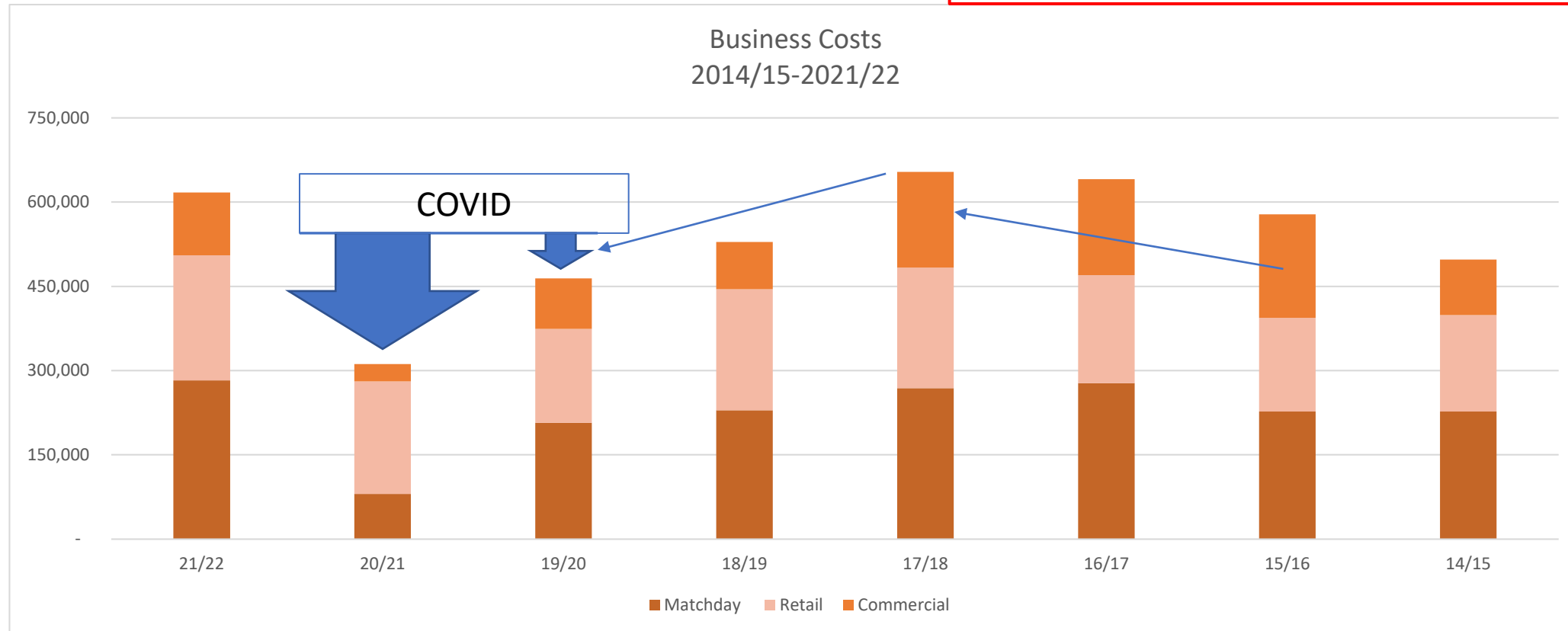
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Business costs

£0.6m in 21/22

Business costs are circa £600k per year and comprise direct labour payroll costs and expenses of:

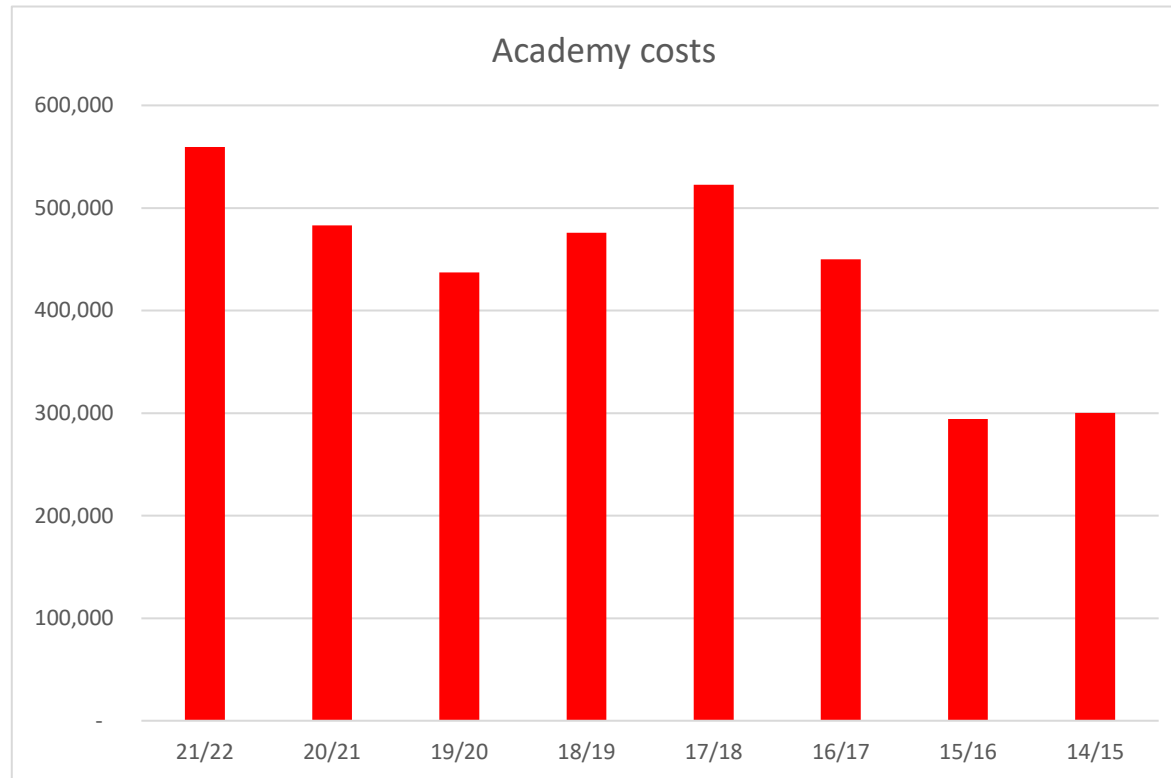
- Matches (police, stewards, staff, safety)
- Commercial (labour, hospitality costs, sponsor costs)
- Retail (purchases – linked to sales, shop labour, shop overhead costs)



Carlisle United

Academy costs

£560k in 21/22



Academy costs comprise:

- scholar and coaching staff wages
- expenses of the academy operations (accommodation, facility hire, travel, games costs)
- the Club receives a Premier League EPPP grant to fund these costs on a matched funding basis
- we also receive a for each scholar from the LFE for education

The fall in 19/20 is due to the curtailment of the Academy season due to Covid – meaning some costs were lower

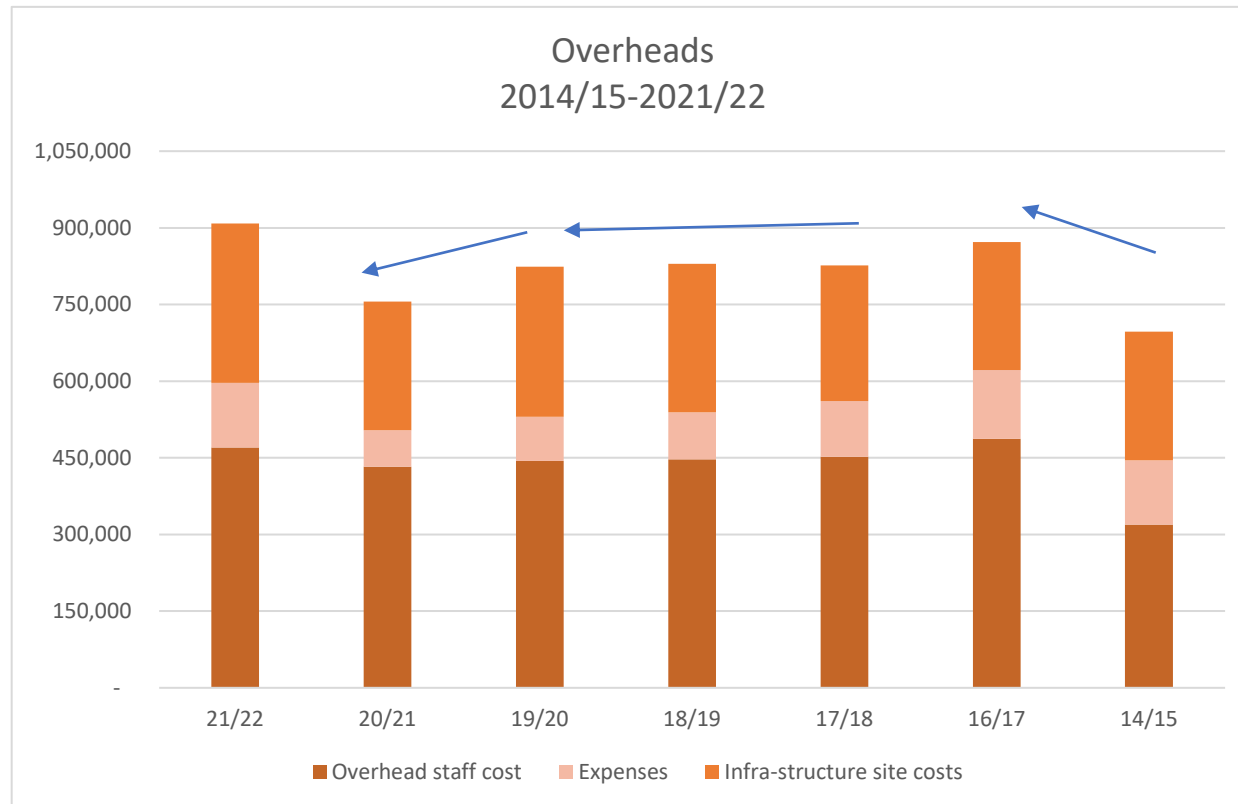
Academy costs are match funded by the PL through the EPPP up to a £0.5m.

In 21/22 the Academy Cost increased as the cost of scholar accommodation rose sharply (due to the mix of players signed) and extra staff and facility hire costs were incurred (while the EPPP grant was fixed), leaving the club to absorb the full cost.

Carlisle United

Overheads

£0.9m in 21/22



Overheads are the indirect costs of running the Club comprising:

- **Infra structure site costs** for the stadium (repairs and maintenance costs, rates, utilities & insurance)
- **Overhead staff costs** including CEO and Finance director (not DOF who is include in Football staff costs and Total Football Expenditure– see below)
- **Expenses** for media, IT systems, office costs and finance costs, legal and professional (audit, lawyers, advisors)

These costs tend to be relatively fixed and incurred week-in, week-out regardless of games or on-field performance.

Total Overheads are broadly unchanged over the last 5 years to 20/21v as a result of:

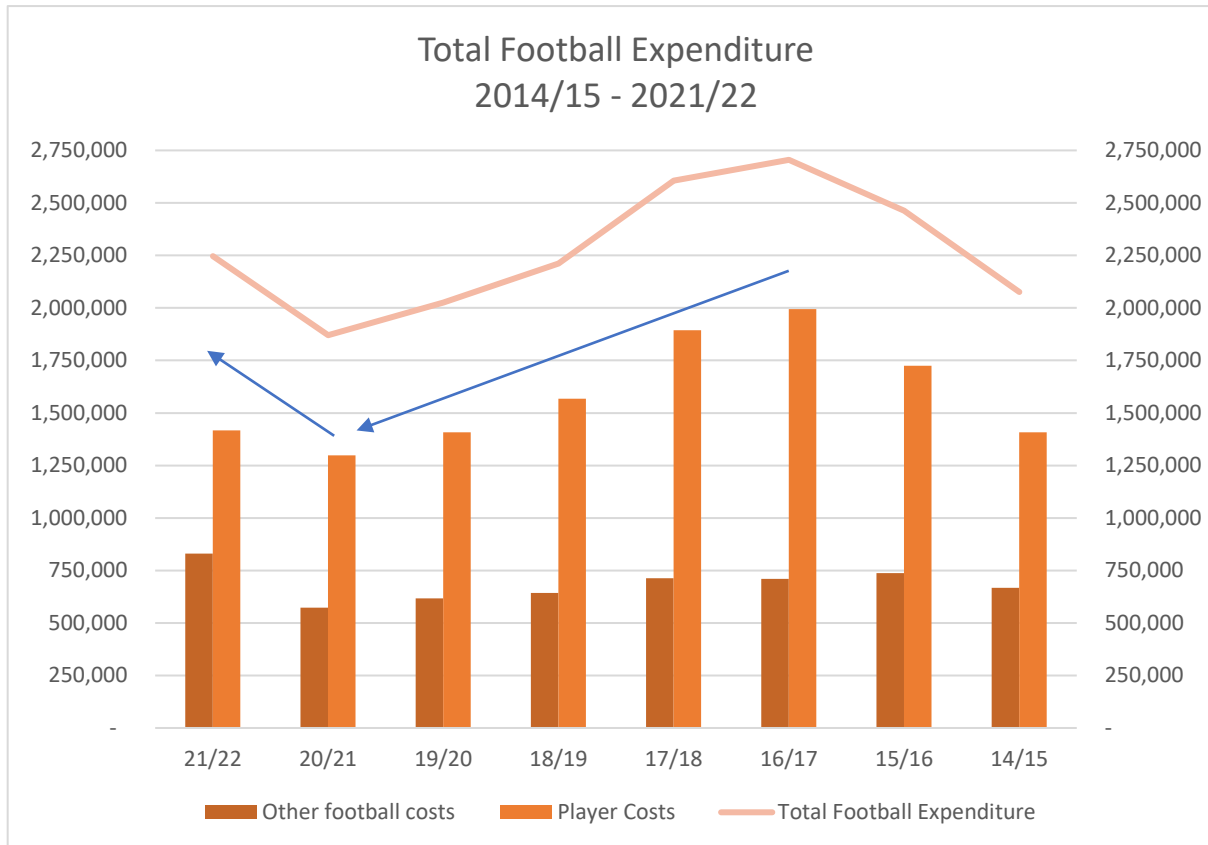
- **increases from** national minimum wage rises, stadium repair costs, insurance and water and utilities being offset by
- **savings from** - overhead staff costs from staff number reductions (leavers not being replaced), business rates
- Directors and staff payroll wage freeze

In 21/22 Overheads increased for the first time in many years due to stadium costs and staff costs

Carlisle United

Total Football Expenditure

£2.25m in 21/22



Total Football Expenditure comprises all Player Costs plus Other Football Costs:

- **Player Costs** - comprise all senior player, loan player & development players related employment costs (salaries, bonuses, benefits, employment taxes, relocation and personal expenses).
- Often referred to a “*player budget*”.
- Each club defines what it includes differently which makes comparisons difficult and unreliable.

