

Company Registration No. 00175280 (England and Wales)

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

COMPANY INFORMATION

Directors	Mr J L Nixon Ms S C Kidd Mr N Clibbens Mr J Mitchell
Secretary	Mr J L Nixon
Company number	00175280
Registered office	Brunton Park Warwick Road Carlisle CA1 1LL
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

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CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

The Company's business and strategy

The principal activity of Carlisle United Association Football Club (1921) Limited (“the Company” or “Club”) is unchanged. It undertakes all day-to-day operational business trading activities, holds the EFL “Golden Share” and is the only subsidiary of C.U.F.C Holdings Limited (“Holdings”). Holdings does not trade, but produces financial statements consolidated to include the Company. Holdings makes all strategic decisions affecting the Club and also takes all material financial and operating decisions too, which the Company then implements.

A full independent audit including this annual strategic report remains an important part of our fan engagement strategy. It provides real depth, transparency and detail about our strategy and finances and provides independently audited facts and information for fans and other stakeholders. This audit and detail is not required under EFL regulations or the Companies Act, but we believe sharing this information and providing highly detailed explanation is crucial and is the right thing to do, as it helps everyone’s understanding of the Club and its challenges, as against the hearsay and speculation that often exists. New this year, we have also included a Cash Flow Statement for the Company, again not strictly required and increased analysis of our turnover and football debtors.

Strategic Objectives

The Club’s overall objective remains

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

Everyone within the Club continues to be ambitious to improve and progress on and off-the-field, doing so in a way that does not risk the future of the Club. This approach has proved more important following the emergence of the Coronavirus Pandemic from January 2020. Our key priority remains success in achieving progress up the football pyramid starting with promotion to League 1. Implementing the changes needed to achieve our overall objective takes time and must be balanced with dealing with our short-term needs, like Coronavirus, as they emerge.

Working Together

This means the Club, the fans and our community in Carlisle and surrounding area coming closer, collaborating and engaging together.

Continuing to engage more with fans, business and the rest of our community, providing more detailed, transparent information about the Club, are all central to meeting this objective. We recognise this requires direct engagement with fans at all levels from us and the Company and its directors are committed to doing this. There continues to be three areas of focus; CUOSC, CUSG, and CUCST. Our Club Charter details our commitments to fans.

The Club’s relationship with the Carlisle United Official Supporters Club (CUOSC), our fan trust body and 25.4% voting shareholder, remains good after a difficult year. Going back to 2019, I reported it was “essential to create and promote a “united” approach to the challenges we face as a Club, especially in funding the Club and moving towards ownership succession”. This remains true.

CUOSC plays a very important part in raising issues of concern to our fans, direct to the heart of the Club and its directors and other shareholders. It provides supporter representation on both of the Club’s boards and promotes sustainable stewardship of Carlisle United both operationally and strategically. CUOSC’s appointed directors challenge the Club and Holdings board rigorously, holding them to account and giving oversight. We do also recognise CUOSC faces challenges of confidentiality in engaging and communicating with fans and balancing its directors’ fiduciary duties to the Club and confidentiality to third parties.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

The FSA through its "Sustain the Game" campaign and Government's Department of Culture Media & Sport see huge benefits from fan ownership. At Carlisle United, fans already have that in place. Our position is better than best practice and the envy of almost all clubs.

I firmly believe fan representation on the inside of the Club, on its boards, with a proper voice and influence, is beneficial to all and helps the Club achieve its goals and makes the Club better. We hope supporters see what they have and take the opportunities having a shareholding in the Club brings.

The Carlisle United Supporters Group (CUSG) plays a vital role as a diverse and independent forum for all our key supporter groups and the Club to engage and work together on operational initiatives and day-to-day issues affecting fans, especially on a match day and at the stadium. The Coronavirus Pandemic has held back some progress in our initiatives, but these will continue in 2021/22.

The representation is widening and becoming even more diverse with new members joining. There is an opportunity for all fans to participate and make a positive difference. This has also allowed fans to get detailed and factual answers to hundreds of their questions on an ongoing basis, in writing, open and public on the record, direct rather than second-hand through media or unofficial sources.

During the lockdown we made a concerted effort to continue to communicate regularly and in great detail with fans, especially in relation to the financial impact on the Club.

Our work in engaging with fans is central to our approach to strengthen the foundations of the Club. It has allowed us to be the third (2019/20: second) best club out of all the 92 clubs in the Premier League and EFL for "fan engagement" in the independent "Fan Engagement Index" published by faninsights.co.uk.

However, we recognise we still have challenges specifically where external factors beyond our control can prevent us doing and saying what we want, and fans might reasonably expect. Despite all the other information provided and access and opportunities for fans to be involved and engage with the Club, we understand in these particular circumstances, especially regarding the ownership of the Club, it is problematic. We will continue to put the Club first and give as much information as we can without risking the future of the Club.

Finally, we are proud of relations with the wider community especially through the Carlisle United Community Sports Trust (CUCST) and the many charities and not-for-profit groups we support in our area. We aim for the Club to make a difference in the community. CUCST is an independent organisation with its own plans and governance. It does exceptional work and has done so during the Coronavirus Pandemic.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Successful

Our key priority remains achieving progress up the football pyramid starting with promotion to League 1. Overall, in the year, we saw some areas of improvement and some grounds for optimism after a tough 2019/20. There was progress during the first half of the season before we fell away badly in the second half of the season.

We want to provide entertaining and winning football that our fans, especially at home, want to come and see and can afford to watch. We want our fans, players, staff and Club all to be “united” to achieve this.

Football, in particular League 2 level, is inherently uncertain, volatile and unpredictable. We saw this again in 2020/21. There are many varying factors that combine and change every match and even during games, to influence the final results. There is a high degree of randomness. This can lead to lots of inconsistency and variability in results and performance especially in the short-term.

Once again in 2020/21, the final League 2 table showed success on-the-field is influenced only partly by the amount of spending on Football activities, especially spending on Player Costs. Spending more than rival clubs is no guarantee of improvement, winning results or success. Spending less than rivals is not limiting either, in League 2. Only two of the 10 biggest spenders made the top 7 in 2020/21. Only three of the top 12 spenders finished in the top half of the division. Three of the promoted teams were in the bottom six of spenders. It is a damaging myth and smokescreen that ranking of spending on players is correlated with divisional ranking in League 2. Spending is not sufficient on its own. Effective use of resources is essential and can overcome spending.

Our long-term aim remains to grow and direct as much cash into the Football department as we can without placing the Club in a high-risk position financially or neglecting long-term football initiatives or investment in the wider Club. This must be accompanied by continuously improving and maximising the effectiveness of our football spending. This comes from focussing on many non-financial football factors; team management, talent identification, player scouting and recruitment, player coaching and development, football philosophy and match tactics, game preparation, analysis, team development and cohesion.

It requires the on and off-the-field activities of the Club and Football department and Academy all to be operating closely, working together in a joined up, co-ordinated way, with sound overall football leadership, people in place with the necessary knowledge, skills and attributes.

Winning and success depends on all these elements coming together at the same time and being sustained, not just short-term spending on its own. As was demonstrated by both the lower spending successful and high spending unsuccessful teams in League 2 in 2020/21.

Sustainable

Being sustainable means that 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 exist and survive or have short lived periods of improvement.

At the same time, our rivals are also seeking to progress too. So to stand still and exist, in reality, means we are falling behind other clubs. That widens the gap above us and squeezes it below us, making progress each year more difficult. The risks we face then increase too. We must not be drawn into that cycle, especially by short-term successes not built on sound foundations.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Success on the field is not sufficient on its own to make the Club Sustainable. Independent of on-the-field performance, we also need to have all the necessary resources in place across the wider Club to support it and grow.

Being sustainable financially reduces our reliance on external funding support and other unpredictable windfalls. It also reduces Club risk and fragility, so we can control our own destiny. It gives us flexibility over expenditure and investment decisions and enables us to take advantage of opportunities as they come along. At the same time, it allows us to build reserves which are important to provide contingencies against uncertainties. This was essential in 2020/21.

