

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2012



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20/12/2012

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COMPANIES HOUSE

## Ryecroft Glenton

Chartered Accountants

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32 Portland Terrace,  
Jesmond, NE2 1QP  
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**CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr H A Jenkins  
Lord Clark of Windermere  
Mr J L Nixon  
Mr S Pattison  
Mr R Young  
Mr N F Steel

**COMPANY SECRETARY**

Mr J L Nixon

**COMPANY NUMBER**

00175280

**REGISTERED OFFICE**

Brunton Park  
Warwick Road  
CA1 1LL

**AUDITORS**

Ryecroft Glenton  
Chartered Accountants & Statutory Auditor  
32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

**BANKERS**

Bank of Scotland  
33 Old Broad Street  
London  
BX2 1LB

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

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

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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The directors present their report and the financial statements for the year ended 30 June 2012

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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.

#### **PRINCIPAL ACTIVITIES**

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

#### **BUSINESS REVIEW**

The operating of the Club in Season 2011/12 has been very difficult from a financial point of view. This probably reflects the external influences of the UK economy as a whole with commercial income difficult to realise and gate income static at the same time expenses continue to rise.

Excluding depreciation and amortisation, the company had an operating loss of £124,329, with some key areas of movement. The turnover was down £652,141, all of which was attributable to less football income (JPT / Football League Trophy income reduced by £420k, player sales reduced by £105k and FA Cup income reduced by £41k). In terms of expenses, player basic wages were reduced compared to 2011, although bonus payments for league position were higher, and in return we did not achieve a play-off position or increased crowds. Other areas of increased costs were the investment in setting up a concession store in Debenhams, and subsequent withdrawal 9 months later, legal fees associated with staff reorganisation, motor expenses, rent and rates and administration wages and salaries were also increased due to our commercial reorganisation.

Although we were showing a profit at the end of the third quarter, we were well off our forecasts and were aware that with little or no income in the last quarter we were going to see a loss for the year if we didn't make the play-offs, and it was indicated that a 'cost reduction programme' would need to be implemented. At a Board Meeting in May 2012 this programme was indicated to the Directors and potential actions and outcomes were discussed. The programme was actioned with a view to having completion in 2012/13 financial year, to date the programme has indicated savings of some £230k.

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

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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#### **BUSINESS REVIEW (continued)**

We have indicated that we will push on with the 'Blue Yonder' project which is to have a new stadium for Carlisle United in the foreseeable future, although we remain committed to an enabling development as the only way forward

Currently we are committed to running the Club on an operating 'break even' basis and all plans for 2012/13 including the cost reduction programme are designed to do this. Although any 'Football Fortune' income (cup income and player transfer income) may improve this, we cannot rely on it and have not done so in our projections

The Directors are very grateful to the fans who support us, the companies who back us and the management and team who ensure we have entertainment, results and an operating efficiency to keep us progressing year on year

#### **RESULTS AND DIVIDENDS**

The loss for the year, after taxation, amounted to £305,392 (2011 - profit £927,424)

The directors do not recommend the payment of a dividend (2011 - £nil)

#### **DIRECTORS**

The directors who served during the year were

Mr H A Jenkins  
Lord Clark of Windermere  
Mr J L Nixon  
Mr S Pattison  
Mr R Young  
Mr N F Steel

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Competitive risks**

The industry continues to be highly uncertain. The company aims to continue to rebuild a strong playing side to compete in League 1 with the ability to push towards the Championship

##### **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

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

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012**

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#### **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 are kept under review.

#### **PROVISION OF INFORMATION TO AUDITORS**

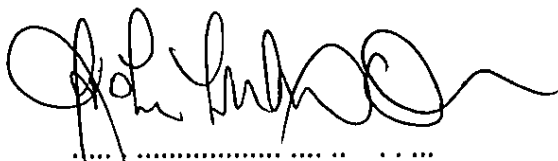
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

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

#### **AUDITORS**

The auditors, Ryecroft Glenton, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf



.....  
Mr J.L. Nixon  
Secretary

Date 1 November 2012

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

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**INDEPENDENT AUDITORS' REPORT TO CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 5 to 20, together with the financial statements of Carlisle United Association Football Club (1921) Limited for the year ended 30 June 2012 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 5 to 20 have been properly prepared in accordance with the regulations made under that section.