Circa £1.4m in 21/22

- **Other Football Costs** - comprise all first team coaching costs (like manager and first team staff, Director of Football), their payroll, expenses, travel and benefits, plus club agent costs, scouting, recruitment, team travel, food, football IT, sports science and medical, analytics, football insurance and direct non-coaching football staff costs (laundry) and football termination cost

Circa £0.8m in 21/22

In 19/20 the spend was impacted by lower bonuses due to performance and a short 37 game League 2 season

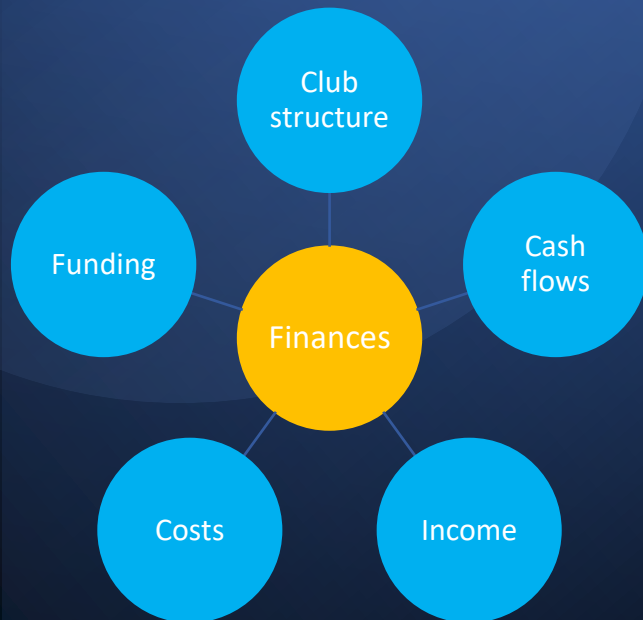
The recent trend before 21/22 has been downwards as the Club has targeted improved Sustainability in the absence of external funding

21/22 saw an increase due to staff exit costs and increased planned spending on Player Costs and Other Football Costs (staff) to bring improvement on the field (unsuccessful) and then emergency extra spending in response to poor results.

Carlisle United

Understanding the Club's finances

Profitability



The **profitability of the Club** comes from:

- Underlying profitability from Business trading activities - the “normal” recurring Business the Club carries on (football matches, commercial, retail , catering) and Academy
- Total Football Expenditure – what we spend on players and football operations
- Non-recurring income and costs – unexpected, exceptional and extraordinary items that take place (like Coronavirus, flooding)
- Football Fortune – Player sales and cup income and costs
- Interest costs – charges we incur, some are paid in cash others just accumulate to be paid at a later date
- Depreciation and amortisation – non-cash expenses which we incur and reduce profits (or increase losses)
- Exceptional debt write-offs (non-cash transactions which change our reported results)

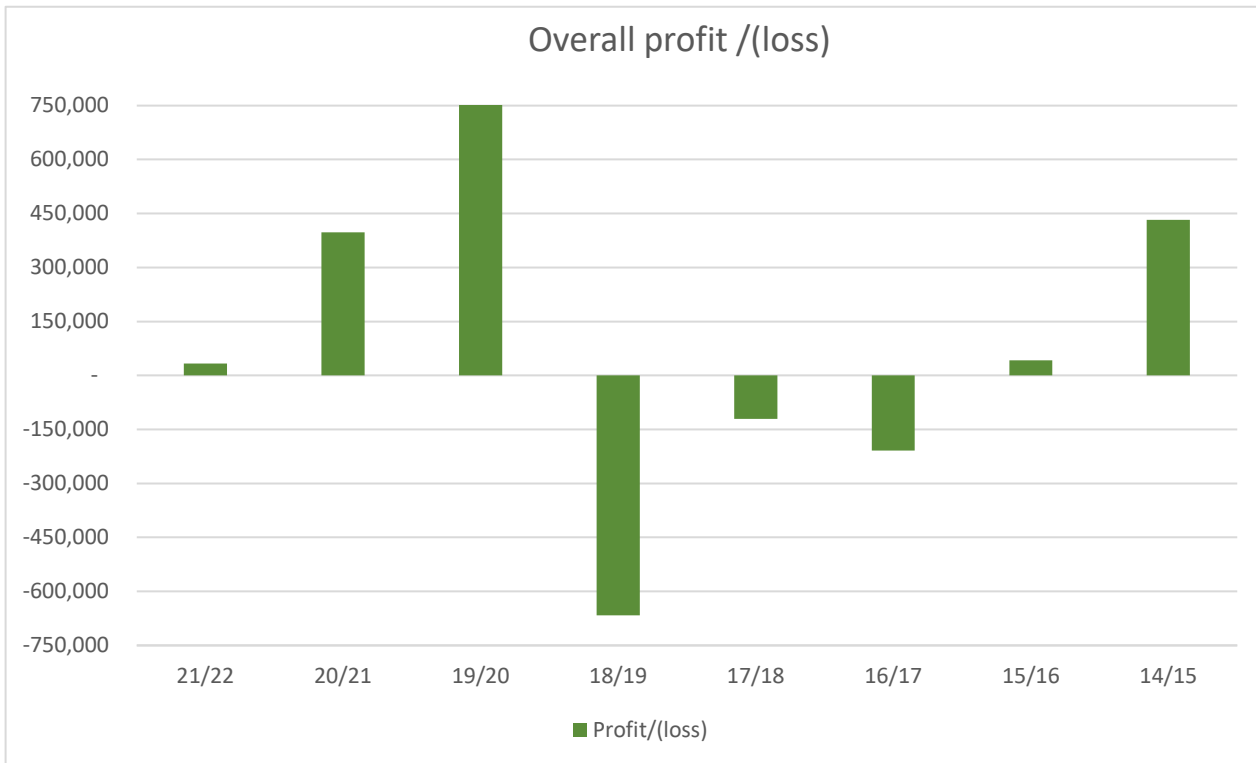
Depending whether you include/exclude some or all of these items when analysing profitability can give different insights.

Overall profit includes all income and costs – whether recurring or not, exceptional, extraordinary.

Carlisle United - Profitability - trend

Overall profits/(losses)

21/22 £33k



Overall profit includes all income and costs.

Overall profitability (profits before tax) is highly volatile and focussing on it can give a misleading picture, especially in the short term from year-to-year.

As explained, the trend in Overall profits is volatile.

Historically, losses were usually funded by loans in the short term, which are regularly simply written off later:

- £2.6m of debt has been written off in the nine years to 19.20
- Periodic debt write offs give exceptional income gains to reduce the reported overall losses (eg 2015, 2017-2019)

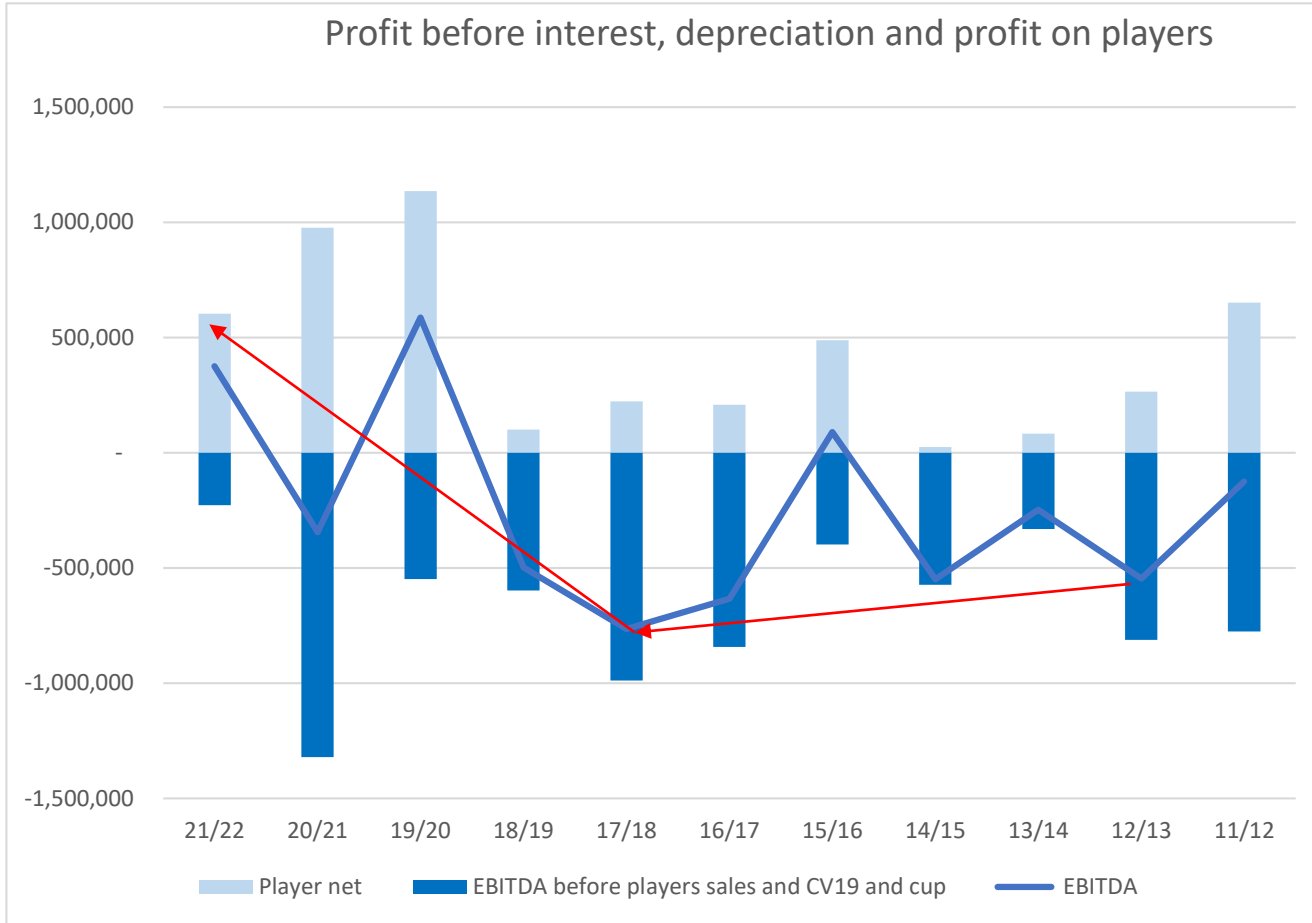
Overall losses total since 2012 are £1m at an average of £125k per year. (This reduced by the £782k profit in 19/20 and the debt write-offs).

Three successive years of profit 19/20 - 21/22 is the best in a decade.

Carlisle United

Profit/loss – EBITDA

+£375k 21/22 (£-228k before players)



In football “cash is king” – when clubs have insufficient cash they get into distress and can go into Administration.

Understanding how profitability impacts on cash is critical in understanding and managing our finances.

In the 11 years ended 30 June 2022 Total overall loss is just £0.6m, but without the benefit of £2.6m of debt write offs and £4.8m of player sales profits, this would be £8m loss. This is on average £725k year in year out.

Profits before interest, tax and depreciation gives an insight into the cash generated by the Club. This is termed EBITDA:

Excluding £2.7m of non-cash depreciation and interest rolled up in the last 11 year period, the cumulative trading “cash” loss is reduced from £8m to £5.75m.

This is equivalent to circa **£525k underlying cash loss per year on average.** This is shown by the blue line.

This has been covered by a combination of Player sales and new debt funding until 19/20 when it has been covered by just players sales.

In all years except for 2020, the Club a not made a profit without player sales, depreciation, interest and tax (dark blue line). This shows the importance of player sales to cover losses (and the need for external funding when player sales are low. This is common in football).

Before player sales and non cash expenses and exceptional cash (grants etc), the cash requirement in 21/22 was £0.7m versus the £525k average trend.

Carlisle United

Underlying contribution

21/22 £1.538m

	21/22		
£	Income	Costs	Total
EFL & PL	1,111,387	0	1,111,387
Academy	522,760	- 559,549	36,789
Professional Game Income	1,634,147	- 559,549	1,074,598
Business	1,989,321	- 617,258	1,372,063
Recurring	3,623,468	-1,176,806	2,446,661
Overheads	-	- 908,560	- 908,560
Underlying	3,623,468	-2,085,366	1,538,101
Total Football Expenditure	-	- 2,249,062	- 2,249,062
	3,623,468	-4,334,428	- 710,960
Exceptional	344,915	- 43,296	301,619
Football Fortune	805,889	- 20,743	785,146
EBITDA	4,774,272	-4,398,467	375,804
Depreciation and amortisation	-	- 256,563	- 256,563
Interest	-	- 86,463	- 86,463
Total	4,774,272	-4,741,493	32,778

Underlying contribution is the amount of net income the Club generates to pay for all its Total Football Expenditure from its own activities before any Football Fortune or other non-recurring Business Turnover.

In 21/22 Underlying contribution comprises:

- Recurring income £3.62m
- Recurring costs £1.18m
- Underlying Contribution is £1.538m

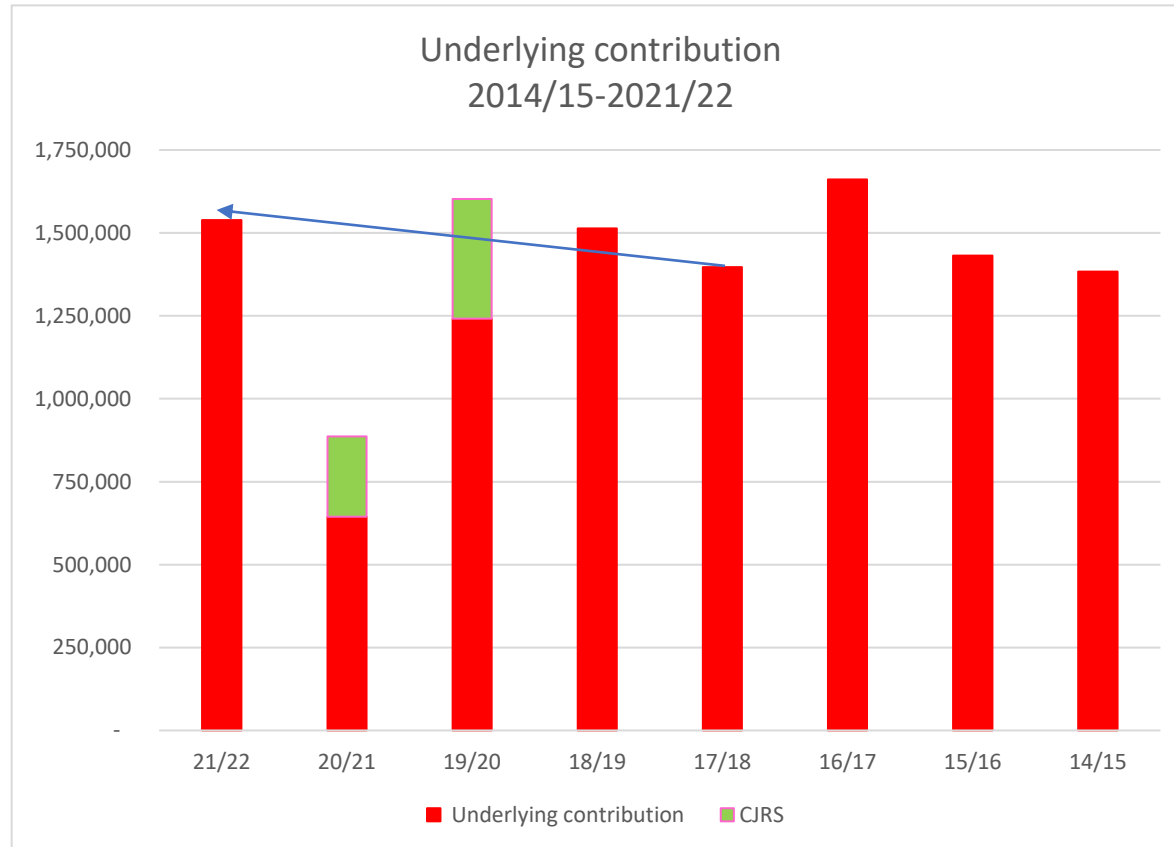
What that means is in 21/22 we could afford to spend £1.538m on all first team Football – without external support or unpredictable Football Fortune.

