

Registered number: 00175280

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

COMPANY INFORMATION

Directors	Mr H A Jenkins (resigned 1 August 2016) Lord Clark of Windermere (resigned 1 August 2016) Mr J L Nixon Mr S Pattison (resigned 1 August 2016) Mr R Young (resigned 4 March 2016) Mr N F Steel (resigned 1 August 2016) Ms S C Kidd (appointed 7 August 2015) Mr P P King (appointed 7 August 2015) Ms C Winder (appointed 18 September 2015, resigned 25 April 2016) Mr N Clibbens (appointed 1 August 2016) Mr J Mitchell (appointed 1 August 2016)
Company secretary	Mr J L Nixon
Registered number	00175280
Registered office	Brunton Park Warwick Road Carlisle Cumbria CA1 1LL
Independent auditors	Ryecroft Glenton Chartered Accountants & Statutory Auditors 32 Portland Terrace Newcastle upon Tyne NE2 1QP
Bankers	Bank of Scotland 33 Old Broad Street London BX2 1LB

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

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CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

Introduction

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

Business review

The Business review of 2015/16 is important because it reflects an improved financial state, an improved "on field" performance but also includes the major impact of another devastating flood in December 2015 which stopped our normal trading for some seven weeks.

The accounts show an operating profit of £52,881 (including increased depreciation), this being mainly due to increased Cup revenues from both the League and FA Cups as we progressed to round 3 and round 4 respectively. As a result turnover increased £1.35m, through additional Commercial income, ticket sales, TV and prize money, though associated costs also increased in wages/salaries, player loan fees, travel and accommodation, sponsorship costs and policing/security.

The floods of 5/6 December 2015 completely stopped the business while the administration offices, equipment, pitch and some hospitality areas were submerged and as a result we were unable to carry on the with the business from our home at Brunton Park. Three home games were played in Preston, Blackburn and Blackpool and we were very grateful for their help and support. Disappointingly, we lost one game on 28 December 2015 which should have been at home to Hartlepool. The Football side of the Club operated from our training facility at Creighton Rugby Club and the administration, sales and management operated out of one room in Pioneer Foodservices' offices while the ticketing and retail operations moved to a unit in the Cumberland Building Society which was generously donated. We are extremely grateful for all the help and assistance offered to the club from local businesses and supporters during that time.

All operations then relocated to Brunton Park and into portacabins running off generators in mid-January 2016. The effort, dedication and support of all staff was fantastic and they pulled the Club through some of its "darkest hours". With everyone working together and the support of fans, we were able to relay the pitch, and provide playing facilities to get the business moving again by Saturday 23 January 2016 just seven weeks later, which was an unbelievable achievement. The Club's primary books and records suffered severe damage in the flood, this meant a reconstruction was required which has taken some time and been both difficult and time consuming for our finance team. The impact of the flooding in this area has also led to the modification of the audit report due to a limitation of scope, caused by the loss of financial records and supporting paperwork which despite all efforts, we have been unable to fully recover.

On 23 December 2015, it was disappointing for the directors of the company's holding company, to receive a disruptive and hostile approach, to take it over for £1. The club had been devastated and was recovering from the flood suffered just seventeen days before. There were a lot of other emergency issues being managed to get the club on its feet and it may have been seen as vulnerable. Getting such an approach while dealing with these issues was ill timed. In reality the floods had galvanised the support and resolve of all of the staff at the club. The proposal and the circumstances in which it was made meant the proposal was not progressed.

It has taken another nine months to complete full restoration work at the Stadium and in doing so we have moved administration, ticketing and accounting operations to a first floor location to give some flood resilience for the future. As a result of the changes arising from the flood we have revalued the Club's properties. We are pleased to report this revaluation resulted in an increase in the value of freehold property of £1.62m.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

Business review (continued)

We have continued to look for new investment and succession and were in discussions with an overseas investor throughout the year, although the events around December 2015 did disrupt the process for some months. These discussions resulted in negotiations and an offer but after careful deliberation this was rejected and a line was drawn. The directors have continued to look for new income streams and financial support to ensure that Carlisle United AFC can go forward as a successful Club. Looking forward to 2016/2017 the continued team rebuilding was extended in May 2016 with early signings and surplus cash invested in players as part of our quest for promotion.

