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 2023

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MOORE & SMALLEY

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

COMPANY INFORMATION

Directors	Mr J L Nixon	
	Ms S C Kidd	
	Mr N Clibbens	
	Mr T W Piatak	(Appointed 22 November 2023)
	Mrs P R Piatak	(Appointed 22 November 2023)
	Mr T Piatak II	(Appointed 22 November 2023)
	Mrs A Piatak	(Appointed 22 November 2023)
	Mr N Demasi	(Appointed 22 November 2023)
	Ms J Piatak	(Appointed 22 November 2023)
	Mr M Spooner	(Appointed 27 December 2023)
Company number	00175280	
Registered office	Brunton Park Warwick Road Carlisle CA1 1LL	
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	

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The directors present the strategic report for the year ended 30 June 2023.

The Company's business and strategy

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

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. The Holdings board comprises all its shareholders. It makes all strategic decisions affecting the Company. It also takes all material, financial, football and business operating decisions too, which the Company implements.

Strategic Objectives

The Club's overall objective remains

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

Working Together

This means the Club, the fans and our community in Carlisle and surrounding area coming closer, collaborating and engaging together. Continuing to engage more closely with fans, business and the rest of our community and providing more detailed, transparent information about the Club, are all central to meeting this objective.

I believe fan representation on the inside of the Club, with board representation allowing a proper voice and influence. This is beneficial to all and helps the Club achieve its goals, make better decisions and overall, makes the Club perform better. We hope supporters take the opportunities in the new era ahead.

The Club's relationship with the Carlisle United Official Supporters Club (CUOSC), our fan trust body and which was 25.4% voting shareholder until after the year end, remains strong after changes in its organisation during the 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". The strength of this relationship played a key part in the events effecting ownership of Holdings and control of the Club after the year end.

CUOSC must continue to play an important part in raising issues that concern our fans and impact the Club, direct to its directors and other shareholders.

The Carlisle United Supporters Group (CUSG) also 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 CUSG representation is widening and becoming even more diverse with new members participating. Again, in the new era ahead there is a big opportunity to achieve more.

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 second 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 in 2023.

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 have influence in the community. CUCST remains an independently managed and directed organisation with its own plans and governance. It is important that this relationship changes too in the new era ahead.

Successful

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. Our key priority in the year was success on-the-pitch, achieving progress up the football pyramid starting with promotion to League 1. This was achieved.

I have said on many occasions, 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, especially in League 2. Once again, the final table in 2022/23, showed it continues to be a damaging myth and smokescreen that ranking of spending on players is significantly 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. Our promotion proved that a different strategy can still bring success.

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.

This approach 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.

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, 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 fall into that cycle of cutbacks, where hidden, long-term risks build up, 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. We have seen the consequences with the interest cost from historic third-party debt funding and the barrier to succession, that legacy debt created. Combined with the terms of the debt, these created a risk to the future existence of the Club. The change of control and settlement of the Purepay Retail Limited debt removes this threat.

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

- underlying recurring trading 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

We aim to 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 has been becoming more difficult. It requires equity capital, planning, long-term vision and entrepreneurial risk taking. That was difficult when the long-term future ownership of the Club has been unsettled. In the new era ahead, following a change of ownership and control, this provides and opportunity to address this long-term issue.

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. After the year end, we earned £1.1m of income from contingency payments relating to Academy players transferred in prior years. 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 in 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.

On-the-field, promotion success in 2022/23 has brought renewed pride to the club and fans after the long period in League 2.

Financial review

Results and Performance overview

In 2022/23, we planned to increase Total Football Expenditure again (on top of the increase in 2021/22) to help provide the resources to improve our on-the-pitch competitiveness. In the absence of unbudgeted Football Fortune from cups and player sales we expected this to lead to a loss of circa £1.1m.

With no planned shareholder support or additional financial support from other sources, it meant unbudgeted Football Fortune and other non-recurring income again continue to be important to mitigate the planned underlying losses and fund the cash requirements of the Club in 2022/23.

Without Football Fortune and other non-recurring income, we expected a significant portion of our £1.58m net cash reserves on 30 June 2022 could be required to fund the Club’s normal business funding requirements, planned increases in Total Football Expenditure in 2022/23 and the resulting £1.1m budgeted loss. However, in 2022/23 we still expected to be able to operate and fund this. As we had since May 2019.

In the year, we saw Business Turnover and Recurring Income grow very significantly, alongside success on-the-pitch. While general cost pressures increased too, this still meant the underlying business performance of the club improved in a record-breaking year. This in turn improved the ability to fund the whole club and its much higher Total Football Expenditure and Player Costs.

Overall, from cups, player sales and play-offs we achieved net Football Fortune of £356,000 (2021/22: £740,000). From other non-recurring net income, we also earned £88,000 (2021/22: £5,000).

The overall result was a loss of £665,000 (2021/22: profit of £33,000).

This Football Fortune and non-recurring net income, plus working capital cash flows and improved business performance meant cash balances were maintained despite the loss. This was the fourth year without new funding from shareholder or elsewhere, which is remarkable in the context of the funding requirements of EFL clubs. We ended the year with £1.59m net cash in the bank and total debt levels reduced by £126,000 at £3.0m.

In many respects the off-the field financial performance and position of the Club are the best for many years.

Headline Turnover £5.29m (2021/22: £4.74m)
The £544,000 increase (2021/22: £677,000 increase) in Headline Turnover reflects significant growth in Business Turnover offset by lower Football Fortune and non-recurring income from Coronavirus support receivable in 2021/22.

In addition to Headline Turnover, we earned £23,000 (2021/22: £30,000) of other commercial income from rentals and sundry areas. We also earned £28,000 (2021/22: £27,000) of grant income. All our sources of income can be analysed in more detail as follows.

Business Turnover £3.06m (2021/22: £1.99m)
This measures the income generated by the Club’s operating activities off-the-pitch. It includes ticket, commercial and retail income. The £1.07m increase (+54% increase) reflects improvement across all income streams. £3.06m is the highest Business Turnover on record. By growing recurring Business Turnover, the Sustainability of the Club is improved.

