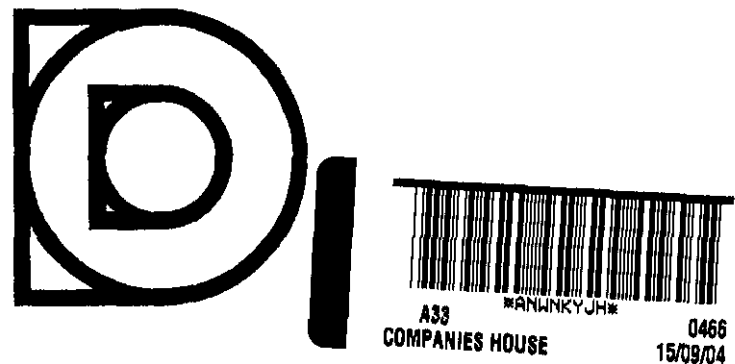


**Report of the Directors and  
Financial Statements for the Year Ended 30 June 2003  
for  
Carlisle United Association Football  
Club (1921) Limited**



**Dodd & Co**  
**Chartered Accountants**

Warwick House, Allenbrook Road, Rosehill Estate, Carlisle CA1 2UT  
Telephone 01228 530913 Fax 01228 515485  
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**Carlisle United Association Football  
Club (1921) Limited**

**Contents of the Financial Statements  
for the Year Ended 30 June 2003**

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**Carlisle United Association Football  
Club (1921) Limited**

**Company Information  
for the Year Ended 30 June 2003**

**DIRECTORS:**

F Story  
H A Jenkins  
Lord Clark of Windermere  
P V Bell  
J L Nixon  
S Pattison  
R Young

**SECRETARY:**

J L Nixon

**REGISTERED OFFICE:**

Brunton Park  
Warwick Road  
Carlisle  
Cumbria  
CA1 1LL

**REGISTERED NUMBER:**

175280

**AUDITORS:**

Dodd & Co  
Registered Auditor  
Chartered Accountants  
Warwick House  
Allenbrook Road  
Rosehill Estate  
Carlisle  
Cumbria  
CA1 2UT

**Carlisle United Association Football  
Club (1921) Limited**

**Report of the Directors  
for the Year Ended 30 June 2003**

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a professional Football League Club.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

This has been a very disappointing time for the Club.

**DIVIDENDS**

No dividends will be distributed for the year ended 30 June 2003.

**FUTURE DEVELOPMENTS**

At the time of approving these financial statements the control of the Club has been taken over by F Story and the Club is looking forward to a much sounder future.

**DIRECTORS**

The directors during the year under review were:

A Whittaker	- resigned 8.8.02
M M Knighton	- resigned 8.8.02
J Courtenay	- appointed 8.8.02
J Bourke	- appointed 8.8.02
H A Jenkins	- appointed 8.8.02
Lord Clark of Windermere	- appointed 8.8.02
A Steel	- appointed 13.3.03
P V Bell	- appointed 3.5.03
J L Nixon	- appointed 3.5.03
S Pattison	- appointed 3.5.03
F Story	- appointed 3.5.03
R Young	- appointed 3.5.03

The directors holding office at 30 June 2003 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 30 June 2003.

C.U.F.C. Holdings Limited held 135,036 shares in Carlisle United Association Football Club (1921) Limited at 30 June 2003 and 30 June 2002.

At 30 June 2003, J Courtenay held 56% of the shares of C.U.F.C. Holdings Limited and Toplion Sportswear Limited, a company of which J Courtenay is a director, held 24% of the shares.

The remaining 20% of the shares of C.U.F.C. Holdings Limited are held by Carlisle and Cumbria Independent Supporters Trust. These shares have been partly paid for at 30 June 2003, 25% of the total consideration due being received by C.U.F.C. Holdings Limited prior to that date. Three of the directors of the Club, Lord Clark, A Steel and R Young, were also directors and trustees of CCUIST at 30 June 2003. A Steel was the CCUIST representative on the board of directors whereas Lord Clark and R Young's directorships are unconnected with their involvement with CCUIST.

**Carlisle United Association Football  
Club (1921) Limited**

**Report of the Directors  
for the Year Ended 30 June 2003**

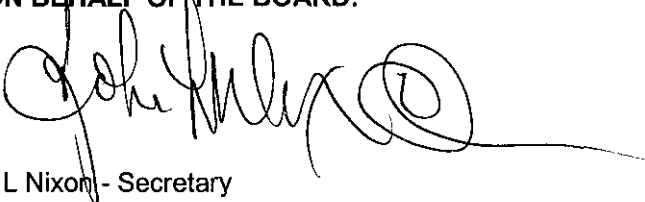
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures, disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'J L Nixon', followed by a long horizontal line extending to the right.