The less financially sustainable we are, the more vulnerable we are to the unexpected and external influences and pressure and the more we will be forced to take short-term options aimed at survival, which can be damaging in the long-run. 2020/21 highlighted the need for improved financial sustainability in clubs across the wider game.

Financially we remain focused on increasing the Contribution and cash we generate from:

- our own underlying recurring operating activities (before any windfalls from uncontrollable Football Fortune)
- investing in young players and trading them, especially Club Developed Players from our Academy, to subsidise Total Football Expenditure and provide cash for reinvestment across the whole Club
- building a long term 'legacy bank' of future contingent sell-on cash inflows from player transfers

We must balance spending and focus on and off-the-field otherwise we will create and build up long-term problems. We need to invest in income and cash generating business activities and assets off-the-field. That includes physical assets, expertise and people knowhow. This remains our biggest challenge and one that is becoming more difficult. It requires equity capital, planning, long-term vision and entrepreneurial risk taking. That is difficult when the long-term future ownership of the Club is unsettled.

The Academy is important in providing "Club Developed Players" for the team to play in matches, which increases the effectiveness of our Player Cost budget spending and nurtures players who are assets for sale, generating cash to reinvest. We have continued to work hard and invested cash to retain players after their scholarship. These are yet to make any significant contribution on the pitch, but we hope 2021/22 will be a breakthrough year in this plan.

While not contributing minutes on-the-pitch, in the two years ended 30 June 2021, transfers of three Club Developed Players have earned income of circa £1.325m.

As fans know, to restore the Club's viability and improve our sustainability, starting in early calendar year 2018, we began to reduce our Total Football Expenditure and Player Costs to more affordable levels. This meant we did not need to plan for further savings in 2020/21 as the Coronavirus Pandemic hit hard. Our aim was to insulate the Football department from the financial impact of Coronavirus on the Club and we did that.

However, the Coronavirus effects during this financial year meant we needed to take extra short-term measures to manage Business Costs and Overheads. These played a part in reducing our losses and funding requirements in the year. They impacted on the wider Club rather than Football activities.

Pride

We aim to be open, honest and straight talking, making decisions and doing things for the right reasons, putting the "Club First". We take pride in celebrating our successes, history and past achievements, learning from our experience to help us be more successful. We aim to keep supporters informed about the Club, engaging with them directly, focussing on our own channels, as well as Working Together with CUOSC and CUSG.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Financial review

Results and Performance

Headline Turnover £4.06m (2019/20: £4.59m)

The £524,000 decrease (2019/20: £975,000 increase) in Headline Turnover is heavily distorted by the exceptional effect of Coronavirus and a fall in non-recurring Football Fortune from player sales and cup income.

In addition to Headline Turnover, we earned £21,000 (2019/20: £23,000) of other commercial income from rentals and sundry areas. We also earned £27,000 (2019/20: £27,000) of grant income and £242,000 (2019/20: £361,000) of income from Coronavirus Job Retention Scheme. All our sources of income can be analysed as follows.

Business Turnover £616,000 (2019/20: £1.36m)

This measures the income generated by the Club itself off-the-field. It includes ticket, commercial and retail income. By growing recurring Business Turnover, the Sustainability of the Club is improved. The impact of Coronavirus is responsible for the fall. 2019/20 is also lower than normal levels due to Coronavirus and the curtailed season.

Professional Game income £1.58m (2019/20: £1.61m)

Professional Game income comprises EFL income £606,000 (2019/20: £672,000), Premier League Solidarity £465,000 (2019/20: £450,000) and EPPP Academy grant income of £452,000 (2019/20: £445,000) and LFE grants £56,000 (2019/20: £44,000). The EFL income was lower due to rebates on EFL commercial deals following the early curtailment of 2019/20 season, clawed back in 2020/21.

Together, recurring Business Turnover and Professional Game Income totalled £2.19m, (2019/20: £2.97m).

Non-recurring football income £1.07m (2019/20: £1.45m)

This is the total of Football Fortune income from cup runs £90,000 (2019/20: £310,000) and player sales £977,000 (2019/20: £1.135m). Cup costs were £5,000 (2019/20: £36,000).

The balance between player trading and the impact on on-the-field performance is always a difficult one. It is part of our strategy to increase the value of our players by developing their talent, to improve the team and sell them for profit, to then allow us to reinvest.

The sale proceeds we earn, add to the Underlying Contribution of the Club, which then allows us to increase our Total Football Expenditure and reinvest in the wider Club to grow and improve and create a virtuous circle. This requires very effective recruitment and proactive player development, a thriving Academy, pathways and opportunities being given, and a wider and long-term perspective. On player trading, I said in 2019, "given the changes made starting in June 2018, we need to see improvement in this area and were pleased to see signs of this happening." We are pleased to see a further financial payback this year with close to £1m of net Football Fortune (2019/20: £1.32m).

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Non-recurring business turnover £825,000 (2019/20: £200,000)

In mitigation of the £740,000 reduction in Business Turnover, we earned £825,000 of non-recurring business turnover. We received £359,000 (2019/20: £nil) of grant income from the Premier League as financial support. We received £346,000 (2019/20: £nil) of extra income from live game streaming of additional EFL games where fan attendance was restricted. £120,000 (2019/20: £154,000) was received from season ticket and commercial donations in lieu of the refunds for advance payments arising from the early end to the season. We also earned £nil (2019/20: £46,000) from other donations and football friendlies. Note, this non-recurring business turnover is offset by £184,000 (2019/20: £38,000) of non-recurring business costs.

Other income £290,000 (2019/20: £410,000)

This comprises £242,000 (2019/20: £361,000) of exceptional amounts from the Government under the Coronavirus Job Retention Scheme, £21,000 (2019/20: £23,000) of other commercial income from rentals and sundry areas and £27,000 (2019/20: £27,000) of grant income.

Business Costs £312,000 (2019/20: £464,000)

These comprise recurring business trading costs (excluding overheads, depreciation and interest). They reduced by £152,000 (2019/20: £65,000) primarily as retail purchases, ticketing and commercial activity fell along with matchday costs following the lockdown caused by Coronavirus.

Overheads £666,000 (2019/20: £823,000)

Overheads were reduced despite minimum wage increases and stadium utility, repairs and maintenance costs which continue to escalate. These underlying cost pressures were offset by further year-on-year fixed cost savings and gains from closure of the stadium and other Club operations during lockdown.

Underlying Contribution £735,000 (2019/20: £1.24m and 2018/19: £1.52m)

Underlying Contribution measures the Club's long-term ability to pay for all its football activities from its own trading resources, without extra funding provided by shareholders, external funders or windfalls from Football Fortune income (for example from cup runs or player sales) or other non-recurring events.

A reduction in the year reflects the huge impact of Coronavirus on income.

Growth in Underlying Contribution is required to avoid putting unsustainable pressure on Football Fortune and external funding support to maintain Club spending on and off the field. Investment in driving Business Turnover growth is required to improve the sustainability of the Club.

In total, the Underlying Contribution and non-recurring net income was £2.68m (2019/20: £3.13m and 2018/19: £1.72m) which was sufficient to pay for Total Football Expenditure on all the Club's first team Football activities (players, staff, expenses etc) from its own resources without external funding or using Football Fortune.

Total Football Expenditure £1.957m (2019/20: £2.026m, 2018/19: £2.215m and 2017/18: £2.606m)

A key priority is to direct as much resources to Football activities as possible, whilst operating within our available funding facilities and then to maximise the effectiveness of what we spend.

The fall in Total Football Expenditure of £69,000 (2019/20: £189,000) reflects lower performance bonuses and lower football operating costs (travel, hotels, medical) during the Coronavirus affected season.