We actually spent £2.25mm leaving a circa £710k overspend to cover from cup income and player sales and other exceptional income (like grants).

The £785k of net Football Fortune we earned meant we had sufficient income and cash to cover that football “overspending” and still generate a profit.

Carlisle United

Underlying contribution - trend



Underlying contribution is a measure of the ability to pay for Total Football Expenditure before any extra cash from Football Fortune or shareholder or external funding

It is a key Club objective to grow Underlying Contribution

It is currently typically £1.5m-£1.6m in recent years

- 16/17 was high due to a playoff season on the pitch
- 19/20 and 20/21 are low due to Coronavirus

In recent years falling Business Turnover has been offset by lower Business Costs and growing Professional Game Income

Critical to achieving this objective is to grow Business Turnover.

21/22 was the best year (except for the play off season) in recent times.

Carlisle United

Indicative profit and loss performance

Putting all this analysis together, we get a picture of the typical P&L financial performance **before Football Fortune assuming Player Costs of £1.4m:**

- Business turnover £2m
- Recurring income £3.6m
- Underlying contribution £1.55m available to spend on all first team Football
- £2.25m Total Football Expenditure (£1.4m Player Costs and £850k Other Football Costs)
- Cash requirement to be funded £700k
- £350k of non-cash costs
- Overall loss £1050k

Increasing Underlying Contribution by growing income and minimising costs increases the available cash for spending on Football before the bonus from Football Fortune or external cash funding.

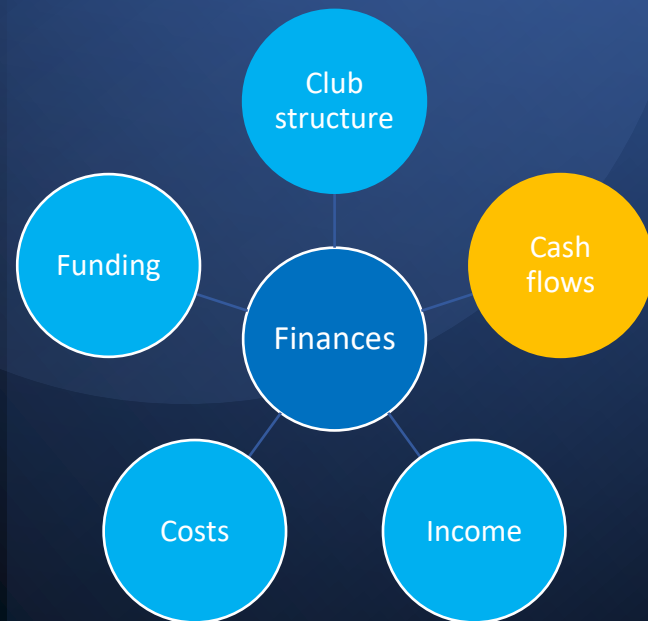
However, before Football Fortune, the Club is inherently heavily loss making and needs cash to fund it – even with Player Costs of £1.4m

£	Typical P&L 21/22	
Match	Walk up	700,000
	Season	350,000
		1,050,000
	Retail	300,000
	Commercial	650,000
	Business turnover	2,000,000
PGI	EFL	600,000
	PL	480,000
	EPPP	480,000
	LFE	40,000
	Professional Game income	1,600,000
	Recurring income	3,600,000
	Business costs	- 600,000
	Academy	- 550,000
	Overheads	- 900,000
	Underlying contribution	1,550,000
Football	Player costs	- 1,400,000
	Other Football Costs	- 850,000
	Total Football Expenditure	- 2,250,000
	Cash requirement	- 700,000
	Depreciation and amortisation	- 250,000
	Interest	- 100,000
	Underlying overall loss	- 1,050,000

Carlisle United

Understanding the Club's finances

Key elements



Cash flows - overview

There are a number of key sources and uses of cash:

Cash from trading is cash we get/goes out from day-to-day operations::

- Net cash from **Business** activities - retail, matches, tickets, commercial, catering etc
- **Academy** spending = money in and out for EPPP player development
- Cash from the **Professional Game** – EFL and PL and EPPP
- Payments for **Football** – player and football staff wages and costs, match and training costs
- Other one-off trading cash flows – like manager termination costs, insurance cash, covid JRS cash, grants

When we suffer trading losses, cash flows out of the Club and needs funding

Working Capital of the Club – changes in the amount of stock, debtors and creditors we have, affects our cash balance

Investing - cash spent on capital additions (eg stadium, pitch, IT) and players. We occasionally make capex purchases (mini-bus, kit van) funded by finance lease – but these are very small deals and not significant. Investing is mainly in cash.

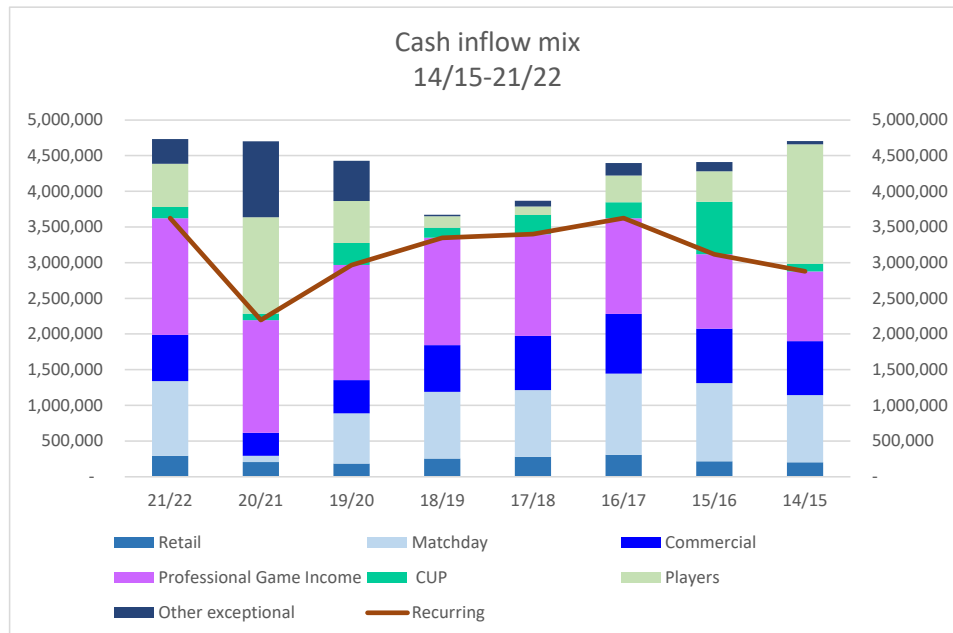
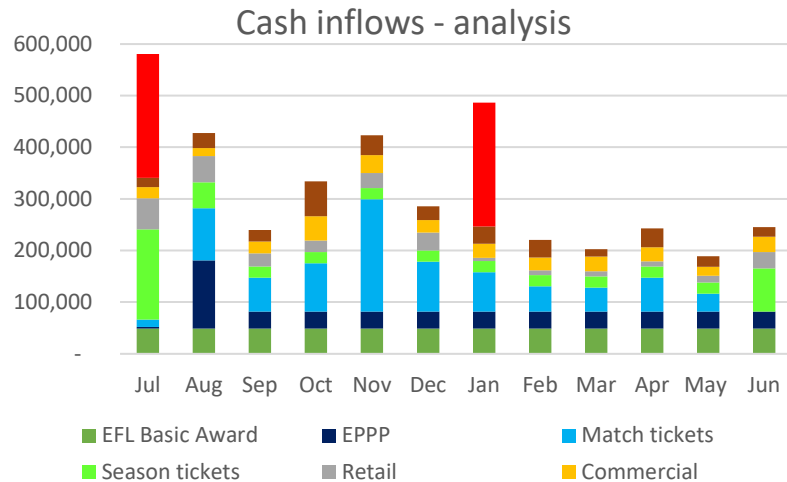
Interest received/paid – returns on cash deposits we have or charges on our debt. Not all interest we are charged is paid. It can roll up to be paid later (EWM/Purepay).

Football Fortune cash – cash we get from selling players and cup games. We may sell a player in one year, but the cash may be collected over a number of years.

Funding - we get cash in from borrowing money (debt), issuing shares (equity). In most cases, funding is received when the total cash from everything else is still less than we need.

Carlisle United

Cash cycle – inflows/receipts



The Club generates trading cash (excluding Football Fortune) inflows from:

Business activity

- Tickets
- Retail
- Commercial
- Other matchday

Academy (EPPP)

Professional Game (EFL and PL)

Inflows are skewed towards the first half of the year by lump sum season ticket cash receipts, kit sales and the first PL solidarity receipt and first EPPP grant.

In the second half, from January, receipts fall, especially after the January PL solidarity cash

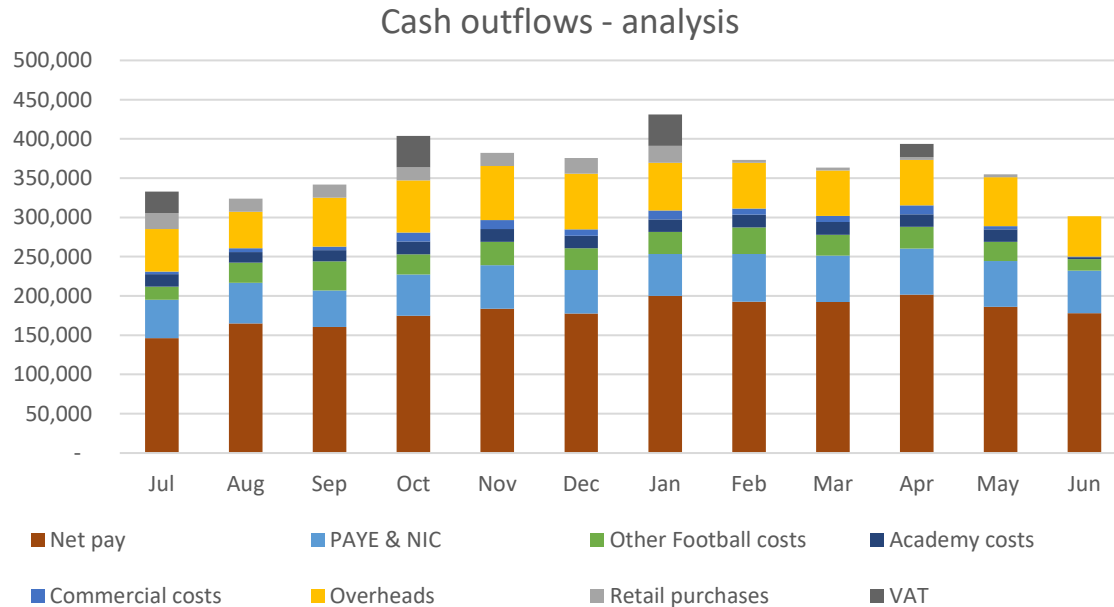
June receipts can be boosted by kit launch and season ticket sales.

Conserving cash in the first half is important to fund the club in the second half. Football Fortune provides the extra cash needed. Otherwise using cash reserves or new money is required.

Carlisle United

Cash flows

Cash cycle – outflows/payments



The Club makes trading cash payments for:

- Net wages (including players)
- Paye/NI & VAT
- Business costs (not payroll)
 - Commercial expenses
 - Matchday
 - Retail purchases
- Overheads
- Academy
- Other Football Costs (not payroll)

Payments rise each month in the first half of the year as players are recruited and activity increases.

In the second half, they can rise again with more spending in January window but reduce in May and June after the season finishes.

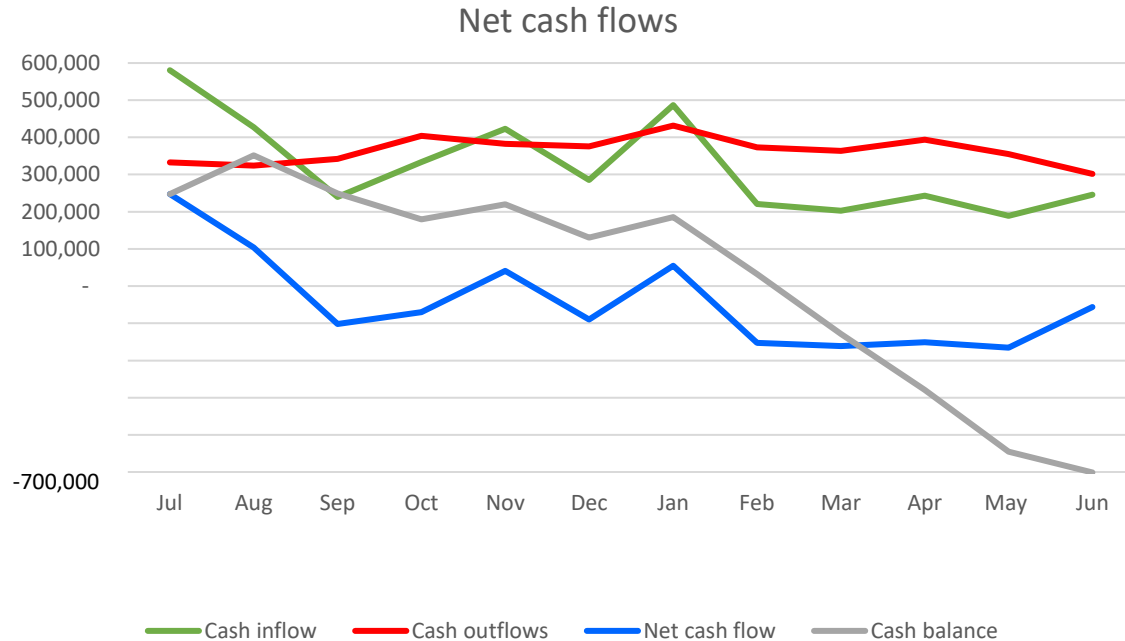
Payments tend to be far more fixed and consistent from month to month compared with cash inflows which are more variable.

This excludes other non-business payment like capex investment and debt repayments or exceptional costs or cost related to cups which are on top

Carlisle United

Cash flows

Typical cash cycle – net cash



From July to the end of January cash inflows generally balance cash outflows.

This means the bank balance generally stays in credit. The second PL solidarity receipt in January helps boost cash.

However because from late Jan/Feb onwards payments exceed receipts each month, the cash balance falls away quickly.

The balance declines each month and by the year end the net cash outflow totals circa £700k.

This is the “normal” annual funding requirement to be bridged (before any investment or debt repayments at current Player Cost levels) referred to elsewhere in this report.

This excludes other cash from Football Fortune or non-business payment like capex investment and debt repayments or exceptional costs or cost related to cups.

