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Carlisle United Association Football Club (1921) Limited

Annual Report and Financial Statements

For The Year End 30 June 2020

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CARLISLE UNITED ASSOCIATION FOOTBALL CLUB (1921) LIMITED

COMPANY INFORMATION

Directors	Mr J L Nixon Ms S C Kidd Mr N Clibbens Mr J Mitchell
Secretary	Mr J L Nixon
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 2020.

The Company's business and strategy

Carlisle United Association Football Club (1921) Limited's ("the Company" or "Club") principal activity is unchanged. It is a professional football Club, being both a member of the EFL (currently in League 2) and the Football Association. It operates business trading activities related to football. The Company holds the EFL Golden Share and is a subsidiary of C.U.F.C Holdings Limited ("Holdings") which does not trade. Holdings produces financial statements consolidated to include the Company and makes all strategic decisions and also takes all material operating decisions, which the Company then implements.

It is important all the Club's supporters and other stakeholders have clear information about our plans, position and performance. This annual strategic report plays an important part in our fan engagement strategy. It provides, real depth, transparency and detail about our strategy and finances. We believe sharing this information is the right thing to do as it helps everyone's understanding of the Club and its challenges.

We have provided a comprehensive commentary on the financial performance off-the-field and on-the-field football performance, including key performance indicators ("KPIs"). We continue to provide and refine our KPIs to improve the ability to objectively and accurately track our progress.

Strategic Objectives

The Club's overall objective remains

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

Everyone within the Club continues to be ambitious to improve and progress on and off-the-field, doing so in a way that does not risk the future of the Club. Our key priority remains achieving progress up the football pyramid starting with promotion to League 1. Implementing the changes needed to achieve our overall strategic objective takes time and must be balanced with dealing with our short term needs as they emerge.

Working Together

This means the Club, the fans and our community in Carlisle and surrounding area coming closer, collaborating and engaging together.

We want the Club to make more of a difference in the community. The response to the ruin of Bury and insolvency of Wigan show the role clubs have in their communities. Engaging more with fans, business and the rest of our community and providing more detailed, transparent information about the Club is central to us meeting this objective. Our Club Charter details our commitments. There are three areas of focus; CUOSC, CUSG, and CUCST.

The Club's relationship with the Carlisle United Official Supporters Club (CUOSC), our fan trust body and 25.4% voting shareholder, has become stronger. In 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". We were therefore delighted to support CUOSC with its new Re:united campaign which was launched in mid-2020 to help assist the Club financially.

CUOSC plays an important part in raising issues of concern to our fans within the Club, providing supporter representation on the Club's board and helping promote sustainable stewardship of Carlisle United.

CUOSC's appointed directors challenge the Club and Holdings board, holding them to account and giving oversight. We believe CUOSC contributes to sustainable and proper governance of the Club. It provides fans' perspectives directly into the heart of the Club which is beneficial to the Club, its fans and our decision making.

We recognise CUOSC faces challenges of confidentiality in engaging and communicating with fans and balancing its fiduciary duties to the Club. CUOSC and other director and shareholder views may not always be the same, but we firmly believe fan representation on the inside of the Club, on the board, with a proper voice and influence, is beneficial to all and helps the Club achieve its goals, compared with being on the outside as an external pressure group.

CUOSC's continued involvement at the boardroom table in a positive and constructive manner makes the Club a more attractive organisation to invest in. A stronger CUOSC would improve that benefit even further. We see CUOSC taking steps to grow its membership, build confidence and have stronger links with all fans. This is necessary if the full benefits of fan ownership and board representation are to be realised. We hope supporters see the opportunity they have in this area. The FSA through its "Sustain the Game" campaign and Department of Culture Media & Sport see the benefits of fan ownership within clubs. At Carlisle United, fans already have that in place and an opportunity to take full advantage of the status that brings.

The Carlisle United Supporters Group (CUSG) is playing a growing role as an independent forum for all our key supporter groups and the Club to engage and work together. The representation is widening and becoming more diverse with new members joining. This has allowed fans to get detailed official and factual answers to hundreds of their questions on an ongoing basis, in writing, open and public on the record, direct rather than through media or unofficial sources. It has brought our fans and Club closer, building trust and understanding.