J L Nixon - Secretary

2 September 2004

**Report of the Independent Auditors 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 2003 on pages six to twenty five. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue trading as a going concern. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Report of the Independent Auditors to the Shareholders of  
Carlisle United Association Football  
Club (1921) Limited**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Dodd & Co  
Registered Auditor  
Chartered Accountants  
Warwick House  
Allenbrook Road  
Rosehill Estate  
Carlisle  
Cumbria  
CA1 2UT

2 September 2004

**Carlisle United Association Football  
Club (1921) Limited**

**Profit and Loss Account  
for the Year Ended 30 June 2003**

		30.6.03		30.6.02	
	Notes	£	£	£	£
<b>TURNOVER</b>	2		2,629,743		1,874,626
Purchases of goods for resale		204,291		301,741	
Staff costs	3	1,720,852		1,212,972	
Depreciation		292,577		238,646	
Grants released and received		(28,360)		(57,720)	
Other operating income		(6,591)		(3,125)	
Other operating charges		<u>1,277,012</u>		<u>1,253,890</u>	
			<u>3,459,781</u>		<u>2,946,404</u>
<b>OPERATING LOSS BEFORE AMORTISATION OF PLAYERS</b>			(830,038)		(1,071,778)
Amortisation of players' registrations			<u>77,437</u>		<u>15,589</u>
<b>OPERATING LOSS AFTER AMORTISATION OF PLAYERS</b>	4		(907,475)		(1,087,367)
Profit on disposal of players			<u>200,000</u>		<u>743,500</u>
			(707,475)		(343,867)
Exceptional items	5		<u>(431,531)</u>		<u>238,322</u>
			(1,139,006)		(105,545)
Net interest payable and similar charges	6		<u>11,012</u>		<u>15,472</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(1,150,018)		(121,017)
Tax on loss on ordinary activities	7		<u>(80,178)</u>		<u>(5,891)</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>			(1,069,840)		(115,126)
Retained profit brought forward			<u>1,294,217</u>		<u>1,363,544</u>
			224,377		1,248,418
Transfer from revaluation reserve	20		<u>204,566</u>		<u>45,799</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>			<u>£428,943</u>		<u>£1,294,217</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

The notes form part of these financial statements



**Carlisle United Association Football  
Club (1921) Limited**

**Statement of Total Recognised Gains and Losses  
for the Year Ended 30 June 2003**

	<u>30.6.03</u>	<u>30.6.02</u>
	£	£
<b>LOSS FOR THE FINANCIAL YEAR</b>	(1,069,840)	(115,126)
Revaluation of freehold property & land	<u>-</u>	<u>(313,535)</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>£(1,069,840)</u>	<u>£(428,661)</u>

**Note of Historical Cost Profits and Losses  
for the Year Ended 30 June 2003**

	<u>30.6.03</u>	<u>30.6.02</u>
	£	£
<b>REPORTED LOSS</b>		
<b>ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	(1,150,018)	(121,017)
Depreciation on revalued amounts	60,089	45,799
Profit on disposal of freehold land	<u>144,477</u>	<u>-</u>
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>£(945,452)</u>	<u>£(75,218)</u>
<b>HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION</b>	<u>£(865,274)</u>	<u>£(69,327)</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Balance Sheet  
30 June 2003**

		30.6.03		30.6.02	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	8		150,974		36,411
Tangible assets	9		<u>4,974,544</u>		<u>5,574,530</u>
			5,125,518		5,610,941
<b>CURRENT ASSETS:</b>					
Stocks	10	24,450		21,848	
Debtors	11	179,140		131,435	
Cash at bank and in hand		<u>356,541</u>		<u>14,216</u>	
		560,131		167,499	
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>2,539,282</u>		<u>1,489,352</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(1,979,151)</u>		<u>(1,321,853)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			3,146,367		4,289,088
<b>CREDITORS: Amounts falling due after more than one year</b>	13		(52,301)		(52,584)
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	17		-		(42,887)
<b>ACCRUALS AND DEFERRED INCOME:</b>	18		<u>(982,699)</u>		<u>(1,012,410)</u>
			<u>£2,111,367</u>		<u>£3,181,207</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	19		144,891		144,891
Revaluation reserve	20		1,537,533		1,742,099
Profit and loss account			<u>428,943</u>		<u>1,294,217</u>
<b>SHAREHOLDERS' FUNDS:</b>	25		<u>£2,111,367</u>		<u>£3,181,207</u>