Professional Game Income £1.69m (2021/22: £1.63m)
Professional Game Income comprises EFL income £652,000 (2021/22: £631,000), Premier League Solidarity £480,000 (2021/22: £480,000), EPPP Academy grant income of £502,000 (2021/22: £452,000) and LFE Academy education grants £55,000 (2021/22: £70,000).

Together, total Recurring Income comprises recurring Business Turnover and Professional Game Income. This totalled £4.74m (2021/22: £3.62m), rising +24% in the year. It was also the best for a decade.

Non-recurring Business Turnover £179,000 (2021/22: £345,000)
We earned £165,000 from the play-off campaign in extra tickets, retail and commercial plus £14,000 of other sundry non-recurring Business Turnover. In 2021/22 this included £333,000 of one-off Coronavirus income.

Non-recurring football income £373,000 (2021/22: £761,000)
This comprises Football Fortune income from cup runs £120,000 (2021/22: £147,000), player sales £97,000 (2021/22: £604,000) and Play-off final £110,000, TV £46,000 (2021/22: £10,000).

Additionally, Cup costs were £17,000 (2021/22: £21,000).

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 timing of sales, income earned now and potentially in future and the replacement are all key considerations to be weighed together.

Business Costs £883,000 (2021/22: £620,000)
These comprise recurring costs from day-to-day trading operations such as staging games, commercial activities and retail (excluding overheads, depreciation and interest). They increased by £264,000 as retail purchases, commercial activity and match-day costs as activity increased. Business margin increased from 69% to 71% as the profitability as well as the level of activity improved.

Overheads £1.05m (2021/22: £909,000)
General overhead costs increased by £56,000 (+7% increase) as minimum wage rises, staff payroll, stadium expenses, IT, repairs and maintenance costs all escalated with general inflation alongside increased activity from higher crowds. The remainder comprises energy costs increases of £90,000 (up +63%). Despite this, total overheads were only £183,000 higher than in 2016/17. Tight pressure on controllable off-the-field spending continues to be maintained.

Underlying Contribution £2.15m (2021/22: £1.54m, 2020/21: £645,000, 2019/20: £1.24m)
Underlying Contribution measures the Club's long-term ability to pay for all its football activities from its own trading, without extra funding provided by shareholders, external funders or windfalls from Football Fortune income (for example from cup runs. Play-offs or player sales) or other non-recurring events (Coronavirus grants).

The 40% increase in the year reflects the growth in Business Margin (from tickets, retail and commercial) offset by increased overheads. The net impact is a £611,000 improvement.

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 projects that grow Business Turnover are required to improve the Sustainability of the Club.

Total Football Expenditure £2.81m (2021/22: £2.20m, 2020/21: £1.87m, 2019/20: £2.03m)
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 £611,000 (2021/22 increase £332,000) reflects higher underlying spend of £486,000 which was planned and £224,000 from increases in football bonuses and £99,000 from a reduction in other non-recurring football costs compared with 2021/22 (such as severance costs).

Within Total Football Expenditure, Player Costs were £1.841m (2021/22: £1.374m, 2020/21: £1.298m and 2019/20: £1.408m) an increase of £467,000. The budget for Player Costs was initially increased as planned, to support Paul Simpson in his first full season. The overall cost reflected these budget increases (£291,000), and additional bonuses in the season and arising from promotion (£176,000).

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 used approximately 51% (2021/22: 52%) of our £1.84m (2021/22: £1.38m) spending on Player Costs in productive minutes on-the-pitch. In the year we suffered more injuries than in recent years with 21% was unavailable (21/22: 16%)

According to EFL independent benchmark data from March 2023, despite our increased Player Costs, our spending was again in the bottom quartile of League 2 ranking, while we finished fifth place in League 2 and won promotion.

Other Football Costs were £973,000 ((2021/22: £827,000). The £195,000 increase reflects higher budgets for football operations and £49,000 relating to play-off and promotion costs. There was a reduction of £160,000 in non- recurring Other Football Costs such as coach severance and Director of Football costs, but exceptional medical and other football costs rose by £61,000.

Result for the year
The operating loss for the year was £517,000 (2021/22: profit £119,000). After net interest costs of £148,000 (2021/22: £86,000), the total overall loss for the year was £665,000 (2021/22: profit £33,000).

Balance Sheet
The total assets of the Company at the year-end are £14.22m (2021/22: £9.91m). Net assets increased to £8.1m (2021/22: £5.4m). Tangible fixed asset additions of £145,000 (2021/22: £172,000) were made to Brunton Park as well as £92,000 (2021/22: £97,000) of revenue expenditure on stadium pitch, repairs and maintenance.

£78,000 (2021/22: £52,000) was invested in transfer fees including contingent payments on past transfers which were payable as a result of promotion.

Year end stocks reflect retail merchandise for 2022/23 season arriving for sale before the year end. Debtors reflect £132,000 (2021/22: £210,000) of transfer receipts due in 2022/23 and beyond. Creditors reflect stock purchases and season ticket sales for 2023/24 taking place before the year end. All on-going PAYE/NI, VAT and wages were paid in full on time in the year.

During the year, we continued to have historic loans repayable to Purepay Retail Limited. These loans remained supported by security over all the assets of the Company and personal guarantees provided by three individual shareholders. There has been no increase in the capital due since May 2019. Interest on this debt continued to accrue, but not be paid. The loan balance is unchanged except for this additional accrued interest. The capital and interest totalled £2.56m as on 30 June 2023.

Total gross debt, before cash balances, was £3.03m on 30 June 2023 (30 June 2022 at £3.16m). The increase from accrued interest was balanced by £40,000 of EFL debt repayments (2021/22: £40,000), repayment of a mortgage on a club house, the overdraft facility not being used and reductions in the amount payable to Pioneer.

Our cash balance at the year-end was £1.59m.