Within Total Football Expenditure, Player Costs were £1.298m (2019/20: £1.408m and 2018/19: £1.568m), a reduction of £110,000. Again, driven by performance and Coronavirus rather than from planned reductions.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

To maximise the effectiveness of our Player Cost spending, we need to balance “contingency” spending on non-contributing players and focus our spending on players playing minutes on the pitch, while maintaining squad depth for unpredictable circumstances. We utilised 52% (2019/20: 51%) of our £1.298m Player Costs in productive minutes on the pitch. 24% (2019/20: 24% and 2018/19: 26%) of our spending was unavailable “not in the 18” due to injuries, payoffs or being left out. Injuries cost us 14% (2019/20: 14% and 2018/19: 16%) of Player Costs the same as the year before.

The EFL Salary Cost Management Protocols (SCMP Player Wage Capping) rules were withdrawn for 2020/21. According to EFL independent benchmark data from March 2021, our spending was again in the bottom quartile of League 2 ranking while we finished 10th place in League 2.

Non-recurring costs £184,000 (2019/20: £38,000)

These comprise £180,000 (2019/20: £nil) of extra costs relating to the Coronavirus Pandemic and £4,000 of Business Costs (2019/20: £38,000).

Result for the year

The Operating profit for the year is £483,000 (2019/20: £863,000). After interest costs of £86,000 (2019/20: £80,000), the total overall profit for the year was £397,000 (2019/20: £782,000).

Balance sheet

The total assets of the Company at the year-end are £9.81m (2019/20: £9.23m). Net assets increased to £5.3m (2019/20: £4.9m). Fixed asset additions of £71,000 (2019/20: £76,000) were made to Brunton Park as well as £77,000 (2019/20: £87,000) of revenue expenditure on stadium pitch, repairs and maintenance.

Year end stocks reflect 2021/22 retail merchandise arriving for sale before the year end. Debtors reflect transfer receipts due in future. Trading creditors increased due to the lockdown and lower Business activity at the end of 2019/20. Accruals and deferred income reflect some modest season ticket sales taking place before the year end. Tax creditors include £104,000 VAT (2019/20: £134,000 PAYE and £170,000 VAT), deferred by agreement with HM Revenue & Customs under Coronavirus schemes. The VAT balance is due to be repaid in 2021/22. All the PAYE deferred in 2019/20, was settled by November 2020. All on-going PAYE/NI, VAT and wages were paid in full on time in the year despite the challenges of the Coronavirus Pandemic.

Cash flows

The Club spent £1.2m (2019/20: £785,000) more on its Football activities than it could afford itself from its own trading activities. The circa £500,000 extra overspend is a direct result of Coronavirus reducing Business Turnover, but the spending gap is broadly balanced by £1.067m (2019/20: £515,000) of one-off Coronavirus related income.

The Club did not need to rely on Football Fortune for its funding requirements in 2020/21. By Business Cost and Overhead reductions and Coronavirus support scheme income and other non-recurring net business income, we were able to fully negate the impact of Coronavirus on our cash flows. This was an excellent outcome.

During the year, the Company continued to benefit from historic advances under an external commercial funding facility arrangement. Initially with Edinburgh Woollen Mill Limited, it was novated on the same terms during the year to Purepay Retail Limited. These loan advances remain supported by security over all the assets of the Company and guarantees provided by some Holdings shareholders. This funding support continued to be provided as loans with interest being accrued but not paid (as it has been in prior years). The loan balance is unchanged except for additional accrued interest. The loans and interest outstanding and secured on the assets of the Company at 30 June 2021 were £2.330m. There has been no increase in capital since the year end, meaning no new capital loans have been drawn since May 2019.

The total gross debt, before cash balances of the Company at 30 June 2021 was £3.2m (30 June 2020: £3.06m and 30 June 2019: £2.89m). The £103,000 increase mainly comprises accrued debt interest.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Impact of Coronavirus

Our approach was to minimise the harm to the Club, protect our staff and be ready to respond quickly to changing events. We were patient over decisions affecting the long-term, like selling season tickets, kit launch and recruitment but reacted quickly and conservatively on things where delay could be costly, harm uncertain and potentially high. We took steps to conserve our cash wherever possible and build contingencies and cash reserves. Players and coaches and staff were furloughed where possible.

We closed down all our Business activities with the stadium locked out of use except for essential but minimum pitch care in the first quarter of the year. All commercial activities ceased for most of the year and almost all staff were also furloughed. The shop was periodically closed with all staff furloughed except essential staff dealing with the new kit launch.

Trading

The lock out of fans for all but five games and restricted crowds for those five where fans could attend, meant we lost almost all our walk-up ticket income and commercial income from the matchday. We saved some Business Costs and Overheads from staging the home games behind closed doors with restricted capacity.

The overall net impact was to reduce our recurring Business Turnover by circa £1.2m compared with the last normal year (2018/19). We estimate "lost" ticket income due to Coronavirus was circa £850,000 and £330,000 commercial income. We estimate a further £50,000 of retail sales were lost due to Coronavirus. The huge generosity of supporters meant that we received non-recurring donations of £120,000 to offset lost ticket income. We were able to broadcast all our League 2 games on iFollow and earned £346,000 extra from this source.

We claimed £242,000 (2020/21: £361,000) of furlough grants through the Coronavirus Job Retention Scheme as available. Only from March 2021 were we able to start to resume the journey back to normal Club operations.

The Premier League advanced £359,000 of grant support, which was again valuable to us in getting through the Coronavirus Pandemic.

Thank you to everyone who supported us financially.

We continue to pursue an insurance claim for lost income due to Business Interruption from the Coronavirus Pandemic. The outcome remains uncertain and no income is included in our results.

Cash

Our working capital cycle remains heavily adversely affected by net cash outflows caused by Coronavirus. Ticket, commercial and retail cash inflows relating to 2021/22 future income, normally collected in the final quarter of the prior year, were not received before June 2021. We have an unrealised gain of circa £300,000 which will turn into cash when the final effects on working capital reverse. This will be a favourable factor at 30 June 2022.

We repaid £200,000 of VAT and PAYE deferrals from 2019/20 in the year, leaving just £104,000 of deferred VAT outstanding at 30 June 2021. No repayments were required of the £120,000 interest free, unsecured, 3-year term loan from the EFL which remains outstanding at the year end. This is included in Other Borrowings. £40,000 is due to be repaid in 2021/22.

In terms of position at the year end, our cash balance was £1.38m (2020/21: £505,000) before £147,000 overdraft (30 June 2020: £109,000).

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Review of Strategic Activities

The Club organises its operations into four key Strategic Activities, namely, Football, Business, Academy and Community.

Football

After joining in November 2019 and being in charge for the final 18 League 2 matches of 2019/20, Chris Beech lead us throughout the season and then again into 2021/22. He was awarded a new and improved, extended contract in December 2020.

Despite the Coronavirus Pandemic and new EFL wage capping rules replacing SCMP, our Player Cost budget was unchanged at the start of the year along with the spending on other football staff and football department expenses. The Club moved away from a squad model based on short-term one-year contracts for players and was more committed to players at the start.

After the upheaval of a manager change and major squad reconstruction starting January 2020, we had continuity in the coaching staff entering the season. We also had more continuity in the playing squad, but the churn of players was still high as Chris Beech changed players from the previous regime.

The 2020/21 season was played with a background of extraordinary circumstances off-the-pitch.

With the overall spending on Total Football Expenditure maintained, we again sought to use Premier League player loans and Academy development players to supplement the core squad, to maximise the effectiveness of our budget.

Skybet League 2

The season on-the-pitch saw the first half and second half being complete opposites.

In the first half, we significantly overperformed all realistic expectations right from the start of the campaign to be in the top 3 at the halfway mark. However, a run of one win in 13 games and 6pts from 39pts pushed us towards mid table. One win and 9pts in the last 8 games meant we had earned just 24pts in the second half of the season.

