

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 2017**



**MHA** Moore & Smalley  
Trusted Thinking

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J L Nixon Ms S C Kidd Mr N Clibbens Mr J A Mitchell	(Appointed 1 August 2016) (Appointed 1 August 2016)
<b>Secretary</b>	Mr J L Nixon	
<b>Company number</b>	00175280	
<b>Registered office</b>	Brunton Park Warwick Road Carlisle CA1 1LL	
<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	

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# 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 2017

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The directors present the strategic report for the year ended 30 June 2017:

### **The Company's business and strategy**

Carlisle United Association Football Club (1921) Limited's ("the Company" or "Club") principal activity is unchanged. It is a professional football club, being both a member of the EFL (currently in League 2) and the Football Association. We also operate related business trading activities. The Company holds the EFL Golden Share and is subsidiary of Carlisle United Holdings Limited ("Holdings").

The Board believe it is important all the supporters and other stakeholders have clarity on the direction of the Club. With this in mind, we have adopted a new approach increasing the depth and detail of our report this year.

We have outlined the overall objectives and explained the club structure as well as providing a comprehensive commentary on the financial performance, position and prospects in a way not done before. Also for the first time we have produced key performance indicators to track progress. We believe this is the right thing to do. It helps everyone's understanding of the Club. We see this as beneficial and hope it is welcomed and seen as a step forward in communicating with fans.

The Club's overall objective is *"working together, building a sustainable and successful Club that we can take pride in"*

Everyone within the Club is ambitious to improve on and off the field, and see the key priority as success in achieving progress up the football pyramid.

We need to harness the passion everyone has for the Club, in a united way to improve and achieve. That means taking a positive "can do" approach.

### **Strategic Objectives**

#### ***Working together***

We accept that given the failed investment approaches of the past and the legitimate questions supporters have, that we have more to do in this area. This means the Club and its fans and community coming closer and having a common purpose.

Giving more and detailed information to fans is important, including in reports like this, can be part of that. It's a long process but changes are taking place.

We see the Carlisle United Supporters Group (CUSG) also as playing an important role. It is a forum of individual supporters and all our key supporter groups where issues are raised and addressed directly together and information is shared. This is proving valuable in many areas of engagement between the Club and its fans and groups like London Branch, Route 66 travel and Disabled Supporters Group. Meetings are held with senior staff and directors monthly, minutes are issued publicly. Fans are encouraged get involved.

We are pleased to see the relationship with the Carlisle United Official Supporters Club (CUSOC) continue to improve. It has a legitimate and crucial role in representing fans on the Board on both operational and strategic matters. It plays a part in holding the executive directors to account, providing challenge and oversight and contributes to good governance and is helping to create and promote a united approach of working together which we need as it is beneficial to the Club and its fans.

At the same time, we are developing our links with the wider community especially through the Carlisle United Community Trust. If fans have any concerns, please contact us.

We are seeking to develop our relationships with the community and are grateful for the support of Penrith FC, Creighton RFU and the Carlisle United Community Sports Trust. It helps us engage with over 25,000 young people each year.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### **Successful**

We are striving for success in everything we do. Success in football on-the-field, by winning matches remains our clear and top priority. The immediate short-term target is promotion to League 1.

Up to a point, on-the-field success is influenced by expenditure on Football activities especially spending on Player Costs. However, this is not sufficient on its own and having the most resources is no guarantee of success either.

~~Our approach is therefore to grow and direct as much cash and investment into our Football activities as we can do without placing the Club in a high risk position and then, together with that cash, we must work hard to get the maximum from it, by being effective in what we do.~~

Effectiveness comes from focusing on first class player coaching, match tactics, player recruitment, team and player preparation and development. This requires on and off the field activities to be united. We see this as the best approach for this Club.

### **Sustainable**

We aim to continue to grow the Club's own financial resources therefore reducing the Club's risk and reliance on external cash support from its shareholders and other financial supporters. This is a long process and requires balancing short and long term objectives, both on and off the field and carefully weighing the competing needs and demands of all the parts of the Club. We will protect our assets, build them and use them for the development and progress of the Club.

The world of football, is inherently uncertain and unpredictable. There are lots of variable factors influencing events. This means often taking the tough financial decisions which may on occasion be unpopular with some supporters. ~~When we do so it is for the long-term interest of the Club.~~

We will continue to operate within our financial resources following sound business principles, with strong financial control. We are seeking to growing our recurring Business turnover, while remaining cost focused, trading players for profit, developing players to be better and nurturing our Academy players and the young players we recruit.

It is critical to our sustainability and success to grow our Underlying Contribution (rather than rely on wind-falls). This is the net income the Club generates year on year from its normal trading before football fortune and other one-offs. ~~We can then use this to pay for all our Football activities including, crucially, Player Costs.~~ Improvement in Underlying Contribution is driven by growth in recurring Business turnover and control over business trading costs and overheads.

### **Pride**

We aim to be open, honest and straight talking, making decisions and doing things for the right reasons.

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 though our website, social media and other media channels as well as direct communication via emails and open forums. These are increasingly important as fans move away from tradition media to instant information on the move.

Our Community ticket scheme is a going from strength to strength with over 2,000 young fans coming to our games last season. These are the fans of the future and our feedback about the scheme is superb.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### **Strategic Activities**

The Club is organised into five Strategic Activities:

#### **Football**

This is our clear and top priority and comprises first team professional football on-the-field and all its supporting football operations, such as coaching, recruitment, analytics, sports science and medical

#### **Academy**

This incorporates our football player development programme from aged 8 to 18 within the Elite Player Performance Plan framework as a Category 3 academy

#### **Business**

This comprises our off the field Commercial, Matchday and Retail business trading activities which are supported by central Club staff

#### **Community**

These comprise the community programmes in Carlisle and the wider Cumbria region undertaken through our connected charity Carlisle United Sports Community Trust

#### **Club**

The Club activities comprise Media, Finance & Administration and Operations and the Board which support and assist the other activities.