Principal risks and uncertainties

Competitive risks

The industry continues to be highly uncertain. The company aims to rebuild a strong playing side to compete in League 2 with the ability to gain promotion back to League 1.

Legislative risks

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

Financial risks

At the present time the main financial risk for any company is liquidity risk which is the risk that an entity will encounter difficulty in meeting its financial obligations. The company mitigates liquidity risk by the continual review of its cash management.

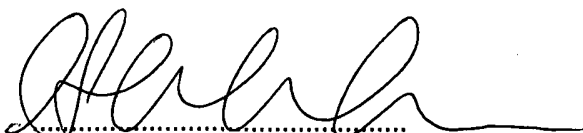
Financial key performance indicators

Turnover increased by 44.1% to £4.415m (2015 - £3.063m).

Operating profit for the year ended 30 June 2016 was £52,881 (2015 - Operating loss before exceptional items £655,596).

Net assets increased by 46.6% to £5.225m (2015 - £3.565m).

This report was approved by the board on 28 March 2017 and signed on its behalf.



Mr N Clibbens
Director

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Principal activity

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

Directors

The directors who served during the year were:

Mr H A Jenkins (resigned 1 August 2016)
Lord Clark of Windermere (resigned 1 August 2016)
Mr J L Nixon
Mr S Pattison (resigned 1 August 2016)
Mr R Young (resigned 4 March 2016)
Mr N F Steel (resigned 1 August 2016)
Ms S C Kidd (appointed 7 August 2015)
Mr P P King (appointed 7 August 2015)
Ms C Winder (appointed 18 September 2015, resigned 25 April 2016)

Results and dividends

The profit for the year, after taxation, amounted to £40,434 (2015 - £338,686).

The directors do not recommend payment of a dividend (2015 - £Nil).

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

Future developments

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

Employee involvement

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

Disabled employees

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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

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

This report was approved by the board on 28 March 2017 and signed on its behalf.



Mr N Clibbens
Director

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited for the year ended 30 June 2016, set out on pages 8 to 30. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion on financial statements

The audit evidence available to us was limited due to the loss of financial records as a result of the floods that affected the company's premises during December 2015 which forms part of the period under review. Due to the loss of financial records we have been unable to obtain sufficient evidence to conclude on the completeness and accuracy of transactions processed in the period affected by the flood, during the year ended 30 June 2016. Had all necessary information been available to us we might have formed a different opinion on the financial statements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED (CONTINUED)

Qualified opinion on financial statements

Except for the possible effects of the matter described in the Basis for qualified opinion paragraph, in our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its profit or 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.

Emphasis of matter

In forming our opinion we have considered the adequacy of the disclosures made in Note 2 to the financial statements concerning the company's ability to continue as a going concern. At 30 June 2016 the company's net current liabilities exceeded its current assets by £2,324,361 and the company had a negative profit and loss account reserve balance of £951,864.

The validity of the going concern basis is dependent on the assumptions underlying the financial projections being accurate, the financial projections being substantially realised and the company's ability to raise sufficient funding to the extent it may be required.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the destruction of financial records caused by the floods in the period, as described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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.

Paul Charlton (Senior statutory auditor)

for and on behalf of
Ryecroft Glenton

Chartered Accountants
Statutory Auditors

32 Portland Terrace
Newcastle upon Tyne
NE2 1QP

29 March 2017

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

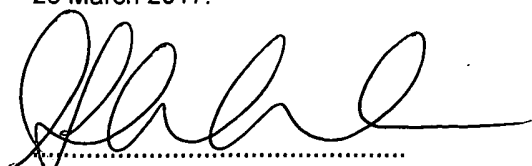
	Note	2016 £	2015 £
Turnover	4	4,415,070	3,063,515
Cost of sales		(3,078,833)	(2,613,941)
Gross profit		1,336,237	449,574
Administrative expenses		(1,338,839)	(1,110,920)
Other operating income	5	55,483	5,750
Exceptional items		-	1,100,250
Operating profit	6	52,881	444,654
Interest receivable and similar income		20	22
Interest payable and expenses	10	(11,317)	(12,186)
Profit before tax		41,584	432,490
Tax on profit	11	(1,150)	(93,804)
Profit for the year		40,434	338,686
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		1,620,007	1,143,887
Other comprehensive income for the year		1,620,007	1,143,887
Total comprehensive income for the year		1,660,441	1,482,573