Cash Flows
EBITDA was £223,000 outflow (2021/22; £376,000 inflow). This is distorted by one-off effects. There was a £390,000 improvement in recurring cash flows from underlying trading, However, there was as £311,000 reduction from Football Fortune, £391,000 increase in exceptional Total Football Expenditure cash outflows (match and promotion bonuses and medical costs) and £333,000 reduction in one-off Coronavirus cash, which only received in 2021/22., We gained from a £46,000 decrease in non-recurring business cash flows.

We gained £696,000 from working capital cash inflows as business activity increased leading to higher season ticket sales and retail creditors after promotion in May 2023. This is a one-off gain.

In the year we repaid £192,000 of loans to EFL, Banks and Pioneer and received £90,000 in EFL capital grants to offset £144,000 of capital expenditure. Net interest payments on £3.06m of total debt were insignificant.

Review of Strategic Objectives

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

Football

League 2

After the turmoil of the 2021/22 season, we began the 2022/23 season with stability from Paul Simpson entering his first full season in charge in his second spell as manager. We planned to increase our Player Cost budget at the start of the year along with more planned spending on other football staff and football department expenses too, especially recruitment, as we sought to rebuild.

Overall, the season was the best in over a decade as we achieved promotion after winning the League 2 Play-offs.

We finished in fifth place (2021/22: 20th) in League 2 with 76pts at 1.65PPG (2021/22: 1.15 PPG). This was 7pts outside the automatic promotion positions but was a significant turnaround after 2021/22. Our final record was:

2022/23	5th	P46 W20 D16 L10 GF66 GA43 GD+23 76pts PPG 1.65
2021/22	20th	P46 W14 D11 L21 GF39 GA62 GD-23 53pts PPG 1.15
2020/21	10th	P46 W18 D12 L16 GF60 GA51 GD+9 66pts PPG 1.43
2019/20	18th	P37 W10 D12 L15 GF39 GA56 GD-17 42pts PPG1.20
2018/19	11th	P46 W20 D8 L18 GF67 GA62 GD+5 68pts PPG 1.48

Attack

In attack we scored 66 goals at 1.43 Goals For per 90 minutes (2021/22: 39 goals at 0.85 GF90). This was the third best in League 2. Our 34 Goals scored at home was the second best in League 2 and 32 away was the fourth best.

Overall, we earned just 66pts from 34 games (1.94 PPG) against the 17 other teams outside the top 7, losing only 4 games. However, against the other top 7 teams we won just two earning 10pts from 12 games (0.833 PPG).

We accumulated 59pts when scoring first at 2.68 PPG (2021/22: 42 at 2.63 PPG) which was the best conversion rate in League 2, as we proved the strongest in the division after getting ahead. Our record of 19 wins and 2 draws from 22 was exceptional. We scored first in 22 games (2021/22: 16), ranking us just tenth (2021/22: fourth) best in League 2. This proved a crucial factor in our 10 loses and 16 draws. We did not score first often enough to match the best in the division. We failed to score 13 times (2021/22: 20) which was eighth best and was much improved.

Scoring first and converting this into wins is the most crucial factor in League 2 success. Scoring first more often and improving our already good conversion rate were key factors in the +43% increase in our points total.

We scored 11 equalising goals in 16 games where we fell behind at 0.69 GF90 (2021/22: 11 in 32 games at 0.34 GF90).

Earning just 9pts with one win from 16 games at 0.56 PPG after conceding first was the 12th best (2021/22: third worst) record in League 2. This was improved compared with 2021/22, but our ability to come back and recover to score and gain points from losing positions remained below the teams above us.

In 2022/23, nine of our ten defeats came after we conceded first. We conceded first in 16 of 46 games, losing 9. We came back to win only one game (2021/22: 1) after conceding first. This demonstrates the importance of scoring first in gaining points. We earned 4 pts from late goals in the last 5 minutes of games.

Defence

With 43 goals conceded (2021/22: 66), we also improved defensively and recorded the fifth best (2021/22: seventh worst) defensive record in the division. In the 10 games we lost, we conceded first in 9 and scored just 7 goals and failed to score in 50%, conceding 15 (GD-8). Three of our defeats and a draw came with late goals conceded in the last 5 minutes, with 5pts given up.

Twenty clean sheets were gained (2021/22: 13), an all-time club record. This ranked us joint third best (2021/22: 13th). We conceded two or more goals just 11 times (2021/22: 21). Only four teams were better at preventing opponents achieving a crucial second goal. This meant in most games we prevented the opponents having a cushion and we were able to maintain the opportunity to gain points right until the end of games.

Home form

Our home form improved to be almost identical to 2020/21. Overall, we ranked fifth (2021/22: 18th) in League 2 for home points won. Our overall home record was:

2022/23	5th	P23 W11 D8 L4 GF34 GA21 GD+13 Pts 41 PPG 1.78
2021/22	18th	P23 W8 D7 L8 GF19 GA 23 GD-4 Pts 31 PPG 1.35
2020/21	5th	P23 W12 D5 L6 GF38 GA25 GD+13 Pts 41 PPG 1.78

We scored first in just 12 of 23 games at home, but we won 11, which was almost perfect. For the second season in a row, we failed to come back to win after conceding first at home. We lost four and drew the other three. Our home come-back ability was a weakness that proved a difference compared with the automatic promotion winners.

Away form

Our away performance improved markedly to be the best in a number of years. We ranked seventh (2021/22: 17th) in League 2 for away points won achieving 35pts at 1.52PPG (2021/22: 22pts at 0.96 PPG). We lost all four away games against the top 4 above us which again proved crucial in the final table. Our overall away record was:

2022/23	7th	P23 W9 D8 L6 GF32 GA22 GD+10 Pts 35 PPG 1.52
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

Cup competitions

Again, disappointingly and frustratingly, in all three cup competitions we failed to make any impact. This resulted in low cup income.

We lost 3-2 (A) in Round 1 of the EFL League Cup against League 1 Shrewsbury Town.

We lost 2-1 (A) in Round 2 of FA Cup against League 2 Walsall after beating League 2 Tranmere (H) 2-1 in Round 1.

In the EFL Trophy we failed to win any of our three group games and did not progress to the knock-out rounds.