Paul Charlton (Senior statutory auditor)

for and on behalf of  
**Ryecroft Glenton**

Chartered Accountants  
Statutory Auditor

32 Portland Terrace  
Newcastle upon Tyne  
NE2 1QP

1 November 2012

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

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**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2012**

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|   | Note | 2012<br>£          | 2011<br>£          |
|---|------|--------------------|--------------------|
| <b>TURNOVER</b>   | 1    | <b>4,316,035</b>   | <b>4,968,176</b>   |
| <b>GROSS PROFIT</b>   |      | <b>868,554</b>     | <b>1,113,386</b>   |
| Administrative expenses                                     |      | <b>(1,166,456)</b> | <b>(1,008,021)</b> |
| <b>OPERATING (LOSS)/PROFIT</b>                              | 2    | <b>(297,902)</b>   | <b>105,365</b>     |
| <b>EXCEPTIONAL ITEMS</b>                                    | 5    |                    |                    |
| Net profit/(loss) on sale of tangible fixed assets          |      | -                  | (53,824)           |
| Other exceptional items                                     |      | -                  | 883,388            |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b> |      | <b>(297,902)</b>   | <b>934,929</b>     |
| Interest receivable and similar income                      |      | -                  | 94                 |
| Interest payable and similar charges                        | 4    | <b>(9,653)</b>     | <b>(5,436)</b>     |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |      | <b>(307,555)</b>   | <b>929,587</b>     |
| Tax on (loss)/profit on ordinary activities                 | 6    | <b>2,163</b>       | <b>(2,163)</b>     |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                 | 15   | <b>(305,392)</b>   | <b>927,424</b>     |

All amounts relate to continuing operations

The notes on pages 8 to 20 form part of these financial statements



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

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2012**

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|   | <b>2012</b>      | <b>2011</b>    |
|---|------------------|----------------|
|   | <b>£</b>         | <b>£</b>       |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                       | <b>(305,392)</b> | <b>927,424</b> |
| Unrealised deficit on revaluation of tangible fixed assets        | <b>(70,810)</b>  | -              |
|   | <hr/>            | <hr/>          |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO<br/>THE YEAR</b> | <b>(376,202)</b> | <b>927,424</b> |
|   | <hr/> <hr/>      | <hr/> <hr/>    |

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 30 JUNE 2012**

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|   | <b>2012</b>      | <b>2011</b>    |
|---|------------------|----------------|
|   | <b>£</b>         | <b>£</b>       |
| <b>REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b>        | <b>(307,555)</b> | <b>929,587</b> |
| Realisation of valuation gains of previous periods                              | <b>42,941</b>    | <b>9,808</b>   |
|   | <hr/>            | <hr/>          |
| <b>HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> | <b>(264,614)</b> | <b>939,395</b> |
|   | <hr/> <hr/>      | <hr/> <hr/>    |
| <b>HISTORICAL (LOSS)/PROFIT FOR THE YEAR AFTER TAXATION</b>                     | <b>(262,451)</b> | <b>937,232</b> |
|   | <hr/> <hr/>      | <hr/> <hr/>    |


The notes on pages 8 to 20 form part of these financial statements

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

**ABBREVIATED BALANCE SHEET**  
**AS AT 30 JUNE 2012**

|  | Note | £                  | 2012<br>£               | £                  | 2011<br>£               |
|--|------|--------------------|-------------------------|--------------------|-------------------------|
| <b>FIXED ASSETS</b>  |      |                    |                         |                    |                         |
| Intangible assets  | 7    |                    | 18,611                  |                    | 37,242                  |
| Tangible assets  | 8    |                    | 6,080,786               |                    | 6,229,546               |
|  |      |                    | <u>6,099,397</u>        |                    | <u>6,266,788</u>        |
| <b>CURRENT ASSETS</b>  |      |                    |                         |                    |                         |
| Stocks   | 9    | 140,607            |                         | 110,838            |                         |
| Debtors  | 10   | 294,721            |                         | 481,538            |                         |
| Cash at bank   |      | 37,275             |                         | 142,353            |                         |
|  |      | <u>472,603</u>     |                         | <u>734,729</u>     |                         |
| <b>CREDITORS: amounts falling due within one year</b>          | 11   | <u>(1,427,033)</u> |                         | <u>(1,465,735)</u> |                         |
| <b>NET CURRENT LIABILITIES</b>                                 |      |                    | <u>(954,430)</u>        |                    | <u>(731,006)</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                    | <u>5,144,967</u>        |                    | <u>5,535,782</u>        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 12   |                    | <u>(1,183,960)</u>      |                    | <u>(1,171,995)</u>      |
| <b>ACCRUALS AND DEFERRED INCOME</b>                            | 13   |                    | <u>(843,358)</u>        |                    | <u>(869,936)</u>        |
| <b>NET ASSETS</b>  |      |                    | <u><u>3,117,649</u></u> |                    | <u><u>3,493,851</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                         |                    |                         |
| Called up share capital  | 14   |                    | 144,891                 |                    | 144,891                 |
| Revaluation reserve  | 15   |                    | 3,322,063               |                    | 3,435,814               |
| Profit and loss account  | 15   |                    | <u>(349,305)</u>        |                    | <u>(86,854)</u>         |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 16   |                    | <u><u>3,117,649</u></u> |                    | <u><u>3,493,851</u></u> |