A number of joint initiatives are also being implemented to improve disabled facilities and fan bars to showcase Club memorabilia.

We were successful again in 2019/20 achieving the EFL Family Excellence Award for matchday fan engagement with families. We were also rated the 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.

Finally, we are proud of relations with the wider community especially through the Carlisle United Community Sports Trust (CUCST) and the many charities and non-for profit groups we support in our area. CUCST is an independent organisation with its own plans and governance. It does exceptional work. During the height of the Coronavirus we were proud to play our part by offering our Brunton Park site as a testing station for the community.

Successful
We continue to strive for success in everything we do. Our immediate short-term target is promotion to League 1. 2019/20 was a setback in this aim but towards the end of the season we saw signs of improvement.

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

Football, in particular at League 2 level, is inherently uncertain and unpredictable. There are many varying factors that combine and change every match and during games, to influence results and outcomes. There is a high degree of randomness. This can lead to lots of volatility and variability in results and performance especially in the short term.

Once again in 2019/20, the final League 2 table showed success on-the-field is influenced only partly by the amount of spending on Football activities, especially spending on Player Costs. More spending than other clubs is no guarantee of improvement, winning results or success, and spending less than rivals is not limiting either in League 2.

Our long term aim remains to grow and direct as much cash into our annual Football activities as we can without placing the Club in a high risk position financially or neglecting long term football investment or investment in other areas of the Club. More effective use of our resources is also crucial. We see this as the best approach for this Club at this time.

We are striving to continuously improve the effectiveness of our spending – we can do that every year. Maximising the effectiveness of our spending comes from focusing on many non-financial football factors; team management, talent identification, player scouting and recruitment, player coaching and development, football philosophy and match tactics, game preparation, analysis, team development and cohesion. Winning and success depends on all these elements coming together - at the same time, not just short term spending on its own.

Maximising the effectiveness of our spending requires the on and off-the-field activities of the Club and Football department and Academy all to be operating closely Working Together in a joined up, co-ordinated way, with people in place with the necessary knowledge, skills and attributes. The Director of Football role is a key part of our plan to make improvements across all our Football areas and to balance short and long term football decision making.

We recognise it takes time for the benefits of this approach to take effect. We believe progress has been made and more foundations put in place during 2019/20 despite on-the-field results.

Sustainable
We are working on the basis of being a self-sustainable club independent of external financial support. To be 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. Success on the field is not sufficient on its own to make the Club Sustainable. Independent of on-the-field performance, we need to have all the necessary resources in place in terms of finance, physical assets and human resources across the wider Club.

Being Sustainable reduces our reliance on external funding support and other windfalls. It also reduces Club risk and fragility, to control our own destiny. It gives us flexibility over expenditure and investment decisions and to take advantage of opportunities. At the same time, it allows us to build reserves which are important to provide contingencies against uncertainties. The less we are able to do this the more vulnerable we are to the unexpected and external influences and the more we will be forced to take short term options aimed at survival. 2020 highlighted the need for improved Sustainability in clubs across the wider game.

Financially we remain focused on increasing the Contribution and cash we generate from:

- our own underlying recurring operating activities (before any windfalls from uncontrollable Football Fortune)
- investing in young players and trading them, especially Club Developed Players 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 must balance resources on and off-the-field otherwise we will create long term risk. We need to invest in income and cash generating business activities and assets off-the-field. That includes physical assets, expertise and people knowhow. This remains our biggest challenge. It requires capital, planning, long term vision and entrepreneurial risk taking.

In order to restore the Club's viability and improve our Sustainability, starting in early calendar year 2018, we began to take tough but unavoidable steps, including reducing our Total Football Expenditure and Player Costs to more affordable levels. These steps continued during 2019/20.

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 then directly, focussing on our own channels, as well as Working Together with CUOSC and CUSG.

Financial review

Results and Performance

Headline Turnover £4.59m (2018/19: £3.61m)

The £975,000 increase in headline Turnover is heavily distorted by the combination of underlying reductions in recurring Business Turnover due to normal trading events, the exceptional effect of Coronavirus and non-recurring Football Fortune. In addition to headline Turnover, we also earned £23,000 (2018/19: £17,000) of Other Income from rentals and sundry areas. All these amounts can be analysed as follows.

