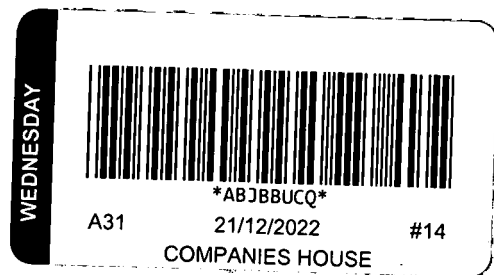


Company registration number 00175280 (England and Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2022**



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr J L Nixon Ms S C Kidd Mr N Clibbens Mr N Davidson	(Appointed 19 July 2022)
<b>Secretary</b>	Mr J L Nixon	
<b>Company number</b>	00175280	
<b>Registered office</b>	Brunton Park Warwick Road Carlisle CA1 1LL	
<b>Auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	

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

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# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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The directors present the strategic report for the year ended 30 June 2022.

### The Company's business and strategy

The principal activity of Carlisle United Association Football Club (1921) Limited ("the Company" or "Club") is unchanged. It undertakes all day-to-day operational business trading activities of 'Carlisle United', holds the EFL "Golden Share" and is the only subsidiary of C.U.F.C Holdings Limited ("Holdings").

Holdings does not trade, but produces financial statements consolidated to include the Company. Holdings board comprises all its shareholders. It takes all strategic decisions affecting the Club, provides capital and other funding as required and also takes all material, financial, football and business operating decisions too, which the Company is then required to implement.

A full independent audit including this annual Strategic Report remains an important part of our fan engagement strategy. It provides real depth, transparency and detail about our strategy and finances and provides independently audited facts and information for fans and other stakeholders. This level of audit and detail is not required under EFL regulations or the Companies Act, but we believe sharing this information and providing highly detailed explanation is crucial and is the right thing to do, as it helps everyone's understanding of the Club and its challenges, as against the hearsay and speculation that often exists. We have also included a Cash Flow Statement for the Company, again not strictly required and a detailed analysis of our turnover and football debtors.

### Strategic Objectives

The Club's overall objective remains

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

Everyone within the Club continues to be ambitious to improve and progress on and off-the-pitch, doing so in a way that does not risk the future of the Club. This approach has proved more important following the emergence of the Coronavirus Pandemic from January 2020. Our key priority remains success on-the-pitch, in achieving progress up the football pyramid starting with promotion to League 1.

### Working Together

Continuing to engage more with fans, business and the rest of our community, providing more detailed, transparent information about the Club, are all central to meeting this objective. We recognise this requires direct engagement with fans from us and the Company and its directors are committed to doing this. There continue to be three areas of focus; CUOSC, CUSG, and CUCST. Our Club Charter details our commitments to fans.

The Club's relationship with the Carlisle United Official Supporters Club (CUOSC), our fan trust body and 25.4% voting shareholder, remains good after a difficult year. Going back to 2019, I reported it was "essential to create and promote a "united" approach to the challenges we face as a Club, especially in funding the Club and moving towards ownership succession". This remains true. With recent board member changes within CUOSC we expect this could lead to new developments within its organisation.

CUOSC plays a very important part in raising issues of concern to our fans, direct to the heart of the Club and its directors and other shareholders. It provides supporter representation on both the Holdings and 1921 boards and promotes sustainable stewardship of Carlisle United both operationally and strategically. CUOSC's appointed directors challenge the Club and Holdings board rigorously, holding them to account and giving oversight. We do also recognise CUOSC faces challenges of confidentiality in engaging and communicating with fans and balancing its directors' fiduciary duties to the Club and confidentiality to third parties. After the year end, Jim Mitchell, CUOSC fan director, stood down. We thank Jim for his service. He is replaced by Nigel Davidson.

The FSA through its "Sustain the Game" campaign and Government's Department of Culture Media & Sport see huge benefits from fan ownership. At Carlisle United, fans already have that in place. Our position is already better than best practice and the envy of almost all clubs.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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I firmly believe fan representation on the inside of the Club, on its boards, with a proper voice and influence, is beneficial to all and helps the Club achieve its goals and make the Club better. We hope supporters see what they have and take the opportunities having a shareholding in the Club brings.

The Carlisle United Supporters Group (CUSG) plays a vital role as a diverse and independent forum for all our key supporter groups and the Club to continuously engage, communicate and work together on operational initiatives and day-to-day issues affecting fans, especially on a match-day and at the stadium. The Coronavirus Pandemic has held back some progress in our initiatives, but these will continue in 2022/23.

The CUSG representation is widening and becoming even more diverse with new members participating. There is an opportunity for all fans to join in and make a positive difference. This has also allowed fans to get detailed and factual answers to hundreds of their questions on an ongoing basis, in writing, open and public on the record, direct rather than second-hand through media or unofficial sources. During the lockdown we made a concerted effort to continue to communicate regularly and in great detail with fans, especially in relation to the financial impact on the Club.

Our work in engaging with fans is central to our approach to strengthen the foundations of the Club. It has allowed us to be ranked 3rd best club out of all the 92 clubs in the Premier League and EFL for "fan engagement" in the independent "Fan Engagement Index" published by faninsights.co.uk.

However, we recognise we still have challenges, specifically where external factors and agreements beyond our control can prevent us doing and saying what we want, and fans might reasonably expect. Despite all the other information provided and access and opportunities for fans to be involved and engage with the Club, we understand in these particular circumstances, especially regarding the ownership and funding of the Club, it is problematic. We will continue to put the Club first, giving as much information as we can without risking the funding and future of the Club.

Finally, we are proud of relations with the wider community especially through the Carlisle United Community Sports Trust (CUCST) and the many charities and not-for-profit groups we support in our area. We aim for the Club to make a difference in the community. CUCST is an independently managed and directed organisation with its own plans and governance. It does exceptional work and has done so during the Coronavirus Pandemic.

### **Successful**

Our key priority remains achieving progress up the football pyramid starting with promotion to League 1.

We want to provide entertaining and winning football that our fans, especially at home, want to come and see, enjoy and can afford to watch. We want our fans, players, staff and Club all to be "United" to achieve this.

Football, in particular League 2 level, is inherently uncertain, volatile and unpredictable. We saw this again in 2021/22. There are many varying factors that combine and change every game and even during games, to influence the final results. There is a high degree of randomness. This can lead to lots of inconsistency and variability in results and performance especially in the short-term

Once again in 2021/22, the final League 2 table showed success on-the-pitch is influenced only partly by the amount of spending on football activities, especially spending on Player Costs. Spending more than rival clubs is no guarantee of improvement, winning results or success. Spending less than rivals is not limiting either, in League 2. Only four (2020/21: two) of the 10 biggest spenders made the top 7 in 2021/22. Two of the three automatically promoted teams in 2021/22 were in the bottom half of spenders. Only seven (2020/21: three) of the top 12 spenders finished in the top half of the division, five were in the bottom half. Once again, the final table, shows it continues to be a damaging myth and smokescreen that ranking of spending on players is correlated with divisional ranking in League 2. High spending is not sufficient on its own to bring success. Effective use of resources is essential and overcomes higher spending clubs.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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Our long-term aim remains to grow and direct as much cash into the Football department as we can without placing the Club in a high-risk position financially or neglecting long-term football initiatives or investment in the wider Club. This must be accompanied by continuously improving and maximising the effectiveness of our football spending. This comes from focusing on many non-financial football factors; team management, talent identification, player scouting and recruitment, player coaching and development, football philosophy and game tactics, game preparation, analysis, team development and cohesion.

It requires the on and off-the-pitch activities of the Club and Football department and Academy all to be operating closely, working together in a joined up, co-ordinated way, with sound overall football leadership, people in place with the necessary knowledge, skills and attributes.

Winning and success depends on all these elements coming together at the same time and being sustained, not just short-term spending on its own. As was demonstrated by both the lower spending successful and high spending unsuccessful teams in League 2 in 2021/22.

From 2018/19 the Director of Football role was a key part of our plan to make improvements and maximise the effectiveness of our football spending and improve on-the-pitch performance and success. We recognised it takes time for the benefits of that new approach to take effect. However, this ended in February 2022, when we returned to a traditional approach with the manager in charge of all aspects of first team football with a full recruitment structure being established to support him.

### **Sustainable**

Being sustainable means that we can continue to operate into the future in a way where we can thrive, grow and develop to achieve our goals – not simply just exist and survive or have short lived periods of improvement.

At the same time, our rivals are also seeking to progress too. So, to stand still and exist, in reality, means we are falling behind other clubs. That widens the gap above us and squeezes it below us, making progress each year more difficult. The risks we face then increase too. We must not be drawn into that cycle of cutbacks, where long term risks build up but are hidden, especially by short-term successes not built on sound foundations.

Success on-the-pitch is not sufficient on its own to make the Club Sustainable. Independent of on-the-pitch performance, we also need to have all the necessary resources in place across the wider Club to support it and grow.