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf by

  
 .....  
 Mr H A Jenkins  
 Director

Date 1 November 2012

The notes on pages 8 to 20 form part of these financial statements

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## CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards

##### 1.2 Turnover

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

##### 1.3 Player/manager registrations and amortisation

Player/manager registration fees are initially recorded at cost

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

Amortisation is provided at the following rates

|                              |   |   |
|------------------------------|---|---|
| Player/manager registrations | - | straight line over the period of the contract |
|------------------------------|---|---|

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases

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

##### 1.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value represents estimated selling price less costs to sell. Due allowance is made for obsolete, damaged and slow-moving stock where the net realisable value is less than cost.

**1.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.9 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

**1.10 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

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## CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.11 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 players' registration took place. Further fees receivable under the 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.

##### 1.12 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### 1.13 Going concern

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

The company made a loss in the year to 30 June 2012 and has net 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 major sponsors, 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. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

|   | 2012<br>£ | 2011<br>£ |
|---|-----------|-----------|
| Amortisation - player registrations                     | 18,631    | 97,544    |
| Depreciation of tangible fixed assets                   |           |           |
| - owned by the company                                  | 141,342   | 165,546   |
| - held under finance leases and hire purchase contracts | 13,600    | 11,117    |
| Auditors' remuneration                                  | 9,000     | 9,750     |

During the year, no director received any emoluments (2011 - £NIL)

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**3. STAFF COSTS**

Staff costs were as follows

|                       | 2012<br>£        | 2011<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,818,516        | 2,888,287        |
| Social security costs | 296,083          | 288,329          |
| Other pension costs   | 4,182            | 3,896            |
|                       | <u>3,118,781</u> | <u>3,180,512</u> |

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

|                                | 2012<br>No. | 2011<br>No |
|--------------------------------|-------------|------------|
| Number of administrative staff | 239         | 233        |
| Number of football staff       | 43          | 44         |
|                                | <u>282</u>  | <u>277</u> |

**4. INTEREST PAYABLE**

|   | 2012<br>£    | 2011<br>£    |
|---|--------------|--------------|
| On bank loans and overdrafts                  | 4,711        | 3,947        |
| On finance leases and hire purchase contracts | 3,902        | 1,489        |
| Other interest payable                        | 1,040        | -            |
|   | <u>9,653</u> | <u>5,436</u> |

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**5. EXCEPTIONAL ITEMS**

|   | 2012<br>£ | 2011<br>£      |
|---|-----------|----------------|
| Loss on disposal of land at Stoneyholme | -         | (53,824)       |
| Directors' loans written off            | -         | 162,000        |
| Intercompany loan written off           | -         | 721,388        |
|   | <u>-</u>  | <u>829,564</u> |

In the year ended 30 June 2011 the Stoneyholme Land, made up of 105 acres or thereabouts including a derelict building, was sold for £146,176 resulting in a loss on disposal of £53,824. This resulted in a capital loss for corporation tax purposes.

In the year ended 30 June 2011 two existing directors, Andrew Jenkins and Steven Pattison, agreed to write off combined loans of £162,000 in respect of funds that they introduced prior to 2005. This amount was taxable for corporation tax purposes.

In the year ended 30 June 2011 the directors of C U F C Holdings Limited unanimously agreed to write off the inter company balance as at 30 June 2011 of £721,388. This amount was not taxable for corporation tax purposes.