Business Turnover of £1.36m (2018/19: £1.85m)

This is the most important measure of the underlying income generated by the Club itself. It includes ticket, commercial and retail income. By growing recurring Business Turnover, the Sustainability of the Club is improved. We estimate the fall of £490,000 is due the combined effect of a £145,000 reduction from underlying normal business factors and circa £345,000 due to Coronavirus and the curtailment of the season.

Professional Game income £1.64m (2018/19: £1.54m)

Professional Game income comprises EFL income £672,000 (2018/19: £565,000), EFL digital £33,000 (2018/19: £39,000), Premier League Solidarity £450,000 (2018/19: £460,000) and EPPP Academy grant income of £489,000 (2018/19: £479,000).

Together recurring Business Turnover and Professional Game Income total £2.97m (2018/19: £3.35m).

Non-recurring football income £1.45m (2018/19: £262,000)

This is the total of Football Fortune income from cup runs (£310,000) and player sales (£1.135m). This is not predictable or controllable.

Non-recurring business turnover £200,000 (2018/19: £21,000)
£154,000 was received from season ticket (£49,000) and commercial donations (£105,000) in lieu of the refunds for advance payments arising from the early end to the season. We also earned £46,000 (2018/19: £21,000) from other donations and football friendlies (This income is offset by £38,000 of non-recurring business costs).

In addition to this non-recurring business turnover, we also received £361,000 of exceptional amounts from the Government under the Coronavirus Job Retention Scheme.

Business Costs £464,000 (2018/19: £529,000)
Recurring business trading costs (excluding overheads, depreciation and interest) reduced by £65,000 primarily as retail purchases, ticketing and commercial activity fell along with matchday costs following the early ending of the football season and the lockdown caused by Coronavirus.

Overheads £823,000 (2018/19: £826,000)
Overheads were unchanged despite minimum wage increases and stadium utility, repairs and maintenance costs which continue to escalate. The underlying increases were offset by further year-on-year fixed cost savings and some gains from closure of the stadium during lockdown. Overheads have increased by just £10,000 (1%) in last four years.

Underlying Contribution £1.24m (2018/19: £1.48m)
Underlying Contribution measures the Club's long-term ability to pay for all its Football activities from its own trading resources, without extra funding provided by shareholders, external funders or windfalls from Football Fortune income (for example from cup runs or player sales).

A reduction was expected as ongoing pressures on recurring Business Turnover take effect and while ability to keep cutting Business Costs and Overheads can't keep pace. Coronavirus also made this worse.

Despite the £490,000 fall in Business Turnover (£345,000 directly from Coronavirus), the combination of £100,000 additional Professional Game Income, £65,000 reduction in Business Costs (£35,000 directly from Coronavirus), £49,000 lower Academy costs and tight control over Overheads, the Underlying Contribution in 2019/20 only fell by £275,000. This was an excellent outcome given the severity of events over the year.

Excluding Coronavirus, lower ticket income, significant further falls in commercial income, Professional Game Income growth and cost savings would have left our Underlying Contribution broadly unchanged (just £34,000 down). This is remarkable given the long term challenges the Club faces. However, the lack of growth in Underlying Contribution risks putting unsustainable pressure on cost control and Football Fortune to make up the long term decline in recurring income. Investment in Recurring Business Turnover growth is required to improve the Sustainability of the Club.

Football Fortune (net) £1.41m (2018/19: £242,000)
In the year we sold Academy developed players for £1.135m (2018/19: £100,000). Cup income was £310,000 (2018/19: £140,000) with £nil (2018/19: £22,000) from loans out. Cup costs were £36,000 (2018/19: £20,000).

The balance between player trading and on-the-field improvement to achieve Success is always a difficult one, but it also plays a vital part in the Sustainability of the Club. It is part of our strategy to increase the value of our players by developing their talent, to improve the team and sell them for profit, to then allow us to reinvest and avoid risk of ruin.

The sale proceeds we earn, add to the Underlying Contribution of the Club, which then allows us to increase our Total Football Expenditure and reinvest in the wider Club to grow and improve. This requires effective recruitment and proactive player development, a thriving Academy, pathways and opportunities being given, and a wider and longer term perspective. I said in 2019, "given the changes made starting in June 2018, we need to see improvement in this area and were pleased to see signs of this happening." We are pleased to see financial payback this year.