Being sustainable financially reduces our reliance on external funding support (and third-party priorities and demands which may not be aligned or in the best interest of the Club) and other unpredictable windfalls. It also reduces Club risk and fragility, so we can control our own destiny. It gives us flexibility over expenditure and investment decisions and to take advantage of opportunities as they come along. At the same time, it allows us to build reserves which are important to provide contingencies against uncertainties and adversity.

The less financially sustainable we are, the more vulnerable we are to the unexpected and external influences and pressure and the more we will be forced to take short-term options aimed at survival, which can be damaging in the long-run and take time to reverse or fix. 2020/21 highlighted the need for improved financial sustainability in clubs across the wider game and 2021/22 showed the need to deal with on-the-pitch failure.

The key to financial sustainability is increasing the Contribution and cash we generate from:

- our own underlying recurring operating activities (before any windfalls from uncontrollable Football Fortune)
- investing in young players, playing them on-the-pitch and selling them, especially from our Academy, to subsidise Total Football Expenditure and provide cash for reinvestment across the whole Club
- building a long term 'legacy bank' of future contingent sell-on cash inflows from player transfers

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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In the long term, this only comes from football success and a wider Club able to capitalise on that.

We must balance spending and focus on and off-the-pitch otherwise we will create and build up long-term problems. We need to invest in income and cash generating business activities and assets off-the-pitch. That includes physical assets, expertise and people knowhow. This remains our biggest challenge and one that is becoming more difficult. It requires equity capital, planning, long-term vision and entrepreneurial risk taking. That is difficult when the long-term future ownership of the Club is unsettled.

The Academy has an important role in providing 'Club Developed Players' for the first team to play in games, which increases the effectiveness of our Player Cost budget spending and nurtures players who are assets for sale, generating cash to reinvest. We have continued to work hard and invested cash to retain players after their scholarship. This is yet to make any significant contribution on-the-pitch. We hope the continuing and increasing investment will bear fruit.

### Pride

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

## Financial review

### Results and Performance overview

In 2021/22, we planned to increase Total Football Expenditure by 20% to help improve our on-the-pitch competitiveness. Along with a return to normal underlying trading conditions after Coronavirus, we expected this to lead to a very significant underlying Operating Loss.

With no planned shareholder support or new financial support under the Purepay Retail Limited commercial loan facility, it meant unbudgeted Football Fortune and other non-recurring income continued to be important to mitigate the underlying losses and also fund the Club in 2021/22.

Without Football Fortune and other non-recurring income, we expected most of our £1.38m cash reserves at 30 June 2021 and all forecast deferred receipts from prior year player sales, could be required to fund the Club's normal business funding requirements, planned increases in Total Football Expenditure in 2021/22, legacy financial liabilities arising from Coronavirus and any further unknown impact from Coronavirus. However, we still expected to be able to operate without any external third-party cash support as we had since May 2019.

In the year we actually saw Business Turnover grow and Recurring Income rise to be the best for a decade, despite on-the-pitch results. While general cost pressures increased too, this still meant the underlying business performance of the club improved, which in turn improved the ability to fund the whole club and its higher Total Football Expenditure and Player Costs. We also achieved net Football Fortune of £785,000 and net non-recurring income of £308,000 relating to Coronavirus. This circa £1.094m of extra net income mitigated the expected Operating Loss. The overall result was a profit of £33,000 (2020/21: £397,000).

The actual non-recurring net income, working capital cash flows and the return to normal trading with improved business performance and no significant additional Coronavirus costs, also meant our cash balances actually improved rather than be depleted.

This was the third successive year of profit, the best income performance for a decade and the third year without debt or shareholder funding. We ended the year with £1.58m of cash in the bank and total debt levels unchanged.

In many respects the financial performance and position of the Club are the best for many years. These of course must be weighed against the worst football season for a decade.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### **Headline Turnover £4.74m (2020/21: £4.06m)**

The £677,000 increase (2020/21: £524,000 decrease) in Headline Turnover reflects a return to normal trading conditions after the previous two years were distorted by the exceptional effect of Coronavirus, new Football Fortune plus welcome growth in Business Turnover, to levels better than pre-Coronavirus.

In addition to Headline Turnover, we earned £30,000 (2020/21: £21,000) of other commercial income from rentals and sundry areas. We also earned £27,000 (2020/21: £27,000) of grant income and £nil (2020/21: £242,000) of income from Coronavirus Job Retentions Scheme. All our sources of income can be analysed as follows.

### **Business Turnover £1.99m (2020/21: £616,000)**

This measures the income generated by the Club itself off-the-pitch. It includes ticket, all commercial and retail income. The £1.37m increase (2020/21: £739,000 decrease) reflects underlying growth plus a return to normal trading after the previous two years were distorted by the exceptional effect of Coronavirus. £1.99m is the highest Business Turnover since 2016/17 and the third highest in the last decade. By growing recurring Business Turnover, the Sustainability of the Club is improved. The impact of Coronavirus is responsible for the fall in 2020/21.

### **Professional Game income £1.63m (2020/21: £1.58m)**

Professional Game income comprises EFL income £631,000 (2020/21: £606,000), Premier League Solidarity £480,000 (2020/21: £465,000) and EPPP Academy grant income of £452,000 (2020/21: £452,000) and LFE Academy education grants £70,000 (2020/21: £56,000).

Together, Recurring Income is recurring Business Turnover and Professional Game Income. This totalled £3.62m (2020/21: £2.19m) and was the best for a decade.

### **Non-recurring Business Turnover £345,000 (2020/21: £825,000)**

We earned £345,000 (2020/21: £825,000) of non-recurring Business Turnover. This comprised £333,333 (2020/21: £359,000) of grant income from the Premier League as financial support and £11,000 of other income.

### **Non-recurring football income £806,000 (2020/21: £1.07m)**

This comprises Football Fortune income from cup runs £157,000 (2020/21: £90,000), player sales £604,000 (2020/21: £977,000) and £45,000 (2020/21: £nil) of loan player income received. Cup costs were £21,000 (2020/21: £5,000).

The balance between player trading and the impact on on-the-pitch performance is always a difficult one. It is part of our strategy to increase the value of our players by developing their talent, to improve the team and be successful and sell players for profit, to then allow us to reinvest.

The sale proceeds we earn, add to the Underlying Contribution of the Club from trading, which then allows us to increase our Total Football Expenditure and reinvest in the wider Club to grow and improve and create a virtuous circle. This requires very effective recruitment and proactive player development, a thriving Academy, pathways and opportunities being given, and a wider and long-term perspective. I said in 2019, "given the changes made starting in June 2018, we need to see improvement in this area and were pleased to see signs of this happening". We are again pleased to see a further financial payback this year with £785,000 (2020/21: £1m) of net Football Fortune.

### **Other income £27,000 (2020/21: £290,000)**

This comprises £27,000 (2020/21: £27,000) of grant income, £nil (2020/21: £21,000) of other commercial income and plus £nil (2020/21: £242,000) of exceptional amounts from the Coronavirus Job Retention Scheme.



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### **Business Costs £617,000 (2020/21: £312,000)**

These comprise recurring business trading costs (excluding overheads, depreciation and interest) from day-to-day trading and staging games. They increased by £305,000 (2020/21: £152,000 decrease) primarily as retail purchases, ticketing and commercial activity returned to normal along with higher match-day costs following the end of Coronavirus restrictions, increases in activity and general cost inflation.

### **Overheads £909,000 (2020/21: £756,000)**

Overheads increased as minimum wage increases, stadium, utility, repairs and maintenance costs all escalated. IT costs and general inflation also impacted alongside a return to normal trading. Despite this, overheads were only £15,000 higher than in 2016/17 some six years earlier as tight pressure on spending continues to be maintained. There were no general pay increases to off-the-pitch staff for an eighth year.

### **Underlying Contribution £1.54m (2020/21: £645,000, 2019/20: £1.24m and 2018/19: £1.52m)**

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

An increase in the year reflects the huge impact of Coronavirus on Business Turnover in 2020/21. The level is back to normal and in line with 2018/19, the last year unaffected by Coronavirus.

A growth in Underlying Contribution is required to avoid putting unsustainable pressure on Football Fortune and external funding support to maintain Club spending on and off-the-pitch. Investment in driving Business Turnover growth is required to improve the sustainability of the Club.

### **Total Football Expenditure £2.25m (2020/21: £1.87m, 2019/20: £2.03m, 2018/19: £2.21m)**

A key priority is to direct as many resources to football activities as possible, whilst operating within our available funding facilities and then to maximise the effectiveness of what we spend.

The increase in Total Football Expenditure of £379,000 (2020/21: £155,000 reduction) reflects increased spending but lower performance bonuses in 2021/22 and lower football operating costs (travel, hotels, medical) during the Coronavirus affected season 2020/21. The exceptional costs of football staff changes were £87,000 in contractual settlements.

Within Total Football Expenditure, Player Costs were £1.419m (2020/21: £1.298m and 2019/20: £1.408m and 2018/19: £1.568m), an increase of £121,000 (10%). The budget for player costs was initially increased as planned, by circa 20% to support Chris Beech and then again further in the January 2022 window to support Keith Millen. The actual spend reflected these budget increases, but offset by lower than expected bonuses (due to results) and some unspent budget.