We finished in 10th place (2020/21: 18th) in League 2 with 66pts at 1.43 PPG (2019/20: 1.20 PPG). This was 7pts outside the playoffs but well above the points performance in the previous season achieved with a similar budget. The final record was:

2020/21	10th	P46 W18 D12 L16 GF60 GA51 GD+9 66pts PPG 1.43(xGF63 xGA46 xGD+17)
2019/20	18th	P37 W10 D12 L15 GF39 GA56 GD-17 42pts PPG1.20 (xGF43 xGA55 xGD-8)
2018/19	11th	P46 W20 D8 L18 GF67 GA62 GD+5 68pts PPG1.48 (xGF62 xGA66 xGD-4)
2017/18	10th	P46 W17 D16 L13 GF62 GA54 GD+8 67pts PPG1.46 (xGF67 xGA56 xGD+11)

On a per game basis, we won more points than the year before, achieved more wins, scored more and conceded less goals than 2019/20. Overall the season saw an improved campaign but it was very disappointing to fall away so badly.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Attack

In attack we scored 60 goals at 1.3 Goals For per 90 minutes (2019/20: 39 at 1.05 GF90), failing to score 11 times (2019/20: 14 times). We only scored 2 or more goals on 16 occasions (2019/20: 13), as our long-term weakness in being able to go 2 goals clear after taking the lead in games remained. Our scoring rate was slightly worse than expected given the quality of the chances we created as we again often suffered from missing big chances.

Overall, when playing the best seven teams in League 2 (top 3 and 4 play-off teams), we struggled winning only 9pts out of 14 games (2019/20: 1pts in 12 games). The very significant gap when playing against the division's best was present all season despite the excellent first half.

We accumulated 57pts when scoring first at 2.19 PPG (2019/20: 27pts at 1.93 PPG) which was only 16th (2019/20: 17th) best in League 2. We scored first in 26 games (2019/20: 14 games), ranking us 3rd (2019/20: 20th), which proved a crucial factor in gaining more points than in 2019/20. Scoring first and converting this into wins is the most crucial factor in League 2 success. The major improvement in the frequency of scoring first, plus the gain in the ability to get two goals up all proved important.

We scored just 9 equalising goals in 17 games (2019/20: 9 in 18 games) when conceding first. In those 17 games we lost 13 and won only 1 game (2019/20: 2) after conceding first. Needing to equalise so often is a losing characteristic in League 2. In 2020/21 13 of our 16 defeats (2019/20: 12 of the 15 defeats), came after we conceded first.

Earning just 6pts in 17 games at 0.35 PPG after conceding first was the joint 4th worst in League 2 and the main factor in our failure to get into the playoffs. This is a long-term running theme that is essential to fix to achieve success.

Defence

With 51 goals conceded (2019/20: 56 in 37 games), we improved defensively and recorded the 10th best (2019/20: 8th worst) defensive record in the division. Our goals conceded total was more than expected given the quality of the chances allowed. In the 16 games we lost, we scored just 9 goals, conceding 30 (GD-21).

Fifteen clean sheets were gained (2019/20: 8) making us joint 9th (2019/20: 20th). We conceded two or more goals 14 times (2019/20: 17 in 37 games). This was an improvement.

When conceding first, our record worsened to 4th worst in League 2 at coming back. We only achieved 6pts at a rate of 0.35 PPG (2019/20: 0.56 PPG) which was a decline from an already poor level, especially given the frequency we conceded the first goal. This underlines the importance scoring the first goal had on our 2020/21 season, and the risk going forward of any drop off in scoring first rate.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Home form

Our home form improved and played a big part in our League 2 performance. After winning 9 of our first 11 at home our form totally reversed, to lose 5 of the next 6. Overall, we ranked 5th (2019/20: 19th) in League 2 for home points won. We beat only 2 top seven teams at home and gained only 7pts from 7 games at home against the top 7, highlighting the gap to the best teams. Our overall home record was:

2020/21	5th	P23 W12 D5 L6 GF38 GA25 GD+13 Pts 41 PPG 1.78
2019/20	19th	P19 W5 D7 L7 GF17 GA26 GD-9 Pts 22 PPG 1.16
2018/19	9th	P23 W12 D3 L8 GF42 GA31 GD+11 Pts 39 PPG 1.70
2017/18	11th	P23 W7 D10 L6 GF31 GA23 GD+8 Pts 31 PPG 1.72

Away form

Our away form fell back again and we ranked 17th (2019/20: 15th) in League 2 for away points won achieving 25pts at 1.09 PPG (2019/20: 20pts at 1.11 PPG). We gained only 3pts in 9 games against the top 9 away. Our overall away record was:

2020/21	17th	P23 W6 D7 L10 GF22 GA26 GD-4 Pts 25 PPG 1.09
2019/20	15th	P18 W5 D5 L8 GF22 GA30 GD-8 Pts 20 PPG 1.11
2018/19	10th	P23 W8 D5 L10 GF25 GA31 GD-6 Pts 29 PPG 1.26
2017/18	4th	P23 W10 D6 L7 GF31 GA31 GD0 Pts 36 PPG1.57

Cup competitions

Again, disappointingly and frustratingly, in all three cup competitions we failed to make any impact. We lost 3-0 (A) in Round 1 of the EFL League Cup against League 2 Oldham.

In a miraculous turnaround, we beat non-league Hayes & Yeading (A) on penalties in round 1 of the FA Cup, following a 0-0 draw in normal time. This was after being 2-0 down with just two minutes to go in extra time. We then lost 1-2 against League 1 Doncaster (H) in round 2.

In the EFL Trophy we won just one group game of three. Our only win coming against Aston Villa U21 3-1 (H) after we had already been eliminated. For the fourth successive season we failed to get out past the group stage. This meant potentially lucrative cup runs were not secured. Net Football Fortune from all cups was just £85,000 (2020/21: £274,000) the lowest since 2011/12.

Players

We again suffered high player churn. We had 29 different contracted players (2019/20: 31) during 2020/21 including 5 loans (2019/20: 8) and supplemented by five more new Academy U21 players).

Just ten (2019/20: six) players remained from the prior season's final squad. 16 new players (2019/20: 15) joined in the Summer window (including one who joined and left within the window) including 5 loans. The January 2020 transfer window saw a further 3 players join (2019/20: eight), and three loans return with one contracted player leaving.

At the end of the season just 14 (2019/20: 8) of the 22 players in the final squad returned for 2021/22 training before two were sold in the window leaving 12 existing players. None of the five Academy U21 players were retained.

The average age of the players used on the pitch was 25.5 (2020/21: 26.0) as the squad continued to grow younger from the release of experienced players with a larger contribution from players aged under 30 and younger loan players.

Injured players missed the equivalent of 168 games (2020/21: 90 games) as the number of injuries suffered increased. The equivalent of five games (2020/21: five) were lost due to suspension.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Academy review

It is a long process to see players developing and breaking through to make their mark in our first team squad, then being named in the first team '18' and finally to play minutes on the pitch in our First Team. Players do not emerge at a predictable or consistent rate, many factors must come together to bring success. One good year does not act as a reliable predictor for the future. The board remains committed to Club Developed Players coming through, but this needs opportunities to be given wherever possible and a commitment from everyone to doing all we can to support and develop our young players. This was a priority area for cultural change within the Club from 2018/19 alongside the realignment of spending on Player Costs.

The four core objectives of the Academy are set out in the Club's Academy Plan which is a key component of the Premier League and EFL's Elite Player Performance Plan ("EPPP"). These remain to develop:

- elite professional footballers to play in our First Team (in League 2 and be capable of playing higher in the league pyramid). This is the Academy's top priority
- players who add significant value to the first team squad for future sale and reinvestment
- players who have playing careers in the professional game
- individuals capable of forging successful careers after they leave us

Minutes from Academy players in League matches fell to a very low 242 minutes (2019/20: 836), and represented just 0.5% (2019/20: 2%) of on pitch time. While the age and contribution on the pitch from younger players is improving, it remains from recruited players rather than Club Developed Players. We earned £18,000 (2019/20: £16,000) through the EFL Football Futures scheme. Also with none of the 2020/21 Academy U21 players retained for 2021/22 we have some way to go to achieve our main objective (1).