## **Financial review**

### **Results and performance**

The financial year ended 30 June 2017 incorporate our third consecutive season in League 2.

The 2016/17 season brought improved performances on the pitch and this reflected in our football results and final league position as we progressed to reach the play-offs.

As expected, off-the-field, the economic business trading conditions remained difficult. Overall our Business activities in Retail and Matchday performed well and Commercial was improved despite 3 months still disrupted by the flood recovery process. This is encouraging and testament to the hard work behind the scenes.

### **Turnover £4.273m (2015/16: £4.415m)**

Headline Turnover was £4.273m (2015/16: £4.415m). This comprises Business turnover, uncontrollable Football income from EFL and Premier League of £919,000 (2015/16: £725,000), Academy grant income from EFL of £424,000 (2015/16: £319,000) and income from one-off non-recurring events. In 2016/17 £484,000 (2015/16: £1.223m) of non-recurring Football Fortune income was earned plus £176,000 (2015/16: £129,000) of other one-off income from insurance and donations from shareholders in Holdings.

Business turnover is the most important measure of the underlying recurring income generated by the Club. By growing Business turnover, the sustainability of the Club is improved. It was £2.280m (2015/16: £2.074m) an increase of £206,000 (+10%) after being flat the previous year. The improvement was due to a £46,000 increase in ticket income (+4%) as league attendances increased, an excellent £90,000 increase in retail income (+42%) and a £70,000 increase across all Commercial income areas (+9%) as it faced a tough year.

### **Business Costs £715,000 (2015/16: £704,000)**

Business trading costs before overheads, depreciation and interest increased due to the growth in activity, especially retail sales.

### **Overheads £1.089m (2015/16: £962,000)**

The increase was due to a trebling of insurance costs after the 2015 flood, staff payroll costs and the costs of employing a Chief Executive (previously the Managing Director worked without any remuneration). Offset by some cost savings. Control of costs is a challenge especially given the rising cost of the stadium.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### ***Underlying Contribution £1.370m (2015/16: £1.157m)***

Underlying Contribution measures the Club's long-term ability to pay for its Football activities, from its own trading resources, without extra funding provided by shareholders, external funders or windfalls like non-recurring income from cup runs.

As a result of the +10% growth in Business turnover and the level of business trading costs, Underlying Contribution in 2016/17 increased by £213,000 a rise of +18% (2015/16 was flat). This is an encouraging improvement and in line with our initial budget which we hope to build on again in 2017/18.

Put simply, presuming no Football Fortune, no additional shareholder or external funding nor donation income, the Club generated circa £1.4m of cash, which was available to pay for all its Football activities (Players Costs and coaches and team running costs) and capital investment needs and debt obligations. This is the best performance in recent years.

### ***Football Fortune £484,000 (2015/16: £1.223m)***

Income from Player trading was £209,000 (2015/16: £488,000). This came from the transfer of Charlie Wyke in January 2017 and from transfer add-ons from prior year deals.

The balance between player trading and on-the-field improvement and success is always a difficult one, but it plays a part in the sustainability and viability of the Club. 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 reinvest. The sale proceeds add to Underlying Contribution of the Club, which then allows us to increase our Total Football Expenditure. This requires effective recruitment and proactive player development through pathways and opportunities being given by the Football department, and a longer term perspective.

Early exits were suffered in the Checktrade Trophy and EFL Cup. We were knocked out of the FA Cup at the round 3 stage. Income from Cup matches and play-offs was £223,000 (2015/16: £735,000), this includes £30,000 from Checktrade Trophy (2015/16: £nil) prizes and £96,000 of net income earned from the League 2 Play-offs. The balance of other football fortune was from player loan income.

The total reduction in Football Fortune of circa £739,000 in 2016/17, adversely impacted on our ability to fund exceptional additional expenditure and reinvestment, both in Football activities and the Club, from our own resources compared with 2015/16.

Other non-recurring income of £176,000 was earned from donations, and insurance.

In total, the increase in Underlying Contribution and change in non-recurring net income was £2.018m (2015/16: £2.369m). However, despite the of reduction £351,000, Total Football Expenditure on Football activities was increased further.

### ***Total Football Expenditure £2.469m (2015/16: £2.151m)***

Our top priority is to direct as much resources to Football activities as possible.

Despite the challenges of compliance with EFL Player Wage Capping and tough off-the-field Business trading conditions, combined with a £739,000 reduction in Football Fortune compared with 2015/16, on-the-field Total Football Expenditure still increased in 2016/17.

Total Football Expenditure in 2016/17 was £2.469m (2015/16: £2.195m) an increase of £324,000 (+15% increase) after a +22% increase in 2015/16. This primarily relates to Player Costs.

As a result, the Club incurred a very significant loss in supporting this increased spending on Player Costs.

The Club complied with EFL Salary Cost Management Protocols (Player Wage Capping) rules for the 2016/17 season. Our spending was 96% (15/16: 99%) of the EFL allowance. According to EFL independent benchmark data, our spending was in the top quartile of League 2 in 2016/17. In 2018/19 the EFL wage capping rules will tighten. We supported this change.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### **Loss before tax for the year**

After interest costs of £13,000 (2015/16: £11,000) together with depreciation and amortisation of £218,000 (2015/16: £165,000) and the impact of a debt exchange and write off, a total loss for the year was £209,000 (2015/16: £40,000 profit) was suffered.

### **Balance sheet and Cash flow**

The total assets of the Company at the year-end are £8.7m (30 June 2016: £9.2m). Net assets are £4.8m (30 June 2016: £4.9m).

The total debt of the Company at 30 June 2017 was largely unchanged at £2.01m (30 June 2016: £2.02m).

£33,000 of bank loans and obligations under finance leases was repaid (2015/16: £28,000) in the year. At 30 June 2017 total bank and finance lease debt was £250,000 (30 June 2016: £315,000) a reduction of £65,000.