To maximise the effectiveness of our Player Cost spending, we need to balance "contingency" spending on non-contributing players who are not in the '18' with our spending on players playing minutes on-the-pitch, while maintaining squad depth for unpredictable circumstances. We utilised just 53% (2020/21: 52%) of our £1.4m spending on Player Costs in productive minutes on-the-pitch.

According to EFL independent benchmark data from March 2022, despite our increased Player Costs, our spending was again in the bottom quartile of League 2 ranking while we finished 20th place in League 2.

### **Non-recurring costs £32,000 (2020/21: £184,000)**

These comprise £25,000 (2020/21: £180,000) of extra costs relating to the Coronavirus Pandemic and £7,000 (2020/21: £4,000) of one-off Business Costs.

### **Result for the year**

The Operating profit for the year is £119,000 (2020/21: £483,000). After interest costs of £86,000 (2020/21: £86,000), the total overall profit for the year was £33,000 (2020/21: £397,000).

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Balance Sheet

The total assets of the Company at the year-end are £9.91m (2020/21: £9.81m). Net assets increased to £5.4m (2020/21: £5.3m). Tangible fixed asset additions of £172,000 (2020/21: £71,000) were made to Brunton Park as well as £97,000 (2020/21: £77,000) of revenue expenditure on stadium pitch, repairs and maintenance.

£52,000 was invested in transfer fees.

Year end stocks reflect retail merchandise arriving for sale before the year end. Debtors reflect £210,000 (2020/21: £213,000) of transfer receipts due in 2022/23 and beyond. Trading creditors which had reduced due to the lockdown from lower Business activity, increased back to normal levels. Accruals and deferred income reflect some modest season ticket sales taking place before the year end. Tax creditors include £nil rescheduled tax (2020/21: £109,000) after the final VAT of £109,000 from the Coronavirus period was paid over on time. All on-going PAYE/NI, VAT and wages were paid in full on time in the year.

Our cash balance at the year-end was £1.68m (2021/22: £1.38m) before a £98,000 overdraft (30 June 2021: £147,000).

### Cash Flows

The Club spent £711,000 (2020/21: £1.2m) more on its football activities than it could afford itself from its own trading activities. The cash spending gap is broadly balanced by £333,333 (2020/21: £1.067m) of one-off Coronavirus related income and as expected £320,000 of cash from working capital inflows as the impact of Coronavirus reversed, before £787,000 of Football Fortune cash receipts.

During the year, we continued to benefit from historic loans provided by Edinburgh Woollen Mill Limited (now novated to Purepay Retail Limited). These loans remain supported by security over all the assets of the Company and personal guarantees provided by some Holdings shareholders. There has been no increase in the capital due since May 2019. Interest on this debt continued to be accrued, but not paid (as it has been in prior years). The loan balance is unchanged except for this additional accrued interest. The loans and interest outstanding under this facility were £2.411m (2020/21: £2.330m) at 30 June 2022.

Total gross debt, before cash balances, was unchanged at £3.16m (30 June 2021: £3.16m) at 30 June 2022. The increase from accrued interest was balanced by £40,000 EFL debt repayments (2020/21: £nil) and a reduced bank overdraft.

### Impact of Coronavirus

Trading returned to normal during the year. We incurred £25,000 (2020/21: £180,000) of exceptional Coronavirus related costs from ongoing compliance and cleaning costs. The Premier League advanced £333,333 of further grant support. We continue to pursue an insurance claim for lost income due to Business Interruption from the Coronavirus Pandemic. The outcome remains uncertain and no income is included in our results.

In 2020/21 we reported that our working capital cycle remained heavily adversely affected by net cash outflows caused by Coronavirus. We estimated an unrealised gain of circa £300,000 would turn into cash when the final effects on working capital reverse. During 2021/22 £320,000 of cash was realised from working capital inflows as the impact of Coronavirus reversed.

We repaid the final £109,000 of VAT deferrals from 2019/20 to clear all Coronavirus funding balances. £40,000 of the interest free, unsecured, 3-year term loan from the EFL was repaid leaving a total of £80,000 outstanding at the year end. This balance is included in Other Borrowings, with £40,000 due to be repaid in 2022/23 (note 15).

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Review of Strategic Objectives

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

#### Football

##### Skybet League 2

2021/22 saw a welcome return to a normal football season. After the upheaval of a manager change in November 2019 and major squad reconstruction starting January 2020, plus disruption of Coronavirus in 2020/21, we began the 2021/22 season with stability of football coaching staff entering the season. We also had more continuity in the playing squad, with lower churn of players. Our Player Cost budget was increased by 20% at the start of the year to be the highest since 2018/19 along with more planned spending on other football staff and football department expenses too, as we sought to build on the first half of 2020/21 and back Chris Beech in his third campaign and second full season.

However, despite all this, the concerning trend from the second half of 2020/21 was not reversed and the start of 21/22 season was very poor.

With 14 League 2 games played, we were third bottom P22, with just 12 points at 0.86PPG, with a dismal 3pts earned in the most recent 8 games, with no wins and a paltry two goals. In the last 23 games to that point, we had achieved just 24pts at 1PPG (full season equivalent 48pts). Over the last 38 games to that point, we had earned just 36pts at less than 1PPG. On all key measures, for nearly the equivalent of a full season, we accumulated points in line with relegation. The most recent results were declining as the trends worsened.

After being in charge for 78 League 2 games in total including 14 of the 2021/22 season, Chris Beech left the club. His overall League 2 record was P78 W25 D26 L27 GF88 GA100 GD -12 Pts 101 at PPG 1.29 with a win rate of 32%. Since being awarded a new and improved, extended contract in December 2020 we won just 9 League 2 games out of 41 played, earning 43 points.

We appointed Keith Millen as replacement in late October 2021 with seven games before the transfer window opened and two thirds of the 2021/22 season remaining. Further financial support made available and we made 4 permanent transfers and 4 loan signings in the January 2022 window. This did not bring the improvement required. As the transfer window closed performances and results worsened alarmingly. Keith left in late February 2022 after just 17 games. Like Chris Beech, his last 8 games brought just 3 points. His overall record was P17 W4 D4 L9 GF12 GA24 GD-12 Pts 16 PPG 0.94. At that point we were second bottom P23 with just 15 games remaining and the transfer window closed.

David Holdsworth left at the same time after 3.5 years in his role as Director of Football after joining in mid-2018. In his tenure he managed down our Total Football Expenditure from £2.6m in 2017/18 to a decade low of £1.9m in 2021/22 before rising to £2.25m in 2021/22. We appointed four managers and signed 96 players (50 permanent and 26 loans, 20 Academy) over eight transfer windows. Of these players, we received transfer income for only three players who we had recruited (Hope, Hayden and Tanner) and just 12 permanent and 7 Academy remained on contract as we entered the 2022/23 season. The churn of players was very high. Three Academy players who were already on the books in 2018 were also sold in this period (Branthwaite, McCarron and Galloway).

Paul Simpson was appointed immediately on 23 February 2022 on a short-term contract to the end of the season. The team responded straight away with six wins out of the next seven games in a remarkable turnaround. The final 15 games saw a total transformation in results as we achieved P15 W8 D1 L6 GF16 GA17 GD-1 Pts25 PPG1.67.

Overall, the season on-the-pitch saw the first two thirds and final third being complete opposites.

In the first 31 games we were strong relegation candidates. We significantly underperformed all realistic expectations right from the start of the campaign as we were firmly fixed right at the bottom of the division with just 28 pts from 31 games. With just 23 GF and 45 GA and failing to score in half the games meant the fundamentals required to win games were not there. Two managers, a higher budget and the benefit of a January transfer window with more cash made available brought no consistent improvement.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

The final 15 games proved sufficient to save our EFL status, but that needed an extraordinary improvement which appeared unlikely in mid-February 2022.

We finished in 20th place (2020/21: 10th) in League 2 with 53pts at 1.15PPG (2020/21: 1.43 PPG). This was 8pts outside the relegation positions. The final record was:

2021/22	20th	P46 W14 D11 L21 GF39 GA62 GD-23 53pts PPG 1.15...(xGF52 xGA66 xGD-14)
2020/21	10th	P46 W18 D12 L16 GF60 GA51 GD+9 66pts PPG 1.43(xGF63 xGA46 xGD+17)
2019/20	18th	P37 W10 D12 L15 GF39 GA56 GD-17 42pts PPG1.20 (xGF43 xGA55 xGD-8)
2018/19	11th	P46 W20 D8 L18 GF67 GA62 GD+5 68pts PPG 1.48 (xGF62 xGA66 xGD -4)
2017/18	10th	P46 W17 D16 L13 GF62 GA54 GD+8 67pts PPG1.46 (xGF67 xGA56 xGD+11)

### Attack

In attack we scored just 39 goals at 0.85 Goals For per 90 minutes (2020/21: 60 goals at 1.3 GF90). This was an all-time record low. Our scoring rate was worse than expected given the quality of the chances we created as we again often suffered from missing big chances. Our 19 Goals scored at home was the lowest in League 2 except for relegated Scunthorpe and 20% below the next worst. It was an all-time record low. We didn't score three goals in a League 2 game all season.