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED
REGISTERED NUMBER: 00175280

BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	13	-	13,333
Tangible assets	14	8,419,666	6,907,038
		<u>8,419,666</u>	<u>6,920,371</u>
Current assets			
Stocks	15	20,274	20,266
Debtors: amounts falling due after more than one year	16	-	55,000
Debtors: amounts falling due within one year	16	757,270	221,788
Cash at bank and in hand	17	34,311	23,867
		<u>811,855</u>	<u>320,921</u>
Creditors: amounts falling due within one year	18	(3,136,216)	(2,744,365)
Net current liabilities		<u>(2,324,361)</u>	<u>(2,423,444)</u>
Total assets less current liabilities		<u>6,095,305</u>	<u>4,496,927</u>
Creditors: amounts falling due after more than one year	19	(133,295)	(168,779)
Accruals and deferred income	23	(737,044)	(763,623)
Net assets		<u><u>5,224,966</u></u>	<u><u>3,564,525</u></u>
Capital and reserves			
Called up share capital	24	144,891	144,891
Revaluation reserve	25	6,031,939	4,437,237
Profit and loss account	25	(951,864)	(1,017,603)
		<u><u>5,224,966</u></u>	<u><u>3,564,525</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 March 2017.



Mr N Clibbens
Director

The notes on pages 14 to 30 form part of these financial statements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2015	144,891	4,437,237	(1,017,603)	3,564,525
Profit for the year	-	-	40,434	40,434
Surplus on revaluation of freehold property	-	1,620,007	25,305	1,645,312
Transfer to/from profit and loss account	-	(25,305)	-	(25,305)
At 30 June 2016	144,891	6,031,939	(951,864)	5,224,966

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2014	144,891	3,302,921	(1,365,860)	2,081,952
Profit for the year	-	-	338,686	338,686
Surplus on revaluation of freehold property	-	1,143,887	9,571	1,153,458
Transfer to/from profit and loss account	-	(9,571)	-	(9,571)
At 30 June 2015	144,891	4,437,237	(1,017,603)	3,564,525

The notes on pages 14 to 30 form part of these financial statements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	40,434	338,686
Adjustments for:		
Amortisation of intangible assets	13,333	16,946
Depreciation of tangible assets	178,349	153,003
Interest paid	11,318	12,186
Interest received	(20)	(22)
Taxation charge	1,154	93,804
(Increase)/decrease in stocks	(8)	24,494
(Increase)/decrease in debtors	(480,482)	188,812
Increase in creditors	468,549	395,496
Corporation tax paid	(93,808)	-
Exceptional items	-	(1,100,250)
Net cash generated from operating activities	138,819	123,155
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(20,000)
Purchase of tangible fixed assets	(70,970)	(53,300)
Government grants	(26,579)	(26,578)
Interest received	20	22
HP interest paid	(2,068)	(1,662)
Net cash from investing activities	(99,597)	(101,518)

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 £	2015 £
Cash flows from financing activities		
Repayment of loans	(15,236)	(13,862)
Repayment of finance leases	(12,474)	(12,219)
Interest paid	(9,249)	(10,524)
Net cash used in financing activities	(36,959)	(36,605)
Net increase/(decrease) in cash and cash equivalents	2,263	(14,968)
Cash and cash equivalents at beginning of year	(115,579)	(100,612)
Cash and cash equivalents at the end of year	(113,316)	(115,580)
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	34,311	23,867
Bank overdrafts	(147,627)	(139,447)
	(113,316)	(115,580)

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

The Company is a private limited company, which is incorporated and registered in England (no. 00175280). The address of the registered office is Brunton Park, Warwick Road, Carlisle, Cumbria, CA1 1LL. The principal activity of the company is that of a Professional Football Club.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 31.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

Although the company has made a profit before taxation in the year to 30 June 2016 it has significant net current liabilities at that date. In order to continue in operational existence as a going concern, and to meet its liabilities as they fall due, the company is dependent on continued support from its directors, major creditors, and the continuation of its overdraft and lending facilities.

