

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 2019

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

COMPANY INFORMATION

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

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. It operates business trading activities related to football. The Company holds the EFL Golden Share and is a subsidiary of C.U.F.C Holdings Limited ("Holdings").

The Board believe it is important all the Club's supporters and other stakeholders have clarity on the direction and progression of the Club. With this in mind, our annual Strategic Report plays an important part in supporter engagement providing, real depth, transparency and detail alongside other ongoing information provided to supporters.

In this report we reconfirm our established overall Strategic Objectives as well as providing a comprehensive commentary on the financial performance off the field and football performance including key performance indicators. We continue to provide and refine our key performance indicators to improve our ability to objectively and accurately track progress and focus on the characteristics that impact the Club. We believe this is the right thing to do as it helps everyone's understanding of the Club and the challenges we face as well as our position, performance and prospects.

The Club's overall objective remains

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

Everyone within the Club continues to be ambitious to improve and progress on and off the field, doing so in a way that does not risk the future of the Club. Our key priority remains achieving progress up the football pyramid starting with promotion to League 1.

Total Football Expenditure spending in the period 2015-2018 resulted in very significant financial losses. These were funded by equity (initially shareholder debt which has now all been extinguished and converted to equity) and more recently external funding. This approach did not bring the on field Success we wished for and was not accompanied by growth in the Club off the field. It increased the recurring annual funding requirement, levels of debt and Club risk.

In order to restore the Club's viability and address our Strategic Objective of Sustainability, starting in early 2018, we started to take tough but unavoidable steps, including reducing our Total Football Expenditure and Player Costs to more affordable levels.

However, implementing the long term changes needed, takes time and must be balanced with the short term needs. Inevitably in 18/19 losses were still at a level needing significant external funding, even after Football Fortune. This process needs to continue in 19/20.

In 18/19 we are pleased to report a £200,000 fall in operating losses and much lower underlying recurring losses. The annual funding requirement is also lower due to increased Underlying Contribution and lower Total Football Expenditure and Player Costs.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Strategic Objectives

Working Together

This means the Club, the fans and our community in Carlisle and wider Cumbria coming closer and collaborating and engaging together. We want the Club to make more of a difference in the community. Engaging more with fans, business and the rest of the community and providing more detailed information about the Club is central to this objective. Our Club Charter details our commitments. There are three areas of focus; CUSG, CUOSC, and community groups.

The Carlisle United Supporters Group (CUSG) is playing a growing role in achieving this objective as an independent forum for all our key supporter groups and the Club to engage and work together. Ideas are shared, joint initiatives implemented, fan issues are raised and addressed and information is shared directly, face-to-face with the Club. Notable successes include appointment of an independent Supporter Liaison Officer, improved diversity of fan representation and a new and successful initiative for fans to raise detailed questions direct to the Club. We hope this develops further.

The Club's relationship with the Carlisle United Official Supporters Club (CUOSC), our fan trust body and 25.4% voting shareholder, remains positive and growing. This is essential to create and promote a "united" approach to the challenges we face as a Club, especially in funding the Club and moving towards ownership succession. CUOSC plays its part in raising issues of concern to our fans, encouraging good governance in the Club, providing supporter representation on our boards and helping promote sustainable stewardship of Carlisle United.

CUOSC's appointed director continues to play his full part in providing supporter representation on the Boards, challenging the board, holding the executive directors to account and giving oversight to encourage good governance. We believe this contributes to sustainable and proper governance. It provides fans' perspectives directly into the heart of the Club which is beneficial to the Club and its fans and our decision making.

We understand CUOSC faces challenges of confidentiality in engaging and communicating with fans and balancing its fiduciary duties to the Club. CUOSC and other director views may not always be the same, but we firmly believe fan representation on the inside of the Club, on the board, with a voice and influence, is more beneficial to supporters compared with being on the outside as an external pressure group. We hope CUOSC can grow its membership, build confidence and have stronger links with all fans. This is necessary if the full benefits of fan ownership and board representation are to be realised.

CUOSC involvement at the boardroom table this year has proved crucial in allowing the Club to increase its equity, manage and simplify its debt structure and introduce valuable external funds. This was financially beneficial and has helped make the Club more suitable to invest in.

Finally, we are proud of relations with the wider community especially through the Carlisle United Community Sports Trust and the many charities and non-for profit groups in our area. This is an area we can build on and one we believe could gain most from succession. Our Community Ticket Scheme is a going from strength to strength with over 2,000 young fans coming to our games again last season. These are the fans of the future and our feedback about the scheme remains first class.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Successful

We continue to strive for success in everything we do. Successful, winning football on-the-field, remains our clear and top priority. The immediate short-term target is promotion to League 1.

We need to provide entertaining and winning football that our fans, especially at home, want to see and can afford to pay to watch.

Up to a point, on-the-field success is influenced by spending on Football activities especially spending on Player Costs. However, this is not necessarily sufficient and having more resources is no guarantee of improvement and success, especially in L2.

Our overall approach remains to grow and direct as much cash into our Football activities as we can, to be used effectively without placing the Club in a high risk position financially or neglecting other areas of the Club for investment. It is critical to get the maximum benefit from our football spending, especially by being first class in our recruitment and other football operations.

Football, especially at L2 level, is inherently uncertain and unpredictable. There are many variable factors that influence results and outcomes. Effectiveness of spending comes from focusing player coaching, match tactics, player recruitment, team and player preparation and development at the same time – not just spending. This requires the on and off the field activities of the Club and the Football and Academy all to be united and closely Working Together. We see this as the best approach for this Club at this time. Our new Director of Football role is a key part of our plan to make improvements in these areas. Again, this will take time for the benefits of this approach to take effect.

Worthy of note off the field, we have been successful in achieving the EFL Family Excellence Award again in 2019 for matchday fan engagement with families. We also achieved the EFL Code of Practice accreditation for equality and Diversity. We were identified as 4th best in the EFL for supporter engagement in an independent football study in 2019.

Sustainable

To be sustainable we must increase the cash we generate from own activities before Football Fortune.

This reduces our risk and reliance on external funding support and gives us more flexibility for expenditure and investment. Significant changes were made at the end of the prior year which continued into 18/19 to address this.

Investment in income generating initiatives to grow the Club remains difficult.

We have needed to balance dealing with short term issues and our longer term Strategic Objectives, weighing all the various needs and demands. This has impacted on both Football and the wider Club as we have reduced Total Football Expenditure and Business Costs and overheads. This has reduced our losses and funding requirements. We will continue to face these situations and make the decisions which put the "Club First". This remains an on-going process.