During the year £205,000 of new loans were received from related party shareholders and £480,000 of loans due to shareholders were exchanged for shares in Holdings. At 30 June 2017 loans due to shareholders were £735,000 (30 June 2016: £1.01m). This led to an overall reduction in amounts due to related party shareholders of £275,000.

Other amounts payable to related parties also reduced by £120,000 to £578,000.

Other loans secured on the assets of the Company at 30 June 2017 were £450,000 (30 June 2016: £nil).

### **Going concern**

The company has taken steps in 2016/17 to put in place sufficient funding facilities to support its forecast trading for 2017/18 and in future periods.

The Company will continue to take steps to improve its position, performance and prospects, both on and off-the-field, in order to be successful and create a climate where a positive succession of ownership can be achieved.

Further details on going concern are detailed in note 1.2.

## **Review of Strategic Activities**

### **Football**

In 2016/17 Keith Curle was in charge for his second full season as Manager and his third League 2 campaign. It proved another year of improvement on-the-field which continued the recent trend.

We targeted an improvement in our Football playing squad with a priority focus on increased experience and quality of starters, with depth provided by loans and development players.

We wanted the team to demonstrate improvements in showing the characteristics required for success in EFL League 2 including, conceding fewer goals, scoring first and more consistency.



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### ***Skybet League 2***

After a fantastic record breaking start to the League 2 season with 15 games unbeaten, at the half-way point we were in 2nd place with 46pts averaging 2 Points Per Game (PPG) and secure in the top 7 some 12 points clear of 8th place. This proved to be a season's high point. The next 21 games however, yielded 19pts.

The January 2017 period was challenging following the sale of Charlie Wyke after Bradford City triggered an exit clause and the player requested a transfer. We approved an increase in the football budget funded by shareholder donations and use of part of the Wyke proceeds, to sign two permanent players (Liddle and O'Sullivan) and two loans (Proctor and Waring). The loan cost for Proctor made it the biggest player cost in recent years. In February and March 2017, we suffered a series of injuries to starter players which impacted adversely on the team.

A continued deterioration in results was suffered after that, with a frustrating inconsistency in results and performances. With relief, we were able to win both the final two games back-to-back, in memorable come-from-behind victories. We ended the season in 6th place with 71 pts to reach the League 2 play-offs. Sadly, despite beating Exeter home and away in League 2 games, we lost the play-off 5-6 on aggregate, after conceding an injury time goal to be knocked-out.

The season ended with us remaining in League 2 but after achieving our best divisional position since relegation. For the first time since entering back into League 2 we showed an ability to compete and beat the best teams in the division and be a realistic promotion candidate. Whilst improvement was achieved, it came at a large cost in terms of the financial loss and ultimately we just fell short.

This performance improvement, combined with a positive end to the season, an improved budget and a stronger squad going into 17/18, left us well placed to improve further and be optimistic.

The Club's 6th place finish (2015/16: 10th) in League 2 was with 71 pts (2015/16: 67pts) at 1.54 PPG (2015/16: 1.46). This was +4pts improvement but still nearly 20% more points (14pts) short of automatic promotion.

Overall, when playing the best teams in League 2 (top 3 and play-off teams), we improved as we gained 17pts from 12 games at a rate of 1.41 PPG compared with 10pts in 14 games at 0.71 PPG in 2015/16. This demonstrated a gap remained when playing against the division's best, but it had narrowed.

When scoring first we accumulated 45pts at 1.96 PPG which was towards the lower end of League 2 and a key factor in us not gaining the points we could have. Too often winning positions became draws. Nine times we scored first (8 times away) but then drew 1-1. Conversely, when conceding first, we were the best in League 2 achieving 25pts in 22 games at 1.14 PPG.

We failed to score in only 8 games (2015/16: 11), making us third best in League 2. Our goals scored improved by +2 to 69.

With 68 goals against conceded (2015/16: 62), we declined defensively and recorded the 18th worst defensive record in the division (2015/16: 14th). Again, this is a key area for improvement. Only 8 (2015/16: 12) clean sheets were recorded making us second worst in League 2.

We suffered particularly from late goals conceded with 23% (2015/16: 18%) of goals against coming in the last 10 minutes and injury time. Overall, we lost -11 pts in 5 games (2015/16: lost -4 pts in 3 games) from goals in this crucial late period. This was especially disappointing at home where 8 pts (2015/16: 1 pt) slipped away in the last minute and injury time. This is another area of opportunity.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### ***Cup competitions***

Disappointingly and frustratingly, in the Cup competitions it was a case of what might have been. After beating League 1 team Port Vale, we lost in round two of the Carabao Cup to Championship side Derby (A) after an epic penalty shoot-out. In round three of the FA Cup we lost 0-2 to League 1 team Rochdale (H). In the Checktrade Trophy we won all three group games but were knocked out 2-3 by fellow League 2 team Mansfield (H), despite having beaten them 5-2 only nine days earlier. This meant potentially exciting and financially lucrative cup runs were not secured.

### ***Academy review***

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

players who have playing careers in the professional game

individuals capable of forging successful careers after they leave us

This is a long term process with lots of work required. A further £106,000 of additional spending was made in the Academy funded by additional Academy EFL grant income.

There were modest signs of progress in the right direction in 2016/17, but it is a long road 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 making appearances on the field for us.

~~To bring a return from this investment; with Club Developed Players coming through; needs Academy and Football management to work ever closer, with the support of the Board and critically opportunities to be given wherever possible and a commitment to doing all we can to support and develop our young players.~~

With additional funding from EFL through the Football Futures scheme and changes to team selection rules which mean one substitute place is reserved for a Club Developed Player, this is an increasingly important area, where the Club needs to significantly improve.

### ***Business review***

#### ***Commercial***

With challenging trading conditions business comprising the Commercial activities performed creditably in a difficult climate. Business turnover from Commercial activities was up +9.2% to £834,000 (2015/16: £764,000). Thank you to all our commercial sponsors and partners and those who attended events.