Overall, we earned just 19pts from 24 games (0.79 PPG) against teams in the top half of the division. However, against teams in the bottom half we earned 34pts from 22 games (1.54 PPG) as we were more competitive against them. We were beaten by only one team out of the bottom half at home and beat all the bottom four away. Our form against fellow struggling teams proved important in our survival.

We accumulated 42pts when scoring first at 2.63 PPG (2020/21: 57 at 2.19 PPG) which was the 3rd best conversion rate in League 2 (2020/21: 16th), as we proved very strong and resilient after getting ahead. Our record of 13 wins and 3 draws from 16 was promotion standard. We only scored first in 16 games (2020/21: 26), ranking us 4th worst in League 2. This proved a crucial factor in our 21 losses. We simply didn't score enough goals and didn't score first often enough. We failed to score 20 times (2020/21: 11), with only relegated Scunthorpe worse.

We scored just 11 equalising goals in 32 games where we fell behind at 0.34 GF90 (2020/21: 9 in 17 games at 0.53 GF90) when conceding first. This was the 4th worst in League 2. For most of the season we showed little ability to come back and recover to score and gain points from losing positions.

Earning just 6pts in 25 games at 0.24 PPG after conceding first was the 3rd worst record in League 2. It is telling that 4pts of the 6pts were earned in 8 games under Paul Simpson compared with 2pts in 17 games before that.

In 2021/22 all our defeats came after we conceded first. We conceded first in 24 of 46 games, losing 21. We came back to win only 1 game (2020/21: 1) after conceding first. This win came under Paul Simpson. Needing to equalise so often is a serious failure. Conceding first in 2 of every 3 games, combined with failing to score in over 40% of games and then scoring only one equalising goal every three games, was recipe for poor results.

However, as noted in prior years, an inability to win points after conceding first was a failing all through Chris Beech's tenure, where we won just one and drew seven out of 32 games after conceding first. This continued under Keith Millen where we then lost 9 out of 10 after conceding first and only earned a solitary 1pt. This underlines the importance of scoring and not conceding the first goal had on our 2021/22 season, this major risk was highlighted in the 2020/21 season review. This is essential to fix to make improve our points haul and avoid a repeat of 2021/22.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Defence

With 62 goals conceded (2020/21: 51), we worsened defensively and recorded the 7th worst (2020/21: 10th best) defensive record in the division. Our goals conceded total was slightly less than expected given the quality of the chances allowed. In the 21 games we lost, we scored just 6 goals, conceding 46 (GD-40) as we regularly fell away to heavy defeats. In all 21 we conceded first.

Thirteen clean sheets were gained (2020/21: 15) ranking us joint 13th best (2020/21: 9th). We conceded two or more goals 21 times (2020/21: 14). Only four teams suffered as many heavy defeats and three finished below us in League 2.

When conceding first, our record worsened to 3rd worst (after being 4th worst in 2020/21) in League 2 at coming back. This was a decline from an already very poor level, especially given the frequency in which we conceded the first goal.

The pattern of conceding first, failing to equalise and then falling to heavy defeat was a regular feature, especially away. Nearly half our games ended in defeat by 2 or more goals, while 11 of our 14 wins came by the odd goal. Close wins after going ahead and comfortable defeats after conceding was a consistent pattern. This was only reversed after Paul Simpson's arrival, when defeats became narrower and we gained points more from behind, as we scored first more often, failed to score less often and increased our scoring rate, equaliser rate and reduced the conceding rate.

### Home form

Our home form deteriorated. Overall, we ranked 18th (2020/21: 5th) in League 2 for home points won. Under Chris Beech and Keith Millen we earned just 16pts in 16 games with only 3 wins before winning 5 of 7 games under Paul Simpson earning 15pts. We beat only 4 of the top half teams at home with 3 of the wins coming under Paul Simpson. Our overall home record was:

2021/22	18th	P23 W8 D7 L8 GF19 GA23 GD-4 Pts 31 PPG 1.35
2020/21	5th	P23 W12 D5 L6 GF38 GA25 GD+13 Pts 41 PPG 1.78
2019/20	19th	P19 W5 D7 L7 GF17 GA26 GD-9 Pts 22 PPG 1.16
2018/19	9th	P23 W12 D3 L8 GF42 GA31 GD+11 Pts 39 PPG 1.70

We scored first in just 9 of 23 games at home, but we won 8 (drawing the other after scoring first) which was almost perfect. However, in the 10 games at home where we conceded first, we never came back to win, losing 8. We drew the other two, both with last minute equalisers. Only Scunthorpe was worse than us at home after conceding first.

### Away form

Our away form fell back just a little from an already poor level, but we still ranked 17th (2020/21: 17th) in League 2 for away points won achieving 22pts at 0.96PPG (2020/21: 25pts at 1.09 PPG). We gained only 5pts in 10 games against the top 10 away, failing to score in 6 games. We earned just 10pts from 19 away games (0.53PPG) against the 19 teams above us. We scored just GF13 with GA37 and GD-24 in those 19 games. We lost 13 of 15 away when conceding the first goal with a record of P15 W1 D1 L13 GF8 GA33 GD-25 Pts 4 PPG 0.27. We beat all 4 teams away who finished below us, but overall, when playing away against almost everyone else, it was a case of concede first and lose, half the time without scoring. Our overall away record was:

2021/22	17th	P23 W6 D4 L13 GF20 GA39 GD-19 Pts 22 PPG 0.96
2020/21	17th	P23 W6 D7 L10 GF22 GA26 GD-4 Pts 25 PPG 1.09
2019/20	15th	P18 W5 D5 L8 GF22 GA30 GD-8 Pts 20 PPG 1.11
2018/19	10th	P23 W8 D5 L10 GF25 GA31 GD-6 Pts 29 PPG 1.26

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Cup competitions

Again, disappointingly and frustratingly, in all three cup competitions we failed to make any impact. We lost 1-0 (A) in Round 1 of the EFL League Cup against Championship Sheffield United.

We then lost 1-2 against League 1 Shrewsbury (H) in round 2 of FA Cup after beating non-league Horsham (H) 2-0.

In the EFL Trophy we won two group games of three to progress to the knock-out rounds for the first time in a number of years. We then beat L1 Lincoln (H) on penalties after a 1-1 draw, before a 1-0 (A) defeat at League 2 Harrogate.

### Players

We suffered an even higher player churn in the year as a result of addressing recruitment failures in the Summer 2021 window and manager changes mid-season. We had 33 (2020/21: 29) different contracted players during 2021/22 including 7 loans (2020/21: 5) supplemented by a further 7 Academy U21 players.

A recent high of 14 (2020/21: 10) contracted players remained from the 20/21 season's final squad bringing initial continuity and stability. Two were sold before the Summer 2021 window closed and 7 new players (2020/21: 11) joined on contracts plus 3 loans (2020/21: 5 loans). The January 2022 transfer window saw emergency recruitment with 5 players (2020/21: 3) joining on contracts and all 3 loans returning (2020/21: 3) with 4 new loans in. Only Gibson of the five attacking players recruited in the Summer made an impact and the other 4 all had been exited within just five months. Overall, 19 new players came in. This level of player turnover is high risk and not tenable in the long term.

At the end of the season just 13 (2020/21: 14) of the 23 contracted players in the final squad returned for 2022/23 training meaning another period of player churn in the summer 2022 window lay ahead. Only two of the 7 contracted players recruited in Summer 2021 window returned for 2022/23. These were supplemented by 7 Academy U21 players) for 2022/23 season. The core squad for 2022/23 comprises players recruited before August 2021 or from January 2022.

Injured players missed the equivalent of 158 games (2020/21: 168 and 2019/20: 110) as the number of injuries suffered reduced. The equivalent of 5 (2020/21: 5) games were lost due to suspension.

Excluding loan goalkeepers, outfield loan players made 39 starts (2020/21: 34) from 120 available (2020/21: 84) league games at 33% starting compared with 40% in 2020/21 as we saw outfield loan players less used. Our total spending on loan players doubled to £116,000 (2020/21: £58,000) but they were less used, the effectiveness of our loan recruitment reduced markedly. Only Simeu of the 7 loan players in the season, made a meaningful contribution. This poor use of the loan market was a drag on performance and ineffective use of the budget.

In terms of effectiveness of our Player Cost spending, £728,000 (2020/21: £652,000), representing 52% (2020/21: 53%) was spent on minutes on-the-pitch. £379,000 (2020/21: £327,000) representing 27% (2020/21: 27%) was spent on players unused on the bench. This meant 79% (2020/21: 80%) of Player Cost spending was selected in the '18' on the team-sheet. However, 21% (2020/21: 20%) was non-productive "in the stand", comprising 5% (2020/21: 5%) available but not selected in the '18' and 16% (2020/21: 14%) unavailable due to injury.

With broadly 79% of total Player Costs being available for use on-the-pitch, to potentially contribute to winning games and only circa 52% actually used on-the-pitch over the season, it is highly misleading and simplistic to focus on headline Player Cost spending (however it is labelled) as the route to success. High spending does not necessarily lead to more success on-the-pitch.