We also need the contribution from our Academy to improve and therefore we have continued to work hard in this area. In the year we passed the EFL academy EPPP audit accreditation and changed Academy Manager.

Pride

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Financial review

Overview

In last year's Strategic Report we said

"We expect 2018/19 to be even more challenging, commercially and in terms of ticket income and attendances with a further resultant fall in Underlying Contribution. The general upward trend total ticket income reversed in 2017/18 and this is the major business issue facing the Club.

"The overall loss in 2018/19 is expected to be much reduced but it will be more than we can afford and therefore will require external funding. Even this level of spending can still only be funded from outside the business."

Results and Performance

Turnover £3.61m (2017/18: £3.99m)

This comprises recurring Business turnover (note 1) of £1.85m (2017/18: £1.98m), Professional Game income direct from EFL and Premier League of £1.50m (2017/18: £1.43m), including EPPP Academy grant income of £479,000 (2017/18: £455,000) and income from one-off non-recurring events. In 2018/19 £262,000 (2017/18: £522,000) of non-recurring Football Fortune income was earned from cup runs and player sales, plus £21,000 (2017/18: £79,000) of other one-off income.

Business turnover is the most important measure of the underlying recurring income generated by the Club itself. By growing Business turnover, the sustainability of the Club is improved. In 2018/19 it was £1.85m (2017/18: £1.97m). The fall of £130,000 was due to a £3,000 reduction in ticket income, £23,000 decrease in retail income and a £104,000 decrease (2017/18: £74,000 decrease) across all Commercial income areas.

Business Costs £503,000 (2017/18: £632,000)

Recurring business trading costs (excluding overheads, depreciation and interest) reduced as matchday security costs were lower and commercial spending fell due to less activity.

Overheads £826,000 (2017/18: £826,000)

Overheads remained unchanged despite minimum wage increases and stadium utility, repairs and maintenance costs which continue to escalate. On a comparable like for like basis, these have increased by just £13,000 (2%) in last three years. We continue to seek to cut other business overheads to absorb the relentless increase in site expenses.

Underlying Contribution (note 2) £1.50m (2017/18: £1.37m)

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

Despite the fall in Business turnover (mainly commercial), the combination of EFL income, the reduction in business costs, and tight control over overheads, means the Underlying Contribution in 2018/19 increased £128,000. This was the best result in the last 5 years (except the playoff season 16/17). However, flat ticket income and falling commercial income risk putting unsustainable pressure on cost control to make up the income shortfall. Income growth is required to improve the viability and sustainability of the Club.

¹ **Business Turnover** comprises recurring income from Commercial, Matchday ticket income and Retail activities including lottery, hospitality, sponsorships, and advertising

² **Underlying Contribution** is net income from recurring trading before cup-runs and other one-offs. This can be used to pay towards the cost of all our football activities including, crucially, first team Player Costs. It is calculated as Business Turnover less Business Costs, plus net Academy income, less overheads but excluding unexpected non-recurring one-off income (such as from Cup matches, play-offs and TV games) and unexpected one-off costs

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Football Fortune (net) £242,000 (2017/18: £450,000)

Income from Player trading was £100,000 (2017/18: £223,000). This came from the contingent transfer additions from prior year deals. Cup income was £140,000 (2017/18: £270,000), with £22,000 (2017/18: £30,000) from loans in. Cup costs were £20,000 (2017/18: £73,000).

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 and reinvest in the wider Club.

This requires effective recruitment and proactive player development, a thriving Academy, pathways and opportunities being given, and a wider and longer term perspective. Given the changes made starting in June 2018, we need to see improvement in this area and were pleased to see signs of this happening.

The total reduction in Football Fortune adversely impacted on our ability to fund exceptional additional expenditure and reinvestment, both in Football activities and the wider Club, from our own resources.

Other non-recurring business income of £21,000 (2017/18: £79,000) was earned from donations offset by £42,000 of non-recurring business costs (2017/18: £5,000).

In total, the Underlying Contribution and non-recurring net income was £1.72m (2017/18: £1.89m). This is the net income available to pay for all the Clubs first team football activities (players, staff, expenses etc) from its own resources without external funding. The £175,000 reduction reflects the fall in Football Fortune.

Total Football Expenditure (note 3) £2.198m (2017/18: £2.581m)

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

Despite the reduction in turnover and Football Fortune, Total Football Expenditure was £2.198m (2017/18: £2.581m and 2016/17: £2.72m). The £383,000 reduction was necessary and unavoidable to address the unsustainable losses being incurred by the Club.

Within Total Football Expenditure, Player Costs were £1.526m (2017/18: £1.847m), a reduction of £321,000 (17% lower after a 7% reduction in 17/18). The spend was split 86% (2017/18: 94%) on contracted players and 14% (2017/18: 6%) on loan players, as we relied more on the loan market.

In order to maximise the effectiveness of Player Cost spending, we need to minimise expenditure on non-contributing players (note 4) and focus our spending on players playing minutes on the pitch, balanced with maintaining squad depth for unpredictable circumstances. We utilised 55% of our expenditure on the pitch (2017/18: 53%) and 21% unused on the bench (2017/18: 26%). We suffered injuries which meant 16% (2017/18: 17%) of the spend was on unavailable players. The spending on non-contributing players rose from 5% to 8%.

³ Total Football Expenditure comprises all Player Costs plus Other Football Costs

Player Costs comprise all player related employment costs (salaries, bonuses, benefits, employment taxes)
Other Football Costs comprise all coaching costs (manager, coaches payroll and benefits) and indirect football costs (agents, scouting, recruitment, travel, food, IT, sports science and medical, analytics, insurance, and non-coaching football staff costs)

⁴ Non-contributing players those players excluded from the team-sheet of 18, suspended, unavailable or paid-off

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Result for the year

The Operating loss for the year is £743,000 (2017/18: £950,000). This is a £207,000 reduction.

After interest costs of £68,000 (2017/18: £31,000) together with depreciation and amortisation of £266,000 (2017/18: £265,000) and the impact of the £145,000 (2017/18: £860,000) debt exchange and write off, a total overall loss for the year of £667,000 (2017/18: £121,000) was suffered.

Balance sheet and Cash flow

The total assets of the Company at the year-end are £8.66m. Net assets are £4.1m. Fixed asset additions of £70,000 were made to Brunton Park (18/19: £144,000) as well as £55,000 (18/19: £47,000) of expenditure on stadium repairs and maintenance. Stocks rose reflecting the arrival of 19/20 retail merchandise. Debtors were broadly unchanged. Trading creditors were reduced.