Both our catering and brewery deals expired at the end of the year. A new catering provider was brought on board and Heineken were re-engaged. The Olly Murs/UB40 concerts proved a success but were not as lucrative as last year.

#### ***Match day***

Total match-day income primarily comprises Season Card income and Match ticket income. This was £1.140m in 2016/17 (2015/16: £1.094m) and represents 37% (2015/16: 37%) of total Business turnover. 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.

Season Card income of £327,000 (2015/16: £313,000) represents 14% of Business Turnover. Season Card income was increased by +4.5% (2015/16: +5% increase).

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

This was a result of a +7.3% increase in Season Cards being sold from 1,584 to 1,858. Season Cards continue to offer the best value for fans regularly attending home fixtures.

Match-day ticket income was £813,000 (2015/16: £781,000) from 23 league games, an increase of +4.1% on the back of a 21% rise the year before.

Total gates were an average of 5,113 (2015/16: 4,704) an increase of +8.7% after a +6.9% increase the year before.

We are grateful for every fan who supports us and spends hard earned money backing the team and Club.

The underperformance on-the-pitch from Christmas 2016 onwards was damaging to match ticket sales in the second half of the season and increased the price pressure for season tickets for 2017/18. The improvement in gates in no way is keeping pace with the increase in spending on Football activities. With the resultant gap being inevitable losses.

### Other business trading activities

Retail had an excellent year increasing sales and gross profit. Sales and profits from the match day programme were poor as the demand continues its long term downward trend. Income from Lotteries and Promotions continued to be stable which is creditable as discretionary spending, especially on match day was reduced.

### Community review

Our community activities are aimed at "making a difference" both to the Club and the city and wider Cumbria region. This is an important part of what we do and bring pride to all of us – Club, players, staff and fans alike. The CUCST engages with over 25,000 young people every year.

## Key performance indicators

### Financial

	YE 2017 £	YE 2016 £	Change £	%	YE 2015 £
<b>Underlying income</b>					
Match day	1,140,284	1,094,352	45,932	4.2%	942,660
Commercial	833,716	763,467	70,249	9.2%	758,833
Retail	306,338	215,930	90,408	41.9%	200,139
<b>Business turnover</b>	<b>2,280,338</b>	<b>2,073,749</b>	<b>206,589</b>	<b>10.0%</b>	<b>1,901,632</b>
Business costs	(714,947)	(704,228)	(10,719)	1.5%	(652,298)
<b>Business margin</b>	<b>1,565,391</b>	<b>1,369,521</b>	<b>195,870</b>	<b>14.3%</b>	<b>1,249,334</b>
Football income	919,222	725,450	193,772		657,736
Overheads	(1,101,035)	(961,906)	(139,129)		(779,119)
Academy net income	(25,644)	24,195	(49,839)		19,737
<b>Underlying Contribution</b>	<b>1,357,934</b>	<b>1,157,260</b>	<b>200,674</b>	<b>17.3%</b>	<b>1,147,688</b>
Football Fortune	484,113	1,222,984	(738,871)		144,134
Other non-recurring income	176,429	128,746	47,683		44,609
	660,542	1,351,730	(691,188)		188,743
Other non-recurring costs	-	(139,900)	139,900		(75,587)
<b>Non recurring net income</b>	<b>660,542</b>	<b>1,211,830</b>	<b>(551,288)</b>		<b>113,156</b>
Total Contribution	2,018,476	2,369,090	(350,614)		1,260,844
Total Football Expenditure	(2,475,723)	(2,151,005)	(324,717)	15.1%	(1,764,675)
<b>EBITDA</b>	<b>(457,247)</b>	<b>218,085</b>	<b>(675,331)</b>		<b>(503,831)</b>
Debt write off	480,000	-	480,000		1,100,250
Depreciation and amortisation	(218,081)	(165,104)	(52,977)		(151,768)
<b>Operating profit/(loss)</b>	<b>(195,328)</b>	<b>52,981</b>	<b>(248,308)</b>		<b>444,651</b>
Interest	(13,231)	(11,297)	(1,934)		(12,164)
<b>Profit/(loss) before tax</b>	<b>(208,559)</b>	<b>41,684</b>	<b>(250,242)</b>		<b>432,487</b>

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### Key indicators

	YE 2017 £	YE 2016 £	Change £	%	YE 2015 £	
Headline turnover	£4,273,083	£4,415,070	£(141,987)		£3,063,515	Turnover reported in the profit and loss account
Business turnover	£2,280,338	£2,073,749	£206,589		£1,901,633	Recurring turnover from Business activities
Business turnover growth %	10%	9%				
Business margin	£1,565,391	£1,369,521	£195,870		£1,249,335	Business turnover less Business Costs
Business margin growth %	14.3%	9.6%				
Business margin %	69%	66%			66%	Business margin/Business turnover
Overhead cover	2.26	2.18			2.45	Business margin + recurring football income / Overheads
Underlying Contribution	£1,357,935	£1,157,260	£200,675		£1,147,690	Recurring income - recurring costs
Underlying Contribution growth	17.3%	0.8%				
Non-recurring net income	£660,542	£1,211,830	£(551,288)		£113,157	Football Fortune + Other non-recurring net income
Total football Expenditure (TFE)	£2,475,723	£2,151,005	£324,718		£1,764,675	
TFE growth %	15.1%	21.9%			0.0%	Growth in Total Football Expenditure
TFE ratio	1.82	1.86			1.54	Total Football Expenditure / Underlying Contribution
EBITDA	£(457,246)	£218,085	£(675,331)		£(503,828)	Profit/(loss) before interest, tax, depreciation and amortisation
Institutional debt	£250,119	£314,974	£(64,855)		£334,502	Bank overdraft, mortgages, Finance leases
Related party debt	£1,313,234	£1,704,828	£(391,594)		£1,810,750	Amounts due to key management personnel
Total debt	£2,013,353	£2,019,802	£(6,449)		£2,145,252	Institutional + related party + other debt
Change in total debt	£(6,449)	£(125,450)			£529,183	