The extra Football Fortune earned this year, increased our ability to fund financial losses from lower income due to Coronavirus.

In total, the Underlying Contribution and non-recurring net income was £3.13m (2018/19: £1.70m and 2017/18: £1.87m). This is the net income available to pay for Total Football Expenditure on all the Club's first team Football activities (players, staff, expenses etc) from its own resources without external funding.

Total Football Expenditure £2.026m (2018/19: £2.215m and 2017/18: £2.606m and 2016/17: £2.706m)
A key priority is to direct as much resources to Football activities as possible, whilst operating within our available funding facilities and then to maximise the effectiveness of what we spend.

The fall in Total Football Expenditure of £189,000 (-8,5%) reflects lower performance bonuses and lower football operating costs (travel, hotels, medical) from seven fewer fixtures. This means our Total Football Expenditure in 19/20 was £679,000 (25% lower than the peak spending of £2.7m 2016/17.

Within Total Football Expenditure, Player Costs were £1.408m (2018/19: £1.568m and 2017/18: £1.893m), a reduction of £160,000 (10% reduction on top of 17% lower in 18/19 after a 7% reduction in 17/18). Again, performance and game driven reductions rather than from planned cut-backs. This means our Player Costs were 29% lower than the peak of £1.99m in 2016/17.

While Total Football Expenditure is not a guarantee of success, it is also unsustainable to continually reduce spending. Achieving improvement with shrinking football spending does not indicate the policy can continue indefinitely.

To maximise the effectiveness of our Player Cost spending, we need to balance "contingency" spending on non-contributing players and focus our spending on players playing minutes on the pitch, while maintaining squad depth for unpredictable circumstances. We utilised 51% of our £1.408m Player Costs (2018/19: 54% and 2017/18: 52%) in productive minutes on the pitch. Less of our spending was productive in the 90 minutes than last year due to key players being omitted more often. 24% of our spending was unavailable "not in the 18" (2018/19: 26%) due to injuries, payoffs or being left out. Injuries cost us 14% of Player Costs (2018/19: 16%) as we suffered less than the year before.

The Club complied with EFL Salary Cost Management Protocols (SCMP Player Wage Capping) rules for 2019/20. Pre Coronavirus, our planned spending was 84% (2018/19: 97%) of the EFL allowance. According to EFL independent benchmark data from November 2019, our spending was 19th of League 2 and we finished 18th in League 2 (2018/19: 18th when we finished in 11th place in League 2). It is unknown how the Coronavirus and new EFL Salary Cap rules will affect spending by League 2 clubs in 20/21 season.

Result for the year
The Operating profit for the year is £863,000 (2018/19: £743,000 loss). After interest costs of £80,000 (2018/19: £68,000), the total overall profit for the year was £782,000 (2018/19: £667,000 loss).

Balance sheet
The total assets of the Company at the year-end are £9.27m (30 June 2019: £8.66m). Net assets are £4.9m. Fixed asset additions of £76,000 were made to Brunton Park (2018/19: £70,000) as well as £87,000 (2018/19: £73,000) of revenue expenditure on stadium pitch, repairs and maintenance. In 2019/20 we replaced a further part of the west stand roof and plan for further repairs to the central section.

Cash flows
The Club spent £785,000 (2018/19: £698,000) more on Football activities than it could afford itself from its own trading activities as a result of normal business effect and Coronavirus, before £515,000 of support income.

Earnings were £1.148m from trading operations including player sales (2018/19: £478,000 loss). Despite Coronavirus the recurring cash loss from business activities before Football Fortune, was only £92,000 lower at £469,000 (2018/19: £377,000), before £515,000 of support income, making underlying cash flows the best year since before 2014/15.

The lower underlying cash requirement shows the improving financial sustainability of the Club's trading. In effect, by cost reductions and Coronavirus support schemes and donations, we were fully able to negate the impact of Coronavirus in the last quarter of the year on our cash flows.

During the year, the Company continued to benefit from historic advances under an external commercial funding facility arrangement with Edinburgh Woollen Mill Limited. These advances remain supported by security over all the assets of the Company and guarantees provided by some Holdings shareholders. This support continued to be provided as loans with interest being accrued but not paid (as it has been in prior years). The loan balance is unchanged except for additional accrued interest. The loans and interest secured on the assets of the Company at 30 June 2020 were £2.25m. There has been no increase in capital since the year end up to the approval of the accounts, meaning no new funds have been drawn from external funders since May 2019.