Even with an increase in Underlying Contribution and lower Total Football Expenditure in 2018/19, the Club still spent more money on football than it could afford itself from its own trading activities. This again continues to be the case in 19/20 and is possible only with external funding support.

The cash loss from these trading operations was reduced by 30% to £478,000 (2017/18: £685,000). More encouraging was a significantly lower recurring cash loss (excluding one-offs), which was reduced by 60% to £377,000 (2017/18: £953,000) the lowest since 2014/15. The lower underlying cash requirement shows the improving financial sustainability of the Club's trading.

The Company continues to benefit from an external commercial funding facility arrangement with Edinburgh Woollen Mill supported by security over all the assets of the Company and guarantees provided by some Holdings shareholders. This support continues to be provided as loans (as it has been in prior years). So inevitably from the cash loss, capital spending and reduction in creditors and accrued interest, the Club debt balance with EWM has increased in the year. Other loans secured on the assets of the Company at 30 June 2019 were £2.1m (30 June 2018: £1.31m). There has been no increase since the year end.

During the year £145,000 of unsecured loans due to a Holdings shareholder was exchanged for additional non-voting B shares in Holdings. At 30 June 2019 loans due to Holdings shareholders were £nil (30 June 2018: £135,000). In the last three financial years a total of £1.485m of shareholder debt has been extinguished and additional equity has been introduced in this way. This has contributed to restricting the level of debt and an improved balance sheet position.

The total debt of the Company at 30 June 2019 was at £2.9m.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Review of Strategic Activities

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

Football

At the end of the 2017/18 season, Keith Curle left the Club after over 200 games spanning three and a half years, along with his football staff. He was replaced by John Sheridan in June 2018. John was in charge for just six months before he left the Club. Very shortly after he joined Chesterfield. He was replaced on 16 January 2019 by Steven Pressley who was manager going into 2019/20, before he left the Club after the year end in November 2019, when his contract was terminated.

The 2018/19 season finally ended in disappointment after a period of progress tailed off. There was significant rebuilding and change in the football department and our results were mixed, apart from a golden period of 8 wins in 9 games in mid-season.

The Player budget was reduced along with the spending on other football staff and football department expenses as Total Football Expenditure fell nearly 15% to the lowest level since 2014/15. This was necessary to address the unaffordable financial losses being suffered by the Club. It was accompanied by a total rebuilding of the squad which saw nine permanently contracted players leave and six join plus loan players. The Club also changed its approach to player contracts terms, duration and bonus incentives as we sought to reduce both fixed and variable football costs.

With the overall spending on Total Football Expenditure planned to fall, we sought to use player loans and Academy development players to supplement the core squad reduced in size, to maximise the effectiveness of our budget.

We wanted to achieve improved home results and better results against the best teams. We needed to see more consistency to achieve back to back wins and create momentum.

Skybet League 2

Overall, we had an improved season. We probably surpassed most initial expectations from the start of the campaign given the senior players leaving, churn of players and football staff, the new manager starting late in pre-season and the change of approach to football spending, followed by a second change of manager after just six months.

A run of 8 wins in 9 games and 10 wins in 14 games, including 6 wins out of 7 at home, in the middle third fixtures, transformed our whole season. In that period we showed promotion form scoring 32 goals, conceded only 15 and winning 31pts at 2.21 Points Per Game (PPG). In the remaining 32 games (the other two thirds of the season) either side of this period, we scored just 35 goals and conceded more than treble at 47, with GD -12 and won only 37pts (PPG 1.16) showing bottom six form.

Following a mediocre and inconsistent start (16th after 17 games), at the half-way point, just before John Sheridan's departure, we were in 10th place (2017/18: 13th place) with 33pts (2017/18: 31 pts), averaging 1.43PPG and established above mid-table. At that time, we were still only 3pts behind 7th place (2017/18: 4pts), with hope for improvement and a play-off challenge in the second half of the season. This was all encouraging and better than the previous season despite all the changes that had occurred.

We increased the Player Cost budget in January 2019 to help capitalise on this opportunity. Crucially three key starter loan players, who each had played over 85% of the available league minutes, returned to their home Clubs. The new players made far less contribution (due to injury and non-selection) and less of an impact than those they replaced.

For the whole of the second half of the season we were P4-P9 and were well placed to mount a final play-off push, being 7th with 10 games left. But we fell away at the end, earning just 12 pts in those important last 10 games, as only 3pts were won in the last 8 away games.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

We finished in 11th place in L2 (2017/18: 10th) with 68pts (2017/18:67pts (2016/17: 71pts). This was a +1pt more than 2017/18, just 3pts outside the playoffs. Our final record was:

2018/19:	11th	P46 W20 D8 L18 GF67 GA62 GD+5 68pts PPG1.48	(xGF62 xGA66 xGD-4)
2017/18:	10th	P46 W17 D16 L13 GF62 GA54 GD+8 67pts PPG1.46	(xGF67 xGA56 xGD+11)

Attack

Our attack improved as we scored 67 (2017/18: 62), despite failing to score 13 times (2017/18: 9 times). We improved and scored 2 or more goals on 19 occasions (2017/18: 14), as our long term weakness in going 2 goals clear after taking the lead in games reduced, again helping us close out games. Our scoring was more than expected given the quality of the chances.

Overall, when playing the best seven teams in League 2 (top 3 and 4 play-off teams), we improved earning 17pts in 14 games (2017/18: 7pts). The very significant gap when playing against the division's best, narrowed in 2018/19.

When scoring first, we again accumulated 54pts (2017/18: 54pts) at 2.57 PPG (2017/18: 2.25PPG and 2016/17: 1.96PPG) which improved us to a creditable 3rd best in L2, as we conceded only 10 equalising goals (2017/18: 16), to maintain these excellent characteristics. These all remained key factors for us gaining points.

However, we only scored first in 21 games (2017/18: 24) ranking us 14th (2017/18: 13th), which proved a crucial weakness. Scoring first and converting this into wins is the most crucial factor in L2 success. We went ahead in 26 games (2017/18: 29 games) and won 20. This was despite only going 2 goals up 9 times (2017/18: 5 times).