**ON BEHALF OF THE BOARD:**



F Story - Director

Approved by the Board on 2 September 2004

The notes form part of these financial statements

**Carlisle United Association Football  
Club (1921) Limited**

**Cash Flow Statement  
for the Year Ended 30 June 2003**

		30.6.03		30.6.02	
	Notes	£	£	£	£
<b>Net cash outflow from operating activities</b>	1		(811,488)		(734,074)
<b>Returns on investments and servicing of finance</b>	2		(11,342)		(22,580)
<b>Taxation</b>			(463)		(2)
<b>Capital expenditure</b>	2		<u>333,679</u>		<u>708,930</u>
			<b>(489,614)</b>		<b>(47,726)</b>
<b>Financing</b>	2		<u>852,552</u>		<u>51,071</u>
<b>Increase in cash in the period</b>			<b><u>£362,938</u></b>		<b><u>£3,345</u></b>
<hr/>					
<b>Reconciliation of net cash flow to movement in net debt</b>	3				
<b>Increase in cash in the period</b>		<b>362,938</b>		<b>3,345</b>	
Cash outflow from decrease in debt and lease financing		<u>12,688</u>		<u>5,468</u>	
Change in net debt resulting from cash flows			375,626		8,813
New finance leases			<u>(28,000)</u>		<u>(18,200)</u>
<b>Movement in net debt in the period</b>			<b>347,626</b>		<b>(9,387)</b>
<b>Net debt at 1 July</b>			<u>(19,129)</u>		<u>(9,742)</u>
<b>Net funds/(debt) at 30 June</b>			<b><u>£328,497</u></b>		<b><u>£(19,129)</u></b>

The notes form part of these financial statements

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Cash Flow Statement  
for the Year Ended 30 June 2003**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	30.6.03 £	30.6.02 £
Operating loss	(907,475)	(1,087,367)
Depreciation charges	290,283	238,646
Amortisation of players' registrations	77,437	15,589
Loss on sale of fixed assets	3,996	-
Profit on sale of fixed assets	(1,702)	-
Exceptional items	(435,693)	-
Grants released and received	(28,360)	(57,720)
(Increase)/Decrease in stocks	(2,602)	13,002
Increase in debtors	(103,620)	(47,777)
Increase in creditors	<u>296,248</u>	<u>191,553</u>
<b>Net cash outflow from operating activities</b>	<b><u>(811,488)</u></b>	<b><u>(734,074)</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	30.6.03 £	30.6.02 £
<b>Returns on investments and servicing of finance</b>		
Interest received	10,112	87
Interest paid	(17,020)	(22,120)
Interest element of hire purchase and finance lease rentals payments	<u>(4,434)</u>	<u>(547)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(11,342)</u></b>	<b><u>(22,580)</u></b>
<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(201,000)	(27,000)
Purchase of tangible fixed assets	(38,933)	(7,570)
Sale of tangible fixed assets	<u>573,612</u>	<u>743,500</u>
<b>Net cash inflow for capital expenditure</b>	<b><u>333,679</u></b>	<b><u>708,930</u></b>

**Notes to the Cash Flow Statement  
for the Year Ended 30 June 2003**

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT -  
continued**

	30.6.03 £	30.6.02 £
<b>Financing</b>		
Amounts introduced by parent company	116,867	26,152
Repayment of secured loans	(137,050)	(2,491)
Capital repayments of finance leases	(12,688)	(5,468)
Grants received	-	32,878
Amounts introduced by directors and from Toplion Sportswear Limited	<u>885,423</u>	<u>-</u>
Net cash inflow from financing	<u>852,552</u>	<u>51,071</u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.7.02 £	Cash flow £	Other non-cash changes £	At 30.6.03 £
<b>Net cash:</b>				
Cash at bank and in hand	14,216	342,325		356,541
Bank overdrafts	<u>(20,613)</u>	<u>20,613</u>		<u>-</u>
	<u>(6,397)</u>	<u>362,938</u>		<u>356,541</u>
<b>Debt:</b>				
Hire purchase and finance leases	<u>(12,732)</u>	<u>12,688</u>	<u>(28,000)</u>	<u>(28,044)</u>
	<u>(12,732)</u>	<u>12,688</u>	<u>(28,000)</u>	<u>(28,044)</u>
<b>Total</b>	<u>(19,129)</u>	<u>375,626</u>	<u>(28,000)</u>	<u>328,497</u>
<b>Analysed in Balance Sheet</b>				
Cash at bank and in hand	14,216			356,541
Bank overdrafts	<u>(20,613)</u>			<u>-</u>
Hire purchase and finance leases				
within one year	<u>(6,219)</u>			<u>(10,961)</u>
after one year	<u>(6,513)</u>			<u>(17,083)</u>
	<u>(19,129)</u>			<u>328,497</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared on the going concern basis on the basis that the company continues to receive the support of its parent company and of its directors.