Since the year end Edinburgh Woollen Mill Limited was placed into Administration. At 30 June 2020 an amount of £2.25m was owed to EWM. This debt was subsequently novated to Purepay Retail Limited on the same terms. The company has received confirmation from Purepay Retail Limited that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements.

The total debt of the Company at 30 June 2020 was £3.06m (30 June 2019 was at £2.89m). The £173,000 increase mainly comprises a new £120,000 interest free EFL loan to support clubs deal with Coronavirus.

Impact of Coronavirus
After the home game against Newport and just before our 38th fixture, on 13 March 2020, the EFL season was initially suspended. This was followed by a total nationwide lockdown which started on 23 March 2020. On 9 June 2020 we supported the EFL decision to terminate the entire 19/20 EFL League 2 season. As a consequence of the initial suspension, the nationwide lockdown and then termination of the season, the Club was subject to a unique and unpredictable period from mid-March until after the year end.

During this period, our approach was to work through the immediate crisis, to minimise the harm to the Club, protect our staff and be ready to respond quickly to changing events. We were patient over decisions affecting the long term, but reacted quickly and conservatively on things where delay could be costly, harm uncertain and potentially high. We took steps to conserve our cash where possible and build contingencies and cash reserves in case the crisis extended.

In early March, we immediately closed all Football activities and the Academy (except staff to comply with EPPP requirements). All other players and coaches and staff were furloughed We progressed scholar contracts to comply with EPPP rules.

We closed down all our Business activities with the Stadium locked out of use except for essential but minimum pitch care. All commercial activities ceased and almost all staff were furloughed. All retail ceased including online, with all staff furloughed except essential staff dealing with the new kit launch. We claimed £361,000 of furlough grants through the Coronavirus Job Retention Scheme as available. The Club was in hiatus for nearly four months until late July 2020.

Trading

It is worth noting the period from May to the end of July the Club has little recurring income normally, but still incurs significant fixed costs. We budget to be heavily loss making in this period within the normal annual cycle.

The incomplete League 2 season meant we lost the walk up income and commercial income from the matchday of the final four home fixtures. We were unable to stage our planned “Good Vibrations” promotion game which would have been very lucrative. We saved some of the expenses of staging the homes games. We also lost the commission on ticket sales from five away games but saved the cost of team travel and hotels. Finally, we saved the cost of player and football staff performance bonuses and some variable overheads due to the lockdown.

The overall impact was to reduce our recurring Business Income by circa £345,000. We estimate “lost” walk up income due to Coronavirus was circa £130,000. Additionally, we were liable to pay £60,000 of season ticket income refunds and £105,000 commercial income for games we didn’t play. We estimate a further £50,000 of retail sales were lost due to Coronavirus. The huge generosity of supporters meant that we received non-recurring donations of £49,000 to offset the ticket refunds and £105,000 in commercial donations. Thank you to everyone who supported us financially.

Following discussions with Holdings, we explored the possibility of player wage deferrals and off-the-field staff pay cuts but it was decided this was not the right decision for us in the circumstances. We continued to pay all our staff in full and on time throughout the crisis period. We retained all our staff and made no redundancies. Our playing squad changes at the end of the season were only as a result of football decisions.

We took advantage of the HM Government’s Coronavirus relief schemes as fully as was possible. We made total Coronavirus Job Retention Scheme claims of £361,000.

Cash

20/21 season tickets and the new season kit launch were delayed. Circa £250,000 of ticket, commercial, retail cash relating to future income, normally collected in the final quarter of the year, was not received.

We agreed short term PAYE deferrals with HM Revenue & Customs totalling £134,000 (included in the year-end tax and social security liability) which were all to be settled in full as agreed by 30 November 2020. £170,000 of VAT due on 31 March 2020 remains outstanding but not due as HM Revenue & Customs moved the payment date to March 2021. Again, this was welcome. These are both purely temporary reliefs with no permanent income or cash benefit.