Although we scored 13 equalising goals (2017/18: 8), the 5th best (2017/18: the third worst) in L2, which was a major improvement, returning us back this being a strength and demonstrating some resilience, we still lost 17 out of 24 and won only 3 games (2017/18: 2) after conceding first. This was mainly due to us conceding 30 goals giving the lead to the opponents. Needing to equalise so often is a losing characteristic in L2. In 12 of the 18 defeats (5 of 8 defeats at home and 7 of 10 away), we conceded first and fell to defeat after then failing to score, with weaknesses in defence exposed as we sought equalisers but conceded 23 goals at nearly two goals per game.

Defence

With 62 goals conceded (2017/18: 54), we worsened defensively and recorded the 8th worst (2017/18: 9th best) defensive record in the division. Our goals conceded was more than expected given the quality of the chances allowed. Again, this was disappointing. In the 18 games we lost, we scored just 7 goals, conceding 37 (GD-30).

Fewer clean sheets were recorded (11 versus 15 in 2017/18) making us 19th best in L2 (2017/18: 5th best). In 21 of 46 games we conceded two or more goals. Only relegated Notts County were worse. In too many games we needed to score 2 goals to gain a draw. Only one team scored two goals more often than we did but this is unsustainable.

When conceding first, we improved a little to 9th best in L2 (2017/18: 11th) at coming back, but still only achieved 13pts (2017/18: 11pts) in 24 games at a reduced rate of 0.54PPG (2017/18: 0.55PPG) which was a step back, especially given the frequency we conceded first. This underlines the importance of scoring the first goal.

Our strong record when we did score first, combined with our inability to convert equalising goals into points and come backs, plus a higher frequency of failing to score, meant 34 of 45 games were won by the team scoring first and we had just 8 draws (2017/18: 16).

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

No team had more games settled by one goal either way and no team won more games by one goal than us. This highlights the fine margins behind the games we won, even when we scored first.

Home form

Our home form improved and played a bigger part in our L2 performance. This was welcome in an area we needed to see improve. However, we still only ranked 9th (2017/18: 16th and 2016/17: 9th) in L2 for home points won and lost more home games. Our home record was:

2018/19:	9th	P23 W12 D3 L8 GF42 GA31 GD+11 Pts 39
2017/18:	11th	P23 W7 D10 L6 GF31 GA23 GD+8 Pts 31

We suffered a disastrous early season period at home losing 5 of 6, scoring only one goal. This was followed by five home wins in a row as we finished the season with just 2 defeats in the last 13 home games winning 29pts at 2.23PPG.

Away form

We fell back and ranked 10th (2017/18: 4th after 2016/17: 7th) in L2 for away points won achieving 29pts (2017/18: 36pts). Our away form which has been the foundation stone of our points totals in recent years, fell away badly in the crucial final of the season with only 3pts won in the last eight away games and two goals scored including a failure to score in six games. This ultimately proved decisive as we missed out on a playoff position by 3pts. Our record was:

2018/19:	10th	P23 W8 D5 L10 GF25 GA31 GD-6 Pts 29
2017/18:	4th	P23 W10 D6 L7 GF31 GA31 GD0 Pts 36

Cup competitions

Again, disappointingly and frustratingly, in the Cup competitions we failed to make any meaningful impact. We lost heavily 1-5 to Championship team Blackburn (H) in round one of the Carabao Cup. After beating L2 Crewe(A) 0-1 in round one of the FA Cup, we lost 0-2 to L2 Champions Lincoln (A). In the Checktrade Trophy we won just one group game and were eliminated after a 1-1 draw versus Stoke U21 (H). This meant potentially lucrative cup runs were not secured and contributed to a decline in Football Fortune from £522,000 in 2017/18 to £262,000.

Players

We had 30 different contracted players (2017/18: 28 and 2016/17: 34) during 2018/19 including 10 loans.

Just ten players remained from the 2017/18 squad. Thirteen players (2017/18: 8) joined in the Summer window including six loans. The January 2019 transfer window saw a further seven join (including four loans) but 5 exits including 4 loans as the squad churn continued. These seven new players played 63% (2017/18: 36%) of game minutes.

Overall the 20 new joiners (2017/18: 15) played 55% (2017/18: 56%) of available minutes, which was less than the 10 existing players (2017/18: 13) who played 64% (2017/18: 60%).

11 out of 30 (37%) (2017/18: 11 of 28) of the contracted players made 10 starts or less, as fewer players made low contributions compared with the high number of 2016/17. The 11 most used players played 69% (2017/18: 72% and 2016/17: 68%) of their available minutes, as the use of the key group of starters remained very stable.

We earned £13,000 (2017/18: £10,900) through the EFL Football Futures scheme through 41 starts from three loan players and 3 starts from one Academy player. We had 34 starts in 17/18 all from three loan players. This reflects a change in our approach towards younger players.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

The average age of the players used on the pitch was 27.8 (2017/18: 28.3) as the squad grew younger from the release of experienced players with a larger contribution from players aged under 30 and younger loan players. This made us the 6th oldest in L2 (2017/18: 4th). We had 3 contracted players aged under 25 (2017/18: 4), excluding loans.

Injured players missed the equivalent of 182 games (2017/18: 150 and 2016/17: 92) as a number of injuries were suffered including to loan players. The equivalent of 7 games (2017/18: 13 and 2016/17: 12) were lost due to suspension. All three available substitutes were used in 28 of 46 (2017/18: 43) as the managers made less changes. 11% (2017/18: 9%) of substitutions were made in the last 5 minutes. Substitutes played 5.3% (2017/18: 6.5%) of game time. In only 3 games (2017/18: 12) a substitution was made at half time.

Richie Bennett was acquired for £50,000 in August 2017, then released on loan in January 2019 and not resigned as his contract expired. He made 37 starts spread over 74 games in L2 and played 61% of available league minutes over two seasons and scored 10 L2 goals.

In the final analysis, we fell one place in L2 position compared with 2017/18 as Total Football Expenditure reduced by 15% being £383,000 lower. Our final league position is in marked contrast to our 18th placed ranking for Football Expenditure on the EFL benchmark data. We also achieved 10th place in L2 in 2016/17 season despite spending £282,000 more. It remains the Club's position, that up to a point, on-the-field success is influenced by expenditure on Football activities, especially spending on Player Costs.

Academy review

It is a long process to see players developing and breaking through to make their mark in our first team squad, then being named in the first team '18' and finally to play in our First Team. Players do not emerge at a predictable rate, many factors must come together to bring success. The board remains committed to Club Developed Players coming through, but this needs opportunities to be given wherever possible and a commitment to doing all we can to support and develop our young players.