However, should these conditions not be met, resulting in the company not being able to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

The format of accounts has been adopted to conform with the normal presentation amongst football clubs.

**Turnover**

Turnover represents all income arising from the ordinary activities of the company and excludes transfer fees and value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- over the remaining estimated useful economic life
Freehold land	- not provided
Leasehold property	- over the period of the lease
Furniture, fittings & ground equipment	- 33% on cost and 10% on cost
Motor vehicles	- 25% on cost

**Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Deferred income**

Revenue derived from season tickets, advertising and sponsorship is credited to income in the profit and loss account in the year to which it relates.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**1. ACCOUNTING POLICIES - continued**

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

The company contributes to two defined contribution pension schemes - The Football League Limited Players Retirement Income Scheme and The Football League Group Personal Pension Plan. Contributions payable for the year are charged in the profit and loss account.

**Players' registrations**

In accordance with Financial Reporting Standard No. 10, the cost of players' registrations is capitalised and amortised over the period of the player's contract. Signing on fees are accounted for in the period in which they become payable.

**Players' transfer fees**

Fees receivable from other football clubs on the transfer of players' registrations together with associated costs, are recognised within the profit and loss account in the accounting period in which the transfer of the player's registration takes place. Further fees receivable under appearance and sell on clauses are recognised within the profit and loss account in the accounting period in which the appearance or sell on clause criteria is met.

**Grants**

Grants receivable from the Football Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

**2. TURNOVER**

Turnover, which arises wholly within the United Kingdom, represents amounts received and receivable in respect of football matches and other operating income, stated net of valued added tax.

	30.6.03	30.6.02
	£	£
Football income	1,729,770	846,491
General donations	15,000	-
Other non-football income	<u>884,973</u>	<u>1,028,135</u>
	<u>2,629,743</u>	<u>1,874,626</u>

Other non-football income includes £41,914 of turnover generated by the company's Spar shop (2002 : £291,456)

**3. STAFF COSTS**

	30.6.03	30.6.02
	£	£
Wages and salaries	1,593,232	1,097,155
Social security costs	136,373	93,771
Other pension costs	<u>(8,753)</u>	<u>22,046</u>
	<u>1,720,852</u>	<u>1,212,972</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**3. STAFF COSTS - continued**

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

	30.6.03	30.6.02
Football staff	43	47
Administration	<u>46</u>	<u>48</u>
	<u>89</u>	<u>95</u>

Other pension costs includes a repayment of pension premiums overpaid in previous years of £12,641.

**4. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	30.6.03 £	30.6.02 £
Hire of plant and machinery	22,967	30,734
Depreciation - owned assets	285,900	215,402
Depreciation - assets on hire purchase contracts and finance leases	4,383	3,244
Loss on disposal of fixed assets	2,294	-
Goodwill written off	-	20,000
Amortisation of players' registrations	77,437	15,589
Auditors' remuneration	7,000	7,000
Rentals paid under operating leases	17,480	30,751
Capital grants released and revenue grants received	<u>(28,360)</u>	<u>(57,720)</u>
Directors' emoluments	23,373	87,166
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>3,093</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>-</u>	<u>1</u>
------------------------	----------	----------

£18,565 of the directors' emoluments relates to A Whittaker and M M Knighton, who both resigned from their posts on 8 August 2002. The only other director to receive remuneration from the Club in the year was P V Bell in his role as general manager of the Club.

Following a professional valuation, the estimated remaining useful economic life of the football stadium property was revised at 1 July 2002. If the remaining useful economic life had not been revised the total depreciation charge for the year would have been £92,533 less than that stated above.