In terms of objective (2), while not contributing minutes on-the-pitch, in the two years ended 30 June 2021, transfers of three Club Developed Players have earned income of circa £1.325m.

Business review

Commercial

Business turnover from Commercial activities was £324,000 (2019/20: £468,000) a fall of £144,000.

There was no Match hospitality although we continued to receive valuable support from businesses despite no fans being present for almost all the season. During the year we reached agreement to terminate our service contract with ABM Catering as a prelude to bringing stadium and matchday catering and hospitality in house from 1 July 2021. This should increase income in 2021/22.

Match day

Total match-day ticket income comprises Season Card income and Match ticket income. This was only £85,000 (2019/20: £702,000). Match day income is driven by the number of tickets sold, ticket prices and the mix of full and concession prices for both Season Cards and Match tickets. With only five games with fans and only 9,000 fans in total the income was devastated by the Coronavirus Pandemic.

Season Card income was £50,000 (2019/20: £295,000) for the games which fans could attend. Match-day walk-up ticket income was £35,000 (2019/20: £407,000) from fans at five games.

Retail

Retail had a creditable year with sales of £207,000 (2019/20: £184,000). For a large period of the year the retail business could not operate, or the shop was closed due to national restrictions.

Community review

Our community activities are aimed at "making a difference" to the Club, the city and the wider Cumbria region. This is an important part of what we do and brings pride to all of us – Club, players, staff and fans alike. As a Club we also continue to support community and charitable causes wherever possible. Despite the severe restrictions on community activity, we continued to play a part.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Key Performance Indicators Five year trend Financial

Key indicators	YE 2021 £	YE 2020 £	YE 2019 £	YE 2018 £	YE 2017 £
Headline turnover	£4,065,718	£4,589,577	£3,614,302	£3,993,252	£4,273,085
Match day	£85,106	£702,486	£934,421	£936,660	£1,140,284
Commercial	£323,883	£468,378	£655,868	£759,619	£833,719
Retail	£206,766	£184,220	£254,209	£277,467	£306,338
Recurring Business Turnover	£615,755	£1,355,084	£1,844,497	£1,973,745	£2,280,340
Professional Game Income	£1,579,837	£1,611,285	£1,504,260	£1,426,349	£1,343,637
Business costs	£311,813	£464,118	£529,214	£653,987	£641,060
Overheads	£665,560	£823,237	£826,362	£825,937	£871,905
Underlying Contribution	£734,987	£1,241,747	£1,517,202	£1,397,586	£1,660,954
<i>Underlying Contribution growth %</i>	<i>n/a</i>	<i>n/a</i>	<i>8.6%</i>	<i>-15.2%</i>	<i>15.0%</i>
Football Fortune (net)	£1,061,728	£1,409,487	£242,216	£449,418	£450,641
Other non-recurring net income/(costs)	£(3,390)	£(38,367)	£(42,938)	£37,767	£(39,529)
Coronavirus exceptional income	£1,067,128	£515,002	£0	£0	£0
Coronavirus exceptional costs	£(180,669)	£0	£0	£0	£0
Total Contribution	£2,679,783	£3,127,869	£1,716,480	£1,884,771	£2,072,066
Total Football Expenditure (TFE)	£1,957,305	£2,026,547	£2,215,098	£2,606,400	£2,705,741
<i>TFE growth %</i>	<i>-3.4%</i>	<i>-8.5%</i>	<i>-15.0%</i>	<i>-3.7%</i>	<i>3.8%</i>
<i>TFE ratio</i>	<i>2.66</i>	<i>1.63</i>	<i>1.46</i>	<i>1.66</i>	<i>1.63</i>
Player Costs	£1,297,556	£1,408,684	£1,568,357	£1,893,336	£1,994,894
<i>Value on the pitch</i>	<i>52.0%</i>	<i>51.1%</i>	<i>53.6%</i>	<i>51.8%</i>	<i>55.7%</i>
<i>Contingency spending</i>	<i>24.7%</i>	<i>25.7%</i>	<i>24.0%</i>	<i>21.0%</i>	<i>18.4%</i>
Wages and salaries	£2,391,802	£2,462,010	£2,712,612	£3,252,062	£3,433,646
<i>Total wages/Headline Turnover %</i>	<i>58.8%</i>	<i>53.6%</i>	<i>75.1%</i>	<i>81.4%</i>	<i>80.4%</i>
<i>Total wages/Recurring Income %</i>	<i>n/a</i>	<i>83.0%</i>	<i>81.0%</i>	<i>85.6%</i>	<i>84.7%</i>
Operating profit/(loss) before exceptionals	£(584,018)	£301,328	£(764,339)	£(986,174)	£(851,756)
Overall profit/(loss) after tax	£397,494	£782,205	£(666,682)	£(120,859)	£(208,558)
EBITDA per accounts	£722,479	£1,147,548	£(477,552)	£(684,991)	£(457,248)
Net player sales income	£976,510	£1,134,675	£99,758	£223,543	£209,000
EBITDA (excluding player sales)	£(254,031)	£12,873	£(577,311)	£(908,535)	£(666,246)
Recurring Income	£2,195,592	£2,966,369	£3,348,758	£3,400,094	£3,623,977
Institutional funding	£266,599	£229,301	£250,902	£290,508	£250,119
Related party debt	£448,750	£448,750	£448,750	£640,525	£1,313,234
Total gross debt	£3,164,848	£3,061,324	£2,887,877	£2,258,623	£2,013,353

Non-Financial

Non-Financial

Attendances (League 2 games only)

2020/21	Not reported due to Coronavirus	
2019/20	4,111	Decrease -12%
2018/19	4,712	Increase +2.4%
2017/18	4,600	Decrease -10.0%
2016/17	5,113	Increase +8.7%

Season Ticket numbers

2020/21	Not reported due to Coronavirus	
2019/20	1,921	Decrease -3.3%
2018/19	1,986	Decrease -5.7%
2017/18	2,107	Increase +13.4%
2016/17	1,858	Increase +17.3%

Final League 2 position

2020/21	10
2019/20	18
2018/19	11
2017/18	10
2016/17	6

Community Ticket Scheme – Complimentary tickets issued to groups

2020/21	Not reported due to Coronavirus	
2019/20	Not reported due to Coronavirus	
2018/19	2,215	Increase +12.8%
2017/18	1,964	Decrease -7.3%
2016/17	2,119	Increase +30.5%

Player Community Appearances

2020/21	Not reported due to Coronavirus	
2019/20	Not reported due to Coronavirus	
2018/19	394	Increase +7.0%
2017/18	368	Decrease -14.4%
2016/17	430	Increase +25.7%

SCMP Player Related Expenditure as % of EFL Relevant Income

Pre-Season 2020/21	Not in operation
Pre-Season 2019/20	84%
Pre-Season 2018/19	94%
Pre-Season 2017/18	97%
Pre-Season 2016/17	99%

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

Business environment

Competitive risk

On-the-field under-performance is our principal risk. Failure on-the-field can have immediate and severe adverse impact. Poor football results leading to declining divisional position and relegation from League 2 would impact hugely on EFL and PL distributions, fans support, Business Turnover and funding requirements. The experience of many EFL Clubs who have lost their status is very sobering. It can take a long time and new funding to rectify.

Financial advantage gained from the additional funding available from unpredictable Football Fortune is a factor in providing an opportunity to gain football advantage. Football Fortune allows clubs to increase football spending above sustainable levels for the short-term. Cash from cup success and player sales can make a big difference if that additional cash is used productively. It remains a major risk if long-term financial commitments (contracts, increased fixed costs) are made, which extend beyond short-term windfalls or if spending is not reduced when these Football Fortune windfalls reduce (as was the case in 2017/18 and 2018/19).