### Non-financial

#### Attendances (League 2 games only)

2016/17	5,113	Increase +8.7%
2015/16	4,704	Increase +6.9%
2014/15	4,376	

Community Ticket Scheme – Complimentary tickets issued to groups		
2016/17	2,119	Increase of +30.5%
2015/16	1,623	

#### Season Ticket numbers

2016/17	1,858	Increase +7.3%
2015/16	1,584	Increase +6.3%
2014/15	1,490	

Player Community Appearances		
2016/17	430	Increase of +25.7%
2015/16	342	

#### Final League 2 position

2016/17	6	Improvement of 4 places
2015/16	10	

SCMP Player Related Expenditure as % of EFL Relevant Income		
Pre-Season	2016/17	99%
Pre-Season	2015/16	86%
Mid-Season	2016/17	96%
Mid-Season	2015/16	99%

## Principal risks and uncertainties

### Competitive risk

The football industry continues to be highly uncertain, volatile and subject to random events. Professional football in League 2 has intense rivalry but with a generally evenly balanced competition. The EFL Salary Cost Management Protocol rules and similarity of size of clubs and their resources in League 2 all contribute to the competition.

This makes any additional funding available from unpredictable Football Fortune a key factor - cash from Cup success and player sales can make a big difference. Beyond that, football success is heavily dependent on non-financial factors such as player recruitment, effective use of budget and player development, strategy and tactics. Since resources, wages paid and ability to attract players are broadly similar across many clubs in League 2, and the pool of player skills is also evenly spread, absolutely critical is football coaching and management.

As a Board, we believe there is nothing to fear and no need to look enviously at others about us in League 2. We must have our own strategy and approach. We can be successful by working both hard and smart, with a positive and ambitious approach and finding improvements in every activity.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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For us, the key and starting point has to be first class coaching and management; to get the very best from the players we have, to forge a team that is better than its individual parts that punches above its weight and over performs. We will at the same time seek to add to that good recruitment and real commitment to player development, combined with as much financial resources as possible, to improve and make us better in a sustainable and progressive way.

The stadium is in a high-risk area for flooding and most areas of the buildings are well over 50-years old. The facilities are now, more than ever before, struggling to keep up with the passage of time, the expectations of supporters and the ever-growing regulations of all authorities we come into contact with. Over the course of the last 18-months we have fought to recover from the December 2015 flood and undertaken some modest improvements where we can (but the task is becoming more challenging by the week.

### **Legislative risks**

The company is governed by a wide range of legislation and regulation and takes great care to keep up to date with all relevant to ensure that it can maintain its business.

### **Financial risks**

The main financial risk for the company is liquidity risk which is the risk that the Company will encounter difficulty in meeting its financial obligations. 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.

### **Prospects for 2017/18 and beyond**

It is clear the stadium issue is one which is a top priority to make progress on. CUOSC and all other shareholders and directors share this view.

The significant increases in spending on Total Football Expenditure in the last two years have helped us progress but resulted in a significant financial loss and cash requirement funded by debt. After further welcome progress in 2016/17, with a resurgent end to last season, we feel well placed to compete consistently week in week out towards the top of League 2 and win in 2017/18. We are striving to make the next step to earn promotion.

We expect 2017/18 to be another challenging year commercially and especially in terms of ticket sales for the Club and growing Underlying Contribution. That makes Football Fortune a key factor.

After the year end the transfer of two former players resulted in further self on income being earned. The cash will be received in 2017/18 and 2018/19 and the income reflected in the 2017/18 accounts but is not material.

Season Card income will increase in 2017/18. We do not expect to gain significantly from more away fans in 2017/18 given those teams promoted and relegated.

The general trend in attendances and total ticket income is upward but it is the major Business issue facing the Club. ~~We need to provide entertainment and winning football that our fans want to see and can afford to pay to watch.~~

At the same time, the overall quality of the Football playing staff will need to improve again in 2017/18 if we are to progress. We have introduced players with League 1 experience to strengthen the first team starting group.

An overall loss in 2017/18 is expected as we continue to support a level of spending on Football activities which is not affordable by underlying Business activities. This level of spending can only be funded from outside the business. Holdings and 1921 have funding agreements in place for 2017/18 season.

Personally, and on behalf of everyone at the Club, I would like to thank all the fans, businesses and community who supported the Club and its player and staff, at all levels of involvement and financial commitment in the past year.

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

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On behalf of the board



**Mr N Clibbens**

**Director**

**23/3/18**

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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The directors present their annual report and financial statements for the year ended 30 June 2017:

### Principal activities

The principal activity of the company continued to be that of a Professional Football Club.

### 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 P P King	(Resigned 9 March 2018)
Mr N Clibbens	(Appointed 1 August 2016)
Mr J A Mitchell	(Appointed 1 August 2016)
Mr S Pattison	(Resigned 1 August 2016)
Mr N Steel	(Resigned 1 August 2016)
Mr H A Jenkins	(Resigned 1 August 2016)
Lord Clark of Windermere	(Resigned 1 August 2016)

### Results and dividends

The results for the year are set out on page 18.

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.

### Post reporting date events

There have been no significant events affecting the Company since the year end.

### Future developments

The Board continue to support the First Team Manager and invest in playing staff in order to build a competitive team with the target of achieving promotion to League 1.

### Auditor

MHA Moore and Smalley were appointed as auditor to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### 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.

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

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On behalf of the board:



**Mr N Clibbens**

**Director**

**23/3/18**



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

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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

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#### **Opinion**

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2017 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 2017 and of its loss 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.

#### **Emphasis of matter**

Whilst our opinion on going concern is unmodified, we do draw attention to going concern disclosures in note 1.2 to the financial statements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information ~~included in the annual report, other than the financial statements and our auditor's report thereon.~~ 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **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.