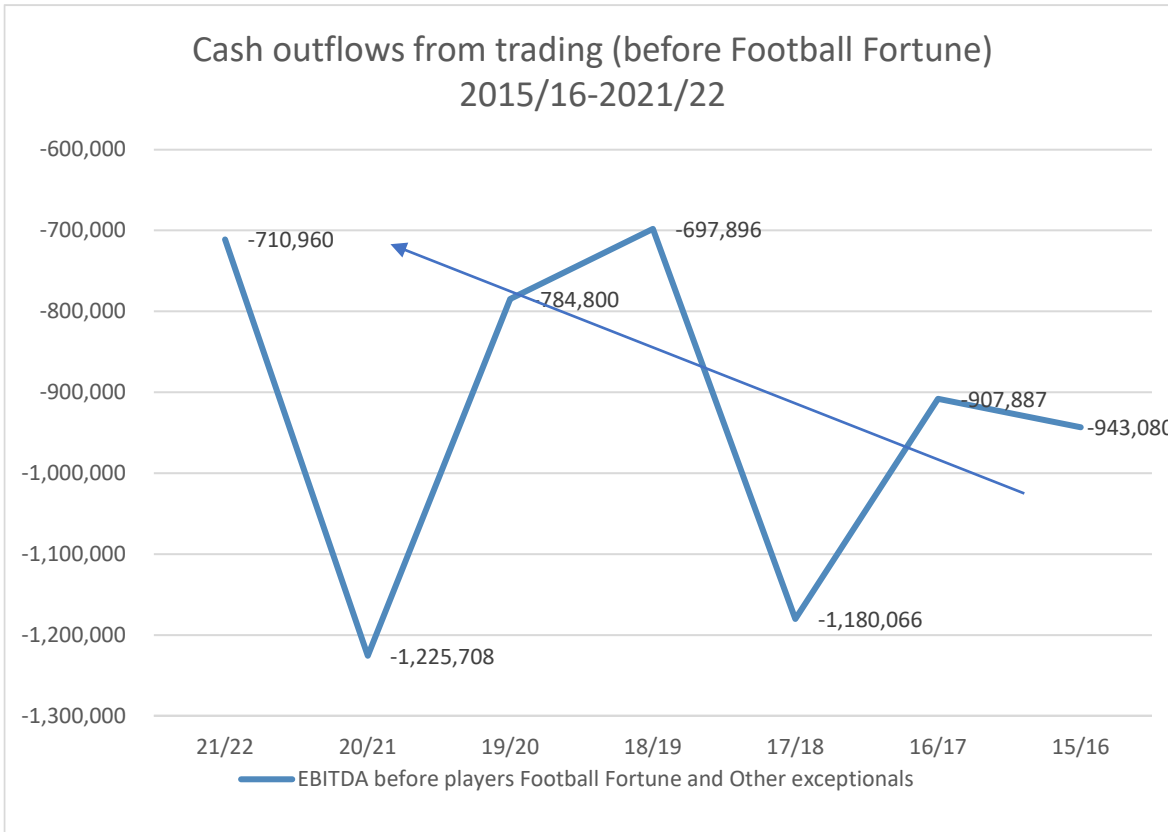
In the absence of new funding, we plan to bridge the gap by Football Fortune. This makes cup income in the first half important alongside Cash from player sales.

Since, the typical £700k gap from “normal” trading exists every year and Football Fortune is not certain every year, it is important to conserve cash in the good years to cover the other years.

Carlisle United

Cash flows

Cash from trading before Football Fortune



The Club generates cash from its trading activities and this is mainly spent on Football then investment spending on capex.

The level of Football spending (TFE) is more than the cash we generate which creates trading losses (as detailed above). These losses are “unsustainable” and are unaffordable without other sources of cash to pay for them. This is typical in football.

The scale of our Football spending in excess of what we can “afford” from our trading has been a total of £4.3m over the last 5 years (before Football Fortune) at circa £850k of cash needed per year.

To avoid this funding “need” every year, either Football spending (TFE), Club wages & salaries or other Club costs need to be reduced or income growth achieved to eliminate the “unaffordable” cash outflow and overspending.

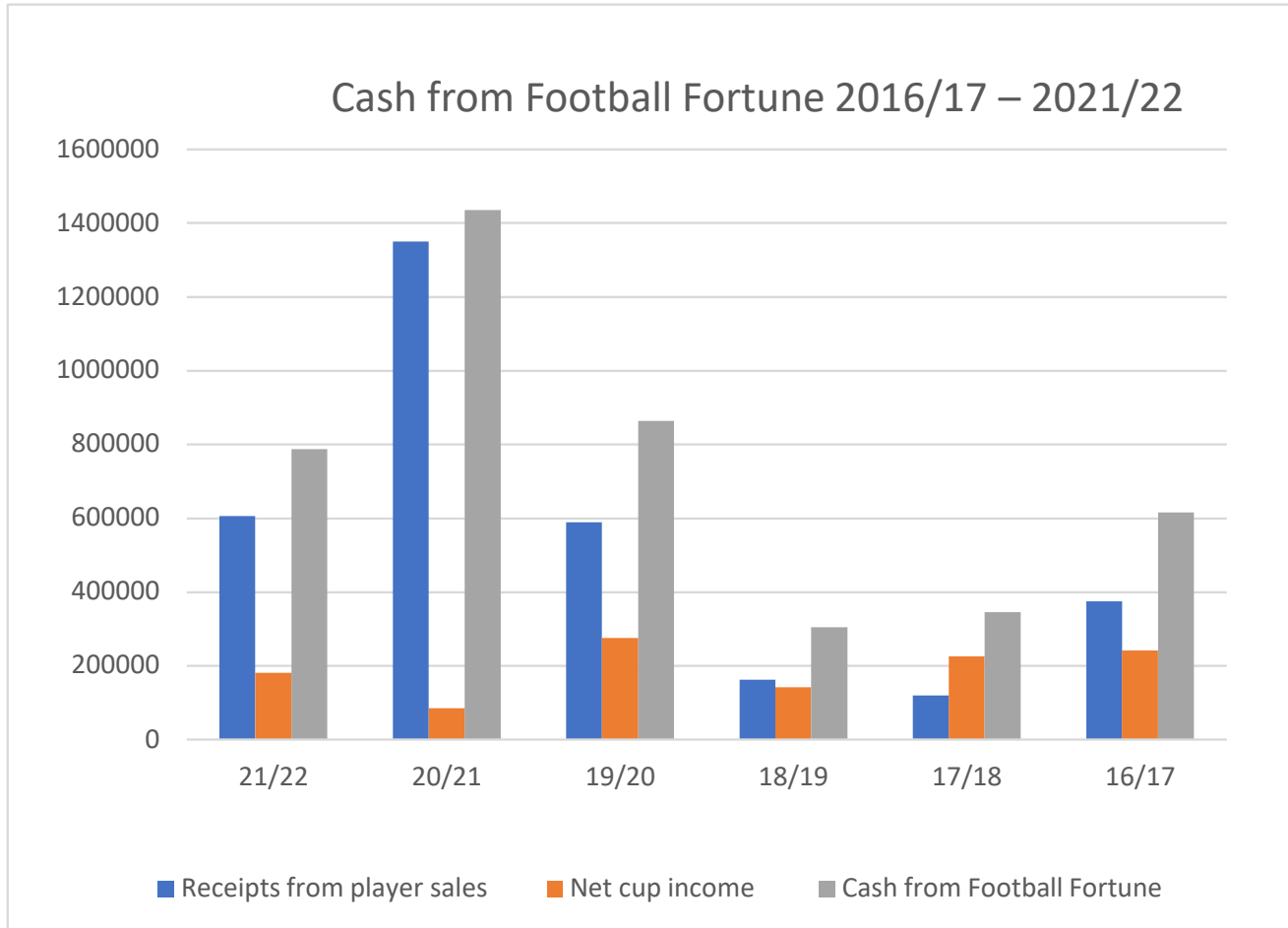
- the high of funding for cash losses was in 17/18 when £1.18m of cash was needed. This was due to Football spending of £2.6m
- 19/20 and 20/21 distorted by Coronavirus
- Business Cost savings and lower Football spending since 17/18 have improved the trend and reduced the funding requirement to £710k in 21/22.

This cash requirement is before cash needed to for everyday needs (working capital) or investment capex spending (or to pay interest on borrowing). All which increase the cash needed to operate the Club

Carlisle United

Cash flows

Cash from Football fortune



In the six years ended 30 June 2022 we received a total of £4.35m of Football Fortune cash from:

- Player sales receipts £3.2m
- Cup income £1.15m

Cup income has been typically circa £100k-£200k per year. We have had no big cup runs since before 16/17.

16/17 saw cash receipts of £600k.

This provided a “war chest” to increase football spending in late 15/16 and 16/17.

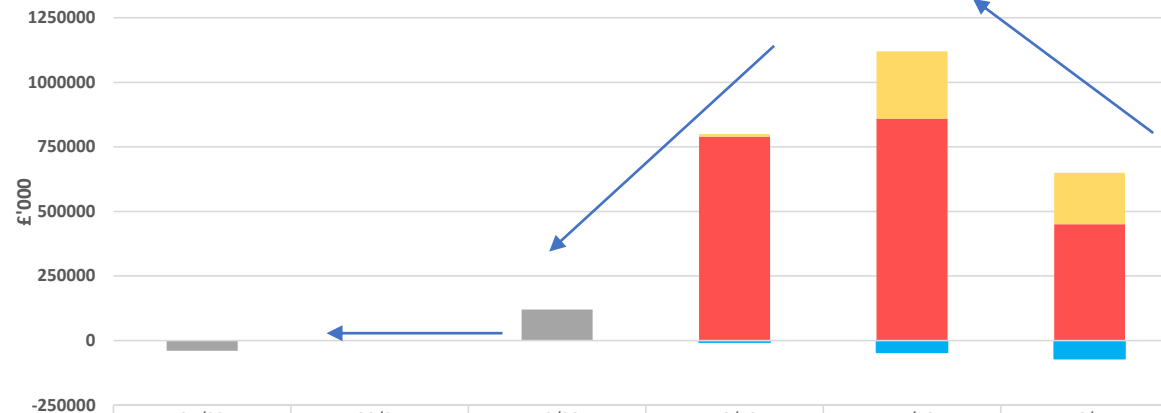
However, when Football Fortune fell back in 17/18 and 18/19, the committed Football spending from January 2016- January 2017 continued and then didn’t cut back quickly enough.

This resulted in losses and a funding requirement - met by borrowing and increased debt.

20/21 was an exceptional year with £1.4m of Football Fortune cash. This provided cash to subsidise underlying losses in 20/21, 21/22 and 22/23.

Carlisle United Funding

Funding sources 2016/17-2021/22



	21/22	20/21	19/20	18/19	17/18	16/17
Pioneer Food Group	0	0	0	-6000	-46000	-70000
EFL	-39800	0	119800	0	0	0
Majority shareholder	0	0	0	10000	260000	200000
EWM	0	0	0	790000	860000	450000

Funding - we get cash in from finances leases, borrowing money (debt) and issuing shares (equity).

In the six years ended 30 June 2022 we received a total of £2.69m of funding from:

- EWM £2.1m (debt)
- Majority shareholder equity £470k (initially debt then converted to equity)
- EFL £120k (debt) with £40k now repaid

We repaid £122k to Pioneer (via commercial contras for sponsorship) and bank mortgages on the Club houses and £40k to EFL. Giving a net funding cash inflow of £2.5m.

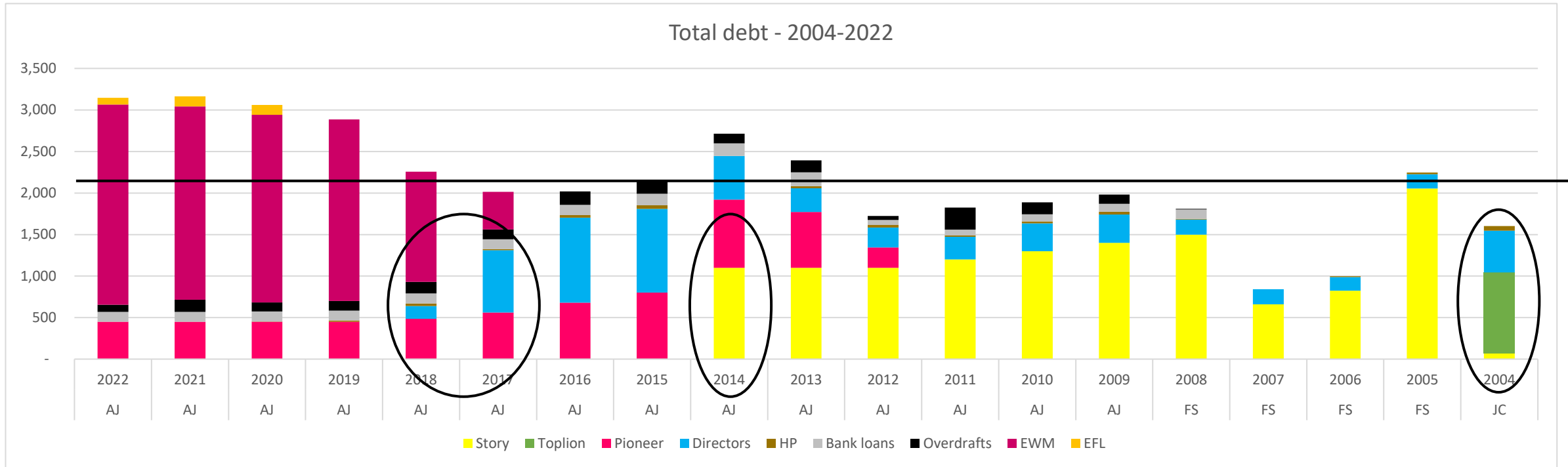
The graph shows the significant funding in the three years 16/17, 17/18 and 18/19, to pay for trading losses from increasing and high player wages (see previous) when Football Fortune was low.

No new funding has been received since May 19 (except the temporary EFL loan – used as reserve for the Covid emergency and are being repaid).

Since May 2019 the club has operated without external funding.

Carlisle United

Funding – Total debt trend



The level of total debt over the last 15 years has been relatively consistent. From 2008 to 2018 debt has been relatively unchanged circa £1.75m-£2.25m..

Typically, each change of ownership has been associated with immediate or eventual debt write-off (after John Courtney and Fred Story exits). £1.1m written off in 14/15 by FS
 £1.485m of director debt (AJ, JN Lord Clark) was exchanged for non-voting equity between June 2017 and June 2019.

In 21/22 total debt was £3.15m comprising Purepay £2.4m, Pioneer £449k, EFL £80k with the remainder being bank. This is peak over the period, driven by the advances in the three seasons 16/17, 17/18 and 18/19 after the large increase in Football spending not funded by Football Fortune (and since May 2019 – accruing interest).