The projections prepared by the directors indicate that the company will continue to operate within its means for at least twelve months from the date of signing of these financial statements. However, profitability is dependent on a number of factors both within and out of the company's control, but the principal factor is the success of the team. The directors continue to seek to increase the income of the company whilst controlling costs.

Accordingly, the directors consider it appropriate to prepare these financial statements on a going concern basis. Should, however the going concern basis no longer be appropriate then adjustments may have to be made to reduce the value of assets to their realisable amounts, provide for any further liabilities which might arise and to reclassify all fixed and long term liabilities as current assets and current liabilities respectively.

2.3 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.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.4 Intangible assets

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 any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated so as to write off the asset, less its estimated residual value, over the useful economic life of the asset as follows:

Player registrations - straight line over the period of the initial contract

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% per annum straight line
Furniture, fittings and ground equipment	- 33%, 25% and 10% per annum straight line
Motor vehicles	- 25% per annum straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Revaluation of tangible fixed assets

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

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the 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 balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income 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 Statement of comprehensive income in the same period as the related expenditure.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.16 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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 re-assessing 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 evidence such as future market conditions.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Rent receivable	5,750	5,750
Insurance claims receivable	49,733	-
	<u>55,483</u>	<u>5,750</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	178,349	153,003
Amortisation of intangible assets, including goodwill	13,333	16,946
Defined contribution pension cost	10,281	11,179
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	9,000
	<u> </u>	<u> </u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	2,598,087	2,198,835
Social security costs	232,765	195,948
Cost of defined contribution scheme	10,281	11,179
	<u> </u>	<u> </u>
	2,841,133	2,405,962
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Number of administrative staff	198	193
Number of football staff	47	52
	<u> </u>	<u> </u>
	245	245
	<u> </u>	<u> </u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	94,555	-
Company contributions to defined contribution pension schemes	779	-
	<u>95,334</u>	<u>-</u>

During the year retirement benefits were accruing to one director (2015 - NIL) in respect of defined contribution pension schemes.

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	9,249	10,524
Finance leases and hire purchase contracts	2,068	1,662
	<u>11,317</u>	<u>12,186</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	1,150	93,804
Total current tax	<u>1,150</u>	<u>93,804</u>
Taxation on profit on ordinary activities	<u>1,150</u>	<u>93,804</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.75%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>41,584</u>	<u>432,490</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.75%)	8,317	89,742
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,301	2,468
Capital allowances for year in excess of depreciation	22,431	9,087
Utilisation of tax losses	(27,336)	-
Other timing differences leading to an increase (decrease) in taxation	(247)	-
Grants released not taxable	(5,316)	(5,544)
Marginal relief	-	(1,949)
Total tax charge for the year	<u>1,150</u>	<u>93,804</u>

Factors that may affect future tax charges

At 30 June 2016 the company had estimated tax losses of £1,285,776 (2015 - £1,422,456) available to carry forward against future taxable trading profits.

Gains and losses on the revaluation of freehold property only crystallise for corporation tax purposes once the revalued asset has been sold. Due to the low probability of the property being sold and the uncertainty over the value of any potential gain on disposal, deferred taxation has not been recognised in respect of revalued property.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

12. Exceptional items

	2016 £	2015 £
Loan written off by Story Homes Limited	-	1,100,250
	<u>-</u>	<u>1,100,250</u>

During the year ended 30 June 2016 the freehold premises of the company was severely damaged by flooding. The costs of repairing the damage caused by the floods were fully covered by the company's insurance policy and as such the capital costs incurred by the company in respect of this repairs work have been netted off against the insurance receipts to which they relate. The impact of these costs on the profit for the year is therefore £nil.