Players

We suffered high player churn in the year because of addressing recruitment failures from the Summer 2021 window and manager changes mid-season in 2021/22. We had 29 (2021/22: 33) different contracted players during 2022/23 including 8 loans (2021/22: 7) plus supplemented by a further 7 Academy U21 players.

We had 13 (2021/22: 12) contracted players retained from the 2021/22 season's final squad, bringing initial continuity and stability. Six players (2021/22: 7) joined on permanent contracts plus 5 loans (2021/22: 3 loans) in the Summer window. The January 2023 transfer window saw two players (2021/22: 5) joining on contracts including one loan converting. Three other loans returned (2021/22: 3) with 3 new loans in. Overall, in the season, 15 (2021/22: 21) new players came in.

At the end of the 2022/23 season 12 (2021/22: 13) of the 21 contracted players in the final promotion winning squad were retained for 2023/24 meaning another period of player churn in the Summer 2023 window lay ahead.

Injured players missed the equivalent of 297 games, up +88% (2021/22: 158 and 2020/21: 168) as the number of injuries suffered increased. The equivalent of 7 (2021/22: 5) games were lost due to suspension.

The amount of loan players capacity in the squad increased 58%. Loan players made 60 starts (2021/22: 39) from 220 available (2021/22: 139) league games. The utilisation rate of 27% (2021/22: 28%) remained broadly unchanged. Our total spending on loan players was £213,000 (2021/22: £75,000) as the cost per minute rose 79% reflecting a decision to recruit more and higher cost loan players. Overall, more loan players games, at a higher cost were available but the effectiveness was unchanged and therefore the value for money reduced. Effective use of loan market is a key opportunity in maximising the benefit from budget spending.

In terms of effectiveness of our Player Cost spending, £941,000 (2021/22: £728,000), representing 51% (2021/22: 52%) was spent on minutes on-the-pitch. £370,000 (2021/22: £343,000) representing 20% (2021/22: 27%) was spent on players unused on the bench. This meant 71% (2021/22: 79%) of Player Cost spending was selected in the ‘18’ on the team-sheet. However, 29% (2021/22: 21%) was non-productive “in the stand”, comprising 8% (2021/22: 5%) available but not selected in the ‘18’ and 21% (2021/22: 16%) unavailable due to injury.

With broadly 21% of total Player Costs being unavailable injured, 71% in the ‘18’for use on-the-pitch, to potentially contribute to winning games and circa 51% 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 primary 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. If at the same time, the player skill ‘acquired’ per £ spent is greater than rivals and the collective combined team-skill is also higher from better coaching and preparation, then overall, headline spending is even more misleading.

Academy review

The four core objectives of the Academy remain, to develop:

1. Elite professional footballers to play in our first team (in League 1 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 outside the game

These 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”).

It is a long-term process to see players develop and break through to make their mark in our first team squad, then be named in the first team ‘18’ and finally to consistently 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. Good or fallow years years are not necessarily 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 all phases up to the end of the Professional Development Phase and also in awarding post-Academy contracts.

Minutes from Academy players in League 2 games increased to 1445 (2021/22: 550 minutes and 2020/21: 242), and just represented 2% (2021/22: 1.2%) of on-pitch time. Our rankings in terms of Academy productivity KPIs are slowly improving. While the contribution on-the-pitch from Academy players is slowly and slightly improving, 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 Academy 'Club Developed Players' yielded £57,000 of the £97,000 from players sales in the year. In the last five years to 30 June 2023 the Club has earned income of circa £2.25m (Objective 2).

A disappointing number of Academy players have made no impact after scholarship or being awarded a first pro-contract. They have quickly fallen down the pyramid and not secured professional careers (Objective 3).

In 2022/23 we invested more in player care as part of the EPPP (Objective 4).

Business review

Commercial

Recurring Business Turnover from all Commercial activities including iFollow streaming, rentals and donations was £873,000 (2021/22: £651,000) a rise of 34%. This included £61,000 net income from the second year of the catering business. This is a near trebling compared with 2021/22. We expect this to grow markedly again in 2023/24. In addition, we earned £32,000 from commercial trade in the play-off semi-final round.

Match Day

Match-day ticket income comprises Season Card income, Match ticket income. It 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.

Total match-day ticket income was £1.64m (2021/22: £1.05m) excluding the play-offs. This was the best on record. League match-day income was £1.19m (2021/22: £690,000), up +72%. Season Card income was £445,000 (2021/22: £357,000), again the best in the last decade.

League game gates increased by +34% to an average of 6,659 (2021/22: 4,970). This is the highest in the last decade. The average attendance of away fans was down to 400 (2021/22: 411).

Income per ticket was £11.61 (2021/22: £9.63)

In addition, we earned £14,000 from friendly matches and £66,000 ticket income from the play-off semi-final round and £110,000 from the final. We are grateful for every fan who gives their support.

Retail

Retail had a brilliant year. Sales of £616,000 (2021/22: £291,000) were the best ever and included £68,000 relating to the play-offs.

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.