Carlisle United

Understanding the Club's finances

Other financial factors

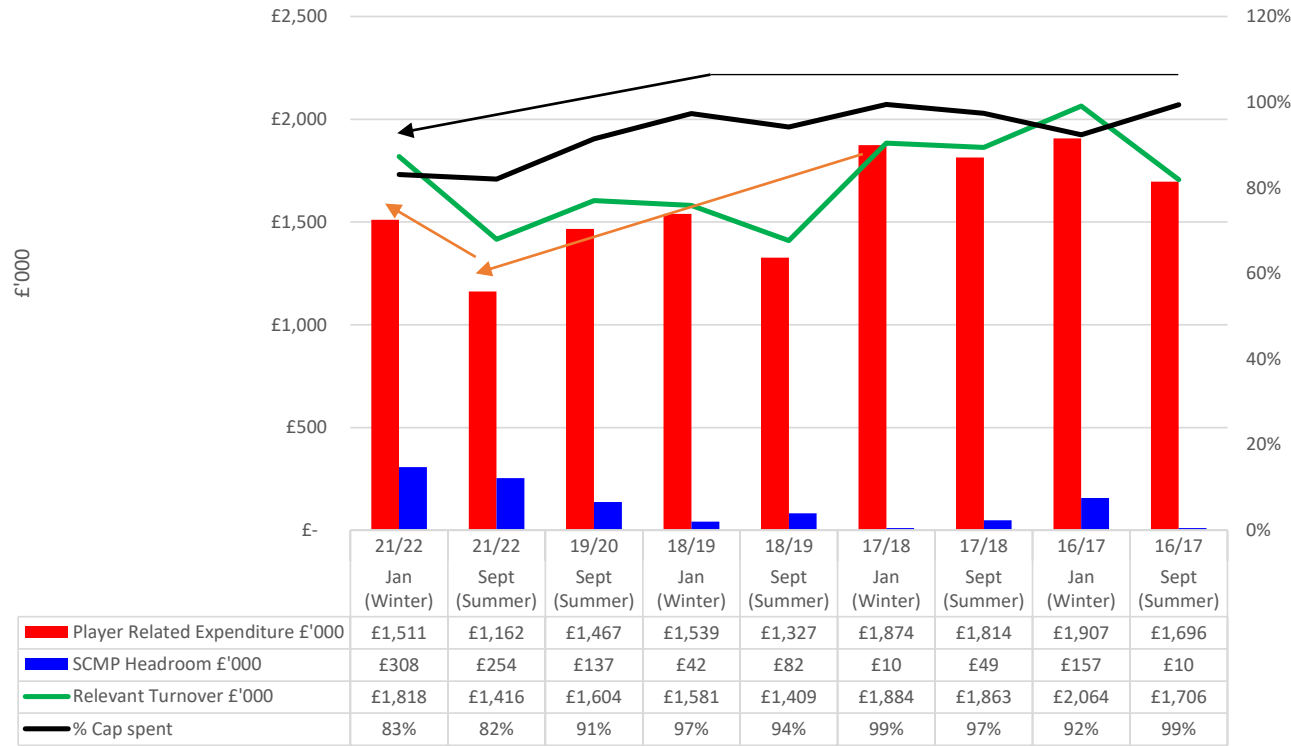


Other financial factors

- SCMP – EFL player spending controls
- Wages & salaries
- Player churn
- Annual Accounts
- Attendances
- Player churn
- Investment spending

Carlisle United SCMP

SCMP 16/17- 21/22



Note: There is no Summer 2021 data as a £1.5m wage cap was in operation (since reverted back to SCMP for Winter 2021 and 2021/22 season again)

In EFL L2 clubs are subject to restrictions on spending on player costs The system is called Salary Cost Management Protocols (“SCMP”), L1 operates very similar rules but the Championship is completely different.

In L2, clubs have an allowable SCMP Limit comprising 50% of “Relevant Turnover” plus 100% of “Football Fortune”. They can spend 100% of the SCMP limit on “Player Related Expenditure”.

These terms are strictly and specifically defined under EFL regulations. They are not the same as any definitions used elsewhere. There are many exemptions and allowances (like Academy and Community spend) which mean “Relevant Turnover” and “Player Related Expenditure” are not indicators of Income or Player Costs either.

If a club spends less than 100% of the SCMP Limit, they can still incur very significant losses (as we did 16/17, 17/18, 18/19)

There are four indicators to monitor:

- SCMP limit £'000 (green line)
- Player Related Expenditure £'000 (red blocks)
- SCMP headroom (SCMP limit less Player Related Expenditure); blue blocks
- Cap% used (Player Related Expenditure as a % of SCMP Limit); the black line. The maximum is 100%

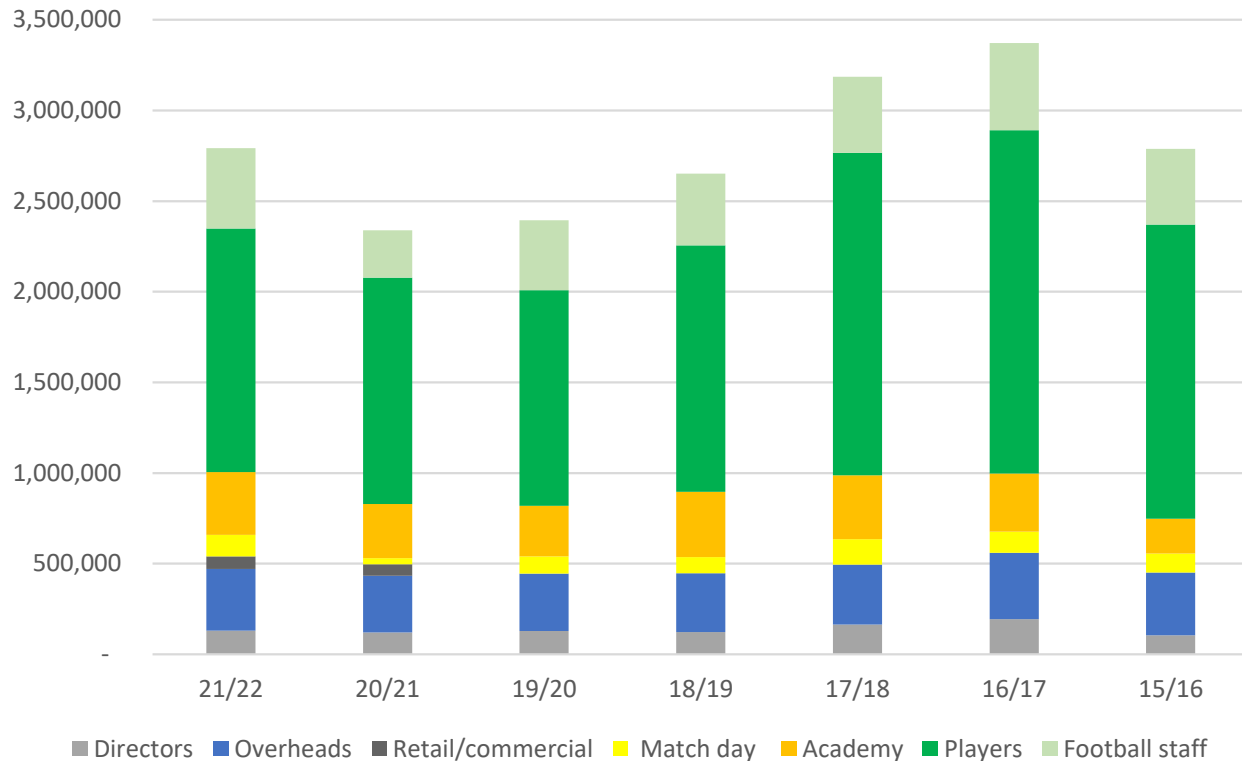
Our Cap% used was at the limit with spending at the limit 2017-2019 before reducing due to higher Football Fortune and lower Player Related Cost (falling sharply since 2018), and levelling off in 2019-2021. This meant our headroom (blue blocks) increased.

In 21/22 the spend was 83% of cap with £300k headroom.

Carlisle United

Wages & salaries

Wages & salaries
2016/17 - 2021/22

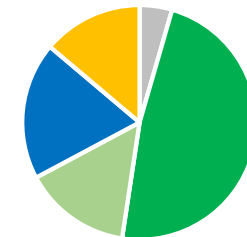


Total wages & salary costs (including NI) are around £2.5m in 19/20. W&S are approx. 65% of all Club costs:

- Player wages are around 50% of all Club W&S costs
- Football staff (including) DOF wages are normally 15% of all Club W&S costs
- Director costs are circa £130 k per year (excluding DOF included in Football staff costs) which is 4% of W&S. These are unchanged since the new structure in 15/16 except of exit of Commercial Director (not replaced)
- Off-the-field staff costs are (excluding Directors) 20% of all W&S. They have fallen 5% in the last four years due to pay-freezes and staff reductions offset by national minimum wage rises
- The remaining 15% are Academy

Share of total wages & salaries 2021/22
£2.926m

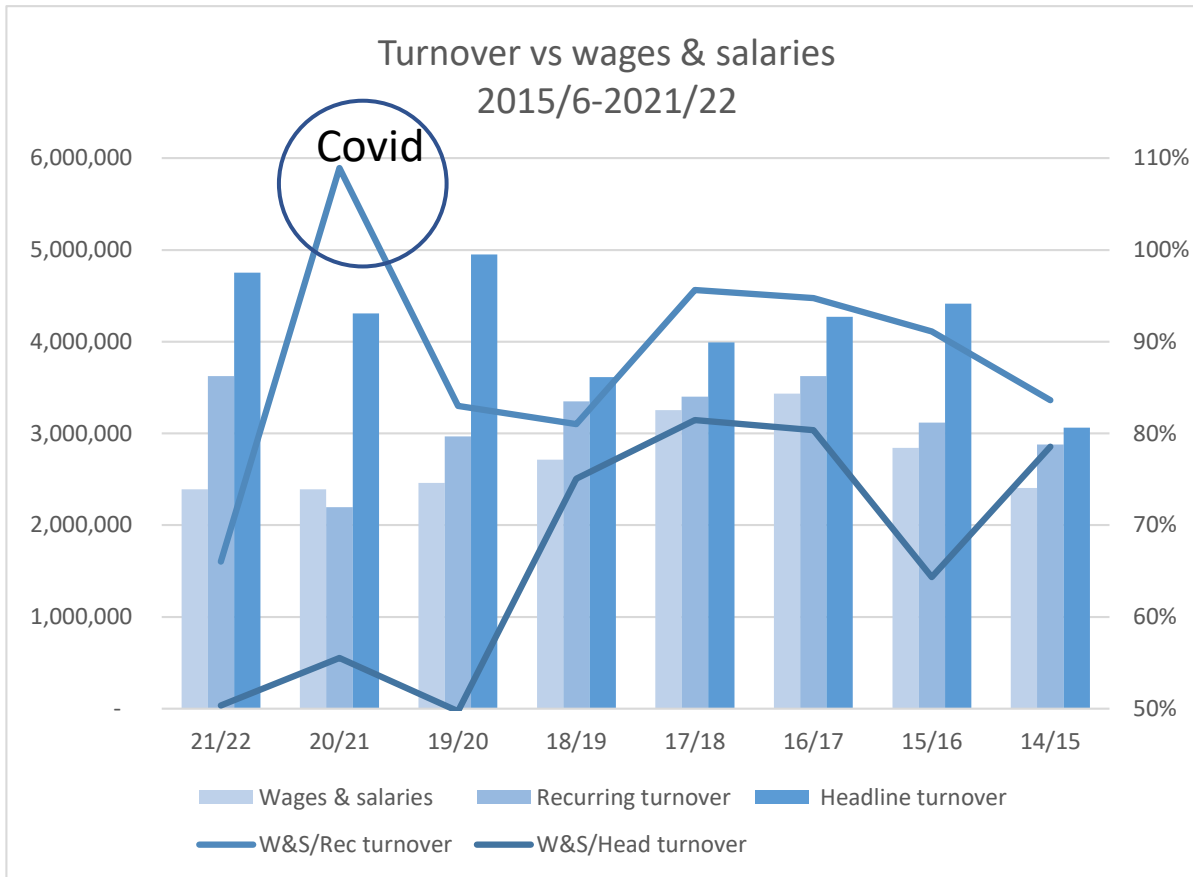
- Directors
- Players
- Football staff
- Business
- Academy



Carlisle United

Wages & salaries

Wages cover



In 21/22 wages and salaries make up around:

- 67% of total costs
- 80% of all our fixed costs

Over the eight years 2015-2022 wages & salaries were:

- 89% of Recurring income (21/22: 81%)
- 67% of Headline turnover (21/22: 62%)

Wages & salaries peaked at £3.4m (95% of Recurring income) in 16/17 before falling to £2.5m in 19/20

This level of W&S is still more than can be afforded given the trading of the Club. The gap is funded by Football Fortune and debt.

In 2021/22 W&S were:

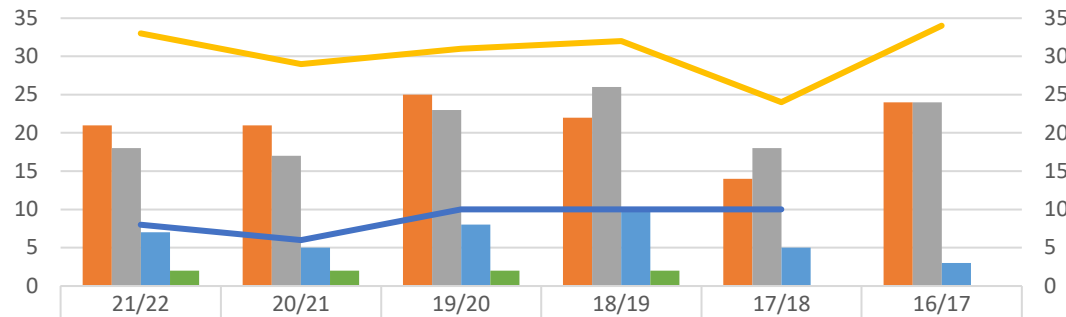
- 62% of Headline Turnover (dark blue line) – it is volatile due to non-recurring income.
- 81% of Recurring Turnover (light-blue line).

Wages cover ie Wages & Salaries as a % of turnover is often cited as an indicator of financial problems. It can be a very simplistic and misleading measure (when non-recurring turnover is high) however it can offer some insight if interpreted carefully.

Carlisle United

Player churn

Player churn 16/17-21/22



■ New additions	21	21	25	22	14	24
■ Leavers	18	17	23	26	18	24
■ Loans	7	5	8	10	5	3
■ New academy player in senior squad	2	2	2	2	0	0
— Players contracted during the season	33	29	31	32	24	34
— Retained	8	6	10	10	10	

Player churn covers the retention, recruitment and exit of the first team squad:

- Additions come from permanent signing in the summer and winter windows, academy players moving up from the development group and loans in
- Exits come from sales, players releases or pay-offs and loans returning to their home club

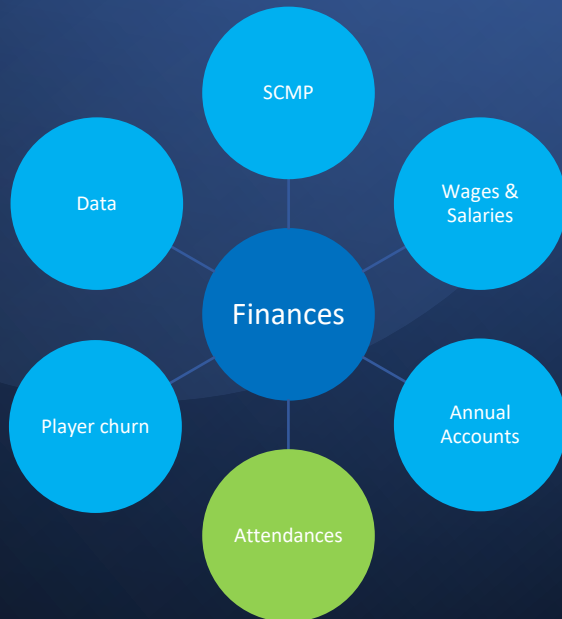
In 21/22 we had a huge player churn from:

- Two manager changes in Nov 21 an Feb 22 and
- Emergency recruitment during a poor season
- Higher than normal retention of development players

Carlisle United

Understanding the Club's finances

Other financial factors

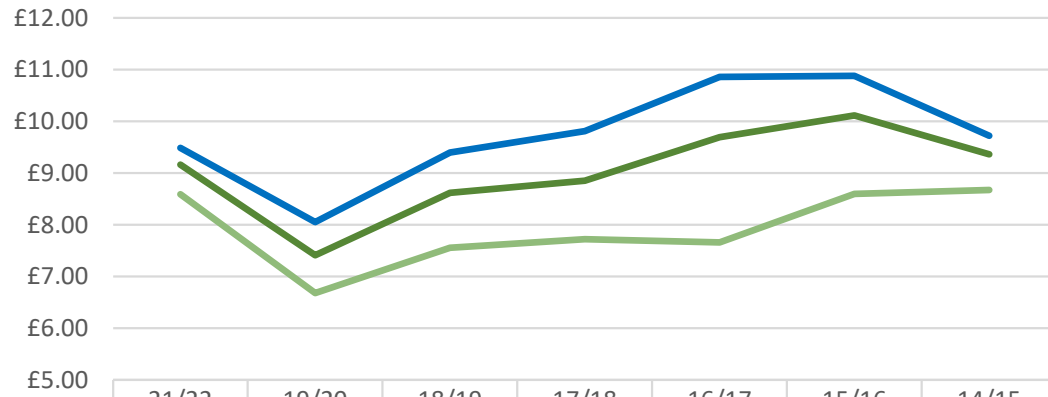


Attendances

Carlisle United – tickets

Ticket yield

Ticket yield
2014/15-2021/22



The average price per ticket is the “Ticket Yield”.