The EFL provided temporary cash support by advancing basic award monies due in future months. It also offered a new £120,000 interest free 3 year loan to all L2 Clubs which we accepted and is included in Other Borrowings. The Premier League continued to provide EPPP grants as normal to fund the Academy and also made early payment of Solidarity monies. The help from the EFL and Premier League was advances of money due in future and provided temporary relief to aid cash flows. The Club received no permanent financial support from any football authorities before the year end.

In terms of position at the year end, our cash balance of £505,000 and working capital liabilities had temporarily increased by £424,000 (PAYE, VAT and EFL loan) which are mostly to be settled in 2020/21.

At the date of approval of the accounts, we were pursuing an insurance claim for the ongoing impact of Coronavirus.

Review of Strategic Activities

Alongside the four Strategic Objectives detailed above, the Club organises its operations into four key Strategic Activities, namely, Football, Business, Academy and Community.

Football

The 2019/20 season was the most disappointing for some years. After the upheaval of a major squad reconstruction in the summer window, a poor start followed and the remainder of the season was focussed on stabilisation and recovery.

The Player Cost budget was unchanged at the start of the year along with the spending on other football staff and football department expenses, as Total Football Expenditure was expected to stay at 2018/19 levels. The Club moved to a squad model based on short term one-year contracts for players.

With the overall spending on Total Football Expenditure to be maintained, we again sought to use Premier League player loans and Academy development players to supplement the core squad, to maximise the effectiveness of our budget. We wanted to build on 18/19 when we finished 11th .

After joining on 16 January 2019, Steven Pressley was our manager going into 2019/20. He oversaw a full squad rebuild based on short term contracts and loans as he implemented a new possession based pattern of play. In November 2019 after 17 League 2 matches of the 19/20 season and just 10 months and 35 League 2 games in charge, his contract was terminated. At that point we had 18pts from 17 games at 1.06PPG. Steven's overall League 2 record was P35 W11 D8 L16 GF40 GA56 GD-16 Pts41 PPG 0.91.

Chris Beech was then appointed Head-Coach and was in charge for the final 18 League 2 matches before the season was curtailed by the Coronavirus. In the second part of the season under Chris Beech we accumulated 23pts from 18 games at 1.28PPG (17pts from his first 15 games) as we moved away from the bottom of League 2. His record was P18 W5 D8 L5 GF20 GA25 GD-5 Pts 23 PPG 1.28 (xGF21 xGA26.2 xGD -5).

Skybet League 2

We underperformed modest and realistic expectations right from the start of the campaign. A run of 1 win in 8 and 5pts from 24pts during October pushed us towards the bottom of League 2. A change of manager initially also led to only 1 win in the next 10 games with 8pts gained, before a welcome improvement in the final 10 games of the season earned 15pts with just 2 defeats.

After the recovery in the last 10 games, we finished in 18th place (2018/19: 11th) in League 2 with 42pts at 1.2PPG (2018/19: 68pts at 1.48PPG). This was 16pts outside the playoffs and well below the points performance in the previous season achieved with a similar budget. We ended comfortably away from the bottom and final record was:

2019/20	18th	P37 W10 D12 L15 GF39 GA56 GD-17 42pts PPG1.20 (xGF43 xGA55 xGD-8)
2018/19	11th	P46 W20 D8 L18 GF67 GA62 GD+5 68pts PPG1.48 (xGF62 xGA66 xGD-4)
2017/18	10th	P46 W17 D16 L13 GF62 GA54 GD+8 67pts PPG1.46 (xGF67 xGA56 xGD+11)

On a per game basis, we won less points than the year before, achieved fewer wins, scored less and conceded more goals. All season, we only won two games in a row twice and seldom were we able to maintain consistency. Measured against all KPIs we showed a decline across all of the characteristics required for success. This was a very disappointing campaign. However, the end of the season was more encouraging until Coronavirus intervened

Attack

In attack scored 39 at 1.1 Goals For per game (2018/19: 67 at 1.5 GF90), failing to score 14 times (2018/19: 13 times). We only scored 2 or more goals on 13 occasions (2018/19: 19), as our long term weakness in being able to go 2 goals clear after taking the lead in games again reduced. Our scoring rate was more than slightly worse than expected given the quality of the chances created as we often suffered from missing big chances.