Key Performance Indicators

Five year trend

Financial

Key indicators	YE 2023 £	YE 2022 £	*2021 and 2020 impacted by Coronavirus*	YE 2021 £	YE 2020* £	YE 2019* £
Headline turnover	£5,286,955	£4,742,833	Turnover reported in the profit and loss account (Note 3)	£4,065,719	£4,589,577	£3,614,302
Match day	**£1,635,597**	**£1,047,475**	Season tickets and walk up pay on the day ticket income	**£84,999**	**£702,486**	**£934,421**
Commercial	**£873,145**	**£650,498**	Sponsorships, advertising, hospitality, catering, lottery, other income	**£323,990**	**£468,378**	**£655,868**
Retail	**£548,843**	**£291,347**	Blues store and on-line	**£206,766**	**£184,220**	**£254,209**
Business Turnover	£3,057,584	£1,989,321	Recurring turnover and other income from all business activities (excluding Play-offs)	£615,755	£1,355,084	£1,844,497
Business turnover growth %	***53.7%***	***7.9%***	***2021/22 is versus 2018/19*	***n/a***	***n/a***	***-6.5%***
Business margin	**£2,174,358**	**£1,369,614**	Business turnover less Business costs	**£303,942**	**£890,966**	**£1,315,283**
Business margin growth %	***58.8%***	***4.1%***	***2021/22 is versus 2018/19*	***n/a***	***n/a***	***-0.3%***
Business margin %	***71%***	***69%***	Business margin/ Business turnover	***49%***	***66%***	***71%***
Professional Game Income	£1,687,365	£1,634,147	EFL and Premier League income and EPPP Academy grant	£1,579,837	£1,611,285	£1,504,260
Recurring Turnover	£4,744,949	£3,623,468	Recurring Business Turnover + Professional Game Inomce	£2,195,592	£2,966,369	£3,348,758
Business costs	**£883,225**	**£619,707**	Direct costs of retail, ticketing, commercial and staging matches	**£311,813**	**£464,118**	**£529,214**
Overheads	**£1,054,759**	**£908,560**	Business overheads (excluding all Football and Academy costs)	**£755,878**	**£823,856**	**£829,817**
Overhead cover	***3.13***	***2.73***	Business margin + EFL + PL / Overheads	***1.82***	***2.44***	***2.82***
Underlying Contribution	£2,146,358	£1,535,652	Recurring income - recurring costs + net Academy income	£644,669	£1,241,128	£1,513,747
Underlying Contribution growth %	***40%***	***1%***	***2021/22 is versus 2018/19*	***n/a***	***-18%***	***8%***
Football Fortune (net)	**£356,023**	**£740,307**	Player transfer income, cup income, prizes and tv, loan players out less cup costs	**£1,061,728**	**£1,409,058**	**£219,822**
Other non-recurring net business income/(costs)	**£88,128**	**£4,758**	Exceptional business income and costs	**£(3,390)**	**£(38,367)**	**£(42,938)**
Exceptional costs	**£0**	**£(24,891)**	Coronavirus testing, H&S, cleaning, site costs, Business related	**£(180,669)**	**£0**	**£0**
Coronavirus exceptional income	**£0**	**£321,751**	CJRS, Premier League, donations	**£1,067,128**	**£515,002**	**£0**
Total Contribution	£2,590,509	£2,577,578	Underlying Contibution plus all non-recurring net income	£2,589,465	£3,126,821	£1,690,631
Total Football Expenditure (TFE)	£2,813,480	£2,201,775	Total expenditure on all first team Football including Player Costs	£1,870,377	£2,025,499	£2,189,249
TFE growth %	***27.8%***	***17.7%***		***-7.7%***	***-7.5%***	***-15.1%***
TFE ratio	***1.31***	***1.43***	Total Football Expenditure / Underlying Contribution	***2.90***	***1.63***	***1.45***
Player Costs	£1,840,630	£1,374,390	Player basic pay, expenses, bonuses, loans in less loans out	£1,297,556	£1,408,256	£1,545,962
Player Costs growth %	***34%***	***6%***		***-8%***	***-9%***	***-17%***
Value on the pitch	***51%***	***52%***	Proportion of Player Costs spent on minutes on the pitch	***53%***	***49%***	***56%***
Contingency spendng	***29%***	***22%***	Share of player costs not in the matchday '18'	***27%***	***27%***	***21%***
Wages and salaries	£3,439,353	£2,926,353	Total wages & salares for the whole Club (note 5)	£2,391,802	£2,462,010	£2,712,612
Total wages/Headline Turnover %	***65.1%***	***61.7%***	Wages & salaries (note 5)/ Headline turnover	***58.8%***	***53.6%***	***75.1%***
Total wages/Recurring Income %	***72.5%***	***80.8%***	Wages & salaries (note 5)/ Recurring Income	***108.9%***	***83.0%***	***81.0%***
Overall profit/(loss) after tax	**£(665,015)**	**£32,778**	**As per P&L accounts**	**£397,494**	**£782,205**	**£(666,682)**
EBITDA per accounts (Note 26)	**£(222,973)**	**£375,804**	Profit/(loss) before interest, tax, depreciation and amortisation	**£722,479**	£1,147,548	£(477,552)
Net player sales income	£97,325	£603,825	Player transfers income, add ons and sell ons	£976,510	£1,134,675	£99,758
EBITDA (excluding player sales)	£(320,298)	£(228,021)	EBITDA before net player sales income	£(254,031)	£12,873	£(577,311)
EBITDA before Football Fortune	£(670,049)	£(409,341)	EBITDA excluding Player sales and cup income	£(339,249)	£(261,939)	£(719,768)
Recurring EBITDA	**£(320,790)**	**£(710,961)**	**Before Football Fortune, one offs exceptional items**	**£(1,225,708)**	**£(784,800)**	**£(697,896)**
Recurring Income	£4,744,949	£3,623,468	Recurring Business Turnover+Professional Game Income	£2,195,592	£2,966,369	£3,348,758
Recurring Income growth %	*31%*	*8%*	***2021/22 is versus 2018/19*	*n/a*	*-11%*	*-2%*
Total assets	***£14,221,098***	***£9,914,789***	Balance sheet	***£9,807,723***	***£9,267,226***	***£8,662,017***
Institutional funding	**£0**	**£216,763**	Bank overdraft, mortgages, Finance leases	**£266,599**	**£229,301**	**£250,902**
Related party debt	**£416,977**	**£448,750**	Amounts due to shareholders and connected parties	**£448,750**	**£448,750**	**£448,750**
Total gross debt	**£3,030,481**	**£3,156,513**	Purepay+Bank loans+Related Party+EFL	**£3,164,848**	**£3,061,324**	**£2,887,877**
Change in total debt	***£(126,032)***	***£(8,335)***		***£103,524***	***£173,447***	***£629,254***

Non-Financial

Attendances (League 2 games only)

2022/23	6,659		
2021/22	4,970		
2020/21	Not reported due to Coronavirus		
2019/20	4,119	Decrease	-12%
2018/19	4,712	Increase	+2.4%

Season Ticket numbers

2022/23	2,220		
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%

Final League 2 position

2022/23	5
2021/22	20
2020/21	10
2019/20	18
2018/19	11

SCMP Player Related Expenditure as % of EFL Relevant Income

Pre-Season	2022/23	90%
Pre-Season	2021/22	Not in operation
Pre-Season	2020/21	Not in operation
Pre-Season	2019/20	84%
Pre-Season	2018/19	94%

Principal risks and uncertainties

Business environment

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 clubs 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 were progressing up to the year-end to reach exclusivity with Castle Sports Group Limited. 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.