Maximising the spending on-the-pitch, minimising the spend on unused players "in the stand" while maintaining cover and squad depth is a key factor in maximising the effectiveness of our Player Cost spending. Similarly, minimising injuries leading to players being unavailable is also a factor, where spending can be more effective.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Academy review

It is a long-term process to see players developing and breaking through to make their mark in our first team squad, then being named in the first team '18' and finally to play minutes on-the-pitch in our first team. Players do not emerge at a predictable or consistent rate; many factors must come together to bring success. One good year does not act as a reliable predictor for the future. The board remains committed to 'Club Developed Players' coming through, but this needs opportunities to be given wherever possible and a commitment from everyone to doing all we can to support and develop our young players. In recent years we have invested more in awarding post-Academy contracts.

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

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

Minutes from Academy players in League 2 games increased to 550 (2020/21: 242 minutes and 2019/20: 836), and just represented 1.2% (2020/21: 0.5%) of on pitch time. While the age and contribution on-the-pitch from younger players is slowly and slightly improving, it remains primarily from recruited players rather than 'Club Developed Players'. We earned £13,000 (2020/21: £18,000) through the EFL Football Futures scheme (which ended in 2021/22 when funding was withdrawn). Despite awarding many more contracts to Academy players we have some way to go to achieve our main target (objective 1).

While not contributing minutes on-the-pitch as we would like, transfers of three Academy 'Club Developed Players' in the last three years has earned income of circa £1.475m to date (objective 2).

A disappointing number of Academy players have made no impact after scholarship and quickly fallen down the pyramid and not secured professional careers (objective 3). Our rankings in terms of Academy productivity KPIs are slowly improving.

In 2022/23 we intend to invest more in player care as part of the EPPP (objective 4)

### Business review

#### Commercial

Business Turnover from Commercial activities was £651,000 (2020/21: £324,000) a rise of nearly double returning activity to pre-Coronavirus levels.

The new Catering and Hospitality business provided £21,000 of net income in its first year. We expect this to grow markedly in 2022/23.

#### Match Day

Total match-day ticket income comprises Season Card income and Match ticket income. This was £1.05m (2020/21: £85,000). This was the third best in the last decade and the best since 2016/17 play-off season. Match-day income is driven by the number of tickets sold, ticket prices and the mix of full and concession prices for both Season Cards and Match tickets.

Season Card income was £357,000 (2020/21: £50,000), beaten only once in the last decade. Match-day walk-up ticket income was £690,000 (2020/21: £35,000), again the best since 2016/17.

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

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2022**

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League game gates increased by +5% compared with 2018/19 (the last full season not affected by Coronavirus) to an average of 4,970. This is the highest in the last decade apart from 2016/17. The average attendance of away fans was 411 (2019/20: 343).

Income per ticket was £9.16

We are grateful for every fan who gives their support and spends hard earned money in difficult times.

### **Retail**

Retail had a creditable year. Sales of £291,000 (2020/21: £207,000) were its best in the last decade apart from 2016/17.

### **Community review**

Our community activities are aimed at "making a difference" both to the Club, the city and the wider Cumbria and region. This is an important part of what we do and brings pride to all of us – Club, players, staff and fans alike. As a Club we also continue to support community and charitable causes wherever possible. Despite the severe restrictions on community activity, we continued to play a part.



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### Key Performance Indicators

Five year trend

Financial

Key Indicators	YE 2022 £	YE 2021 £	2021 and 2020 impacted by Coronavirus	YE 2020* £	YE 2019* £	YE 2018 £
Headline turnover	£4,742,833	£4,065,719	Turnover reported in the profit and loss account (Note 3)	£4,589,577	£3,614,302	£3,993,252
Match day	£1,047,475	£84,999	Season tickets and walk up pay on the day ticket income	£702,486	£934,421	£936,660
Commercial	£650,498	£323,990	Sponsorships, advertising, hospitality, catering, lottery, other income	£468,378	£655,868	£759,619
Retail	£291,347	£208,766	Blues store and on-line	£184,220	£254,209	£277,467
Recurring Business Turnover	£1,989,321	£615,755	Recurring turnover and other income from all business activities	£1,355,084	£1,844,497	£1,973,745
Business turnover growth %	7.9% **	n/a	**Versus 2018/19	n/a	-6.5%	-13.4%
Business margin	£1,372,083	£303,942	Business turnover less Business costs	£890,866	£1,315,283	£1,319,759
Business margin growth %	4.3% **	n/a	**Versus 2018/19	n/a	-0.3%	-19.5%
Business margin %	69%	49%	Business margin/ Business turnover	66%	71%	67%
Professional Game Income	£1,634,147	£1,579,837	EFL and Premier League Income and EPPP Academy grant	£1,611,285	£1,504,260	£1,426,349
Business costs	£617,258	£311,813	Direct costs of retail, ticketing, commercial and holding matches	£464,118	£529,214	£653,987
Overheads	£908,560	£755,878	Business overheads (excluding all Football and Academy costs)	£823,856	£829,817	£826,247
Overhead cover	2.73	1.82	Business margin ÷ EFL ÷ PL ÷ Overheads	2.44	2.82	2.77
Underlying Contribution	£1,538,101	£644,669	Recurring income - recurring costs ÷ net Academy income	£1,241,128	£1,513,747	£1,397,176
Underlying Contribution growth %	1.6% **	n/a	**Versus 2018/19	-18%	8%	-13.9%
Football Fortune (net)	£785,148	£1,061,728	Player transfer income, cup income, prizes and tv less cup costs	£1,409,487	£242,216	£449,418
Other non-recurring net income/(costs)	£(6,823)	£(3,390)	Exceptional business income and costs	£(38,367)	£(42,938)	£37,767
Exceptional costs	£(24,891)	£(180,669)	Coronavirus testing, H&S, cleaning, site costs, Business related	£0	£0	£0
Coronavirus exceptional income	£333,333	£1,067,128	CJRS, Premier League, donations	£515,002	£0	£0
Total Contribution	£2,624,868	£2,589,465	Underlying Contribution plus all non-recurring net income	£3,127,250	£1,713,025	£1,884,361
Total Football Expenditure (TFE)	£2,249,062	£1,870,377	Total expenditure on all first team Football including Player Costs	£2,025,928	£2,211,643	£2,605,990
TFE growth %	20.2%	-7.7%		-8.4%	-15.1%	-3.7%
TFE ratio	1.46	2.90	Total Football Expenditure / Underlying Contribution	1.63	1.46	1.87
Player Costs	£1,419,229	£1,297,556	Player basic pay, expenses, bonuses, loans in	£1,408,684	£1,568,357	£1,893,336
Player Costs growth %	9%	-8%		-10%	-17%	-5%
Value on the pitch	51.5%	52.6%	Proportion of Player Costs spent on minutes on the pitch	51.1%	49.1%	53.6%
Contingency spending	26.6%	24.6%	Share of player costs not in the matchday '18'	26.3%	23.7%	23.3%
Wages and salaries	£2,926,353	£2,391,802	Total wages & salaries for the whole Club (note 5)	£2,462,010	£2,712,612	£3,252,062
Total wages/Headline Turnover %	50.4%	58.6%	Wages & salaries (note 5)/ Headline turnover	53.6%	75.1%	81.4%
Total wages/Recurring Income %	80.8%	108.9%	Wages & salaries (note 5)/ Recurring Income	83.0%	81.0%	93.6%
Operating profit/(loss) before exceptionals	£(225,674)	£(584,018)		£301,328	£(784,339)	£(988,174)
Overall profit/(loss) after tax	£32,778	£397,494	As per P&L accounts	£782,205	£(666,682)	£(120,859)
EBITDA per accounts (Note 8 and 26)	£375,804	£722,479	Profit/(loss) before interest, tax, depreciation and amortisation	£1,147,548	£(477,552)	£(684,991)
Net player sales income	£803,825	£976,510	Player transfers income, add ons and sell ons	£1,134,875	£99,758	£223,543
EBITDA (excluding player sales)	£(228,021)	£(254,031)	EBITDA less net player sales income	£12,873	£(577,311)	£(908,535)
Recurring EBITDA excluding net one-off Covid income	n/a	£(1,098,690)	EBITDA excluding Non-recurring net income and non-recurring TFE	£(469,063)	£(377,036)	£(952,540)
Recurring EBITDA excluding after replacement Covid	n/a	£(208,841)	EBITDA before Football Fortune, one offs but including Covid income	£29,780	£(408,307)	£(889,027)
Recurring income	£3,623,468	£2,195,592	Recurring Business Turnover+Professional Game Income	£2,966,369	£3,348,758	£3,400,094
Recurring Income growth %	8.2% **	n/a	**Versus 2018/19	-11%	-2%	0.0%
Total assets	£9,914,789	£9,807,723	Balance sheet	£9,267,226	£8,662,017	£8,820,368
Institutional funding	£216,763	£266,599	Bank overdraft, mortgages, Finance leases	£229,301	£250,902	£290,508
Related party debt	£448,750	£448,750	Amounts due to shareholders and connected parties	£448,750	£448,750	£640,525
Total gross debt	£3,156,513	£3,164,848	Purepay+Bank+Related Party+EFL	£3,061,324	£2,887,877	£2,258,623
Change in total debt	£(8,333)	£103,524		£173,447	£629,234	£245,270