**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**5. EXCEPTIONAL ITEMS**

	30.6.03 £	30.6.02 £
ON Digital TV income	-	204,667
Internet Portal income	-	100,000
Administration costs	(369,348)	(66,345)
Claim for damages for breach of contract	(43,500)	-
Former director's loan written off	(18,683)	-
	<u>(431,531)</u>	<u>238,322</u>

On 6 June 2002 an administration order was made against the company. The costs incurred in relation to this matter have been included as an exceptional item.

Disclosed in the financial statements of the previous two years was a contingent liability in relation to a dispute with a supplier who was claiming damages for breach of contract. This matter has been resolved since the year end. The agreed settlement of £43,500 has been accrued for at 30 June 2003.

The loan of the former director, M M Knighton, has been written off in the year as the directors consider that it is irrecoverable.

**6. NET INTEREST PAYABLE AND SIMILAR CHARGES**

	30.6.03 £	30.6.02 £
Bank interest receivable	(8,304)	(87)
Bank interest payable	-	67
Other mortgage loan interest	17,020	15,750
Interest on overdue tax	-	(2,256)
Interest re late settlement of purchase costs for Spar shop lease	-	559
Crystal Palace interest	-	892
Hire purchase	4,434	547
Interest on late payment	(2,138)	-
	<u>11,012</u>	<u>15,472</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**7. TAXATION**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	30.6.03 £	30.6.02 £
Current tax:		
UK corporation tax	-	32,726
(Over)/underprovision in prior year	(20,484)	3,916
Carry back of losses	<u>(16,807)</u>	<u>-</u>
Total current tax	<u>(37,291)</u>	<u>36,642</u>
Deferred tax:		
Deferred taxation	(42,887)	(11,212)
Change in rate of tax	<u>-</u>	<u>(31,321)</u>
Total deferred tax	<u>(42,887)</u>	<u>(42,533)</u>
Tax on loss on ordinary activities	<u>(80,178)</u>	<u>(5,891)</u>

UK corporation tax was charged at 23.40% in 2002.

**Factors affecting the tax credit**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.03 £	30.6.02 £
Loss on ordinary activities before tax	<u>(1,150,018)</u>	<u>(121,017)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	(345,005)	(36,305)
Effects of:		
Depreciation in excess of capital allowances for year	70,764	49,994
Expenses not deductible for tax purposes	4,862	35,618
Grants released not taxable	(8,508)	(7,353)
Marginal relief	8,722	(9,228)
(Over)/underprovision in prior years	(20,484)	3,916
Capital gain	13,291	-
Losses carried forward	<u>239,067</u>	<u>-</u>
Current tax credit	<u>(37,291)</u>	<u>36,642</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**8. INTANGIBLE FIXED ASSETS**

	<u>Goodwill</u>	<u>Players' registrations</u>	<u>Totals</u>
	£	£	£
<b>COST:</b>			
At 1 July 2002	20,000	62,000	82,000
Additions	-	192,000	192,000
Disposals	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
At 30 June 2003	<u>-</u>	<u>254,000</u>	<u>254,000</u>
<b>AMORTISATION:</b>			
At 1 July 2002	20,000	25,589	45,589
Charge for year	-	77,437	77,437
Eliminated on disposals	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>
At 30 June 2003	<u>-</u>	<u>103,026</u>	<u>103,026</u>
<b>NET BOOK VALUE:</b>			
At 30 June 2003	<u>-</u>	<u>150,974</u>	<u>150,974</u>
At 30 June 2002	<u>-</u>	<u>36,411</u>	<u>36,411</u>

**9. TANGIBLE FIXED ASSETS**

	<u>Freehold property</u>	<u>Freehold land</u>	<u>Leasehold property</u>
	£	£	£
<b>COST OR VALUATION:</b>			
At 1 July 2002	4,800,000	492,500	15,109
Disposals	<u>-</u>	<u>(362,500)</u>	<u>-</u>
At 30 June 2003	<u>4,800,000</u>	<u>130,000</u>	<u>15,109</u>
<b>DEPRECIATION:</b>			
At 1 July 2002	-	-	2,428
Charge for year	<u>192,533</u>	<u>-</u>	<u>2,159</u>
At 30 June 2003	<u>192,533</u>	<u>-</u>	<u>4,587</u>
<b>NET BOOK VALUE:</b>			
At 30 June 2003	<u>4,607,467</u>	<u>130,000</u>	<u>10,522</u>
At 30 June 2002	<u>4,800,000</u>	<u>492,500</u>	<u>12,681</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**9. TANGIBLE FIXED ASSETS - continued**