Ticket Yield is determined by the mix of tickets sold between, adults, concessions and complementary tickets and the different prices for each category.

Prices paid by fans **include** VAT. The Club’s income is 83% of what fans pay.

Prices and ticket mix and quantity sold in each category are all important.

Ticket Yield is different for season tickets and Walk-up match tickets as they have different headline prices (Season tickets are cheaper offer better value).

The level of complementary tickets can distort headline attendance data and also Yield as they add volume but no income.

As match ticket prices are unchanged for many years, match Ticket Yield is falling as the proportion of concessions increases (OAPs and kids) and adults falls.

Overall – the more season tickets are sold vs match tickets, it reduces Ticket Yield. The fewer adults and more concessions sold reduces Ticket Yield. Reducing prices does not necessarily increase total income, it depends on the increase in the number and mix of tickets sold

*The headline ticket price paid by fans **includes** 20% VAT. ie....*

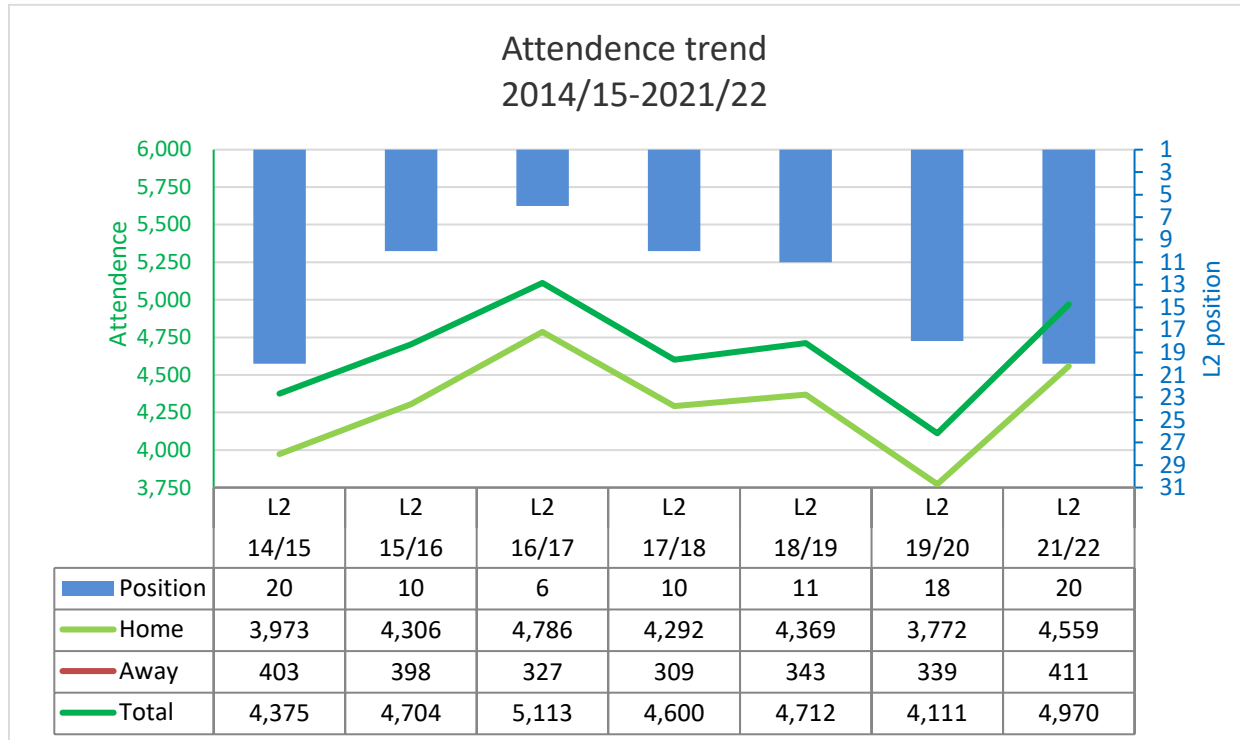
A £19 adult match ticket gives £15.80 income per game

A £248 senior terrace season ticket gives £8.99 income per game

20/21 (heavily restricted fans) and 19/20 (37 games) both distorted by CV19.

Carlisle United

Attendances - L2 recent



Attendances data reported are for the total number of tickets issued (not the number of people who actually coming to the match). They include “no shows”.

They also include complementary (free tickets).

In recent years up to 21/22, league game attendances have closely followed league placing (see graph):

- The recent peak was in 16/17 (playoff season) finishing P6 with average 5,113
- The low was 4,111 accompanying the L2 low of P18

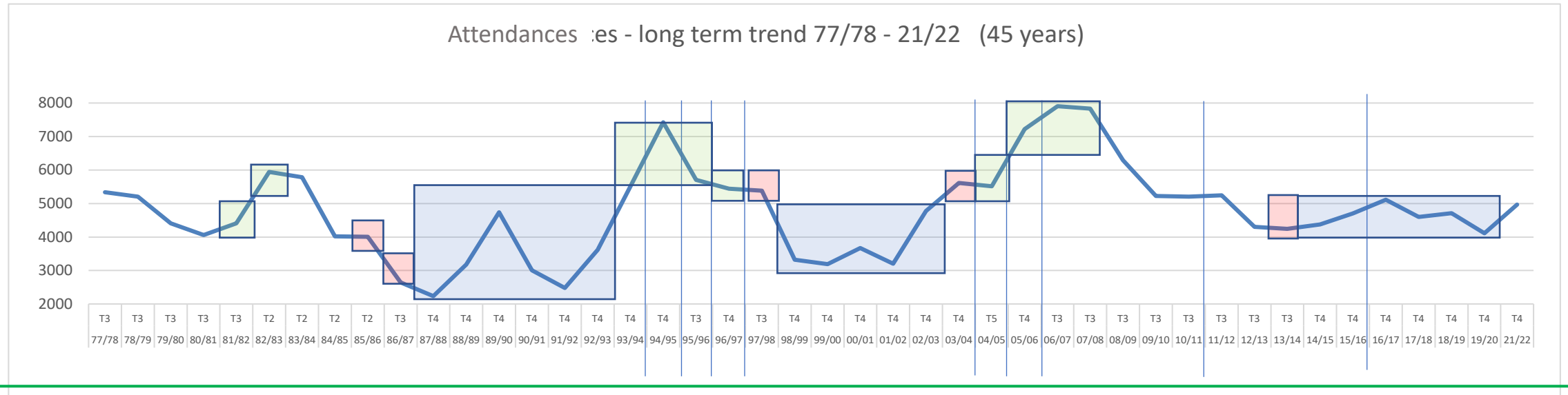
Typically, away fan average attendance have remained consistent at 300-400

In 21/22 the average of 4,970 was the best in recent years and beaten only by 16/17 (play off season), despite being the poorest on-the-field in some years.

It is a normal pattern to see the poorest seasons accompanied by higher attendances that mid-table finishes.

Carlisle United

Attendance – long term

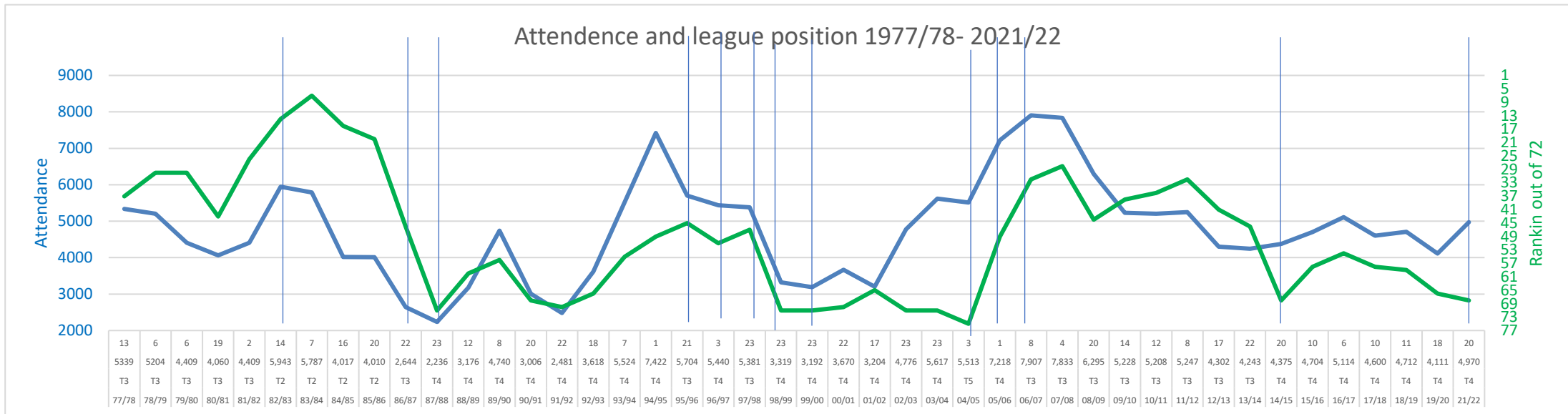


- Club has never averaged over 8,000 in a season in the 45 years since 77/78 – the peak was 7,907 in 06/07
- Club has only averaged over 6,000 in a handful of years out of the last 45 years – the peak was the year period 05/06 - 07/08 when the Club were promoted from non-league and the Champions of Tier 4 back-to-back and finished P4 (playoffs), P8 and P20 in L1 (tier 3)
- The 45 years have seen two periods where the average attendance was 6,350 or more
 - 5 years 93/94 - 97/98 (two promotions and two relegations)
 - 6 years 03/04 - 08/09 (two promotions and one relegations plus two top 8 finishes in L1)
- Outside these two periods exceptional periods, the average over 32 years* is 4249 (compared with 4970 in 21/22 finishing P20 in L2)
- This provides context to measure attendance trends and our current position. The peaks gives in indication of attendance potential.
- Comparisons with the short period of on-field success periods point towards the potential, whilst the other 34 years shows the experience the rest of the time

* Excluding 19/20 and 20/21 both affected by Coronavirus

Carlisle United

Attendances and league position – season average vs final position

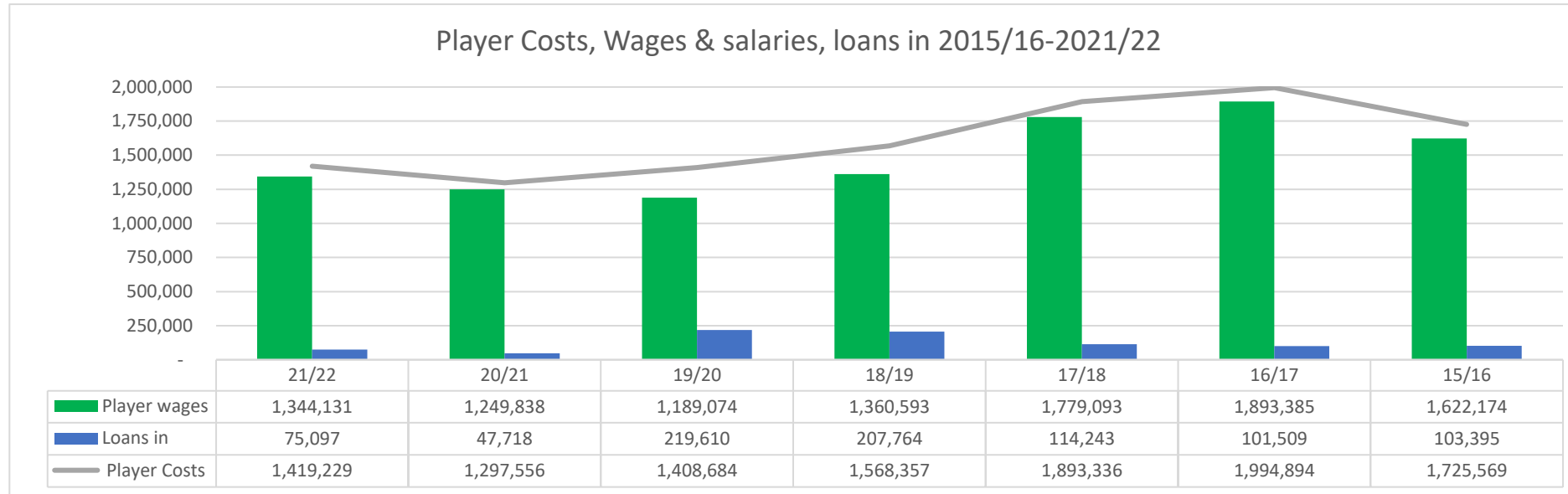


League game attendance closely follow league ranking in the pyramid. Rising and falling with league position. The biggest variances arise when:

- The Club is successful. Attendances get a “super boost” from being at the top of a division. They are also less low when being towards the bottom of a division (81/82, 94/95, 04/05, 05/06) or in Tier 2. This was seen in 21/22 when a poor season and a relegation fight saw better attendances than mid-table
- Recurring “Mid table” finishes are accompanied with falling attendance trend (06/07-13/14, 16/17-19/20 ongoing).
- 19/20 was curtailed by Coronavirus (37 L2 games). 20/21 was mostly behind closed doors or with gate severely restricted.

Carlisle United

Player costs – trend



Player Costs – comprise all wages & salaries for contracted players & development players including related employment costs (salaries, bonuses, benefits, NI employment taxes). It also includes the costs of loan players in. Often referred to a “Player budget”.