Under the insurance policy the company was also covered against loss of income caused by business interruption, as a result of the flooding for which no direct costs were incurred. Insurance monies received in respect of such items totalling £202,515 are included in the Statement of Comprehensive Income under appropriate account headings.

13. Intangible assets

	Players' registrations £
Cost	
At 1 July 2015	20,000
At 30 June 2016	<u>20,000</u>
Amortisation	
At 1 July 2015	6,667
Charge for the year	13,333
At 30 June 2016	<u>20,000</u>
Net book value	
At 30 June 2016	<u>-</u>
At 30 June 2015	<u>13,333</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 July 2015	6,744,295	217,158	31,345	6,992,798
Additions	17,508	53,462	-	70,970
Revaluations	1,484,893	-	-	1,484,893
At 30 June 2016	<u>8,246,696</u>	<u>270,620</u>	<u>31,345</u>	<u>8,548,661</u>
Depreciation				
At 1 July 2015	-	78,636	7,124	85,760
Charge for the period	135,114	35,399	7,836	178,349
On revalued assets	(135,114)	-	-	(135,114)
At 30 June 2016	<u>-</u>	<u>114,035</u>	<u>14,960</u>	<u>128,995</u>
Net book value				
At 30 June 2016	<u>8,246,696</u>	<u>156,585</u>	<u>16,385</u>	<u>8,419,666</u>
At 30 June 2015	<u>6,744,295</u>	<u>138,522</u>	<u>24,221</u>	<u>6,907,038</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £	2015 £
Plant and machinery	17,320	19,485
Motor vehicles	15,822	23,096
	<u>33,142</u>	<u>42,581</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Tangible fixed assets (continued)

Included in land and buildings is freehold land at valuation of £6,000 (2015 - £6,000) which is not depreciated. This land has an original cost of £6,000 (2015 - £6,000).

Following the extensive flood damage and subsequent repairs and improvement work performed, a revaluation exercise was carried out by Robson & Liddle (Rural) Limited, external valuers and members of The Institute of Chartered Surveyors. Due to the ongoing construction work at 30 June 2016 and the fact that all capital costs were covered by the company's insurance policy, the valuation has been 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 as at 30 June 2016.

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

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Cost	4,149,638	4,132,130
Accumulated depreciation	(1,934,881)	(1,825,072)
Net book value	2,214,757	2,307,058

15. Stocks

	2016 £	2015 £
Finished goods and goods for resale	20,274	20,266
	20,274	20,266

Stock recognised in cost of sales during the year as an expense was £142,064 (2015 - £134,677).

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

16. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	-	55,000
	<u>-</u>	<u>55,000</u>
	2016 £	2015 £
Due within one year		
Trade debtors	348,914	193,540
Other debtors	395,683	13,038
Prepayments and accrued income	12,673	15,210
	<u>757,270</u>	<u>221,788</u>

17. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	34,311	23,867
Less: bank overdrafts	(147,627)	(139,447)
	<u>(113,316)</u>	<u>(115,580)</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

18. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	147,627	139,447
Bank loans	14,044	13,803
Trade creditors	880,287	230,133
Corporation tax	1,150	93,804
Other taxation and social security	81,384	112,712
Obligations under finance lease and hire purchase contracts	20,008	12,473
Other creditors	1,698,010	1,811,715
Accruals and deferred income	293,706	330,278
	<u>3,136,216</u>	<u>2,744,365</u>

19. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	122,686	138,162
Net obligations under finance leases and hire purchase contracts	10,609	30,617
	<u>133,295</u>	<u>168,779</u>

Secured loans

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

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

The hire purchase agreements were secured against the assets which were being purchased by the agreements.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

20. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	14,044	13,803
	<u>14,044</u>	<u>13,803</u>
Amounts falling due 1-2 years		
Bank loans	2,713	13,803
	<u>2,713</u>	<u>13,803</u>
Amounts falling due 2-5 years		
Bank loans	-	4,386
	<u>-</u>	<u>4,386</u>
Amounts falling due after more than 5 years		
Bank loans	119,973	119,973
	<u>119,973</u>	<u>119,973</u>
	<u>136,730</u>	<u>151,965</u>

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

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

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	20,008	12,473
Between 1-2 years	10,609	30,617
	<u>30,617</u>	<u>43,090</u>

22. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	744,597	261,578
	<u>744,597</u>	<u>261,578</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,039,350)	(2,567,181)
	<u>(3,039,350)</u>	<u>(2,567,181)</u>

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

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

23. Accruals and deferred income

	2016 £	2015 £
Grants	737,044	763,623
	<u>737,044</u>	<u>763,623</u>

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

24. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
144,891 Ordinary shares of £1 each	<u>144,891</u>	<u>144,891</u>

25. Reserves**Revaluation reserve**

This reserve includes all current and prior period revaluation gains and losses, with the exception of revaluation losses that would reduce the carrying value of the asset to beneath purchase cost.

Profit & loss account

This reserve includes all current and prior period retained profits and losses.

26. Contingent liabilities

Transfer agreements sometimes involve additional payments or receipts depending upon the future performance of the player and club. At 30 June 2016, possible future payments amounting to £nil (2015 - £nil) existed under such agreements.

Included within this amount is £nil (2015 - £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. Any such amortisation will be deductible for corporation tax purposes.

27. Pension commitments

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company by the Football League. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,281 (2015 - £11,179). An amount of £1,641 (2015 - £855) is included in other creditors at the year end and is to be paid to the Football League.

28. Directors' personal guarantees

During 2015 Mr H A Jenkins, Mr J L Nixon and Mr S Pattison provided personal guarantees in respect of an asset financing agreement. The maximum personal liability for the directors under this agreement is £29,664. No additional guarantees have been provided in 2016.

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

29. Related party transactions

Mr H A Jenkins is also a director of P.F.D (Carlisle) Limited. During the year the club charged P.F.D (Carlisle) Limited £50,000 (2015 – £50,000) for stand sponsorship and £5,500 (2015 - £7,365) for other advertising and sponsorship. At 30 June 2016 P.F.D (Carlisle) Limited owed the club £5,679 (2015 - £nil).

The club also purchased goods to the value of £4,010 (2015 - £9,474) from P.F.D (Carlisle) Limited during the year. At 30 June 2016 the club owed P.F.D (Carlisle) Limited £4,959 (2015 - £582).

Included in other creditors is a loan from P.F.D (Carlisle) Limited of £680,750 (2015 - £800,750). No interest was charged on this loan.

At the year end the club owed Mr H A Jenkins £980,000 (2015 - £980,000). No interest was charged on this loan.

At the year end the club owed Mr J L Nixon £20,000 (2015 - £20,000). No interest was charged on this loan.

At the year end the club owed Lord Clark of Windermere £10,000 (2015 - £10,000). No interest was charged on this loan.

Mr S Pattison is also a director of Carlisle Glass Limited. During the year the club charged Carlisle Glass Limited £2,967 (2015 - £4,442) for advertising and sponsorship. At 30 June 2016 Carlisle Glass Limited owed the club £2,470 (2015 - £4,474).

The club also purchased goods to the value of £7,607 (2015 - £2,622) from Carlisle Glass Limited, at 30 June 2016 the club owed Carlisle Glass Limited £9,119 (2015 - £5,041).

All sponsorship and advertising supplied to and purchases made from the related parties are at the normal commercial rate.

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel. Total remuneration in respect of these individuals during the year was £274,858 (2015 - £109,095).

30. Controlling party

At 30 June 2016 and 30 June 2015 the ultimate parent company was C.U.F.C. Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling parties of C.U.F.C. Holdings Limited at 30 June 2016 and 30 June 2015 were Mr H A Jenkins, Mr J L Nixon, Mr S Pattison and Carlisle and Cumbria United Independent Supporters' Society Limited.

31. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.