	<u>Furniture, fittings &amp; ground equipment</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£
<b>COST OR VALUATION:</b>			
At 1 July 2002	858,670	75,650	6,241,929
Additions	38,203	28,000	66,203
Disposals	<u>(9,397)</u>	<u>(41,450)</u>	<u>(413,347)</u>
At 30 June 2003	<u>887,476</u>	<u>62,200</u>	<u>5,894,785</u>
<b>DEPRECIATION:</b>			
At 1 July 2002	612,935	52,036	667,399
Charge for year	87,133	8,458	290,283
Eliminated on disposals	<u>(9,397)</u>	<u>(28,044)</u>	<u>(37,441)</u>
At 30 June 2003	<u>690,671</u>	<u>32,450</u>	<u>920,241</u>
<b>NET BOOK VALUE:</b>			
At 30 June 2003	<u>196,805</u>	<u>29,750</u>	<u>4,974,544</u>
At 30 June 2002	<u>245,735</u>	<u>23,614</u>	<u>5,574,530</u>

Cost or valuation at 30 June 2003 is represented by:

	<u>Freehold property</u>	<u>Freehold land</u>	<u>Leasehold property</u>
	£	£	£
Valuation in 2002	4,800,000	130,000	-
Cost	<u>-</u>	<u>-</u>	<u>15,109</u>
	<u>4,800,000</u>	<u>130,000</u>	<u>15,109</u>

	<u>Furniture, fittings &amp; ground equipment</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£
Valuation in 2002	-	-	4,930,000
Cost	<u>887,476</u>	<u>62,200</u>	<u>964,785</u>
	<u>887,476</u>	<u>62,200</u>	<u>5,894,785</u>

**Carlisle United Association Football  
Club (1921) Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**9. TANGIBLE FIXED ASSETS - continued**

If freehold property and land had not been revalued they would have been included at the following historical cost:

	30.6.03	30.6.02
	£	£
Cost	<u>3,528,872</u>	<u>3,746,895</u>
Aggregate depreciation	<u>328,939</u>	<u>196,495</u>
Value of land in freehold land and buildings	<u>200,000</u>	<u>418,023</u>

In accordance with FRS 15 Tangible Fixed Assets, all freehold property and land is held at valuation.

At 30 June 2003 there was an additional consideration of £100,000 receivable from the purchasers of the freehold land sold during the year providing that planning permission was granted to the purchaser within three years of the date of the sale agreement. As the receipt of this additional consideration depends upon an event that had not occurred at the balance sheet date it has not been incorporated into these financial statements.

The freehold land has not been depreciated.

Fixed assets, included in the above, which are held under hire purchase contracts and finance leases are as follows:

	Furniture, fittings & ground equipment	Motor vehicles	Totals
	£	£	£
<b>COST:</b>			
At 1 July 2002	3,000	16,500	19,500
Additions	-	28,000	28,000
Disposals	<u>-</u>	<u>(16,500)</u>	<u>(16,500)</u>
At 30 June 2003	<u>3,000</u>	<u>28,000</u>	<u>31,000</u>
<b>DEPRECIATION:</b>			
At 1 July 2002	150	3,094	3,244
Charge for year	300	4,083	4,383
Eliminated on disposals	<u>-</u>	<u>(3,094)</u>	<u>(3,094)</u>
At 30 June 2003	<u>450</u>	<u>4,083</u>	<u>4,533</u>
<b>NET BOOK VALUE:</b>			
At 30 June 2003	<u>2,550</u>	<u>23,917</u>	<u>26,467</u>
At 30 June 2002	<u>2,850</u>	<u>13,406</u>	<u>16,256</u>

**10. STOCKS**

	30.6.03	30.6.02
	£	£
Stock of goods for resale	<u>24,450</u>	<u>21,848</u>

**Carlisle United Association Football  
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**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**11. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	30.6.03 £	30.6.02 £
Trade debtors	114,611	13,671
Other debtors	15,641	3,000
Prepayments & accrued income	48,423	58,054
Former director's loan account (see note 23)	-	18,683
Amounts owed by parent company	-	33,356
Section 419 tax recoverable	-	4,671
Corporation tax recoverable	465	-
	<u>179,140</u>	<u>131,435</u>