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 One could impact hugely on Recurring Income (EFL and Premier League distributions, fans support, Business Turnover), Academy, Community and funding requirements.

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 2022/23. Ability and stability in football management, playing squad and football philosophy build cohesion and reduce 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 believe we can be successful by working both hard and smart, with a positive and ambitious approach and finding improvements in every activity. This was demonstrated in 2022/23. That approach carries increased short-term risk, plus football is inherently full of uncertainties. It is 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.

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, alongside proper governance and a responsible culture.

Financial risks
We continue to operate a self-financing model. We do not have the support of external funding to subsidise losses, fund investment or cover exceptional events. Cash received from player sales and our reduced Player Cost spending in prior years has proved critical. We have built reserves of cash in good profitable years (£1.59m at the year-end) to balance the years of losses and cash need. These cash reserves are broadly unchanged in 2022/23.

The main financial risk for the Company is the liquidity risk that the Company could encounter in meeting its financial obligations, in particular the 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 and management of the source and sufficiency of funding to support its plans and activities.

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 know decisions to sell players, maintaining financial control and being unable to match some rivals' 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.

I would like to thank all the fans, businesses and community who supported the Club, its players and staff in the best year for a decade.

Prospects for 2023/24 and beyond
We expect to see some increase in match-day and retail income as the optimism from promotion in May 2023 carries forward. The scale of the improvement is unpredictable. Ticket price increases were made in June 2023.

The long-term opportunity from catering coming in-house is already yielding results but needs further investment and time to reach its potential. The cost-of-living crisis and persistent inflation at higher levels than we have become accustomed to, is expected to lead to higher retail purchase costs, staff payroll costs off-the-pitch along with increased overhead costs like insurance and energy. Higher interest charges mean the additional and long-term impact on the Club is uncertain. This means on-the-pitch football performance will be even more important to us.

We expect to increase our Player Cost spending in 2023/24 significantly in League One. We also face increases in Other Football Costs as we invest in football staff and operations to compete in League One.

In the short term, we expect EFL and Premier League distributions to be flat in 2023/24 with no material financial change arising from the Fan Led Review until beyond July 2026 at the earliest.

As a result, we estimate the Club will use circa £1 million of cash in 2023/24 funding its normal and existing recurring activities. This is before any Football Fortune, capital investment or debt or interest payments. By June 2024, we could see our cash reserves and cushion for 2024/25 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 the 2024/25.

EFL income distributions from commercial and broadcast sources will rise from July 2024 in the new EFL TV deal. In the absence of regulatory intervention, the size of any change to financial distributions from the Premier League appear likely to be immaterial.

Brunton Park

We have reported in prior years, the challenges of the stadium 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. Extra energy costs of £90,000 were suffered in 2022/23. We expect them to continue at these new higher levels.

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. 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. New ownership can provide an opportunity to deal with these issues.

Change of control

After the year end, the shareholders of Holdings agreed a sale of shares which has led to a change of ownership of Holdings and control of the Club.

On 22 November 2023, Castle Sports Group Limited ("CSG") acquired 90% ownership of Holdings with CUOSC retaining 10%. New equity totalling £1.35m was issued by Holdings to CSG with a corresponding amount of cash being injected into the Club by Holdings via an unsecured, interest free, inter-company loan. The loan from Purepay Retail Limited was settled by CSG.

This materially reduces the ownership and financial risk and provides the platform for the Club address other risks.

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Mr N Clibbens

Director

13/03/2024

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

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 N Davidson	(Appointed 19 July 2022 and resigned 7 December 2023)
Mr T W Piatak	(Appointed 22 November 2023)
Mrs P R Piatak	(Appointed 22 November 2023)
Mr T Piatak II	(Appointed 22 November 2023)
Mrs A Piatak	(Appointed 22 November 2023)
Mr N Demasi	(Appointed 22 November 2023)
Ms J Piatak	(Appointed 22 November 2023)
Mr M Spooner	(Appointed 27 December 2023)

Results and dividends

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

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

Disabled persons

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

Employee involvement

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

Auditor

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

Strategic report

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

Statement of disclosure to auditor

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

On behalf of the board

N Clibbens

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Mr N Clibbens
Director
13/03/2024
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DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

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.

Opinion

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2023 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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.
- Review of the systems for recording revenue and testing a sample of revenue transactions to ensure they occurred.
- Review a sample of sales invoices around the year end to test cut off has been correctly applied.
- Performing revenue proof in totals, ensuring income recognised was correct to be included in the accounts.

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.

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

13/03/2024
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CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2022 £
Turnover	**3**	5,286,955	4,742,833
Cost of sales		(4,030,610)	(3,107,316)
Gross profit		1,256,345	1,635,517
Administrative expenses		(1,824,811)	(1,573,105)
Other operating income		51,413	56,675
Operating (loss)/profit	**4**	(517,053)	119,087
Interest receivable and similar income	**7**	5,181	154
Interest payable and similar expenses	**8**	(153,135)	(86,463)
(Loss)/profit before taxation		(665,007)	32,778
Tax on (loss)/profit	**9**	-	-
(Loss)/profit for the financial year		(665,007)	32,778
Other comprehensive income			
Revaluation of tangible fixed assets		4,392,620	-
Tax relating to other comprehensive income		(1,020,000)	46,000
Total comprehensive income for the year		2,707,613	78,778