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### Non-Financial

Attendances (League 2 games only)			
2021/22	4,970		
2020/21	Not reported due to Coronavirus		
2019/20	4,119	Decrease	-12%
2018/19	4,712	Increase	+2.4%
2017/18	4,600	Decrease	-10.0%
Season Ticket numbers			
2021/22	1,854		
2020/21	Not reported due to Coronavirus		
2019/20	1,921	Decrease	-3.3%
2018/19	1,986	Decrease	-5.7%
2017/18	2,107	Increase	+13.4%
Final League 2 position			
2021/22	20		
2020/21	10		
2019/20	18		
2018/19	11		
2017/18	10		

Community Ticket Scheme – Complimentary tickets issued to groups			
2021/22	Not reported due to Coronavirus		
2020/21	Not reported due to Coronavirus		
2019/20	Not reported due to Coronavirus		
2018/19	2,215	Increase	+12.8%
2017/18	1,964	Decrease	-7.3%
2016/17	2,119	Increase	+30.5%
Player Community Appearances			
2021/22	Not reported due to Coronavirus		
2020/21	Not reported due to Coronavirus		
2019/20	Not reported due to Coronavirus		
2018/19	394	Increase	+7.0%
2017/18	368	Decrease	-14.4%
2016/17	430	Increase	+25.7%

SCMP Player Related Expenditure as % of EFL Relevant Income			
Pre-Season	2021/22	Not in operation	
Pre-Season	2020/21	Not in operation	
Pre-Season	2019/20	84%	
Pre-Season	2018/19	94%	
Pre-Season	2017/18	97%	
Pre-Season	2016/17	99%	

## Principal risks and uncertainties

### Business environment

#### Competitive Risk

On-the-pitch under-performance is our principal competitive risk. Failure on-the-pitch can have immediate and severe adverse impact. Poor football results, leading to declining divisional position and relegation from League 2 would impact hugely on Recurring Income (EFL and Premier League distributions, fans support, Business Turnover), Academy, Community and funding requirements. The experience of many EFL Clubs who have lost their status is very sobering. The latest being Scunthorpe and Oldham. It can take a long time and significant amounts of new cash to rectify, especially given the ownership funding in the National League. We saw this risk emerge in 2021/22.

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

Critical to success is football coaching, team management and player recruitment, to get the most from the best players we can recruit, to forge a team to be proud of, that is better than its individual parts and over performs rivals spending more money. We saw the impact in 2021/22. Ability and stability of football management, playing squad and football philosophy builds cohesion and reduces risk. Expertise in player recruitment increases the effectiveness of Total Football Expenditure (Player Costs and Other Football Costs), and increases the prospect of success.

We must have our own strategy and approaches to address these risks. We believe we can be successful by working both hard and smart, with a positive and ambitious approach and finding improvements in every activity. That approach carries increased short-term risk, plus football is inherently full of uncertainties. It's therefore crucial we understand, operate and make short and long-term decisions accordingly. The Company maintains a Corporate Risk Register which details the principal risks we face and the controls in place. This is reviewed annually by the board.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Legislative risks

We are a public and community interest organisation. The Company operates highly regulated activities and is subject to a wide range of legislation, regulation and external scrutiny. The regulatory regimes of the EFL and FA are increasingly complex and the regulatory risks are high. In this context, we recognise specific knowledge and expertise in football is increasingly important with proper governance.

### Financial risks

The main financial risk for the Company is the liquidity risk that the Company could encounter in meeting its financial obligations, in particular on-demand, third party debt repayable to Purepay Retail Limited. Additionally, there is the ongoing risk of normal wage and HMRC payments. The Company mitigates these liquidity risks by the continual review of management and the source and sufficiency of funding to support its plans and activities.

We continue to operate a self-financing model. We do not have the support of new external funding to subsidise losses, fund investment or exceptional events. Cash received from player sales and our reduced Player Cost spending in prior years has proved critical in the last few years. We have built some reserves of cash in good profitable years (£1.58m at the year-end) to balance the years of losses. These cash reserves increased in 2021/22 to the highest in recent years.

The emergence of the Coronavirus in early 2020 exposed the huge financial fragility within the wider game and serious risks being taken by many clubs. It is important to recognise that the tough decisions taken by the Club have meant we have been better able to withstand the immediate direct effects of Coronavirus.

The recent trend of falling Business Turnover reversed in 2021/22. This needs to continue otherwise it is inevitable, that, subject to balancing cash from Football Fortune, we will need to take further remedial action to cut costs to address losses. Hence, we must continue to grow our Business Turnover by investing in assets that generate income and cash.

It is always the responsibility of the Club's directors to provide sustainable stewardship of the Club. We must continue to take the tough financial decisions to match our expenditure with our available funding and reduce our financial risks. We cannot presume a "white knight", external funding or new investment will be there if we make unfunded commitments now; especially to chase on pitch football success.

We know decisions to sell players, maintain financial control and not be able to match some rival's spending can be unpopular and frustrating for fans, but we will continue to share and explain the detail of our finances with our supporters so they can understand the financial challenges and the financial decisions that we take.

### Ownership risk

The Company is 93% owned by Holdings. Holdings individual shareholders have made it clear they cannot provide capital to fund the Club's needs, either in terms of emergency reserve funding, long term capital investment or subsidy of football spending to increase the ability of the Club to compete on-the-pitch with those who receive significant shareholders funding. The fan shareholder CUOSC has no record of being able to fund the Club either.

Attempts to bring in new ownership and investment have been unsuccessful. As time goes on, the ownership, liquidity and competitive risks are all increasing. They are all combining together to raise the overall club risk. The Club has no reserve source of funding. Currently these risks are partially mitigated by actual cash reserves with additional, contingent player transfer assets increasingly important in the short and medium term in the absence of ownership succession.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Prospects for 2022/23 and beyond

#### Coronavirus

We have no legacy financial issues from the Coronavirus pandemic except the residue of the interest free, EFL loan (currently £80,000). The risk of a further outbreak remains.

#### Football

After a turbulent 2021/22 season, the appointment of Paul Simpson on a long-term contract aims to bring stability and a platform to develop the playing squad and improve football results in a sustainable way. This will take time to repair the issues of the past. The shareholders have committed the board to provide increased funding for Player Costs and Total Player Expenditure again in 2022/23. This is in part funded by savings from the redundancy of the Director of Football.

#### Trading

The improving trend in Underlying Contribution in recent years has improved our ability to self-fund our Total Football Expenditure on a sustainable basis. This improvement has been built mainly on cost reductions as Business Turnover has been under pressure. Growing Business Turnover is a long-term issue for the Club. 2021/22 saw the first step forwards in a number of years.

We expect to see some increase in match-day and retail income as the optimism from the end of 2021/22 season under Paul Simpson, carries forward. The scale is unpredictable. Ticket price increases for 2022/23 season are unavoidable and sadly may be necessary again in future. Investment in new commercial staff for 2022/23 is another step forward to bring improvement. We do expect commercial renewals to be challenging and value to be under pressure. The long-term opportunity from catering coming in-house needs further investment and time to reach its potential. The cost of living crisis and general inflation is expected to lead to higher retail purchase costs, staff payroll costs off-the-pitch and increased overhead costs like insurance and energy, plus higher interest charges. The additional and long-term impact of the cost of living crisis on attendances is uncertain. This means on-the-pitch football performance will be even more important to us in 2022/23.

We expect to increase our Player Cost spending in 2022/23 again after the increase in 2021/22. The increase reflects the need to compete on-the-pitch after the serious problems in 2021/22. We also face increases in Other Football Costs as we invest in football staff and operations to address the failure of 2021 and catch up with our rivals.

As a result, we estimate the Club will require circa £750,000 of new cash in 2022/23 to fund its normal and existing recurring activities, before any capital investment at current levels of the planned football spending.

EFL income distributions from commercial and broadcast sources is likely to come under pressure in future. In the short term, we expect EFL and Premier League distributions to be flat with no material financial change arising from the Fan Led Review until beyond June 2024 at the earliest. The size of any change to financial distributions again remains to be seen. Long term, streaming income remains a potential opportunity.

By June 2023, we could see our cash reserves and cushion for 2023/24 depleted by the cash outflow detailed above, without other new non-recurring Business Turnover, Football Fortune or external support. With lower cash reserves the Club could be in a much higher risk position moving into 2023/24.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Brunton Park

We have reported in prior years, the challenges of the facilities are increasing. Despite new work in 2020/21 by the Environment Agency to mitigate flood risk in Carlisle, Brunton Park remains in a high-risk area for flooding and most areas of the buildings are well over 50-years old. Climate change worsens the risks. At the same time the flood insurance available to us is continuing to be constrained and high cost. Our insurance costs remain £50,000 per year higher than before the 2015 flood cost. With global energy costs rising fast and expected to remain high for years to come, we face increased stadium costs. We expect circa £100,000 of extra energy costs in 2022/23.