Absolutely critical to success is football coaching, team management and player recruitment, to get the very best from the best players we can recruit, to forge a team to be proud of, that is better than its individual parts and over performs rivals spending more money. Ability and stability of football management, players and football philosophy builds cohesion and reduces risk. This means minimising player churn and manager change.

We must have our own strategy and approaches to address these risks. We believe we can be successful by working both hard and smart, with a positive and ambitious approach and finding improvements in every activity. That approach carries increased short-term risk plus football is inherently full of uncertainties. It's therefore crucial we understand, operate and make short and long-term decisions accordingly. The Company maintains a Corporate Risk Register which details the principal risks we face and the controls in place. This is reviewed annually by the board.

Legislative risks

We are a public and community interest organisation. The Company operates highly regulated activities and is subject to a wide range of legislation, regulation and external scrutiny. The regulatory regimes of the EFL and FA are increasingly complex and the regulatory risks are high. In this context, we recognise specific knowledge and expertise in football is increasingly important with proper governance.

Financial risks

The main financial risk for the Company is the liquidity risk that the Company could encounter in meeting its financial obligations, in particular player wages and amounts due to HMRC or on-demand third party debt. The Company mitigates liquidity risk by the continual review of its cash management and the source and sufficiency of funding to support its plans and activities. We have started to build some reserves of cash. We operate a self-financing model, presuming we do not have the support of new external funding to subsidise losses, fund investment or exceptional events.

The emergence of the Coronavirus in early 2020 exposed the huge financial fragility within the game and serious risks being taken by many clubs. It is important to recognise that the tough decisions taken by the Club have meant we have been better able to withstand the immediate direct effects of Coronavirus. The cash reserves from player sales and our reduced Player Cost obligations are critical. As Coronavirus continues to affect the Club trading and bring indirect effects in 2021/22, using our cash reserves will be required.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

If the recent trend in Business Turnover continues to be downward, then it is inevitable that subject to balancing cash from Football Fortune, we will need to take further remedial action to cut costs to address losses. Hence, the need to grow our Business Turnover by investing in assets that generate income and cash.

It is always the responsibility of the Club's directors to provide sustainable stewardship of the Club. We must continue to take the tough financial decisions to match our expenditure with our available funding and reduce our financial risks. We cannot presume a "white knight", external funding or new investment will be there if we make unfunded commitments now, especially to chase on field football success.

We know decisions to sell players, maintain financial control and not be able to match some rival's spending can be unpopular and frustrating for fans but we will continue to share and explain the detail of our finances with our supporters so they can understand the financial challenges and the financial decisions that we take.

Prospects for 2021/22 and beyond

Coronavirus

We expect Coronavirus to impact again in 2021/22. We will commence with few legacy financial issues from March 2020 to June 2021. We have circa £224,000 of remaining liabilities to repay (VAT deferral £104,000 and EFL loan £120,000). We expect to suffer some lost income from matchday and retail as the return to normality takes time. We expect commercial renewals to be challenging and value to be under pressure in the Coronavirus environment and beyond. This means on-field football performance will be even more important to us in 2021/22. The additional and long-term impact of Coronavirus beyond next year remains to be seen.

Trading

The improving trend in Underlying Contribution before Coronavirus has improved our ability to self-fund our Total Football Expenditure on a sustainable basis. This improvement has been built mainly on cost reductions as Business Turnover has been under pressure. Growing Business Turnover is a long-term issue for the Club. From 2021/22, stadium and matchday catering will come in-house and be operated by the Club. This is a long-term opportunity which needs investment and time to reach its potential.

Nevertheless, the Club still requires circa £400,000-£500,000 of new cash each year to fund its normal and existing recurring activities, before any capital investment at current levels of football spending.

In 2021/22, we expect to suffer a very significant operating loss before any new Football Fortune. With no planned shareholder support or new financial support under the Purepay Retail Limited commercial loan facility, it means new unbudgeted Football Fortune and existing cash reserves will continue to be very important to fund the Club.

We expect most of our cash reserves at June 2021 and all forecast deferred receipts from prior year player sales, will be required to fund the Club's normal funding requirements, planned increases in Total Football Expenditure, the unknown new impact of Coronavirus and the legacy financial issues arising from Coronavirus during March to June 2021.

These challenges will make the coming year difficult from a loss point of view, even though our cash reserves will be sufficient. We expect to be able to operate without any external third-party cash support as we have since May 2019.

By June 2022, we could then have little financial cash reserves and cushion for 2022/23 without other new non-recurring business income, Football Fortune or external support. With our cash reserves being depleted by 2021/22 losses, the Club could be in a much higher risk position moving into 2022/23.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Salary caps

In August 2020 League 2 clubs voted to introduce new rules to reduce spending on Player Costs. These rules were withdrawn in early 2021 and League 2 immediately reverted back to the discredited Salary Management Cost Protocols ("SCMP").

Brunton Park

We have reported in prior years, the challenges of the facilities are increasing. Despite new work in 2020/21 by the Environment Agency to mitigate flood risk in Carlisle, Brunton Park remains in a high-risk area for flooding and most areas of the buildings are well over 50-years old. Climate change worsens the risks. At the same time the flood insurance available to us is continuing to be constrained and is increasingly unaffordable. Our insurance costs will increase 15% in 2021/22.

We continue to make modest improvements where we can and where necessary, subject to financial constraints, but the task is becoming more challenging and more focused on safety critical areas only.

I have made it clear in prior years, the stadium is a top priority to address. There remains no ability for the Company to self-fund a new stadium from its normal trading activities. This severely constrains the options. To date no steps forward have been taken in the year or are planned in 2021/22.

Meaningful progress beyond the current approach of emergency only renewals will need a united and community based approach, with fans and public and private sector working together. This inevitably requires long-term planning and leadership and crucially, certainty over the future direction of the Club. It remains the case, the stadium issues cannot be addressed until resolution of questions over long-term ownership, direction and vision of the club are clear – this means succession must be resolved first, before any steps can be made.

Going concern

At 30 June 2021 an amount of £2,329,699 was owed to Purepay Retail Limited ('PRL'). The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance. The uncertainty around the repayment of the PRL debt constitutes a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

On behalf of everyone at the Club, I would like to thank all the fans, businesses and community who supported the Club, its players and staff through this difficult period.



.....
Mr N Clibbens

Director

30/03/2022.....

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J L Nixon
Ms S C Kidd
Mr N Clibbens
Mr J Mitchell

Results and dividends

The results for the year are set out on page 22.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

The company's policy with regard to the employment of disabled persons is that equal consideration is given to all applications from both able and disabled persons, subject only to the overriding consideration of safety. The special needs of disabled employees for training and advancement, including employees who become disabled, are kept under review.

Employee involvement

The company recognises the importance of good communication with employees and has encouraged the development of employee involvement in various operating departments. The details of direct involvement processes are different in each operating department and have been developed over the year by management working with their employees in ways that suit their particular needs and environment.

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
Mr N Clibbens

Director

30/03/2022.....

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

Opinion

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which highlights that at 30 June 2021 an amount of £2,329,699 was owed to Purepay Retail Limited ('PRL'). The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance. As stated in note 1.2, the uncertainty around the repayment of the PRL debt indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below.

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Review of minutes of board meetings;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

Because of the field in which the client operates we identified that employment law, health and safety legislation, compliance with EFL regulations, and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Williams (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

30/3/22
.....