**12. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	30.6.03 £	30.6.02 £
Bank loans and overdrafts (see note 14)	-	20,613
Other mortgage loan (see note 14)	-	133,875
Brewery loan (see note 14)	8,528	3,350
Hire purchase contracts and finance leases (see note 15)	10,961	6,219
Trade creditors	465,341	358,095
Directors' loan accounts	367,722	-
Toplion Sportswear Ltd loan	567,701	-
Other creditors	17,536	80,911
Amounts owed to parent company	83,511	-
Social security & other taxes	498,265	615,489
Taxation	57,103	94,392
Section 419 tax payable	-	4,671
Accrued expenses and deferred income	462,614	171,737
	<u>2,539,282</u>	<u>1,489,352</u>

**13. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	30.6.03 £	30.6.02 £
Brewery loan (see note 14)	27,718	36,071
Accruals and deferred income	7,500	10,000
Hire purchase contracts and finance leases (see note 15)	17,083	6,513
	<u>52,301</u>	<u>52,584</u>

The accruals and deferred income balance at 30 June 2003 will be released to the profit and loss account within four years.

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**14. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	30.6.03 £	30.6.02 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	20,613
Other mortgage loan	-	133,875
Brewery loan	<u>8,528</u>	<u>3,350</u>
	<u>8,528</u>	<u>157,838</u>
Amounts falling due between one and two years:		
Brewery loan	<u>27,718</u>	<u>36,071</u>

The brewery loan is being written down against barrelage.

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts		Finance leases	
	30.6.03 £	30.6.02 £	30.6.03 £	30.6.02 £
Gross obligations repayable:				
Within one year	6,525	1,046	5,812	5,748
Between one and five years	<u>21,783</u>	<u>-</u>	<u>-</u>	<u>7,185</u>
	<u>28,308</u>	<u>1,046</u>	<u>5,812</u>	<u>12,933</u>
Finance charges repayable:				
Within one year	1,376	-	-	575
Between one and five years	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>672</u>
	<u>6,076</u>	<u>-</u>	<u>-</u>	<u>1,247</u>
Net obligations repayable:				
Within one year	5,149	1,046	5,812	5,173
Between one and five years	<u>17,083</u>	<u>-</u>	<u>-</u>	<u>6,513</u>
	<u>22,232</u>	<u>1,046</u>	<u>5,812</u>	<u>11,686</u>

**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued**

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	30.6.03 £	30.6.02 £	30.6.03 £	30.6.02 £
Expiring:				
Within one year	-	-	10,332	9,671
Between one and five years	12,380	-	3,619	20,648
In more than five years	-	12,249	-	-
	<u>12,380</u>	<u>12,249</u>	<u>13,951</u>	<u>30,319</u>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.03 £	30.6.02 £
Other mortgage loan	-	133,875
Brewery loan	36,246	39,421
Hire purchase contracts and finance leases	<u>28,044</u>	<u>12,732</u>
	<u>64,290</u>	<u>186,028</u>

The brewery loan is secured by fixed and floating charges over certain of the company's freehold properties.

The hire purchase and finance lease creditors are secured by the assets to which they relate.

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

	30.6.03 £	30.6.02 £
Deferred tax	<u>-</u>	<u>42,887</u>
	Deferred tax	
	£	
Balance at 1 July 2002	42,887	
Accelerated capital allowances	(27,836)	
Losses	<u>(15,051)</u>	
Balance at 30 June 2003	<u>-</u>	



**Carlisle United Association Football  
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**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**17. PROVISIONS FOR LIABILITIES AND CHARGES - continued**

Deferred tax provision	30.6.03	30.6.02
	£	£
Accelerated capital allowances	15,051	42,887
Losses	(15,051)	-
	<u>-</u>	<u>42,887</u>

In addition to the amounts shown above, at 30 June 2003 the company has unprovided tax losses which are not expected to be recovered in the foreseeable future.

**18. ACCRUALS AND DEFERRED INCOME**

The movements in deferred income during the year were as follows:

	30.6.03	30.6.02
	£	£
Brought forward	1,046,919	1,478,428
Released in the year	<u>(28,360)</u>	<u>(431,509)</u>
Carried forward	<u>1,018,559</u>	<u>1,046,919</u>

The amounts are disclosed within accruals and deferred income as follows:

Within one year:		
CCTV grant	2,500	2,500
East Stand grant	25,860	22,009
After one year:		
CCTV grant	7,500	10,000
East Stand grant	<u>982,699</u>	<u>1,012,410</u>
	<u>1,018,559</u>	<u>1,046,919</u>

Grant income has been received from the Football Trust against approved capital projects and is not repayable. It is the company's policy to release deferred income to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant.

The company is releasing the grant received for the East Stand so as to match the depreciation charged on the freehold property in accordance with FRS 15.