#### **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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

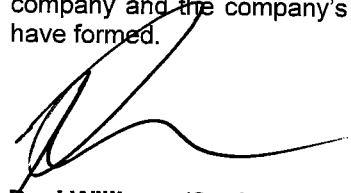
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**Other matters which we are required to address**

The financial statements for the year ended 30 June 2016 were audited by the predecessor auditor.

In their audit report dated 29 March 2017, the predecessor auditor expressed a qualified opinion on the financial statements for the year ended 30 June 2016 on the basis of a limitation of scope due to the loss of financial records as a result of the floods that affected the company's premises during December 2015.

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

28/3/18

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 as restated £
<b>Turnover</b>	<b>3</b>	4,273,085	4,415,070
Cost of sales		(3,544,376)	(3,078,833)
<b>Gross profit</b>		728,709	1,336,237
Administrative expenses		(1,517,048)	(1,365,417)
Other operating income		113,012	82,061
<b>Operating (loss)/profit</b>	<b>4</b>	(675,327)	52,881
Interest receivable and similar income	<b>7</b>	750	20
Interest payable and similar expenses	<b>8</b>	(13,981)	(11,317)
Amounts written off financial liabilities	<b>9</b>	480,000	-
<b>(Loss)/profit before taxation</b>		(208,558)	41,584
Tax on (loss)/profit	<b>10</b>	(4)	(1,150)
<b>(Loss)/profit for the financial year</b>		(208,562)	40,434
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		-	1,620,007
Tax relating to other comprehensive income		90,000	(256,000)
<b>Total comprehensive income for the year</b>		(118,562)	1,404,441

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 2017

	Notes	2017		2016 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		8,474,277		8,419,666
<b>Current assets</b>					
Stocks	14	21,890		20,274	
Debtors	15	269,862		757,270	
Cash at bank and in hand		6,412		34,311	
			298,164		811,855
<b>Creditors: amounts falling due within one year</b>	16	(2,921,220)		(3,136,216)	
<b>Net current liabilities</b>			(2,623,056)		(2,324,361)
<b>Total assets less current liabilities</b>			5,851,221		6,095,305
<b>Creditors: amounts falling due after more than one year</b>	17		(124,351)		(133,295)
<b>Provisions for liabilities</b>	20		(200,000)		(290,000)
<b>Deferred income</b>	23		(710,466)		(737,044)
<b>Net assets</b>			4,816,404		4,934,966
<b>Capital and reserves</b>					
Called up share capital	24		144,891		144,891
Revaluation reserve			5,749,998		5,741,939
Profit and loss reserves			(1,078,485)		(951,864)
<b>Total equity</b>			4,816,404		4,934,966

The financial statements were approved by the board of directors and authorised for issue on 23 March 2018 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 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>As restated for the period ended 30 June 2016:</b>				
<b>Balance at 1 July 2015</b>	144,891	4,437,237	(1,017,603)	3,564,525
Deferred tax on property revaluations	-	(34,000)	-	(34,000)
<b>As restated</b>	<u>144,891</u>	<u>4,403,237</u>	<u>(1,017,603)</u>	<u>3,530,525</u>
<b>Year ended 30 June 2016:</b>				
Profit for the year	-	-	40,434	40,434
Other comprehensive income:				
Revaluation of tangible fixed assets	-	1,620,007	-	1,620,007
Tax relating to other comprehensive income	-	(256,000)	-	(256,000)
Total comprehensive income for the year	-	1,364,007	40,434	1,404,441
Transfers	-	(25,305)	25,305	-
<b>Balance at 30 June 2016</b>	<u>144,891</u>	<u>5,741,939</u>	<u>(951,864)</u>	<u>4,934,966</u>
<b>Year ended 30 June 2017:</b>				
Loss for the year	-	-	(208,562)	(208,562)
Other comprehensive income:				
Tax relating to other comprehensive income	-	90,000	-	90,000
Total comprehensive income for the year	-	90,000	(208,562)	(118,562)
Transfers	-	(81,941)	81,941	-
<b>Balance at 30 June 2017</b>	<u><u>144,891</u></u>	<u><u>5,749,998</u></u>	<u><u>(1,078,485)</u></u>	<u><u>4,816,404</u></u>

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017		2016 as restated	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	29		352,388		206,043
Interest paid			(13,981)		(11,317)
Income taxes paid			(1,154)		(93,804)
<b>Net cash inflow from operating activities</b>			<u>337,253</u>		<u>100,922</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(313,275)		(70,970)	
Proceeds on disposal of tangible fixed assets		12,228		-	
Interest received		750		20	
<b>Net cash used in investing activities</b>			<u>(300,297)</u>		<u>(70,950)</u>
<b>Financing activities</b>					
Repayment of bank loans		(13,437)		(15,235)	
Payment of finance leases obligations		(20,009)		(12,473)	
<b>Net cash used in financing activities</b>			<u>(33,446)</u>		<u>(27,708)</u>
<b>Net increase in cash and cash equivalents</b>			<u>3,510</u>		<u>2,264</u>
Cash and cash equivalents at beginning of year			(113,316)		(115,580)
<b>Cash and cash equivalents at end of year</b>			<u>(109,806)</u>		<u>(113,316)</u>
<b>Relating to:</b>					
Cash at bank and in hand			6,412		34,311
Bank overdrafts included in creditors payable within one year			<u>(116,218)</u>		<u>(147,627)</u>



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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### 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.

#### 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 company has made a loss before taxation in the year to 30 June 2017 and it has significant net current liabilities at that date. In order to continue in operational existence as a going concern the company is dependent on continued support from its directors and current financiers.

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 shareholders and other financial supporters. However, the company recognises the inherent uncertainty in trading as a football club and has taken steps to put in place sufficient funds from external financiers, including agreements that adequate resources will be made available to the company to ensure that it has 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 accounts.

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approving these accounts. For this reason, and for the reasons referred to in the strategic report, the directors continue to adopt the going concern basis in preparing the financial statements.