**6. TAXATION**

|   | 2012<br>£      | 2011<br>£    |
|---|----------------|--------------|
| <b>Analysis of tax (credit)/charge in the year</b>      |                |              |
| UK corporation tax charge based on results for the year | -              | 2,163        |
| Adjustments in respect of prior periods                 | (2,163)        | -            |
|   | <u>(2,163)</u> | <u>2,163</u> |
| <b>Tax on (loss)/profit on ordinary activities</b>      |                |              |

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**6. TAXATION (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 20% (2011 - 21%) The differences are explained below

|   | 2012<br>£             | 2011<br>£           |
|---|-----------------------|---------------------|
| (Loss)/profit on ordinary activities before tax   | <u>(307,555)</u>      | <u>929,587</u>      |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 21%) | (61,511)              | 195,213             |
| <b>Effects of.</b>  |                       |                     |
| Items not allowable for tax purposes, other than goodwill amortisation and impairment                             | (2,087)               | (145,191)           |
| Depreciation in excess of capital allowances for year   | 17,368                | 32,016              |
| Grants released not taxable   | (5,316)               | (5,581)             |
| Adjustments to tax charge in respect of prior periods   | (2,163)               | -                   |
| Relieved tax losses brought forward   | -                     | (74,294)            |
| Tax losses carried back   | 1,893                 | -                   |
| Tax losses carried forward  | 49,653                | -                   |
| <b>Current tax (credit)/charge for the year (see note above)</b>  | <u><u>(2,163)</u></u> | <u><u>2,163</u></u> |

**Factors that may affect future tax charges**

At 30 June 2012 the company had estimated tax losses of £588,486 (2011 - £382,560) available to carry forward against future taxable profits

Gains and losses on the revaluation of freehold property only crystallise for corporation tax purposes once the revalued asset has been sold



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

**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**7. INTANGIBLE FIXED ASSETS**

|                       | Players'<br>registrations<br>£ |
|-----------------------|--------------------------------|
| <b>Cost</b>           |                                |
| At 1 July 2011        | 126,500                        |
| Disposals             | (81,500)                       |
| At 30 June 2012       | 45,000                         |
| <b>Amortisation</b>   |                                |
| At 1 July 2011        | 89,258                         |
| Charge for the year   | 18,631                         |
| On disposals          | (81,500)                       |
| At 30 June 2012       | 26,389                         |
| <b>Net book value</b> |                                |
| At 30 June 2012       | 18,611                         |
| At 30 June 2011       | 37,242                         |

**8. TANGIBLE FIXED ASSETS**

|                               | Freehold<br>property<br>£ | Plant &<br>machinery<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|-------------------------------|---------------------------|---------------------------|------------------------|------------|
| <b>Cost or valuation</b>      |                           |                           |                        |            |
| At 1 July 2011                | 6,275,667                 | 1,072,910                 | 19,805                 | 7,368,382  |
| Additions                     | 3,573                     | 41,269                    | 32,150                 | 76,992     |
| Revaluation surplus/(deficit) | (321,740)                 | -                         | -                      | (321,740)  |
| At 30 June 2012               | 5,957,500                 | 1,114,179                 | 51,955                 | 7,123,634  |
| <b>Depreciation</b>           |                           |                           |                        |            |
| At 1 July 2011                | 125,393                   | 998,590                   | 14,853                 | 1,138,836  |
| Charge for the year           | 125,537                   | 16,416                    | 12,989                 | 154,942    |
| On revalued assets            | (250,930)                 | -                         | -                      | (250,930)  |
| At 30 June 2012               | -                         | 1,015,006                 | 27,842                 | 1,042,848  |
| <b>Net book value</b>         |                           |                           |                        |            |
| At 30 June 2012               | 5,957,500                 | 99,173                    | 24,113                 | 6,080,786  |
| At 30 June 2011               | 6,150,274                 | 74,320                    | 4,952                  | 6,229,546  |

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**8. TANGIBLE FIXED ASSETS (continued)**

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

|  | 2012<br>£     | 2011<br>£    |
|--|---------------|--------------|
| Motor vehicles                           | 24,113        | 4,188        |
| Furniture, fittings and ground equipment | -             | 1,374        |
|  | <u>24,113</u> | <u>5,562</u> |

Included in land and buildings is freehold land at valuation of £6,000 (2011 - £6,000) which is not depreciated. This land has an original cost of £6,000 (2011 - £6,000)