**19. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	30.6.03	30.6.02
		value:	£	£
5,000,000	Ordinary	£1	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	30.6.03	30.6.02
		value:	£	£
144,891	Ordinary	£1	<u>144,891</u>	<u>144,891</u>

**Carlisle United Association Football  
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**Notes to the Financial Statements  
for the Year Ended 30 June 2003**

**20. REVALUATION RESERVE**

	30.6.03	30.6.02
	£	£
Brought forward	1,742,099	2,101,433
Revaluation of property & land	-	(313,535)
Transferred to profit & loss account	<u>(204,566)</u>	<u>(45,799)</u>
	<u>1,537,533</u>	<u>1,742,099</u>

**21. ULTIMATE PARENT COMPANY**

At 30 June 2003 and 30 June 2002 the ultimate parent company was C.U.F.C. Holdings Limited, a company incorporated in England. Copies of the financial statements of C.U.F.C. Holdings Limited are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

**22. CONTINGENT LIABILITIES**

The company has granted the majority of its freehold property and land as security against loans taken out by its parent company, C.U.F.C. Holdings Limited.

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts may become payable if certain conditions are met. The maximum unprovided liability which may arise in respect of these players at 30 June 2003 was £14,500 (2002 : £14,500) plus percentages of future transfer fees under sell on clauses.

If certain conditions are met, amounts may also become receivable in future periods under agreements entered into prior to 30 June 2003 for the sale of players' registrations.

**23. TRANSACTIONS WITH DIRECTORS**

The following loan to a former director subsisted during the year ended 30 June 2003:

	£
<b>M M Knighton</b>	
Balance outstanding at start of year	18,683
Balance outstanding at end of year	-
Maximum balance outstanding during year	<u>18,683</u>

The former director's loan was interest free and has been written off in the year as the directors consider that it is irrecoverable.

**Carlisle United Association Football  
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**Notes to the Financial Statements  
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**24. RELATED PARTY DISCLOSURES**

During the year the company transferred monies to its parent company, C.U.F.C. Holdings Limited, these funds being used primarily to pay the interest on the parent company's borrowings, and also received loan monies from the company. The two companies also settled certain liabilities on each others behalf. For the services that C.U.F.C. Holdings Limited provided to the Club it charged management fees to the value of £183,142. At 30 June 2003, the Club owed C.U.F.C. Holdings Limited £83,511.

J Courtenay is also a director of Toplion Sportswear Limited. During the year, the Club purchased £72,311 of goods from Toplion Sportswear Limited. At 30 June 2003 the Club owed Toplion Sportswear Limited £58,575 for goods purchased and £567,701 for monies loaned to the Club.

H A Jenkins is also a director of P.F.D. (Carlisle) Limited. During the year the Club charged P.F.D. (Carlisle) Limited £12,150 for the match day catering contract and £10,348 for advertising and sponsorship, £3,500 of which has been deferred into the 2003/04 season. At 30 June 2004 the Club was owed £13,294 by P.F.D. (Carlisle) Limited.

The Club also purchased goods to the value of £6,184 from P.F.D. (Carlisle) Limited during the year. At 30 June 2003 P.F.D. (Carlisle) Limited was owed £13,371 by the Club.

S Pattison is also a director of Carlisle Glass Limited. In the period from 3 May 2003 when he was appointed as a director of the Club the Club purchased £36 of goods from Carlisle Glass Limited. At 30 June 2003 the Club owed Carlisle Glass Limited £2,859.

F Story is also a director of Story Construction Limited. In the period from 3 May 2003 when he was appointed as a director of the Club the Club raised sales invoices to Story Construction Limited of £3,900 for advertising, which has been deferred into the 2003/04 season. At 30 June 2003 Story Construction Limited owed the Club £4,583.

Lord Clark of Windermere paid £350 to the Club to sponsor a player for the 2002/03 season.

**25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	30.6.03 £	30.6.02 £
Loss for the financial year	(1,069,840)	(115,126)
Other recognised gains and losses relating to the year (net)	-	(313,535)
<b>Net reduction of shareholders' funds</b>	<b>(1,069,840)</b>	<b>(428,661)</b>
Opening shareholders' funds	<u>3,181,207</u>	<u>3,609,868</u>
<b>Closing shareholders' funds</b>	<u><b>2,111,367</b></u>	<u><b>3,181,207</b></u>
Equity interests	<u>2,111,367</u>	<u>3,181,207</u>