#### 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.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Player registrations

straight line over the period of the initial contract

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### † Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% per annum straight line
Plant and machinery	33%, 25% and 10% per annum straight line
Motor vehicles	25% per annum straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence, normally undertaken by professionally qualified valuers. The fair value of the Football Stadium has been calculated using its depreciated replacement cost due to the specialised nature of the property and lack of market-based evidence due to such assets rarely being sold except as part of a continuing business. This is in accordance with paragraph 17.15D of FRS 102.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### † Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 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***

All the company's financial assets fall to be classed as basic financial assets and the company therefore has no other financial assets.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### † Accounting policies

(Continued)

#### **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.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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**

All the company's financial liabilities fall to be classed as basic financial liabilities and the company therefore has no other financial liabilities.

#### **Derecognition of financial liabilities**

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### † Accounting policies

(Continued)

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue 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 payable.

##### **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.

##### **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.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

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### 1 Accounting policies

(Continued)

#### 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 the profit and loss account 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 income 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 lease 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.

#### 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.

### 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.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### 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.

### 3 Turnover and other revenue

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

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Relating to principal activity	4,273,085	4,415,070

	2017 £	2016 £
<b>Other significant revenue</b>		
Rent receivable	5,750	5,750
Insurance claims receivable	80,684	49,733

### 4 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(26,578)	(26,578)
Fees payable to the company's auditor for the audit of the company's financial statements	11,250	9,000
Depreciation of owned tangible fixed assets	240,678	168,910
Depreciation of tangible fixed assets held under finance leases	3,982	9,439
Loss on disposal of tangible fixed assets	1,776	-
Amortisation of intangible assets	-	13,333
Cost of stocks recognised as an expense	148,654	167,888
Operating lease charges	75,350	93,584

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 5 Employees

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

	2017 Number	2016 Number
Number of administrative staff	177	198
Number of football staff	46	47
	<u>223</u>	<u>245</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,136,770	2,598,087
Social security costs	285,813	232,765
Pension costs	11,063	10,281
	<u>3,433,646</u>	<u>2,841,133</u>

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	173,117	94,555
Company pension contributions to defined contribution schemes	850	779
	<u>173,967</u>	<u>95,334</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 1).

### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	<u>750</u>	<u>20</u>
Interest on financial assets not measured at fair value through profit or loss	<u>750</u>	<u>20</u>



**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

**8 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	13,152	9,249
Interest on finance leases and hire purchase contracts	829	2,068
	<u>13,981</u>	<u>11,317</u>

**9 Amounts written off financial liabilities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts written back to financial liabilities	480,000	-
	<u>480,000</u>	<u>-</u>

During the year, the company and parent company agreed the capitalisation of loans from shareholders of the parent company.

As part of this process, £480,000 of loans previously owed by the company to the shareholders of the parent company became payable to the parent company. The parent company has agreed to write off this amount owed to it by the company.

**10 Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	1,150
Adjustments in respect of prior periods	4	-
Total current tax	<u>4</u>	<u>1,150</u>

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 10 Taxation

(Continued)

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

	2017 £	2016 £
(Loss)/profit before taxation	(208,558)	41,584
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(41,190)	8,317
Tax effect of expenses that are not deductible in determining taxable profit	3,863	3,301
Tax effect of income not taxable in determining taxable profit	(94,800)	-
Tax effect of utilisation of tax losses not previously recognised	-	(27,336)
Unutilised tax losses carried forward	133,742	-
Change in unrecognised deferred tax assets	(29,010)	-
Adjustments in respect of prior years	4	-
Permanent capital allowances in excess of depreciation	32,644	22,431
Other non-reversing timing differences	-	(247)
Grants released not taxable	(5,249)	(5,316)
Taxation charge for the year	4	1,150

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:

	2017 £	2016 £
Deferred tax arising on:		
Revaluation of property	(90,000)	256,000

#### Factors affecting future tax and charges

In his budget speech on 16 March 2016, the UK Chancellor of the Exchequer announced changes which have an effect on the company's future tax position. He announced a reduction in the rate of UK corporation tax to 17% from 1 April 2020. A reduction in the rate of UK corporation tax from 20% to 19% from 1 April 2017 had previously been announced.

As at the balance sheet date, the reductions in the rate of corporation tax had been substantively enacted and therefore any deferred tax has been provided at the appropriate rates.

At the year end the company had estimated tax losses of £1,957,180 (2016: £1,285,776) 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 2017

### 11 Intangible fixed assets

	Player registrations £
<b>Cost</b>	
At 1 July 2016	20,000
Disposals	(20,000)
At 30 June 2017	-
<b>Amortisation and impairment</b>	
At 1 July 2016	20,000
Disposals	(20,000)
At 30 June 2017	-
<b>Carrying amount</b>	
At 30 June 2017	-
At 30 June 2016	-

### 12 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 July 2016	8,246,696	270,620	31,345	8,548,661
Additions	36,640	276,635	-	313,275
Disposals	-	-	(29,095)	(29,095)
At 30 June 2017	8,283,336	547,255	2,250	8,832,841
<b>Depreciation and impairment</b>				
At 1 July 2016	-	114,035	14,960	128,995
Depreciation charged in the year	165,287	76,992	2,381	244,660
Eliminated in respect of disposals	-	-	(15,091)	(15,091)
At 30 June 2017	165,287	191,027	2,250	358,564
<b>Carrying amount</b>				
At 30 June 2017	8,118,049	356,228	-	8,474,277
At 30 June 2016	8,246,696	156,585	16,385	8,419,666

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 12 Tangible fixed assets

(Continued)

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

	2017 £	2016 £
Plant and machinery	15,156	17,320
Motor vehicles	-	15,822
	<u>15,156</u>	<u>33,142</u>
Depreciation charge for the year in respect of leased assets	<u>3,982</u>	<u>9,439</u>

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 2016 and 30 June 2017.