In accordance with FRS 15 Tangible Fixed Assets and in the opinion of the directors, all freehold property and land is held at net book value, following a full valuation of £5,957,500 carried out by H & H Land and Property Ltd, external valuers and members of The Institute of Chartered Surveyors as at 30 June 2012. The basis of the revaluation was depreciated replacement cost for the football stadium and open market value for residential property and 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

|                          | 2012<br>£        | 2011<br>£        |
|--------------------------|------------------|------------------|
| Cost                     | 4,132,130        | 3,921,390        |
| Accumulated depreciation | (1,496,693)      | (1,409,954)      |
|                          | <u>2,635,437</u> | <u>2,511,436</u> |

**9. STOCKS**

|                  | 2012<br>£      | 2011<br>£      |
|------------------|----------------|----------------|
| Goods for resale | <u>140,607</u> | <u>110,838</u> |

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**10. DEBTORS**

|                                     | 2012<br>£      | 2011<br>£      |
|-------------------------------------|----------------|----------------|
| <b>Due after more than one year</b> |                |                |
| Other debtors                       | 55,000         | 55,000         |
| <b>Due within one year</b>          |                |                |
| Trade debtors                       | 164,555        | 348,869        |
| Other debtors                       | 11,764         | 13,020         |
| Prepayments and accrued income      | 63,402         | 64,649         |
|                                     | <u>294,721</u> | <u>481,538</u> |

**11. CREDITORS****Amounts falling due within one year**

|  | 2012<br>£        | 2011<br>£        |
|--|------------------|------------------|
| Bank loans and overdrafts  | 49,837           | 265,170          |
| Loan from Story Construction Limited                             | -                | 100,000          |
| Net obligations under finance leases and hire purchase contracts | 5,646            | 13,318           |
| Trade creditors  | 363,592          | 275,409          |
| Corporation tax  | -                | 2,163            |
| Social security and other taxes                                  | 189,844          | 128,975          |
| Directors' current accounts                                      | 484,750          | 273,750          |
| Other creditors  | 16,507           | 46,730           |
| Accruals and deferred income                                     | 316,857          | 360,220          |
|  | <u>1,427,033</u> | <u>1,465,735</u> |

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

The hire purchase agreements outstanding are secured against the assets which are being purchased by the agreement

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**12. CREDITORS:  
Amounts falling due after more than one year**

|  | 2012<br>£        | 2011<br>£        |
|--|------------------|------------------|
| Bank loans   | 58,493           | 70,765           |
| Loan from Story Construction Limited                             | 1,100,250        | 1,100,250        |
| Net obligations under finance leases and hire purchase contracts | 25,217           | 980              |
|  | <u>1,183,960</u> | <u>1,171,995</u> |

Included within the above are amounts falling due as follows

|                                   | 2012<br>£        | 2011<br>£        |
|-----------------------------------|------------------|------------------|
| <b>Between one and two years</b>  |                  |                  |
| Bank loans                        | 12,908           | 13,428           |
| Other loans                       | -                | 100,000          |
|                                   | <u>12,908</u>    | <u>113,428</u>   |
| <b>Between two and five years</b> |                  |                  |
| Bank loans                        | 38,724           | 40,285           |
|                                   | <u>38,724</u>    | <u>40,285</u>    |
| <b>Over five years</b>            |                  |                  |
| Bank loans                        | 6,862            | 17,052           |
| Other loans                       | 1,100,250        | 1,000,250        |
|                                   | <u>1,107,112</u> | <u>1,017,302</u> |

Creditors include amounts not wholly repayable within 5 years as follows

|                                     | 2012<br>£        | 2011<br>£        |
|-------------------------------------|------------------|------------------|
| Repayable by instalments            | 6,862            | 17,052           |
| Repayable other than by instalments | 1,100,250        | 1,000,250        |
|                                     | <u>1,107,112</u> | <u>1,017,302</u> |

The loan from Story Construction Limited is secured by a fixed and floating charge over the company's assets. The loan from Story Construction Limited is interest free with no fixed repayment date.

The 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.