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	4,065,719	4,589,577
Cost of sales		(2,472,102)	(2,717,172)
Gross profit		<u>1,593,617</u>	<u>1,872,405</u>
Administrative expenses		(1,400,754)	(1,419,908)
Other operating income		290,248	410,059
Operating profit	4	<u>483,111</u>	<u>862,556</u>
Interest receivable and similar income	7	122	144
Interest payable and similar expenses	8	(85,739)	(80,495)
Profit before taxation		<u>397,494</u>	<u>782,205</u>
Tax on profit	9	-	-
Profit for the financial year		<u>397,494</u>	<u>782,205</u>
Other comprehensive income			
Tax relating to other comprehensive income		4,000	28,000
Total comprehensive income for the year		<u><u>401,494</u></u>	<u><u>810,205</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	11		7,761,874		7,956,723
Current assets					
Stocks	12	123,245		46,614	
Debtors	13	539,433		758,374	
Cash at bank and in hand		1,383,171		505,516	
		<u>2,045,849</u>		<u>1,310,504</u>	
Creditors: amounts falling due within one year	14	<u>(3,595,046)</u>		<u>(3,405,566)</u>	
Net current liabilities			<u>(1,549,197)</u>		<u>(2,095,062)</u>
Total assets less current liabilities			6,212,677		5,861,661
Creditors: amounts falling due after more than one year	15		(199,966)		(219,866)
Provisions for liabilities					
Deferred tax liability	18	86,000		90,000	
		<u>(86,000)</u>		<u>(90,000)</u>	
Deferred grants	21		(604,153)		(630,731)
Net assets			<u>5,322,558</u>		<u>4,921,064</u>
Capital and reserves					
Called up share capital	20		144,891		144,891
Revaluation reserve			5,531,458		5,609,399
Profit and loss reserves			(353,791)		(833,226)
Total equity			<u>5,322,558</u>		<u>4,921,064</u>

The financial statements were approved by the board of directors and authorised for issue on ...30/03/2022.... and are signed on its behalf by:



.....
Mr N Clibbens
Director

Company Registration No. 00175280

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2019	144,891	5,663,340	(1,697,372)	4,110,859
Year ended 30 June 2020:				
Profit for the year	-	-	782,205	782,205
Other comprehensive income:				
Tax relating to other comprehensive income	-	28,000	-	28,000
Total comprehensive income for the year	-	28,000	782,205	810,205
Transfers	-	(81,941)	81,941	-
Balance at 30 June 2020	144,891	5,609,399	(833,226)	4,921,064
Year ended 30 June 2021:				
Profit for the year	-	-	397,494	397,494
Other comprehensive income:				
Tax relating to other comprehensive income	-	4,000	-	4,000
Total comprehensive income for the year	-	4,000	397,494	401,494
Transfers	-	(81,941)	81,941	-
Balance at 30 June 2021	144,891	5,531,458	(353,791)	5,322,558

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	921,971		480,176	
Interest paid		(6,415)		(9,472)	
Net cash inflow from operating activities		915,556		470,704	
Investing activities					
Purchase of intangible assets		-	(7,000)		
Purchase of tangible fixed assets		(71,097)	(76,090)		
Interest received		122	144		
Net cash used in investing activities			(70,975)		(82,946)
Financing activities					
Proceeds from borrowings		-	119,800		
Repayment of bank loans		-	(7)		
Payment of finance leases obligations		(4,224)	(11,371)		
Net cash (used in)/generated from financing activities			(4,224)		108,422
Net increase in cash and cash equivalents		840,357		496,180	
Cash and cash equivalents at beginning of year		396,181		(99,999)	
Cash and cash equivalents at end of year		1,236,538		396,181	
Relating to:					
Cash at bank and in hand		1,383,171		505,516	
Bank overdrafts included in creditors payable within one year		(146,633)		(109,335)	

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Carlisle United Association Football Club (1921) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Brunton Park, Warwick Road, Carlisle, CA1 1LL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of C.U.F.C Holdings Limited. These consolidated financial statements are available from its registered office, Brunton Park, Warwick Road, Carlisle, CA1 1LL.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.2 Going concern

In accordance with their responsibilities the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

The global Covid-19 pandemic is still having an impact on a number of businesses, but the directors consider that the company is well placed to minimise the impact. After the outbreak the company organised itself to adjust its activities, working capital and costs in line with the actual business level in order to protect its cash flow. The directors also made use of relevant Government initiatives that were available to them. As detailed in the strategic report, the company is seeking to grow its own financial resources to reduce its reliance on external cash support required from its financial supporters.

The company's ability to remain a going concern is dependent on the on-going support of its current financiers. Despite the profit generated in the year ended 30 June 2021, the company's net current liabilities at the year-end are £1,549,197 (2020: £2,095,062).

On 5 November 2020, Edinburgh Woollen Mill Limited ('EWM'), the company's major sponsor, funder and largest creditor, went into administration. This debt was subsequently novated to Purepay Retail Limited ('PRL') on the same terms. At 30 June 2021 an amount of £2,329,699 was owed to PRL. The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance.

If PRL do not seek repayment of the balance due to them, then together with support from an existing connected creditor, and cash flow forecasts prepared up to 30 June 2023, the directors believe the company will have sufficient funds to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.

Whilst the directors believe that the company will be able to continue to operate to meet its obligations over the next 12 months, the fact that PRL have not provided confirmation that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements naturally brings uncertainty.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty around the repayment of the PRL debt constitutes a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Turnover

Turnover comprises net gate and ticket receipts, television and sponsorship revenue, shop programmes, receipts from the Football League and Premier League and other commercial and miscellaneous income exclusive of Value Added Tax. Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income.

1.4 Intangible fixed assets other than goodwill

Player registration fees are capitalised as intangible assets and are initially recognised at cost. After recognition, under the cost model, the registrations are measured at cost less accumulated amortisation and accumulated impairment losses.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.15 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing the asset lives, factors such as physical condition are taken into account. Residual values consider matters such as future market conditions and the remaining estimated life of the premises to calculate their net present values.

Individual freehold properties are carried at revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair values are determined from market based evidence such as future market conditions.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Matchday	84,999	702,486
Commercial	302,828	445,863
Retail	206,767	184,220
Football fortune	1,066,314	1,445,462
Professional game	1,579,838	1,611,285
Premier League Coronavirus grant	359,411	-
Other football income	-	46,225
ifollow	345,746	-
Donations	119,816	154,036
	<u>4,065,719</u>	<u>4,589,577</u>

	2021	2020
	£	£
Other significant revenue		
Interest income	122	144
Grants received	269,087	387,544
Rent receivable	21,161	22,515
	<u>290,370</u>	<u>390,203</u>

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(269,087)	(387,544)
Fees payable to the company's auditor for the audit of the company's financial statements	13,300	12,700
Depreciation of owned tangible fixed assets	265,946	287,570
Depreciation of tangible fixed assets held under finance leases	-	24,000
Amortisation of intangible assets	-	7,000
Operating lease charges	12,682	43,184
	<u>22,839</u>	<u>66,900</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Number of administrative staff	52	111
Number of football staff	72	64
Total	<u>124</u>	<u>175</u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,173,641	2,227,371
Social security costs	191,655	206,015
Pension costs	26,506	28,624
	<u>2,391,802</u>	<u>2,462,010</u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	102,217	102,500
Company pension contributions to defined contribution schemes	4,089	4,172
	<u>106,306</u>	<u>106,672</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	<u>122</u>	<u>144</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	85,634	79,178
Interest on finance leases and hire purchase contracts	105	1,317
	<u>85,739</u>	<u>80,495</u>

9 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	397,494	782,205
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	75,524	148,619
Tax effect of expenses that are not deductible in determining taxable profit	1,459	794
Tax effect of utilisation of tax losses not previously recognised	(109,918)	(194,188)
Change in unrecognised deferred tax assets	(859)	8,611
Depreciation on assets not qualifying for tax allowances	38,844	41,214
Grants released not taxable	(5,050)	(5,050)
Taxation charge for the year	<u>-</u>	<u>-</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£	£
Deferred tax arising on:		
Revaluation of property	(4,000)	(28,000)

Factors affecting future tax and charges

In March 2021 the Chancellor confirmed, in the budget, an increase in the corporation tax rate from 19% to 25%. The Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. The timing differences expected to reverse on or after 1 April 2023 have been accounted for at 25% and therefore deferred tax has been provided for at 25% (2020: 19%).