We continue to make modest improvements in the stadium where we can and where necessary, subject to financial constraints, but the task is becoming more challenging and more focused on safety critical areas only. A number of areas require material investment.

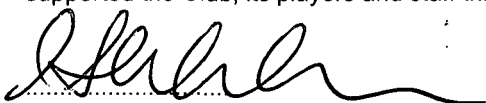
I have made it clear in prior years, the stadium is a top priority to address. There remains no ability for the Company to self-fund a new stadium from its normal trading activities. This severely constrains the options. To date no steps forward have been taken or are planned in 2022/23 while long term ownership of the Club is unclear.

Meaningful progress beyond the current approach will need a united and community-based approach, with fans and public and private sector working together. This inevitably requires long-term planning and leadership and crucially, certainty over the future direction of the Club. Club ownership is central to this. It remains the case, the stadium issues cannot be addressed until resolution of questions over long-term ownership, direction and vision of the Club are clear – this means succession must be resolved first, before any steps can be made. This is unchanged.

### Going concern

At 30 June 2022 an amount of £2,411,000 was owed to Purepay Retail Limited ('PRL'). The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance. The uncertainty around the repayment of the PRL debt constitutes a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

On behalf of everyone at the Club, I would like to thank all the fans, businesses and community who supported the Club, its players and staff through this difficult period.



Mr N Clibbens

Director

9/12/2022

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

### Directors

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

Mr J L Nixon

Ms S C Kidd

Mr N Clibbens

Mr J Mitchell

Mr N Davidson

(Resigned 20 June 2022)

(Appointed 19 July 2022)

### Results and dividends

The results for the year are set out on page 24.

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

### Disabled persons

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

### Employee involvement

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

### Auditor

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

### Strategic report

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

### Statement of disclosure to auditor

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

On behalf of the board



Mr N Clibbens

Director

9/12/2022

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

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2022**

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

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

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

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## INDEPENDENT AUDITOR'S REPORT

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

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#### Opinion

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which highlights that at 30 June 2022 an amount of £2,411,000 was owed to Purepay Retail Limited ('PRL'). The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance. As stated in note 1.2, the uncertainty around the repayment of the PRL debt indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Review of minutes of board meetings;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

We identified the following areas as those most likely to have a material impact on the financial statements: employment law, health and safety legislation, compliance with EFL regulations, and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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

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

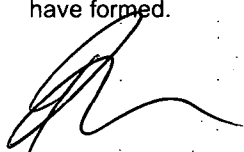
### **TO THE MEMBERS OF CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED**

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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



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

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

14/12/22

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
<b>Turnover</b>	<b>3</b>	4,742,833	4,065,719
Cost of sales		(3,107,316)	(2,472,102)
<b>Gross profit</b>		1,635,517	1,593,617
Administrative expenses		(1,573,105)	(1,400,754)
Other operating income		56,675	290,248
<b>Operating profit</b>	<b>4</b>	119,087	483,111
Interest receivable and similar income	<b>7</b>	154	122
Interest payable and similar expenses	<b>8</b>	(86,463)	(85,739)
<b>Profit before taxation</b>		32,778	397,494
Tax on profit	<b>9</b>	-	-
<b>Profit for the financial year</b>		32,778	397,494
<b>Other comprehensive income</b>			
Tax relating to other comprehensive income		46,000	4,000
<b>Total comprehensive income for the year</b>		78,778	401,494

The profit and loss account has been prepared on the basis that all operations are continuing operations.

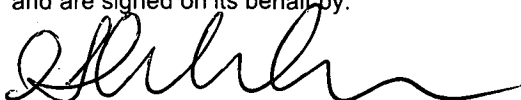
# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Intangible assets	10	32,167		-	
Tangible assets	11	7,670,969		7,761,874	
		<u>7,703,136</u>		<u>7,761,874</u>	
<b>Current assets</b>					
Stocks	12	122,104		123,245	
Debtors	13	408,671		539,433	
Cash at bank and in hand		1,680,878		1,383,171	
		<u>2,211,653</u>		<u>2,045,849</u>	
<b>Creditors: amounts falling due within one year</b>	14	(3,855,678)		(3,595,046)	
<b>Net current liabilities</b>		<u>(1,644,025)</u>		<u>(1,549,197)</u>	
<b>Total assets less current liabilities</b>		<u>6,059,111</u>		<u>6,212,677</u>	
<b>Creditors: amounts falling due after more than one year</b>	15	(40,200)		(199,966)	
<b>Provisions for liabilities</b>					
Deferred tax liability	17	40,000		86,000	
		<u>(40,000)</u>		<u>(86,000)</u>	
<b>Government grants</b>	20	(577,575)		(604,153)	
<b>Net assets</b>		<u>5,401,336</u>		<u>5,322,558</u>	
<b>Capital and reserves</b>					
Called up share capital	19	144,891		144,891	
Revaluation reserve		5,495,517		5,531,458	
Profit and loss reserves		(239,072)		(353,791)	
<b>Total equity</b>		<u>5,401,336</u>		<u>5,322,558</u>	

The financial statements were approved by the board of directors and authorised for issue on 9/12/2022 and are signed on its behalf by:



Mr N Clibbens  
Director

Company Registration No. 00175280

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 July 2020</b>	144,891	5,609,399	(833,226)	4,921,064
<b>Year ended 30 June 2021:</b>				
Profit for the year	-	-	397,494	397,494
Other comprehensive income:				
Tax relating to other comprehensive income	-	4,000	-	4,000
Total comprehensive income for the year	-	4,000	397,494	401,494
Transfers	-	(81,941)	81,941	-
<b>Balance at 30 June 2021</b>	144,891	5,531,458	(353,791)	5,322,558
<b>Year ended 30 June 2022:</b>				
Profit for the year	-	-	32,778	32,778
Other comprehensive income:				
Tax relating to other comprehensive income	-	46,000	-	46,000
Total comprehensive income for the year	-	46,000	32,778	78,778
Transfers	-	(81,941)	81,941	-
<b>Balance at 30 June 2022</b>	144,891	5,495,517	(239,072)	5,401,336

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities:</b>					
Cash generated from operations	26	616,754		921,971	
Interest paid		(5,162)		(6,415)	
<b>Net cash inflow from operating activities</b>		<b>611,592</b>		<b>915,556</b>	
<b>Investing activities:</b>					
Purchase of intangible assets		(52,000)		-	
Purchase of tangible fixed assets		(172,403)		(71,097)	
Interest received		154		122	
<b>Net cash used in investing activities</b>		<b>(224,249)</b>		<b>(70,975)</b>	
<b>Financing activities:</b>					
Repayment of borrowings		(39,800)		-	
Payment of finance leases obligations		-		(4,224)	
<b>Net cash used in financing activities</b>		<b>(39,800)</b>		<b>(4,224)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>347,543</b>		<b>840,357</b>	
Cash and cash equivalents at beginning of year		1,236,538		396,181	
<b>Cash and cash equivalents at end of year</b>		<b>1,584,081</b>		<b>1,236,538</b>	
<b>Relating to:</b>					
Cash at bank and in hand		1,680,878		1,383,171	
Bank overdrafts included in creditors payable within one year		(96,797)		(146,633)	

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies

#### Company information

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

#### 1.1 Accounting convention

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

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

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

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

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

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### 1. Accounting policies

(Continued)

#### 1.2 Going concern

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

The company's ability to remain a going concern is dependent on the on-going support of its current financiers. Despite the profit generated in the year ended 30 June 2022, the company's net current liabilities at the year-end are £1,644,025 (2021: £1,549,197).

On 5 November 2020, Edinburgh Woollen Mill Limited ('EWM'), the company's major sponsor, funder and largest creditor, went into administration. This debt was subsequently novated to Purepay Retail Limited ('PRL') on the same terms. At 30 June 2022 an amount of £2,411,000 was owed to PRL. The company has not received confirmation from PRL that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements, and as a result PRL could seek repayment of the balance.

If PRL do not seek repayment of the balance due to them, then together with support from an existing connected creditor, and cash flow forecasts prepared up to 30 June 2024, the directors believe the company will have sufficient funds to be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.

Whilst the directors believe that the company will be able to continue to operate to meet its obligations over the next 12 months, the fact that PRL have not provided confirmation that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements naturally brings uncertainty.

Based on the above, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty around the repayment of the PRL debt constitutes a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### 1.3 Turnover

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

#### 1.4 Intangible fixed assets other than goodwill

Player registration fees are capitalised as intangible assets and are initially recognised at cost. After recognition, under the cost model, the registrations are measured at cost less accumulated amortisation and accumulated impairment losses.

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

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

#### 1.5 Tangible fixed assets

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



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

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

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

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

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

#### 1.7 Stocks

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

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

#### 1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Other financial assets**

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

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

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

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

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

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

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

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

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

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

##### **Current tax**

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

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

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

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

#### 1.15 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing the asset lives, factors such as physical condition are taken into account. Residual values consider matters such as future market conditions and the remaining estimated life of the premises to calculate their net present values.