We have said in prior years that success requires the Academy and Football departments to work together with a shared vision and common purpose and proactive desire to provide opportunities and succeed together. This was a priority area for cultural change within the Club in 18/19 and the new football management team of John Sheridan and then Steven Pressley both embraced this. We are pleased to see this commitment start to bring actual results.

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 remain to develop:

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

For the first time since 2015/16 season, a new academy player received a real opportunity to be in our First Team squad and start in L2 games (before injury). It was a small but notable change, as minutes from Academy players, still just represented 1% of L2 minutes (nil% in both 2016/17 and 2017/18). This was a welcome development but significant and led to a player sale after the year end.

We expect to see more minutes from Academy players in 2019/20 and further progress in our top two academy objectives.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

After a difficult period of EFL compliance audits, we were delighted to receive accreditation for the Academy.

In May 2019 Academy Manager Darren Edmondson left the Club and was replaced by Eric Kinder who rejoined us.

Business review

Commercial

Commercial activities had the most challenging year in recent times. Business turnover from Commercial activities was £662,000 (2017/18: £760,000) from the peak of £834,000 in 2016/17. The Commercial Director left the Club in March 2018. He was not directly replaced. There was a hiatus while his role was taken over by other staff within the Club, along with further changes to totally reorganise the commercial team and provide additional external support, during the crucial selling period. There was no summer concert. The changes in staffing and organisation started to have an impact later in the financial year and we hope to see improvement in 19/20. Thank you to all our commercial sponsors and partners who have supported the Club.

Match day

Total match-day income primarily comprises Season Card income and Match ticket income. This was £933,000 in 2018/19 (2017/18: £937,000) and represents 50% (2017/18: 47%) of total recurring 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 was £343,000 (2017/18: £374,000 and 2016/17: £327,000). Season Card income was slightly down in the year. This was a result of Season Cards being sold falling from 2,107 to 1,986. Season Cards continue to offer the best value for fans regularly attending home fixtures. Match-day walk-up ticket income increased to £589,000 (2017/18: £562,000) from 23 league games.

League game gates increased by +2.4% to an average of 4,712 (2017/18: 4,600). This is the second highest in the last five years. The #8K for MK ticket initiative was very successful with over 10,000 home fans and best league attendance at Brunton Park in ten years. The average attendance for away teams was 343 (2017/18: 306)

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

Other business trading activities

Retail had a difficult year after record breaking years in 2016/17 and 2017/18. Later than planned arrival of replica kit in the final year of the supply contract played a part. It is worth noting retail profit was still the third highest in recent years. The revamped pamphlet "programme" proved more financially viable and traded breakeven after a loss in 2017/18. Income from Lotteries and Promotions continued to be stable at £100,000 which is creditable.

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 brings pride to all of us – Club, players, staff and fans alike. The Carlisle United Community Sports Trust engages with over 25,000 young people every year. As a Club we also continue to support community and charitable causes wherever possible.

We were successful in achieving the EFL Code of Conduct.

Credit is due to all the Club staff for their effort and commitment to the Club over the year and in successfully gaining these achievements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Principal risks and uncertainties

Business environment

Competitive risk

On-the-field under-performance is a principal risk. Football results leading to declining divisional position and relegation from L2 would impact hugely on EFL distributions, fans support, business income, funding requirement and reduce Club viability. The experience of past EFL Clubs who have lost their status is very sobering.

L2 has intense competitive rivalry but also a generally evenly balanced competition. The EFL Salary Cost Management Protocol rules combined with similarity in the size of clubs and their ability to generate income all contribute to this.

Financial advantage gained from the additional funding available from unpredictable Football Fortune is therefore a key factor in providing an opportunity to gain football advantage. Football Fortune allows clubs to increase football spending above sustainable levels for the short term. Cash from cup success and player sales can make a big difference if that additional cash is used productively. However, this is also a major risk if long term financial commitments are then made which extend beyond short term windfalls or spending is not reduced when windfalls reduce.

Football success is heavily dependent on non-financial factors such as player recruitment, coaching, effective use of budget and player development, preparation, strategy and tactics. Indeed, there is no statistically significant evidence that L2 league position is determined by spending on Player Costs.

It is therefore to be expected, across the wider football industry and in L2 in particular, that we see significant variability in results and performance with highly uncertain, unpredictable, volatile outcomes, especially over short periods, regardless of underlying capability.

Absolutely critical to success is football coaching, team management and player recruitment, to get the very best from the best players we can recruit, to forge a team to be proud of, that is better than its individual parts and over performs rivals with more money. Failure in these areas can have immediate and severe adverse impact and take time and funding to rectify. Stability of football management, players and football philosophy build cohesion and reduce risk.

We must have our own strategy and approaches to address these risks. We believe we can be successful by working both hard and smart, with a positive and ambitious approach and finding improvements in every activity.

That approach carries increased risk plus football is inherently full of uncertainties. It's therefore crucial we understand, operate and make decisions accordingly. The Company maintains a Corporate Risk Register which details the principal risks we face and the controls in place. This is reviewed annually by the 1921 board.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Legislative risks

The Company operates highly regulated activities and is subject to a wide range of legislation, regulation and external scrutiny. We take great care to keep up to date with all relevant issues to ensure we can maintain and operate the 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.

If the recent trend in falling attendances and associated income continues to be downward, then it is inevitable, that even with the external funding support in place, subject to balancing cash from Football Fortune, there will be a need to take further remedial action to address any unplanned losses.

We continue to benefit from our external funding arrangements which allow us to spend significantly more money on football activities than we can afford otherwise. However, it is always the responsibly of the Club's directors to provide sustainable stewardship and use this funding wisely and effectively. This is why we must make the tough financial decisions to match our expenditure with our available funding and reduce our financial risks, consistent with our funding. The recent insolvent failure of two EFL clubs and the distressed position of others highlight the issue.

We know these decisions can be unpopular but we will continue to share and explain the detail of our finances with our supporters so they can understand the financial challenges and the financial decisions that we take.