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:

	2017 £	2016 £
Cost	4,186,278	4,149,638
Accumulated depreciation	(2,018,226)	(1,934,881)
Carrying value	<u>2,168,052</u>	<u>2,214,757</u>

Tangible fixed assets with a carrying amount of £8,474,277 (2016 - £8,419,666) have been pledged to secure borrowings of the company.

Included within freehold property is land with a valuation of £6,000 (2016 - £6,000) which is not depreciation. This land has an original cost of £6,000 (2016 - £6,000).

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 13 Financial instruments

	2017	2016
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	200,236	691,553
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,749,226	3,039,350

Financial assets measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans, obligations under HP agreements, accruals and other creditors, including loans from directors and related parties.

### 14 Stocks

	2017	2016
	£	£
Finished goods and goods for resale	21,890	20,274

### 15 Debtors

<b>Amounts falling due within one year:</b>	2017	2016
	£	£
Trade debtors	199,646	348,914
Other debtors	590	395,683
Prepayments and accrued income	69,626	12,673
	269,862	757,270

### 16 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	119,538	161,671
Obligations under finance leases	6,230	20,008
Trade creditors	462,378	880,287
Corporation tax	-	1,150
Other taxation and social security	180,127	81,384
Other creditors	1,764,718	1,698,010
Accruals and deferred income	388,229	293,706
	2,921,220	3,136,216

Included within other creditors is £450,000 which is secured by way of a fixed and floating charge over Brunton Park and land around Brunton Park.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	119,973	122,686
Obligations under finance leases	19	4,378	10,609
		<u>124,351</u>	<u>133,295</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	119,973	119,973
	<u>119,973</u>	<u>119,973</u>

### 18 Loans and overdrafts

	2017 £	2016 £
Bank loans	123,293	136,730
Bank overdrafts	116,218	147,627
	<u>239,511</u>	<u>284,357</u>
Payable within one year	119,538	161,671
Payable after one year	119,973	122,686
	<u>119,973</u>	<u>122,686</u>

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

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

The first bank loan is repayable in monthly instalments up to 25 September 2017 and interest is charged at 1.5% above the bank's base rate.

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

### 19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	6,230	20,008
In two to five years	4,378	10,609
	<u>10,608</u>	<u>30,617</u>

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

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

**20 Provisions for liabilities**

	Notes	2017 £	2016 £
Deferred tax liabilities	21	200,000	290,000

**21 Deferred taxation**

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

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Freehold property revaluations	200,000	290,000
<b>Movements in the year:</b>		2017 £
Liability at 1 July 2016		290,000
Credit to other comprehensive income		(90,000)
Liability at 30 June 2017		200,000

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.

**22 Retirement benefit schemes**

	2017 £	2016 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	11,063	10,281

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 £1,140 (2016: £1,641) is included in other creditors at the year end and is to be paid to NEST.

**23 Government grants**

	2017 £	2016 £
Arising from government grants	710,466	737,044

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

**24 Share capital**

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
144,891 Ordinary shares of £1 each	144,891	144,891
	<u>144,891</u>	<u>144,891</u>

**25 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 (2016: £nil) existed under such agreements.

Included within this amount is £nil (2016: £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.

**26 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:

	2017 £	2016 £
Within one year	12,048	-
Between two and five years	18,019	-
	<u>30,067</u>	<u>-</u>

**27 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>347,115</u>	<u>274,858</u>



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

### 27 Related party transactions

(Continued)

#### Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Other related parties	62,530	58,467	8,266	11,617

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
<b>Amounts owed to related parties</b>		
Key management personnel	735,000	1,010,000
Other related parties	578,234	694,828

The following amounts were outstanding at the reporting end date:

	2017
	Balance
	£
<b>Amounts owed by related parties</b>	
Other related parties	28,185
<b>Amounts owed in previous period</b>	
Other related parties	8,149

The company has received personal guarantees from certain directors of the parent company, in respect of an asset financing agreement. The amount of the guarantee is £10,608.

The company has received personal guarantees from certain directors of the parent company, in respect of loan provided to the company. The amount of the guarantee is £450,000.

During the year debts of £480,000 due to the parent company were written off.

### 28 Controlling party

The company is a 93.5% 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 2017**

**29 Cash generated from operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year after tax	(208,562)	40,434
<b>Adjustments for:</b>		
Taxation charged	4	1,150
Finance costs	13,981	11,317
Investment income	(750)	(20)
Loss on disposal of tangible fixed assets	1,776	-
Amortisation and impairment of intangible assets	-	13,333
Depreciation and impairment of tangible fixed assets	244,660	178,349
(Decrease) in deferred income	(26,578)	(26,579)
<b>Movements in working capital:-</b>		
(Increase) in stocks	(1,616)	(8)
Decrease/(increase) in debtors	487,408	(480,482)
(Decrease)/increase in creditors	(157,935)	468,549
<b>Cash generated from operations</b>	<u>352,388</u>	<u>206,043</u>

**30 Prior period adjustment**

**Changes to the balance sheet**

	<b>At 30 June 2016</b>			
	<b>As previously reported</b>	<b>Adjustment at 1 Jul 2015</b>	<b>Adjustment at 30 Jun 2016</b>	<b>As restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Provisions for liabilities</b>				
Deferred tax	-	(34,000)	(256,000)	(290,000)
<b>Capital and reserves</b>				
Revaluation reserve	6,031,939	(34,000)	(256,000)	5,741,939

**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2017**

**30 Prior period adjustment**

**(Continued)**

**Changes to the profit and loss account**

	<b>Period ended 30 June 2016</b>		
	<b>As previously reported</b>	<b>Adjustment</b>	<b>As restated</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Profit for the financial period	40,434	-	40,434

As part of the company's transition to FRS 102, deferred tax should have been recognised on the difference between the fair value of land and buildings and their base cost for tax purposes.

No such transition adjustment was included within the financial statements for the year ended 30 June 2016 and so the company has recognised a prior year adjustment, the impact of which is set out above.