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 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	10		53,334		32,167
Tangible assets	11		11,941,977		7,670,969
			11,995,311		7,703,136
Current assets					
Stocks	12	129,481		122,104	
Debtors	13	508,851		408,671	
Cash at bank and in hand		1,587,455		1,680,878	
		2,225,787		2,211,653	
Creditors: amounts falling due within one year	14	(4,060,702)		(3,855,678)	
Net current liabilities			(1,834,915)		(1,644,025)
Total assets less current liabilities			10,160,396		6,059,111
Creditors: amounts falling due after more than one year	15		(352,250)		(40,200)
Provisions for liabilities					
Deferred tax liability	17	1,060,000		40,000	
			(1,060,000)		(40,000)
Government grants	18		(639,197)		(577,575)
Net assets			8,108,949		5,401,336
Capital and reserves					
Called up share capital	20		144,891		144,891
Revaluation reserve			8,813,132		5,495,517
Profit and loss reserves			(849,074)		(239,072)
Total equity			8,108,949		5,401,336

The financial statements were approved by the board of directors and authorised for issue on 13/03/2024 and are signed on its behalf by:

N Clibbens

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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 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2021	144,891	5,531,458	(353,791)	5,322,558
Year ended 30 June 2022:				
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	-
Balance at 30 June 2022	144,891	5,495,517	(239,072)	5,401,336
Year ended 30 June 2023:				
Loss for the year	-	-	(665,007)	(665,007)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	4,392,620	-	4,392,620
Tax relating to other comprehensive income	-	(1,020,000)	-	(1,020,000)
Total comprehensive income for the year	-	3,372,620	(665,007)	2,707,613
Transfers	-	(55,005)	55,005	-
Balance at 30 June 2023	144,891	8,813,132	(849,074)	8,108,949

CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Cash flows from operating activities					
Cash generated from operations	**26**		385,297		616,754
Interest paid			(5,323)		(5,162)
Net cash inflow from operating activities			379,974		611,592
Investing activities					
Purchase of intangible assets		(77,500)		(52,000)	
Purchase of tangible fixed assets		(144,515)		(172,403)	
Interest received		5,181		154	
Net cash used in investing activities			(216,834)		(224,249)
Financing activities					
Repayment of borrowings		(39,800)		(39,800)	
Repayment of bank loans		(119,966)		-	
Net cash used in financing activities			(159,766)		(39,800)
Net increase in cash and cash equivalents			3,374		347,543
Cash and cash equivalents at beginning of year			1,584,081		1,236,538
Cash and cash equivalents at end of year			1,587,455		1,584,081
Relating to:					
Cash at bank and in hand			1,587,455		1,680,878
Bank overdrafts included in creditors payable within one year			-		(96,797)

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.

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 net current liabilities at the year-end are £1,834,915 (2022: £1,644,025). Included within creditors at 30 June 2023 is an amount of £2,558,812 owed to Purepay Retail Limited (‘PRL’).

As noted in the strategic report, post year end the shareholders of the parent company C.U.F.C. Holdings Limited (“Holdings”) agreed a sale of shares which has led to a change of ownership of Holdings and control of the Club. On 22 November 2023, Castle Sports Group Limited (“CSG”) acquired 90% ownership of Holdings. New equity totalling £1.35m was issued by Holdings to CSG with a corresponding amount of cash being injected into the Club by Holdings via an unsecured, interest free, inter-company loan. The above loan from Purepay Retail Limited was settled by CSG.

The company has received confirmation of continued support from CSG to meet its obligations as they fall due for at least 12 months from the approval of these financial statements. With this confirmation, together with cash flow forecasts prepared up to 30 June 2025, 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.

After considering the impact of the above, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

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

1.4 Intangible fixed assets other than goodwill

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

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

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

1.5 Tangible fixed assets

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

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

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

1 Accounting policies (Continued)

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.

For freehold land and buildings held at valuation, the basis of the valuation is depreciated replacement cost for the football stadium and open market value for residential property and the club shop.

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.

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.

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.

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.

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

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Matchday	1,715,468	1,059,057
Commercial	642,291	433,634
Retail	616,350	291,347
Football fortune	373,162	761,050
Professional game	1,704,587	1,678,986
Premier League Coronavirus grant	-	333,333
ifollow	163,726	112,549
Donations	71,371	72,877
	5,286,955	4,742,833

	2023	2022
	£	£
Other revenue		
Interest income	5,181	154
Grants received	28,378	26,578
Rent receivable	23,035	23,461
Insurance claims receivable	-	6,636

4 Operating (loss)/profit

Operating (loss)/profit for the year is stated after charging/(crediting):	2023 £	2022 £
Government grants	(28,378)	(26,578)
Fees payable to the company's auditor for the audit of the company's financial statements	16,350	14,630
Depreciation of owned tangible fixed assets	266,127	263,308
Amortisation of intangible assets	56,333	19,833
Operating lease charges	15,356	18,264

5 Employees

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

	2023 Number	2022 Number
Number of administrative staff	111	104
Number of football staff	73	74
Total	184	178

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,126,863	2,651,445
Social security costs	276,073	245,858
Pension costs	36,600	29,050
	3,439,536	2,926,353

The wages and salaries total above includes termination benefits of £nil (2022: £25,000).

6 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	109,935	102,853
Company pension contributions to defined contribution schemes	4,361	4,115
	114,296	106,968

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	5,181	154

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	5,323	5,162
Other interest on financial liabilities	147,812	81,301
	153,135	86,463

9 Taxation

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

	2023	2022
	£	£
(Loss)/profit before taxation	(665,007)	32,778
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(136,326)	6,228
Tax effect of expenses that are not deductible in determining taxable profit	8,111	5,380
Tax effect of utilisation of tax losses not previously recognised	-	(27,482)
Change in unrecognised deferred tax assets	98,473	(14,526)
Depreciation on assets not qualifying for tax allowances	37,660	38,844
Other permanent differences	(2,101)	(3,394)
Grants released not taxable	(5,817)	(5,050)
Taxation charge for the year	-	-

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:

	2023	2022
	£	£
Deferred tax arising on:		
Revaluation of property	1,020,000	(46,000)

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 and therefore deferred tax has been provided for at 25% (2022: 25%).