Key Performance Indicators

Five year trend

Financial

Key indicators	YE 2019 £	YE 2018 £	Change £		YE 2017 £	YE 2016 £	YE 2015 £
Headline turnover	£3,614,302	£3,993,252	£(378,950)	Turnover reported in the profit and loss account	£4,273,085	£4,415,070	£3,063,515
Match day	£934,421	£936,660		Season tickets and walk up pay on the day	£1,140,284	£1,094,352	£942,660
Commercial	£655,868	£759,619		Sponsorships, advertising, hospitality, sundry commercial income	£833,719	£763,467	£758,832
Retail	£254,209	£277,467		Blues store and on-line	£306,338	£215,930	£200,139
Business turnover	£1,844,497	£1,973,745	£(129,248)	Recurring turnover and other income from all business activities	£2,280,340	£2,073,749	£1,901,632
Business turnover growth %	-6.5%	-13.4%			10.0%	9.1%	-1.9%
Business margin	£1,340,575	£1,341,463	£(888)	Business turnover less Business costs	£1,656,895	£1,512,079	£1,417,381
Business margin growth %	-0.1%	-19.0%			9.6%	6.7%	-6.0%
Business margin %	73%	68%		Business margin/ Business turnover	73%	73%	75%
Professional Game income	£1,504,260	£1,426,349	£77,911	EFL and Premier League income and EPPP Academy grant	£1,343,637	£1,044,074	£976,109
Overheads	£826,362	£825,837	£525	Business overheads (excluding all football and Academy costs)	£871,905	£613,150	£696,673
Overhead cover	2.86	2.80		Business margin + recurring football income / Overheads	2.96	2.75	2.98
Underlying Contribution	£1,500,490	£1,373,068	£127,422	Recurring income - recurring costs + net Academy income	£1,670,569	£1,440,574	£1,396,557
Underlying Contribution growth %	9.3%	-10.2%			15.9%	3.7%	-2.0%
Football Fortune (net)	£242,216	£449,418	£(207,202)	Player transfer income, cup income, prizes and tv less cup costs	£450,641	£1,161,065	£144,134
Other non-recurring net income	£(21,872)	£74,405	£(96,277)	Concert, donations, insurance income less exceptional business costs	£136,900	£88,746	£44,609
Total Football Expenditure (TFE)	£2,190,386	£2,501,882	£(383,495)	Total expenditure on all football costs including Player Costs	£2,723,356	£2,480,400	£2,089,130
TFE growth %	-14.9%	-5.2%			9.8%	18.7%	4.2%
TFE ratio	1.47	1.88		Total Football Expenditure / Underlying Contribution	1.62	1.71	1.50
Wages/Income %	75.1%	81.4%		Wages & salaries (note 5)/Headline turnover	80.4%	64.4%	78.5%
Operating loss £	£(743,273)	£(949,536)	£206,263	As per P&L account	£(675,327)	£52,881	£(655,597)
EBITDA £	£(477,552)	£(684,991)	£207,439	Profit(loss) before interest, tax, depreciation and amortisation	£(457,246)	£217,985	£(503,829)
Recurring EBITDA £	£(377,036)	£(952,540)	£575,503	EBITDA excluding Non-recurring net income and non-recurring TFE	£(622,434)	£(705,855)	£(533,528)
Institutional funding £	£250,902	£230,508	£(39,606)	Bank overdraft, mortgages, Finance leases	£250,119	£314,974	£334,502
Related party debt £	£448,750	£640,525	£(191,775)	Amounts due to shareholders and connected parties	£1,313,234	£1,704,828	£1,810,750
Total debt £	£2,887,877	£2,268,623	£629,254		£2,013,353	£2,019,802	£2,145,252
Change in total debt £	£629,254	£245,270			£(4,449)	£(125,450)	£529,183

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Non-Financial

Attendances (League 2 games only)

2018/19	4,712	Increase	+2.4%
2017/18	4,600	Decrease	-10.0%
2016/17	5,113	Increase	+8.7%
2015/16	4,704	Increase	+6.9%
2014/15	4,376		

Season Ticket numbers

2018/19	1,986	Decrease	-5.7%
2017/18	2,107	Increase	+13.4%
2016/17	1,858	Increase	+17.3%
2015/16	1,584	Increase	+6.3%
2014/15	1,490		

Final League 2 position

2018/19	11
2017/18	10
2016/17	6
2015/16	10

Community Ticket Scheme – Complimentary tickets issued to groups and

2018/19	2,215	Increase	+12.8%
2017/18	1,964	Decrease	-7.3%
2016/17	2,119	Increase	+30.5%
2015/16	1,623		

Player Community Appearances

2018/19	394	Increase	+7.0%
2017/18	368	Decrease	-14.4%
2016/17	430	Increase	+23.7%
2015/16	342		

SCMP Player Related Expenditure as % of EFL Relevant Income

Pre-Season 2018/19	94%
Pre-Season 2017/18	97%
Pre-Season 2016/17	99%
Pre-Season 2015/16	86%
Mid-Season 2018/19	97%
Mid-Season 2017/18	99%
Mid-Season 2016/17	96%
Mid-Season 2015/16	99%

Prospects for 2019/20 and beyond

In 19/20, we aim to build on the improvements and changes to the Club which we started to make in 18/19, in order to create future success, sustainability and succession.

We have seen all shareholder debt extinguished and a strengthening trust and relationship with CUOSC. Both of which are necessary to deliver the future share capital restructuring that will be required for third party equity investment and ownership succession. By reducing Player Costs we have reduced the recurring fixed funding requirement of the Club and introduced much needed flexibility. Improved Underlying Contribution has increased the self-sufficiency of the Club and its ability to fund football cost on a sustainable basis. This is built on cost reductions at present. We have taken further steps to improve engagement with fans and demonstrated the potential fan support.

We will face our second year of transition towards a more sustainable and successful future. 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 ownership succession can be achieved.

We expect 2019/20 to be another financially challenging year, commercially, in retail and in terms of ticket income and attendances. However, we aim to grow income and Underlying Contribution (rather than relying on unpredictable wind-falls), while keeping business expenses to a minimum but this is an increasing challenge.

A sixth consecutive year in L2 against similar opposition, following the 2018/19 season which ended in disappointment, after a period of progress tailed off, set a challenging backdrop. The general upward trend in attendances is expected to reverse unless we have a change in on or off field circumstances. The trend in ticket income growth reversed in 2017/18 and this has been a major business issue since then. We will again need to reduce costs where we can.

Allocating our spending will remain a challenge as there are many competing demands for cash but Player Costs and Total Football Expenditure are planned to be maintained in 2019/20.

The overall loss in 2019/20 is expected to reduce again, before unbudgeted Football Fortune, but it will still be more than we can afford and therefore we will require external funding. Funding will be provided as in prior years so the debt level will increase, again subject to unbudgeted Football Fortune.