At the year end the company had estimated tax losses of £1,796,855 (2020: £2,375,369) available to carry forward against future taxable trading profits.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

10 Intangible fixed assets

	Player registrations £
Cost	
At 1 July 2020	7,000
Disposals	(7,000)
	<hr/>
At 30 June 2021	-
	<hr/>
Amortisation and impairment	
At 1 July 2020	7,000
Disposals	(7,000)
	<hr/>
At 30 June 2021	-
	<hr/>
Carrying amount	
At 30 June 2021	-
	<hr/> <hr/>
At 30 June 2020	-
	<hr/> <hr/>

11 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2020	8,443,616	677,413	34,250	9,155,279
Additions	27,721	43,376	-	71,097
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	8,471,337	720,789	34,250	9,226,376
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 July 2020	726,217	446,089	26,250	1,198,556
Depreciation charged in the year	196,682	61,264	8,000	265,946
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2021	922,899	507,353	34,250	1,464,502
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 30 June 2021	7,548,438	213,436	-	7,761,874
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2020	7,717,399	231,324	8,000	7,956,723
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor vehicles	-	8,000
	<hr/> <hr/>	<hr/> <hr/>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11 Tangible fixed assets

(Continued)

Following the extensive flood damage and subsequent repairs and improvement work performed, a valuation of all land and building assets was undertaken by Robson & Liddle (Rural) Limited, external valuers and members of The Institute of Chartered Surveyors. Due to ongoing construction work at 30 June 2016 and the fact that all capital costs were covered by the company's insurance policy, the valuation was performed as at 1 February 2017 when all construction work had been completed. In the opinion of the directors, this is a true and fair reflection of the value of the property at both 30 June 2020 and 30 June 2021.

The basis of the revaluation was depreciated replacement cost for the football stadium and open market value for residential property and the club shop.

If freehold property were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

2021: Cost £4,374,279; accumulated depreciation £2,443,298; carrying value £1,930,981

2020: Cost £4,346,558; accumulated depreciation £2,328,557; carrying value £2,018,001

Tangible fixed assets with a carrying amount of £7,761,874 (2020: £7,956,723) have been pledged to secure borrowings of the company.

Included within freehold property is land with a valuation of £6,000 (2020 - £6,000) which is not depreciated.

12 Stocks

	2021	2020
	£	£
Finished goods and goods for resale	123,245	46,614
	<u>123,245</u>	<u>46,614</u>

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	125,974	735,672
Other debtors	6,202	86
Prepayments and accrued income	407,257	22,616
	<u>539,433</u>	<u>758,374</u>

The debtors total includes £213,309 (2020: £587,000) of transfer fees receivable.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	16	146,633	109,335
Obligations under finance leases	17	-	4,224
Other borrowings	16	39,800	19,900
Trade creditors		277,284	108,507
Taxation and social security		181,773	342,895
Other creditors		2,775,094	2,696,322
Accruals and deferred income		174,462	124,383
		<u>3,595,046</u>	<u>3,405,566</u>

Included within other creditors is £2,329,699 (2020: £2,250,374) which is secured by way of a fixed and floating charge over Brunton Park and land around Brunton Park.

15 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	16	119,966	119,966
Other borrowings	16	80,000	99,900
		<u>199,966</u>	<u>219,866</u>

16 Loans and overdrafts

	2021 £	2020 £
Bank loans	119,966	119,966
Bank overdrafts	146,633	109,335
Other loans	119,800	119,800
	<u>386,399</u>	<u>349,101</u>
Payable within one year	186,433	129,235
Payable after one year	<u>199,966</u>	<u>219,866</u>

The bank loan is secured by a first legal charge on 257 Warwick Road, Carlisle.

The bank overdraft is secured by a first legal charge on 269 Warwick Road, Carlisle.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

16 Loans and overdrafts (Continued)

The bank loan is an interest only arrangement to 31 January 2023, interest is charged at 0.49% above the bank's base rate.

The other loan is an interest free loan from the EFL repayable in installments with the final payment due on 1 April 2024.

17 Finance lease obligations

	2021	2020
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	4,224
	<u> </u>	<u> </u>

Finance lease obligations are secured against the assets to which they relate.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Freehold property revaluations	86,000	90,000
	<u> </u>	<u> </u>
Movements in the year:		2021
		£
Liability at 1 July 2020		90,000
Credit to other comprehensive income		(4,000)
		<u> </u>
Liability at 30 June 2021		86,000
		<u> </u>

As at the signing date of these financial statements, the company has not finalised its capital expenditure programme for the forthcoming year and therefore an assessment as to the likely movement of other relating timing differences cannot be made.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

19 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	26,506	28,624

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company by NEST. The pension cost charge represents contributions payable by the company. An amount of £3,361 (2020: £2,680) is included in other creditors at the year end and is to be paid to NEST.

20 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	144,891	144,891	144,891	144,891

21 Government grants

Arising from government grants	604,153	630,731
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22 Financial commitments, guarantees and contingent liabilities

Transfer agreements sometimes involve additional payments or receipts depending upon the future performance of the player and club. At the year end, possible future payments amounting to £nil (2020: £nil) existed under such agreements.

Included within this amount is £nil (2020: £nil) in relation to players sold post year end before the relevant performance criteria were met. Any future payments will be capitalised and amortised, straight line, over the remaining period of the player's contract.

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	9,520	7,734
Between two and five years	6,611	4,309
	<u>16,131</u>	<u>12,043</u>

24 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

24 Related party transactions

(Continued)

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Other related parties	32,500	32,950	13,468	5,520

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
Other related parties	468,375	466,189

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2020
	£	£
Other related parties	9,657	65,938

The following amounts were recognised as an expense in the period in respect of bad and doubtful debts due from related parties:

	2021	2020
	£	£
Other related parties	38,581	-

Other information

The company has received personal guarantees from certain directors of the parent company, in respect of a loan provided to the company. The amount of the guarantee is £2,329,699 (2020: £2,250,374).

25 Ultimate controlling party

The company is a 93.2% subsidiary of C.U.F.C Holdings Limited, a company incorporated in England and Wales and whose registered office is Brunton Park, Warwick Road, Carlisle, Cumbria, CA1 1LL.

C.U.F.C. Holdings Limited prepares consolidated financial statements incorporating this company and copies of these financial statements can be obtained from Companies House, Cardiff. This is the only group in which the results of the company are consolidated.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26 Analysis of changes in net funds

	1 July 2020 £	Cash flows £	30 June 2021 £
Cash at bank and in hand	505,516	877,655	1,383,171
Bank overdrafts	(109,335)	(37,298)	(146,633)
	<u>396,181</u>	<u>840,357</u>	<u>1,236,538</u>
Borrowings excluding overdrafts	(239,766)	-	(239,766)
Obligations under finance leases	(4,224)	4,224	-
	<u>152,191</u>	<u>844,581</u>	<u>996,772</u>

27 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	397,494	782,205
Adjustments for:		
Finance costs	6,415	9,472
Investment income	(122)	(144)
Amortisation and impairment of intangible assets	-	7,000
Depreciation and impairment of tangible fixed assets	265,946	311,570
Decrease in deferred income	(26,578)	(26,579)
Movements in working capital:		
(Increase)/decrease in stocks	(76,631)	62,705
Decrease/(increase) in debtors	218,941	(413,214)
Increase/(decrease) in creditors	136,506	(252,839)
Cash generated from operations	<u>921,971</u>	<u>480,176</u>

Included within the above total is £1,350,201 (2020: £589,410) of receipts from the transfer of player registrations. Excluding this, cash generated from operations was an outflow of £428,230 (2020: £109,234) as shown below:

Cash generated from operations	921,971	480,176
Receipts from transfer of player registrations	1,350,201	589,410
Cash generated / (absorbed) from operations - excluding receipts from transfer of player registrations	<u>(428,230)</u>	<u>(109,234)</u>