At the year end the company had estimated tax losses of £2,168,331 (2022: £1,652,214) available to carry forward against future taxable trading profits.

10 Intangible fixed assets

	Player registrations £
Cost	
At 1 July 2022	52,000
Additions	77,500
At 30 June 2023	129,500
Amortisation and impairment	
At 1 July 2022	19,833
Amortisation charged for the year	56,333
At 30 June 2023	76,166
Carrying amount	
At 30 June 2023	53,334
At 30 June 2022	32,167

11 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 July 2022	8,577,322	507,923	34,250	9,119,495
Additions	92,022	52,493	-	144,515
Revaluation	3,085,656	-	-	3,085,656
At 30 June 2023	11,755,000	560,416	34,250	12,349,666
Depreciation and impairment				
At 1 July 2022	1,115,625	298,651	34,250	1,448,526
Depreciation charged in the year	191,339	74,788	-	266,127
Revaluation	(1,306,964)	-	-	(1,306,964)
At 30 June 2023	-	373,439	34,250	407,689
Carrying amount				
At 30 June 2023	11,755,000	186,977	-	11,941,977
At 30 June 2022	7,461,697	209,272	-	7,670,969

Tangible fixed assets with a carrying amount of £11,941,977 (2022: £7,670,969) 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.

A valuation of all land and building assets was undertaken by PFK Rural Limited, external valuers and members of The Institute of Chartered Surveyors, as at 1 August 2023. In the opinion of the directors, this is a true and fair reflection of the value of the property at 30 June 2023.

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:

2023: Cost £4,572,286; accumulated depreciation £2,690,417; carrying value £1,881,869

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

12 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	129,481	122,104

13 Debtors

Amounts falling due within one year:	**2023 £**	**2022 £**
Trade debtors	154,362	174,852
Other debtors	2,399	9,255
Prepayments and accrued income	352,090	224,564
	508,851	408,671

The debtors total includes £132,245 (2022: £210,909) of transfer fees receivable.

14 Creditors: amounts falling due within one year

	Notes	**2023 £**	**2022 £**
Bank loans and overdrafts	**16**	-	216,763
Other borrowings	**16**	40,200	39,800
Trade creditors		592,843	376,497
Taxation and social security		247,961	96,152
Other creditors		2,638,031	2,863,681
Accruals and deferred income		541,667	262,785
		4,060,702	3,855,678

Included within other creditors is £2,558,812 (2022: £2,411,000) 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	**2023 £**	**2022 £**
Other borrowings	**16**	-	40,200
Other creditors		352,250	-
		352,250	40,200

16 Loans and overdrafts

	2023	2022
	£	£
Bank loans	-	119,966
Bank overdrafts	-	96,797
Other loans	40,200	80,000
	40,200	296,763
Payable within one year	40,200	256,563
Payable after one year	-	40,200

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 2023	Liabilities 2022
Balances:	£	£
Freehold property revaluations	1,060,000	40,000

	2023
Movements in the year:	£
Liability at 1 July 2022	40,000
Charge to other comprehensive income	1,020,000
Liability at 30 June 2023	1,060,000

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.

18 Government grants

Arising from government grants	639,197	577,575

19 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	36,600	29,050

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 £3,126 (2022: £3,242) is included in other creditors at the year end and is to be paid to NEST.

20 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
Ordinary shares of £1 each	144,891	144,891	144,891	144,891

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 (2022: £nil) existed under such agreements.

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:

	2023 £	2022 £
Within one year	5,407	15,356
Between two and five years	-	5,407
	5,407	20,763

23 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2023 £	2022 £	2023 £	2022 £
Other related parties	8,125	8,403	12,055	6,683

23 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	**2023 £**	**2022 £**
Other related parties	453,365	469,959

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	**2023 £**	**2022 £**
Other related parties	21,390	13,240

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 £2,558,812 (2022: £2,411,000).

24 Events after the reporting date

Post year end, additional transfer fee income relating to former players of £1,109,226 (2022: £nil) became receivable by the company.

As noted in the strategic report, post year end the shareholders of the parent company C.U.F.C. Holdings Limited (“Holdings”) agreed a sale of shares which has led to a change of ownership of Holdings and control of the Club. On 22 November 2023, Castle Sports Group Limited (“CSG”) acquired 90% ownership of Holdings with CUOSC retaining 10%. New equity totalling £1.35m was issued by Holdings to CSG with a corresponding amount of cash being injected into the Club by Holdings via an unsecured, interest free, inter-company loan. The loan from Purepay Retail Limited was settled by CSG.

25 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.

26 Cash generated from operations

	2023	2022
	£	£
(Loss)/profit for the year after tax	(665,007)	32,778
Adjustments for:		
Finance costs	5,323	5,162
Investment income	(5,181)	(154)
Amortisation and impairment of intangible assets	56,333	19,833
Depreciation and impairment of tangible fixed assets	266,127	263,308
Increase/(decrease) in deferred income	61,622	(26,578)
Movements in working capital:		
(Increase)/decrease in stocks	(7,377)	1,141
(Increase)/decrease in debtors	(100,180)	130,762
Increase in creditors	773,637	190,502
Cash generated from operations	385,297	616,754

Included within the above total is £175,989 (2022: £606,225) of receipts from the transfer of player registrations. Excluding this, cash generated from operations was an inflow of £209,308 (2022: inflow of £10,529) as shown below:

	2023	2022
Cash generated from operations	385,297	616,754
Receipts from transfer of player registrations	175,989	606,225
Cash generated / (absorbed) from operations - excluding receipts from transfer of player registrations	209,308	10,529

27 Analysis of changes in net funds

	1 July 2022	Cash flows	30 June 2023
	£	£	£
Cash at bank and in hand	1,680,878	(93,423)	1,587,455
Bank overdrafts	(96,797)	96,797	-
	1,584,081	3,374	1,587,455
Borrowings excluding overdrafts	(199,966)	159,766	(40,200)
	1,384,115	163,140	1,547,255