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**12. CREDITORS:  
Amounts falling due after more than one year (continued)**

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

|                            | 2012<br>£     | 2011<br>£  |
|----------------------------|---------------|------------|
| Between one and five years | <u>25,217</u> | <u>980</u> |

The loan from Story Construction Limited is secured by a fixed and floating charge over the company's assets

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

The hire purchase agreements outstanding are secured against the assets which are being purchased by the agreement

**13. ACCRUALS AND DEFERRED INCOME**

|        | 2012<br>£      | 2011<br>£      |
|--------|----------------|----------------|
| Grants | <u>843,358</u> | <u>869,936</u> |

**14. SHARE CAPITAL**

|  | 2012<br>£      | 2011<br>£      |
|--|----------------|----------------|
| Allotted, called up and fully paid<br>144,891 Ordinary shares of £1 each | <u>144,891</u> | <u>144,891</u> |

**15. RESERVES**

|  | Revaluation<br>reserve<br>£ | Profit and<br>loss account<br>£ |
|--|-----------------------------|---------------------------------|
| At 1 July 2011   | 3,435,814                   | (86,854)                        |
| Loss for the year  |                             | (305,392)                       |
| Deficit on revaluation of freehold property                      | (70,810)                    |                                 |
| Transfer between revaluation reserve and profit and loss account | (42,941)                    | 42,941                          |
| At 30 June 2012  | <u>3,322,063</u>            | <u>(349,305)</u>                |

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

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|   | 2012<br>£        | 2011<br>£        |
|---|------------------|------------------|
| Opening shareholders' funds                       | 3,493,851        | 2,566,427        |
| (Loss)/profit for the year                        | (305,392)        | 927,424          |
| Other recognised gains and losses during the year | (70,810)         | -                |
|   | <hr/>            | <hr/>            |
| Closing shareholders' funds                       | <u>3,117,649</u> | <u>3,493,851</u> |

**17. 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 £4,182 (2011 - £3,896). An amount of £2,695 (2011 - £337) is included in other creditors at the year end and is to be paid to the Football League.

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

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### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2012**

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#### **18. RELATED PARTY TRANSACTIONS**

The company was under the control of Mr H A Jenkins, Mr J L Nixon and Mr S Pattison throughout the year

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 £20,000 (2011 - £17,642) for the match day catering contract and £13,141 (2011 - £10,288) for advertising and sponsorship At 30 June 2012 P F D (Carlisle) Limited owed the club £9,074 (2011 - £7,403)

The club also purchased goods to the value of £5,352 (2011 - £5,292) from P F D (Carlisle) Limited during the year At 30 June 2012 the club owed P F D (Carlisle) Limited £1,035 (2011 - £2,093)

At the year end the club owed Mr H A Jenkins £484,750 (2011 - £273,750) of which £124,750 relates to funds introduced for the renovation of 257 Warwick Road During the year an amount of £nil (2011 - £112,000) was waived by Mr H A Jenkins

Mr J L Nixon was also a director of System People Limited during the period During the year the club paid for services to the value of £8,295 (2011 - £2,055) from System People Limited At 30 June 2012 the club owed System People Limited £1,705 (2011 - £1,266)

Mr J L Nixon is also a director of Cowens Limited During the year the club paid for goods to the value of £337 (2011 - £nil) from Cowens Limited At 30 June 2012 the club owed Cowens Limited £nil (2011 - £nil)

Mr S Pattison is also a director of Carlisle Glass Limited During the year the club charged Carlisle Glass Limited £2,717 (2011 - £3,000) for advertising and sponsorship At 30 June 2012 Carlisle Glass Limited owed the club £3,261 (2011 - £nil)

The club also purchased goods to the value of £5,919 (2011 - £6,929) from Carlisle Glass Limited At 30 June 2012 the club owed Carlisle Glass Limited £9,829 (2011 - £2,726)

At the year end the club owed Mr S Pattison £nil (2011 - £nil) During the year an amount of £nil (2011 - £50,000) was waived by Mr S Pattison

CUFC Holdings Limited is the parent company At 30 June 2012 the club owed CUFC Holdings Limited £nil (2011 - £nil) During the previous year freehold property valued at £85,000 was transferred from CUFC Holdings Limited to Carlisle United AFC (1921) Limited During the prior financial year, the directors of CUFC Holdings Limited agreed to write off the remaining inter company balance of £721,388 at 30 June 2011

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

#### **19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 30 June 2012 and 30 June 2011 the ultimate parent company was C U F C Holdings Limited, a company incorporated in England and Wales

The ultimate controlling party of C U F C Holdings Limited at 30 June 2012 and 30 June 2011 was Mr H A Jenkins, Mr J L Nixon and Mr S Pattison