After relegation to L2, Player Costs:

- Increased rapidly by 42% to a peak of £2m in 16/17
- Remained at £1.9m in 17/18
- Reduced back to 14/15 levels at £1.4m in 19/20 (although loan in were higher and own player costs were lower)

Carlisle United

Understanding the Club's finances

Annual accounts



Key elements – Annual Accounts

The Annual Accounts are a key part of understanding the Club's finances because they:

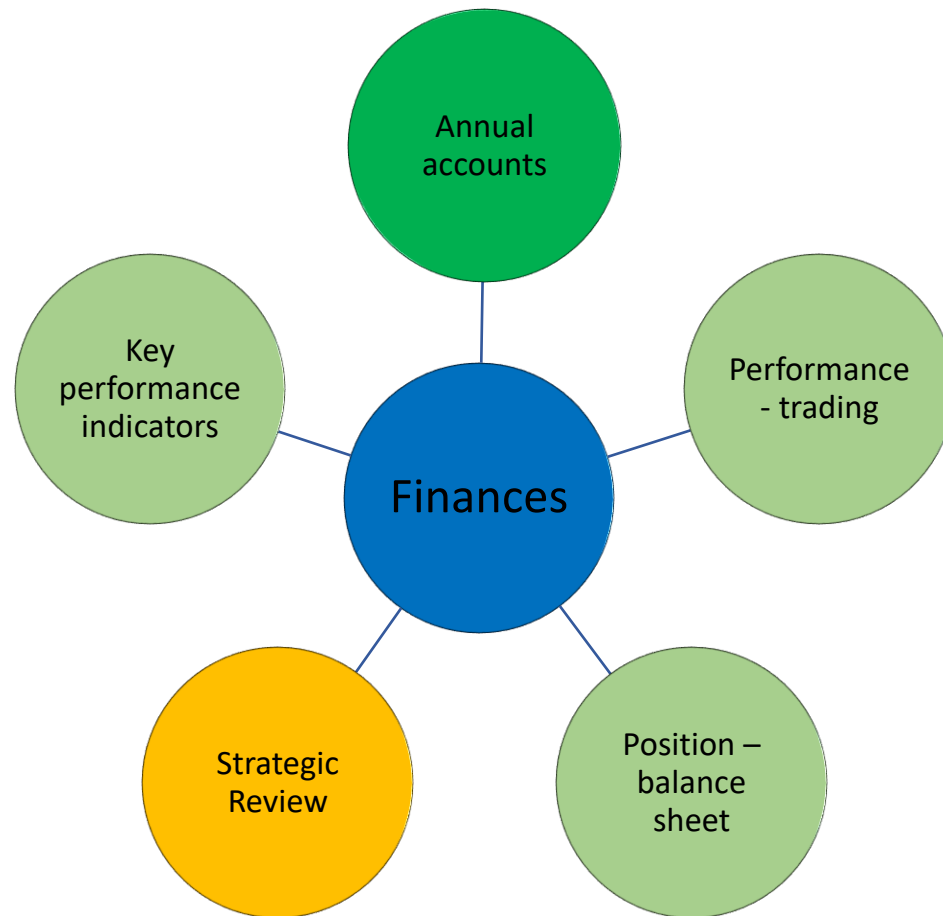
- are independently audited
- contain profit performance data
- detail a snap-shot of the Club position at the year end
- explain the strategy and objectives of the Club for the Strategic Activities and Business Departments
- provide key performance indicators over all aspects of the Club, both on and off the field
- show trends in the information

They are made available on the club website

<https://www.carlisleunited.co.uk/club/finances/annual-audited-financial-statements/>

Carlisle United Finances

Annual accounts



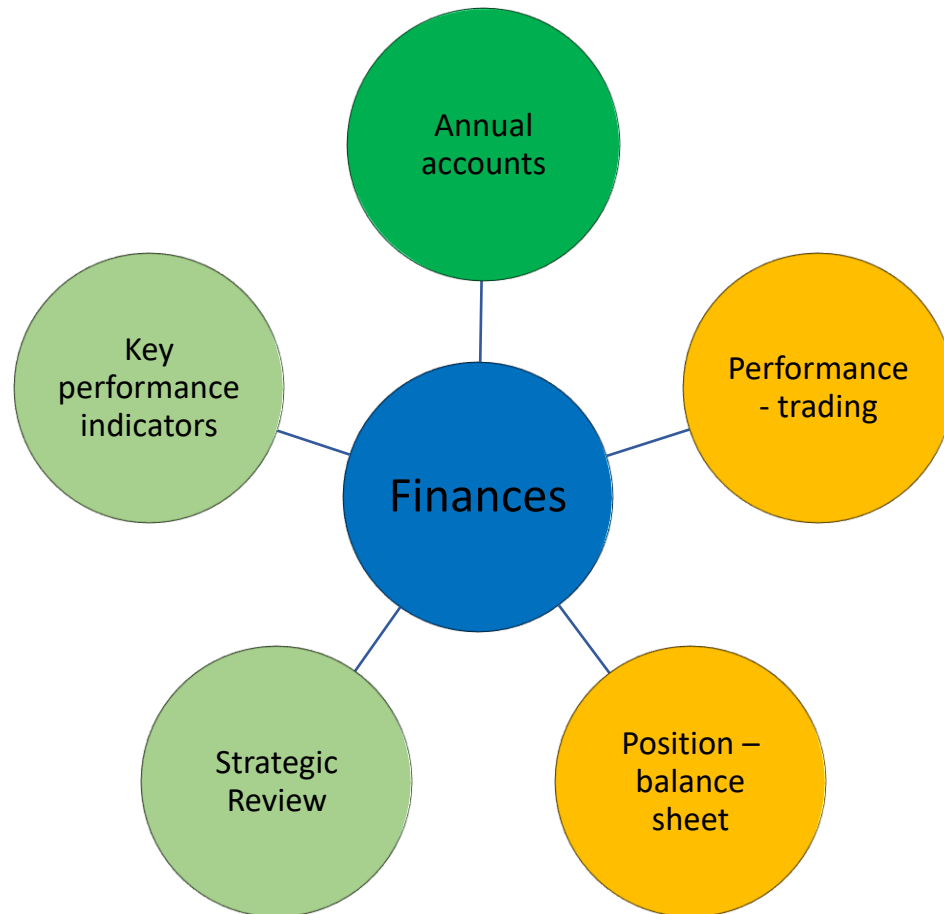
Strategic Review

The annual accounts contain a detailed Strategic Review covering :

- The Club strategy and objectives
- The five Strategic Activities are covered
 - Business
 - Academy
 - Football performance
 - Community
 - Club
- Key risks faced by the Club detailed
- Performance review provided
- Balance sheet and cash flow review
- Prospects for coming year and beyond

Carlisle United Finances

Annual accounts



Performance

Financial performance is managed by considering:

- **Income** - headline turnover, Business Turnover, Professional Game Income, Academy Income
- **Costs** – Business Costs, Overheads, Academy Costs, Total Football Expenditure, Playing costs, Other Football Costs, Wages & Salaries
- **Underlying contribution**
- **Football Fortune**
- **Exceptional income and costs**

Position

Financial position is managed by considering our cash and debt positions

Cash is king in football. Performance can be very heavily distorted by non-cash costs, Football Fortune and Exceptional items. These items need identifying in order to gain a proper understanding of our underlying finances as well as the headlines.

Carlisle United Finances

Annual accounts



Key Performance Indicators

The annual audited accounts contain trends of KPIs covering :

- Performance – income, costs, profits
- Position – assets, liabilities, debt
- Non-financial indicators – gates

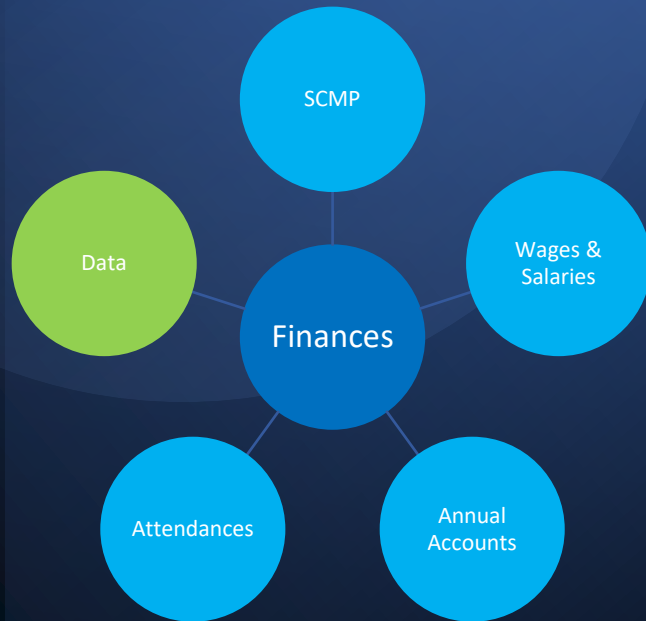
Also see data below

- CUFC 6 year trend to 2021/22
- CUFC data 2011/12-2021/22
- Summary with narrative for 21/22

Carlisle United

Understanding the Club's finances

Other financial factors



Data

Carlisle United Finances – 21/22 overview (1)



Financial overview	Year Audit	Year Audit	Year Audit	Comments 21/22
Income	21/22	20/21*	19/20**	
Match ticket income	£ 1,047,475	£ 84,999	£ 702,486	▶ Best since 16/17
Commercial	£ 650,498	£ 323,990	£ 468,378	▶ Back to pre-covid levels
Retail	£ 291,347	£ 206,766	£ 184,220	▶ Best year in a decade except for 16/17
Business turnover	£ 1,989,321	£ 615,755	£ 1,355,084	▶ 8% improvement on the last year normal year before covid. Best year in a decade except for 16/17
Professional Game Income	£ 1,634,147	£ 1,579,837	£ 1,611,285	▶ Premier League Solidarity, EFL Basic Award and other, and Academy EPPP grant income
Recurring Income	£ 3,623,468	£ 2,195,592	£ 2,966,369	▶ Best for a decade
<i>Headline turnover</i>	<i>£ 4,742,833</i>	<i>£ 4,065,719</i>	<i>£ 4,589,577</i>	▶ As detailed in the P&L account within the Audited Statutory Accounts
Costs	21/22	20/21*	19/20**	
Stadium and site costs	£ 312,011	£ 251,985	£ 293,876	▶ Insurance, repairs & renewals, maintenance, heat, light, power, rates
Business payroll costs	£ 685,934	£ 525,718	£ 608,926	▶ Return to normal tr All non-football and non-academy wages
Other business expenses	£ 527,873	£ 289,988	£ 385,172	▶ Return to normal tr All non-football and non-academy wages
	£ 1,525,818	£ 1,067,691	£ 1,287,974	▶ Return to normal tr All non-football and non-academy wages
Academy costs	£ 559,549	£ 483,233	£ 437,267	▶ Accommodation, wages and operating costs
Recurring costs	£ 2,085,366	£ 1,550,924	£ 1,725,241	
Underlying Contribution	£ 1,538,101	£ 644,669	£ 1,241,128	▶ The net income generated by the Club from its Business and the Professional Game
Total Football Expenditure	21/22	20/21*	19/20**	
Player Costs	£ 1,419,229	£ 1,297,556	£ 1,408,684	▶ Basic pay, bonuses, appearances, expenses
Other football costs	£ 741,844	£ 569,430	£ 539,367	▶ Football staff, DoF, Travel, food&hotels and training. Lower due to short season (37 games)
Exceptional football costs	£ 87,989	£ 3,390	£ 77,877	▶ Severance costs of football staff: two head coaches, DoF and GK coach
Total Football Expenditure	£ 2,249,062	£ 1,870,377	£ 2,025,928	
<i>Total Club Wages & Salaries</i>	<i>£ 2,926,353</i>	<i>£ 2,391,802</i>	<i>£ 2,462,010</i>	<i>Total wages and salaries of all the Club</i>
	62%	59%	54%	<i>Total Club wages and salaries % of headline turnover</i>
EBITDA before exceptional and Football Fortune	-£ 710,960	-£ 1,225,708	-£ 784,800	*Covid affected - restricted fan attendance ** Covid affected - only 37 L2 games played

Carlisle United Finances – 21/22 overview (2)



Financial overview	Year Audit	Year Audit	Year Audit	
Exceptional income/(costs)	21/22	20/21*	19/20**	
Coronavirus donations	£ -	£ 119,816	£ 154,036	▶ 20/21 : Covid effect - £49k fans and £105k from commercial supporters in lieu of refunds
Coronavirus Exceptional ifollow	£ -	£ 345,746		▶ 20/21 : Covid effect - all home games screened on ifollow
Other Business exceptional income	£ 11,582	£ -	£ 46,226	▶ Non-recurring income from business activities (friendlies/ stadium hire)
Premier League grant	£ 333,333	£ 359,411	£ -	▶ Grant support from Premier League
Debt conversion	£ -	£ -	£ -	▶ Shareholder loans waived in 2019
Exceptional income	£ 344,915	£ 824,973	£ 200,262	
Other - Coronavirus income JRS	£ -	£ 242,155	£ 360,966	▶ 20/21 : Covid effect - Furlough income from Coronavirus Job Retention Scheme
Other - Coronavirus costs	-£ 24,891	-£ 135,089		▶ 20/21 : Covid effect - extra costs relating to Covid (cleaning etc)
Other - Business exceptional costs	-£ 18,405	-£ 45,581	-£ 38,367	▶ Non-recurring costs from business activities (bad debts, one-off costs)
Total net exceptional	£ 301,619	£ 886,459	£ 522,861	
Non-cash expenses	21/22	20/21*	19/20**	
Depreciation and amortisation	£ 256,563	£ 239,369	£ 284,992	▶ Non cash expenses mainly relating to Brunton Park
Interest	£ 86,463	£ 85,617	£ 80,351	▶ Including £81k of interest accrued but not paid in EWM debt
Total	£ 343,026	£ 324,985	£ 365,343	
Operating loss before Football Fortune	-£ 752,367	-£ 664,234	-£ 627,282	

Carlisle United Finances – 21/22 overview (3)



Financial overview	Year Audit	Year Audit	Year Audit	
Football Fortune	21/22	20/21*	19/20**	
Cup income	£ 157,225	£ 89,804	£ 310,358	▶ Mainly FA Cup, match, prize and TV
Other	£ 44,839	£ -	£ 429	▶ Income from players loaned out
Cup income	£ 202,063	£ 89,804	£ 310,787	
Cup costs	-£ 20,743	-£ 4,586	-£ 35,975	▶ Additional cup match costs
Net cup profit	£ 181,320	£ 85,218	£ 274,812	
Profit on player sales	£ 603,825	£ 976,510	£ 1,134,675	▶ Sales in the year and add ons
Total	£ 785,146	£1,061,728	£ 1,409,487	
Overall profit/(loss) after tax	£ 32,778	£ 397,494	£ 782,205	▶ Broadly breakeven with £7k profit
EBITDA	£ 375,804	£ 722,479	£ 1,147,548	▶ See Slide 67
EBITDA pre-player profit	-£ 228,021	-£ 254,031	£ 12,873	▶ See Slide 68
Debt	21/22	20/21*	19/20**	
Purepay Retail Ltd	-£ 2,411,000	-£ 2,329,699	-£ 2,259,249	▶ No advances or repayments since May 2019. Increase is interest charged not paid
Pioneer Food Group	-£ 448,750	-£ 448,750	-£ 448,750	▶ Interest free, unsec Interest free, unsecured and no repayments
	-£2,859,750	-£2,778,449	-£ 2,707,999	
Bank loans and overdrafts	-£ 216,763	-£ 266,599	-£ 229,301	▶ £100k interest only mortgage and £150k overdraft facility
EFL loan	-£ 80,000	-£ 119,800	-£ 119,800	▶ Three year interest free loan from EFL to support Coronavirus cash losses
	-£ 296,763	-£ 386,399	-£ 349,101	
Finance leases	£ -	£ -	-£ 4,224	
Total gross debt	-£3,156,513	-£3,164,848	-£ 3,061,324	▶ £8k reduction
Cash	£ 1,680,878	£ 1,383,171	£ 505,516	▶ Cash in hand before overdrafts. £298k improvement
Net debt	-£1,475,635	-£1,781,677	-£ 2,555,808	