There will inevitably be more change in the football playing group when contracts expire and loan players leave. After three managers in under a year, following on from no changes in the previous three years, its important to have stability in the football management and coaching staff. Manager change leads to volatility, is high risk and financially costly.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

We aim to trade players for profit where it's beneficial to the Club, develop players to be better and nurture our Academy players to play more often in the first team, as well as recruit young players with potential. We want the continuity of football management to allow us to build and improve on last season.

The Company has taken steps in 2018/19 to put in place sufficient funds to support its forecast trading for 2019/20 and in future periods. The evidence of source and sufficiency of these funds has been provided to the Auditors and as such the directors consider it appropriate to prepare these financial statements on a going concern. Audit report is unqualified.

There are no plans or agreements in place to repay any existing debt in the upcoming year, including using any windfalls that may arise from Football Fortune.

Brunton Park remains 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. This is an increasing risk area. Over the course of the last three years we have recovered from the December 2015 flood and undertaken some modest improvements where we can, subject to financial constraints, but the task is becoming more challenging. In 2019/20 we will replace a further part of the west stand roof and then plan to make further repairs to the central section.

We have made it clear in prior years, the stadium issue is one which is a top priority to address. There remains no ability for the Company to self-fund a new stadium from its normal trading activities. This severely constrains the options for the Club. Meaningful progress beyond the current incremental approach to renewal will need a united and community based approach, with fans and public and private sector Working Together.

This inevitably requires long term planning and leadership and crucially certainty over the future direction of the Club which will require resolution of questions over succession before any meaningful progress can be made.

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



.....
Mr N Clibbens

Director 6/3/2020
.....

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Directors

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

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

Results and dividends

The results for the year are set out on page 21.

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

Disabled persons

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

Employee involvement

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

Auditor

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

Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board



Mr N Clibbens

Director

6/3/2020

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 2019 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.

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

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

Use of our report

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



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

Richard House
9 Winckley Square
Preston
PR1 3HP

Date: 10/8/2020

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	3,614,302	3,993,252
Cost of sales		(2,920,456)	(3,546,159)
Gross profit		693,846	447,093
Administrative expenses		(1,481,082)	(1,431,179)
Other operating income		43,962	34,550
Operating loss	4	(743,274)	(949,536)
Interest receivable and similar income	7	1	5
Interest payable and similar expenses	8	(68,409)	(31,328)
Amounts written off financial liabilities	9	145,000	860,000
Loss before taxation		(666,682)	(120,859)
Tax on loss	10	-	(4)
Loss for the financial year		(666,682)	(120,863)
Other comprehensive income			
Tax relating to other comprehensive income		29,000	53,000
Total comprehensive income for the year		(637,682)	(67,863)

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 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	11		-		26,000
Tangible assets	12		8,192,203		8,388,135
			<u>8,192,203</u>		<u>8,414,135</u>
Current assets					
Stocks	13	109,319		23,881	
Debtors	14	345,160		377,220	
Cash at bank and in hand		15,335		5,352	
		<u>469,814</u>		<u>406,453</u>	
Creditors: amounts falling due within one year	15	<u>(3,651,950)</u>		<u>(3,105,591)</u>	
Net current liabilities			<u>(3,182,136)</u>		<u>(2,699,138)</u>
Total assets less current liabilities			<u>5,010,067</u>		<u>5,714,997</u>
Creditors: amounts falling due after more than one year	16		(123,898)		(135,568)
Provisions for liabilities	19		(118,000)		(147,000)
Deferred income	23		(657,310)		(683,888)
Net assets			<u>4,110,859</u>		<u>4,748,541</u>
Capital and reserves					
Called up share capital	22		144,891		144,891
Revaluation reserve			5,663,340		5,716,281
Profit and loss reserves			(1,697,372)		(1,112,631)
Total equity			<u>4,110,859</u>		<u>4,748,541</u>

The financial statements were approved by the board of directors and authorised for issue on 6/3/2020 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 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2017	144,891	5,749,998	(1,078,485)	4,816,404
Year ended 30 June 2018:				
Loss for the year	-	-	(120,863)	(120,863)
Other comprehensive income:				
Tax relating to other comprehensive income	-	53,000	-	53,000
Total comprehensive income for the year	-	53,000	(120,863)	(67,863)
Transfers	-	(86,717)	86,717	-
Balance at 30 June 2018	144,891	5,716,281	(1,112,631)	4,748,541
Year ended 30 June 2019:				
Loss for the year	-	-	(666,682)	(666,682)
Other comprehensive income:				
Tax relating to other comprehensive income	-	29,000	-	29,000
Total comprehensive income for the year	-	29,000	(666,682)	(637,682)
Transfers	-	(81,941)	81,941	-
Balance at 30 June 2019	144,891	5,663,340	(1,697,372)	4,110,859

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

1.2 Going concern

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

The company's ability to remain a going concern is dependent on the on-going support of its current financiers due to the loss of £637,682 in the year and the company's net current liabilities of £3,182,136 as at 30 June 2019.

As detailed in the strategic report, the company is seeking to grow its own financial resources to reduce its reliance on external cash support required from its financial supporters. 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.

Since the year end, the company has been affected by the Coronavirus outbreak and the impact on its business activities and completion of the 19/20 season. 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
----------------------	---

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% and 33% 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.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies (Continued)

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).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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.

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 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

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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

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

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

Other financial liabilities

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

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

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 2019

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 profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

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 2019

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:

	2019	2018
	£	£
Turnover analysed by class of business		
Relating to principal activity	3,614,302	3,993,252
	<u> </u>	<u> </u>
	2019	2018
	£	£
Other significant revenue		
Rent receivable	17,384	6,000
Insurance claims receivable	-	1,972
	<u> </u>	<u> </u>

4 Operating loss

	2019	2018
	£	£
Operating loss 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	12,100	12,625
Depreciation of owned tangible fixed assets	258,299	251,960
Depreciation of tangible fixed assets held under finance leases	8,000	10,164
Amortisation of intangible assets	26,000	29,000
Cost of stocks recognised as an expense	183,914	166,151
Operating lease charges	43,827	70,121
	<u> </u>	<u> </u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

5 Employees

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

	2019 Number	2018 Number
Number of administrative staff	140	162
Number of football staff	53	54
	<u>193</u>	<u>216</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	2,454,584	2,960,274
Social security costs	234,424	277,753
Pension costs	23,604	14,035
	<u>2,712,612</u>	<u>3,252,062</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	154,656	165,804
Company pension contributions to defined contribution schemes	3,331	2,334
	<u>157,987</u>	<u>168,138</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2018 - 3).