Individual freehold properties are carried at revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair values are determined from market based evidence such as future market conditions.

### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Matchday	1,059,057	84,999
Commercial	433,634	302,828
Retail	291,347	206,767
Football fortune	761,050	1,066,314
Professional game	1,678,986	1,579,838
Premier League Coronavirus grant	333,333	359,411
ifollow	112,549	345,746
Donations	72,877	119,816
	<u>4,742,833</u>	<u>4,065,719</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	154	122
Grants received	26,578	269,087
Rent receivable	23,461	21,161
Insurance claims receivable	6,636	-
	<u></u>	<u></u>

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(26,578)	(269,087)
Fees payable to the company's auditor for the audit of the company's financial statements	14,630	13,300
Depreciation of owned tangible fixed assets	263,308	265,946
Amortisation of intangible assets	19,833	-
Operating lease charges	18,264	12,682

### 5 Employees

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

	2022	2021
	Number	Number
Number of administrative staff	104	52
Number of football staff	74	72
Total	178	124

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	2,651,445	2,173,641
Social security costs	245,858	191,655
Pension costs	29,050	26,506
	2,926,353	2,391,802

The wages and salaries total above includes termination benefits of £25,000 (2021: £nil).

### 6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	102,853	102,217
Company pension contributions to defined contribution schemes	4,115	4,089
	106,968	106,306

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 7 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	154	122

### 8 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	86,463	85,634
Interest on finance leases and hire purchase contracts	-	105
	<u>86,463</u>	<u>85,739</u>

### 9 Taxation

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

	2022 £	2021 £
Profit before taxation	<u>32,778</u>	<u>397,494</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	6,228	75,524
Tax effect of expenses that are not deductible in determining taxable profit	5,380	1,459
Tax effect of utilisation of tax losses not previously recognised	(27,482)	(109,918)
Change in unrecognised deferred tax assets	(14,526)	(859)
Depreciation on assets not qualifying for tax allowances	38,844	38,844
Other permanent differences	(3,394)	-
Grants released not taxable	(5,050)	(5,050)
Taxation charge for the year	<u>-</u>	<u>-</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	<u>(46,000)</u>	<u>(4,000)</u>

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 9 Taxation

(Continued)

#### Factors affecting future tax and charges

In March 2021 the Chancellor confirmed, in the budget, an increase in the corporation tax rate from 19% to 25%. The Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. The timing differences expected to reverse on or after 1 April 2023 have been accounted for at 25% and therefore deferred tax has been provided for at 25% (2021: 25%).

At the year end the company had estimated tax losses of £1,652,214 (2021: £1,796,855) available to carry forward against future taxable trading profits.

### 10 Intangible fixed assets

	Player registrations £
<b>Cost</b>	
At 1 July 2021	-
Additions	52,000
At 30 June 2022	52,000
<b>Amortisation and impairment</b>	
At 1 July 2021	-
Amortisation charged for the year	19,833
At 30 June 2022	19,833
<b>Carrying amount</b>	
At 30 June 2022	32,167
At 30 June 2021	-



# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 11 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 July 2021	8,471,337	720,789	34,250	9,226,376
Additions	105,985	66,418	-	172,403
Disposals	-	(279,284)	-	(279,284)
At 30 June 2022	8,577,322	507,923	34,250	9,119,495
<b>Depreciation and impairment</b>				
At 1 July 2021	922,899	507,353	34,250	1,464,502
Depreciation charged in the year	192,726	70,582	-	263,308
Eliminated in respect of disposals	-	(279,284)	-	(279,284)
At 30 June 2022	1,115,625	298,651	34,250	1,448,526
<b>Carrying amount</b>				
At 30 June 2022	7,461,697	209,272	-	7,670,969
At 30 June 2021	7,548,438	213,436	-	7,761,874

Tangible fixed assets with a carrying amount of £7,670,969 (2021: £7,761,874) have been pledged to secure borrowings of the company.

Included within freehold property is land with a valuation of £6,000 (2021: £6,000) which is not depreciated.

Following the extensive flood damage and subsequent repairs and improvement work performed, a valuation of all land and building assets was undertaken by Robson & Liddle (Rural) Limited, external valuers and members of The Institute of Chartered Surveyors. Due to ongoing construction work at 30 June 2016 and the fact that all capital costs were covered by the company's insurance policy, the valuation was performed as at 1 February 2017 when all construction work had been completed. In the opinion of the directors, this is a true and fair reflection of the value of the property at both 30 June 2021 and 30 June 2022.

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

If freehold property were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

2022: Cost £4,480,264; accumulated depreciation £2,554,082; carrying value £1,926,182

2021: Cost £4,374,279; accumulated depreciation £2,443,298; carrying value £1,930,981

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 12 Stocks

	2022 £	2021 £
Finished goods and goods for resale	122,104	123,245

### 13 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	174,852	125,974
Other debtors	9,255	6,202
Prepayments and accrued income	224,564	407,257
	408,671	539,433

The debtors total includes £210,909 (2021: £213,309) of transfer fees receivable.

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

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	216,763	146,633
Other borrowings	16	39,800	39,800
Trade creditors		376,497	277,284
Taxation and social security		96,152	181,773
Other creditors		2,863,681	2,775,094
Accruals and deferred income		262,785	174,462
		3,855,678	3,595,046

Included within other creditors is £2,411,000 (2021: £2,329,699) which is secured by way of a fixed and floating charge over Brunton Park and land around Brunton Park.

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

	Notes	2022 £	2021 £
Bank loans and overdrafts	16	-	119,966
Other borrowings	16	40,200	80,000
		40,200	199,966

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 16 Loans and overdrafts

	2022 £	2021 £
Bank loans	119,966	119,966
Bank overdrafts	96,797	146,633
Other loans	80,000	119,800
	<u>296,763</u>	<u>386,399</u>
Payable within one year	256,563	186,433
Payable after one year	<u>40,200</u>	<u>199,966</u>

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

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

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

The other loan is an interest free loan from the EFL repayable in installments with the final payment due on 1 April 2024.

### 17 Provisions for liabilities

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

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Freehold property revaluations	<u>40,000</u>	<u>86,000</u>
		<b>2022 £</b>
Liability at 1 July 2021		86,000
Credit to other comprehensive income		(46,000)
Liability at 30 June 2022		<u>40,000</u>

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 18 Retirement benefit schemes

	2022	2021
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	29,050	26,506

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company by NEST. The pension cost charge represents contributions payable by the company. An amount of £3,242 (2021: £3,361) is included in other creditors at the year end and is to be paid to NEST.

### 19 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	144,891	144,891	144,891	144,891

### 20 Government grants

Arising from government grants	577,575	604,153
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### 21 Financial commitments, guarantees and contingent liabilities

Transfer agreements sometimes involve additional payments or receipts depending upon the future performance of the player and club. At the year end, possible future payments amounting to £nil (2021: £nil) existed under such agreements.

Included within this amount is £nil (2021: £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.

### 22 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	15,356	9,520
Between two and five years	5,407	6,611
	20,763	16,131

### 23 Related party transactions

#### Transactions with related parties

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 23 Related party transactions (Continued)

	Sales		Purchases	
	2022	2021	2022	2021
	£	£	£	£
Other related parties	8,403	32,500	6,683	13,468

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due to related parties		
Other related parties	469,959	468,375

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due from related parties		
Other related parties	13,240	9,657

The following amounts were recognised as an expense in the period in respect of bad and doubtful debts due from related parties:

	2022	2021
	£	£
Other related parties	-	38,581

#### Other information

The company has received personal guarantees from certain directors of the parent company, in respect of a loan provided to the company. The amount of the guarantee is £2,411,000 (2021: £2,329,699).

### 24 Ultimate controlling party

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

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

# CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

### 25 Analysis of changes in net funds

1 July 2021	Cash flows	30 June 2022
£	£	£
Cash at bank and in hand	297,707	1,680,878
Bank overdrafts	49,836	(96,797)
Borrowings excluding overdrafts	347,543	1,584,081
	39,800	(199,966)
	387,343	1,384,115

### 26 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	32,778	397,494
<b>Adjustments for:</b>		
Finance costs	5,162	6,415
Investment income	(154)	(122)
Amortisation and impairment of intangible assets	19,833	-
Depreciation and impairment of tangible fixed assets	263,308	265,946
Decrease in deferred income	(26,578)	(26,578)
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	1,141	(76,631)
Decrease in debtors	130,762	218,941
Increase in creditors	190,502	136,506
<b>Cash generated from operations</b>	<b>616,754</b>	<b>921,971</b>

Included within the above total is £606,225 (2021: £1,350,201) of receipts from the transfer of player registrations. Excluding this, cash generated from operations was an inflow of £10,529 (2021: outflow of £428,230) as shown below:

Cash generated from operations	616,754	921,971
Receipts from transfer of player registrations	606,225	1,350,201
<b>Cash generated / (absorbed) from operations - excluding receipts from transfer of player registrations</b>	<b>10,529</b>	<b>(428,230)</b>