Carlisle United

P&L data years ended 30 June 2012-2022

	YE 2022	YE 2021	YE 2020	YE 2019	YE 2018	YE 2017	YE 2016	YE 2015	YE 2014	YE 2013	YE 2012
	L2	L2	L2	L2	L2	L2	L2	L2	L1	L1	L1
Recurring income £											
Match day	1,047,475	84,999	702,486	934,421	936,660	1,140,284	1,094,352	942,660	921,426	955,037	1,220,737
Commercial	650,498	323,990	468,378	655,868	759,619	833,719	763,467	758,832	808,149	724,605	833,559
Retail	291,347	206,766	184,220	254,209	277,467	306,338	215,930	200,139	208,340	194,126	273,048
Business turnover	1,989,321	615,755	1,355,084	1,844,497	1,973,745	2,280,340	2,073,749	1,901,632	1,937,915	1,873,767	2,327,344
Business costs	(617,258)	(311,813)	(464,118)	(529,214)	(653,987)	(641,060)	(578,431)	(497,543)	(528,849)	(627,462)	(557,746)
Business margin	1,372,063	303,942	890,966	1,315,283	1,319,759	1,639,280	1,495,318	1,404,088	1,409,066	1,246,305	1,769,598
EFL PL	1,111,387	1,071,177	1,122,475	1,025,187	971,411	926,020	725,450	657,736	943,778	924,225	1,011,803
Overheads	(908,560)	(755,878)	(823,856)	(829,817)	(826,247)	(871,905)	(813,150)	(696,673)	(830,809)	(834,996)	(929,635)
Academy net income	(36,789)	25,428	51,543	3,095	(67,747)	(32,442)	24,195	18,112	(46,159)	173,464	146,145
Underlying Contribution	1,538,101	644,669	1,241,128	1,513,747	1,397,176	1,660,954	1,431,813	1,383,264	1,475,875	1,508,997	1,997,910
Football Fortune net	785,146	1,061,728	1,409,487	242,216	449,418	450,641	1,161,065	144,134	332,977	448,812	714,481
Other non-recurring income (net)	(43,296)	(180,669)	(38,367)	(42,938)	37,767	(39,529)	(40,000)	-	-	-	-
Total Contribution	2,279,951	1,525,727	2,612,248	1,713,025	1,884,361	2,072,066	2,552,878	1,527,398	1,808,853	1,957,809	2,712,391
Total Football Expenditure	(2,249,062)	(1,870,377)	(2,025,928)	(2,211,643)	(2,605,990)	(2,705,741)	(2,463,639)	(2,075,837)	(2,056,729)	(2,504,096)	(2,836,592)
EBITDA	30,889	(344,649)	586,320	(498,618)	(721,629)	(633,675)	89,239	(548,438)	(247,876)	(546,287)	(124,201)
Depreciation and amortisation	(256,563)	(239,369)	(284,992)	(265,721)	(264,545)	(218,081)	(165,104)	(151,768)	(134,921)	(157,364)	(146,994)
Operating loss	(225,674)	(584,018)	301,328	(764,339)	(986,174)	(851,756)	(75,865)	(700,207)	(382,797)	(703,651)	(271,196)
Interest payable	(86,463)	(85,617)	(80,351)	(68,409)	(31,323)	(13,231)	(11,297)	(12,164)	(12,203)	(9,360)	(9,632)
Exceptional	344,915	1,067,128	561,228	21,066	36,638	176,429	128,746	44,609	25,560	30,840	21,483
Debt			-	145,000	860,000	480,000	-	1,100,250	-	-	-
Profit/(loss) before tax	32,778	397,494	782,205	(666,682)	(120,859)	(208,558)	41,584	432,489	(369,440)	(682,171)	(259,344)

Carlisle United

Cash flow data years ended 30 June 2018-2022



	YE 2022	YE 2021	YE 2020	YE 2019	YE 2018
EBITDA before players sales	- 228,022	- 254,031	12,873	- 577,311	- 954,192
Coronavirus	- 308,443	- 886,459	- 515,002		
Other non-recurring	6,824	-	7,859	21,872	
Net cup income	- 181,320	- 85,218	- 274,812	- 142,457	- 225,874
EBITDA before players sales and CV19 and cup	- 710,960	- 1,225,708	- 784,800	- 697,896	- 1,180,066
Coronavirus exceptional income	333,333	1,067,128	515,002	-	
Exceptional costs	- 31,715	- 180,669	7,859	- 21,872	
Non-cash debt amortisation	-	-	-	- 30,000	- 30,000
Non-cash deferred tax	- 46,000	- 4,000	- 28,000	- 29,000	- 29,000
Non-cash profit on disposal of assets					
Recurring trading cash - Cash from trading before Football Fortune	- 455,342	- 343,249	- 289,939	- 778,768	- 1,239,066
Working capital					
Stock increase/(decrease)	1,141	- 76,630	62,705	- 85,438	- 1,991
Debtors decrease/(increase)	128,362	- 154,751	132,052	- 30,501	- 3,062
Shareholder trading creditors	7,287	8,321	- 11,677	- 20,775	3,291
Tax	23,379	33,878	- 87,196	- 23,307	- 30,729
Season ticket advances	88,323	50,079	- 340,609	- 24,125	100,888
Creditors	145,059	163,783	- 160,382	- 2,805	- 42,747
Insurance					
Net working capital inflow/(outflow)	393,551	24,680	- 405,108	- 186,951	25,649
Cash outflow from operations	- 61,791	- 318,570	- 695,047	- 965,719	- 1,213,417

	YE 2022	YE 2021	YE 2020	YE 2019	YE 2018
Cash outflow from operations	- 61,791	- 318,570	- 695,047	- 965,719	- 1,213,417
Receipts from asset sales					
Payments for fixed assets purchases	- 172,403	- 71,097	- 76,090	- 70,367	- 175,981
Tax paid					
Interest received	154	122	144	1	5
Interest paid	- 5,162	- 6,293	- 9,472	- 13,102	- 16,178
Cash funding need of the club	- 239,202	- 395,838	- 780,464	- 1,049,187	- 1,405,570
Net cup income	181,320	85,218	274,812	142,457	225,874
Receipts from player sales	606,225	1,350,201	589,410	162,319	119,247
Payments for player purchases	- 52,000	-	-	-	- 55,000
Football Fortune cash	735,545	1,435,419	864,222	304,776	290,121
Finance lease repaid	-	- 4,224	- 11,371	- 14,543	- 6,530
New Finance leases	-	-	-	-	26,060
Pioneer debt repayments	-	-	-	- 6,000	- 46,000
Tax deferral	- 109,000	- 195,000	304,000		
Shareholder equity	-	-	-	10,000	260,000
EWM loans	-	-	-	790,000	860,000
EWM interest	-	-	-	-	-
EFL loans	- 39,800	-	119,800		
Bank debt repaid	-	0	7	-	- 3,320
Funding	- 148,800	- 199,224	412,422	779,457	1,090,210
Net cash flow	347,543	840,357	496,180	35,046	- 25,239
Net Overdraft b/f	1,236,538	396,181	- 99,999	- 135,045	- 109,806
Net Overdraft c/f	1,584,082	1,236,538	396,181	- 99,999	- 135,045



Carlisle United Finances

Key Performance Indicators

Six year KPI trend (1) 2017-2022

Key indicators	YE	YE		YE	YE	YE	YE
	2022	2021		2020*	2019*	2018	2017
	£	£		£	£	£	£
Headline turnover	£4,742,833	£4,065,719	Turnover reported in the profit and loss account (Note 3)	£4,589,577	£3,614,302	£3,993,252	£4,273,085
Match day	£1,047,475	£84,999	Season tickets and walk up pay on the day ticket income	£702,486	£934,421	£936,660	£1,140,284
Commercial	£650,498	£323,990	Sponsorships, advertising, hospitality, catering, lottery, other income	£468,378	£655,868	£759,619	£833,719
Retail	£291,347	£206,766	Blues store and on-line	£184,220	£254,209	£277,467	£306,338
Recurring Business Turnover	£1,989,321	£615,755	Recurring turnover and other income from all business activities	£1,355,084	£1,844,497	£1,973,745	£2,280,340
Business turnover growth %	7.9%*	n/a	**Versus 2018/19	n/a	-6.5%	-13.4%	10.0%
Business margin	£1,372,063	£303,942	Business turnover less Business costs	£890,966	£1,315,283	£1,319,759	£1,639,280
Business margin growth %	4.3%*	n/a	**Versus 2018/19	n/a	-0.3%	-19.5%	9.6%
Business margin %	69%	49%	Business margin/ Business turnover	66%	71%	67%	72%
Professional Game Income	£1,634,147	£1,579,837	EFL and Premier League income and EPPP Academy grant	£1,611,285	£1,504,260	£1,426,349	£1,343,637
Business costs	£617,258	£311,813	Direct costs of retail, ticketing, commercial and holding matches	£464,118	£529,214	£653,987	£641,060
Overheads	£908,560	£755,878	Business overheads (excluding all Football and Academy costs)	£823,856	£829,817	£826,247	£871,905
Overhead cover	2.73	1.82	Business margin + EFL + PL / Overheads	2.44	2.82	2.77	2.94
Underlying Contribution	£1,538,101	£644,669	Recurring income - recurring costs + net Academy income	£1,241,128	£1,513,747	£1,397,176	£1,660,954
Underlying Contribution growth %	1.6%*	n/a	**Versus 2018/19	-18%	8%	-15.9%	16.0%
Football Fortune (net)	£785,146	£1,061,728	Player transfer income, cup income, prizes and tv less cup costs	£1,409,487	£242,216	£449,418	£450,641
Other non-recurring net income/(costs)	£(6,823)	£(3,390)	Exceptional business income and costs	£(38,367)	£(42,938)	£37,767	£(39,529)
Exceptional costs	£(24,891)	£(180,669)	Coronavirus testing, H&S, cleaning, site costs, Business related	£0	£0	£0	£0
Coronavirus exceptional income	£333,333	£1,067,128	CJRS, Premier League, donations	£515,002	£0	£0	£0
Total Contribution	£2,624,866	£2,589,465	Underlying Contribution plus all non-recurring net income	£3,127,250	£1,713,025	£1,884,361	£2,072,066



Carlisle United Finances

Key Performance Indicators

Six year KPI trend (2) 2017-2022

Key indicators	YE	YE		YE	YE	YE	YE
	2022	2021		2020*	2019*	2018	2017
	£	£		£	£	£	£
Total Football Expenditure (TFE)	£2,249,062	£1,870,377	Total expenditure on all first team Football including Player Costs	£2,025,928	£2,211,643	£2,605,990	£2,705,741
TFE growth %	20.2%	-7.7%		-8.4%	-15.1%	-3.7%	9.8%
TFE ratio	1.46	2.90	Total Football Expenditure / Underlying Contribution	1.63	1.46	1.87	1.63
Player Costs	£1,419,229	£1,297,556	Player basic pay, expenses, bonuses, loans in	£1,408,684	£1,568,357	£1,893,336	£1,994,894
Player Costs growth %	9%	-8%		-10%	-17%	-5%	
Value on the pitch	51.5%	52.8%	Proportion of Player Costs spent on minutes on the pitch	51.1%	49.1%	55.6%	52.0%
Contingency spending	26.8%	24.6%	Share of player costs not in the matchday '18'	26.5%	23.7%	23.3%	27.3%
Wages and salaries	£2,926,353	£2,391,802	Total wages & salaries for the whole Club (note 5)	£2,462,010	£2,712,612	£3,252,062	£3,433,646
Total wages/Headline Turnover %	50.4%	58.8%	Wages & salaries (note 5)/ Headline turnover	53.6%	75.1%	81.4%	80.4%
Total wages/Recurring Income %	80.8%	108.9%	Wages & salaries (note 5)/ Recurring Income	83.0%	81.0%	95.6%	94.7%
Operating profit/(loss) before exceptionals	£(225,674)	£(584,018)		£301,328	£(764,339)	£(986,174)	£(851,756)
Overall profit/(loss) after tax	£32,778	£397,494	As per P&L accounts	£782,205	£(666,682)	£(120,859)	£(208,558)
EBITDA per accounts (Note 8 and 26)	£375,804	£722,479	Profit/(loss) before interest, tax, depreciation and amortisation	£1,147,548	£(477,552)	£(684,991)	£(457,246)
Net player sales income	£603,825	£976,510	Player transfers income, add ons and sell ons	£1,134,675	£99,758	£223,543	£209,000
EBITDA (excluding player sales)	£(228,021)	£(254,031)	EBITDA less net player sales income	£12,873	£(577,311)	£(908,535)	£(666,246)
Recurring EBITDA excluding net one-off Covid income	n/a	£(1,098,690)	EBITDA excluding Non-recurring net income and non-recurring TFE	£(469,063)	£(377,036)	£(952,540)	£(622,434)
Recurring EBITDA excluding after replacement Covid net	n/a	£(208,841)	EBITDA before Football Fortune, one offs but including Covid income	£29,780	£(406,307)	£(889,027)	£(485,534)
Recurring Income	£3,623,468	£2,195,592	Recurring Business Turnover+Professional Game Income	£2,966,369	£3,348,758	£3,400,094	£3,623,977
Recurring Income growth %	8.2%*	n/a	**Versus 2018/19	-11%	-2%	0.0%	£(417,617)
Total assets	£9,914,789	£9,807,723	Balance sheet	£9,267,226	£8,662,017	£8,820,588	£8,772,441
Institutional funding	£216,763	£266,599	Bank overdraft, mortgages, Finance leases	£229,301	£250,902	£290,508	£250,119
Related party debt	£448,750	£448,750	Amounts due to shareholders and connected parties	£448,750	£448,750	£640,525	£1,313,234
Total gross debt	£3,156,513	£3,164,848	Purepay+Bank+Related Party+EFL	£3,061,324	£2,887,877	£2,258,623	£2,013,353
Change in total debt	£(8,335)	£103,524		£173,447	£629,254	£245,270	£(6,449)

Carlisle United

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Definitions

Carlisle United

Understanding the Club's finances

Definitions

Net Business Turnover - Business Turnover less Business Costs, plus net Academy income (Academy grants less Academy Costs), less Overheads

Business Turnover - Recurring Income from Commercial (including lottery, hospitality, sponsorships and advertising), Matchday ticket income and Retail activities

Business Costs -

Recurring - normal business trading activity that occurs from year to year

Exceptional – unexpected non-recurring one-off events

Football Fortune income – one off football transfer and cup net income

Player Costs. It is calculated as but excluding unexpected non-recurring one-off income (such as from Cup matches, play-offs and TV games) and unexpected one-off costs

Total Football Expenditure - Player Costs plus Other Football Costs

Player Costs - total player & development players related employment costs (salaries, bonuses, benefits, employment taxes)

Other Football Costs - total football coaching costs (director of football, manager, coaches payroll and benefits) and indirect football costs (agents, scouting, recruitment, travel, food, IT, sports science and medical, analytics, medical, travel and other non-coaching football staff costs)

Carlisle United

Understanding the Club's finances

Definitions

Holdings - C.U.F.C. Holdings Limited company number
1921 - Carlisle United Association Football Club (1921) Limited

Business Turnover - Recurring Income from Commercial (including lottery, hospitality, sponsorships and advertising), Tickets, Retail and Catering activities

Business Costs – Recurring costs from business activity

Recurring - normal business trading activity that occurs from year to year

Exceptional – unexpected non-recurring one-off events

Football Fortune income – one off football transfer and cup net income

Total Football Expenditure - Player Costs plus Other Football Costs

Player Costs - total player & development players related employment costs (salaries, bonuses, benefits, employment taxes)

Other Football Costs - total football coaching costs (director of football, manager, coaches payroll and benefits) and indirect football costs (agents, scouting, recruitment, travel, food, IT, sports science and medical, analytics, medical, travel and other non-coaching football staff costs)

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