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>1</u>	<u>5</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

8 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and loans	65,485	28,120
Interest on finance leases and hire purchase contracts	2,924	3,208
	<u>68,409</u>	<u>31,328</u>

9 Amounts written off financial liabilities

	2019	2018
	£	£
Amounts written back to financial liabilities	<u>145,000</u>	<u>860,000</u>

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

As part of this process, £145,000 (2018: £860,000) of loans previously owed by the company to a shareholder 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

	2019	2018
	£	£
Current tax		
Adjustments in respect of prior periods	-	4
	<u>-</u>	<u>4</u>

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

	2019	2018
	£	£
Loss before taxation	<u>(666,682)</u>	<u>(120,859)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(126,670)	(22,963)
Tax effect of expenses that are not deductible in determining taxable profit	4,094	3,132
Tax effect of income not taxable in determining taxable profit	(27,550)	(163,400)
Unutilised tax losses carried forward	117,276	160,168
Change in unrecognised deferred tax assets	4,036	(5,158)
Adjustments in respect of prior years	-	4
Depreciation on assets not qualifying for tax allowances	33,864	33,271
Grants released not taxable	(5,050)	(5,050)
	<u>-</u>	<u>4</u>
Taxation charge for the year	<u>-</u>	<u>4</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

10 Taxation

(Continued)

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:

	2019	2018
	£	£
Deferred tax arising on:		
Revaluation of property	(29,000)	(53,000)

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 £3,397,411 (2018: £2,800,168) available to carry forward against future taxable trading profits.

11 Intangible fixed assets

	Player registrations £
Cost	
At 1 July 2018	55,000
Disposals	(5,000)
At 30 June 2019	50,000
Amortisation and impairment	
At 1 July 2018	29,000
Amortisation charged for the year	26,000
Disposals	(5,000)
At 30 June 2019	50,000
Carrying amount	
At 30 June 2019	-
At 30 June 2018	26,000

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 July 2018	8,367,748	606,824	34,250	9,008,822
Additions	28,680	41,687	-	70,367
At 30 June 2019	8,396,428	648,511	34,250	9,079,189
Depreciation and impairment				
At 1 July 2018	337,418	273,019	10,250	620,687
Depreciation charged in the year	170,559	87,740	8,000	266,299
At 30 June 2019	507,977	360,759	18,250	886,986
Carrying amount				
At 30 June 2019	7,888,451	287,752	16,000	8,192,203
At 30 June 2018	8,030,330	333,805	24,000	8,388,135

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

	2019	2018
	£	£
Plant and machinery	-	15,857
Motor vehicles	16,000	24,000
	16,000	39,857

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 2018 and 30 June 2019.

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Tangible fixed assets

(Continued)

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:

	2019 £	2018 £
Cost	4,299,370	4,270,690
Accumulated depreciation	(2,192,258)	(2,103,640)
Carrying value	<u>2,107,112</u>	<u>2,167,050</u>

Tangible fixed assets with a carrying amount of £8,192,203 (2018 - £8,388,135) have been pledged to secure borrowings of the company.

Included within freehold property is land with a valuation of £6,000 (2018 - £6,000) which is not depreciated.

13 Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>109,319</u>	<u>23,881</u>

14 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	223,863	208,306
Other debtors	86	86
Prepayments and accrued income	121,211	96,463
	<u>345,160</u>	<u>304,855</u>
Amounts falling due after more than one year:		
Trade debtors	-	72,365
	<u>-</u>	<u>72,365</u>
Total debtors	<u>345,160</u>	<u>377,220</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	115,334	140,397
Obligations under finance leases	18	11,670	14,543
Trade creditors		296,889	344,021
Taxation and social security		126,091	149,398
Other creditors		2,636,974	1,968,115
Accruals and deferred income		464,992	489,117
		<u>3,651,950</u>	<u>3,105,591</u>

Included within other creditors is £2,100,000 (2018: £1,310,000) which is secured by way of a fixed and floating charge over Brunton Park and land around Brunton Park.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	119,973	119,973
Obligations under finance leases	18	3,925	15,595
		<u>123,898</u>	<u>135,568</u>

17 Loans and overdrafts

	2019 £	2018 £
Bank loans	119,973	119,973
Bank overdrafts	115,334	140,397
	<u>235,307</u>	<u>260,370</u>
Payable within one year	115,334	140,397
Payable after one year	119,973	119,973
	<u>235,307</u>	<u>260,370</u>

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

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Finance lease obligations

	2019	2018
	£	£
Future minimum lease payments due under finance leases:		
Within one year	11,670	14,543
In two to five years	3,925	15,595
	<u>15,595</u>	<u>30,138</u>

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

19 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	20	118,000	147,000
		<u>118,000</u>	<u>147,000</u>

20 Deferred taxation

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

	Liabilities 2019	Liabilities 2018
	£	£
Balances:		
Freehold property revaluations	118,000	147,000
	<u>118,000</u>	<u>147,000</u>
Movements in the year:		2019
		£
Liability at 1 July 2018		147,000
Credit to other comprehensive income		(29,000)
		<u>118,000</u>
Liability at 30 June 2019		<u>118,000</u>

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	23,604	14,035
	<u>23,604</u>	<u>14,035</u>

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company by NEST. The pension cost charge represents contributions payable by the company. An amount of £3,320 (2018: £1,137) is included in other creditors at the year end and is to be paid to NEST.

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
144,891 Ordinary shares of £1 each	144,891	144,891
	<u>144,891</u>	<u>144,891</u>

23 Government grants

Arising from government grants	657,310	683,888
	<u>657,310</u>	<u>683,888</u>

24 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 (2018: £nil) existed under such agreements.

Included within this amount is £nil (2018: £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.

25 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:

	2019	2018
	£	£
Within one year	11,657	14,983
Between two and five years	12,043	18,699
	<u>23,700</u>	<u>33,682</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

26 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Other related parties	<u>42,591</u>	<u>44,543</u>	<u>8,134</u>	<u>3,162</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due to related parties		
Key management personnel	-	135,000
Other related parties	<u>473,090</u>	<u>493,392</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due from related parties		
Other related parties	<u>26,988</u>	<u>18,405</u>

The company had received personal guarantees from certain directors of the parent company, in respect of an asset financing agreement. The amount of the guarantee is £nil (2018: £4,378).

The company has received personal guarantees from certain directors of the parent company, in respect of a loan provided to the company. The amount of the guarantee is £2,100,000 (2018: £1,310,000).

During the year debts of £145,000 (2018: £860,000) due to the parent company were written off.

27 Ultimate controlling party

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

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