Overall, when playing the best seven teams in League 2 (top 3 and 4 play-off teams), we struggled badly winning only 1 point out of 12 games (2018/19: 17pts in 14 games). The very significant gap when playing against the division's best was present all season.

We accumulated 27pts when scoring first (2018/19: 54pts) at 1.93PPG (2018/19: 2.57 PPG) which was 17th (2018/19: 3rd) best in L2, as we conceded 9 equalising goals (2018/19: 10). However, we only scored first in 14 games (2018/19: 21 games) ranking us 20th (2018/19: 14th), which proved a crucial weakness. Scoring first and converting this into wins is the most crucial factor in League 2 success. The decline in the frequency of scoring first, plus the fall in ability to get two goals up and the increase in rate of equalisers conceded, all proved important in reducing the points won.

We scored just 9 equalising goals in 18 games (2018/19: 13) when conceding first. In those games we lost 12 out of 18 and won only 2 games (2018/19: 3) after conceding first. This was mainly due to us conceding 24 goals giving the lead to the opponents in 37 games. Needing to equalise so often is a losing characteristic in League 2. In 2019/20, 12 of our 15 defeats (2018/19: 12 of the 18 defeats), came after we conceded first.

Defence

With 56 goals conceded in 37 games (2018/19: 62), we worsened defensively and recorded the 8th worst (2017/18: 9th best) defensive record in the division. Our goals conceded was more than expected given the quality of the chances allowed. Again, this was disappointing. In the 18 games we lost, we scored just 7 goals, conceding 37 (GD-30).

Just 8 clean sheets gained (2018/19: 11 versus 15 in 2017/18) making us joint 20th best in League 2 (2018/19: 19th). We conceded two or more goals 17 times in 37 games (2018/19: 21 of 46 games). Only Morecambe and Scunthorpe were worse). In many games we needed to score 2 goals to gain a draw, this is unsustainable.

When conceding first, our record also worsened to 12th best in League 2 (2018/19: 9th and 2017/18: 11th) at coming back. We only achieved 10pts (2018/19: 13pts and 2017/18: 11pts) in 24 games at a rate of 0.56PPG (2018/19: 0.54PPG and2017/18: 0.55PPG) which was no change, especially given the frequency we conceded first. This underlines the importance of scoring the first goal.

Home form

Our home form worsened and played a big part in our League 2 performance. After winning 3 of our first 9 at home under Steven Pressley, our form remained poor with only one win in the next 9 at home before we won the last home game of the season. We only ranked 19th (2018/19: 9th) in League 2 for home points won. We beat only 1 top half team at home and gained only 7pts from 33 in 11 games before the season stopped. Our overall home record was:

2019/20	19th	P19 W5 D7 L7 GF17 GA26 GD-9 Pts 22 PPG 1.16
2018/19	9th	P23 W12 D3 L8 GF42 GA31 GD+11 Pts 39 PPG 1.70
2017/18	11th	P23 W7 D10 L6 GF31 GA23 GD+8 Pts 31 PPG 1.72

Away form

Our away form which has been the foundation stone of our points totals in recent years worsened. We fell back and ranked 15th (2018/19: 10th) in League 2 for away points won achieving 20pts in 18 games at 1.11PPG (2018/19: 29pts at 1.57PPG). Although it is noteworthy that we suffered only 2 defeats in 9 (including losing at Champions Crewe) under Chris Beech as we became tough to beat on our travels after initially struggling with only 7pts and six defeats in the first 9 away games.. Our overall away record was:

2019/20	15th	P18 W5 D5 L8 GF22 GA30 GD-8 Pts 20 PPG 1.11
2018/19	10th	P23 W8 D5 L10 GF25 GA31 GD-6 Pts 29 PPG 1.26
2017/18	4th	P23 W10 D6 L7 GF31 GA31 GD0 Pts 36 PPG1.57

Cup competitions

Again, disappointingly and frustratingly, in the Cup competitions we failed to make any meaningful impact. After beating Championship Barnsley 0-3 (A) in R1, we then lost 2-1 to League 1 Rochdale (A) in the EFL Carabao Cup.

After beating non-league Dulwich Hamlet 1-4 (A) on live TV and overcoming fellow League 2 team Forest Green, we lost 3-4 (H) to Championship Cardiff City again after a replay, in R3 of the FA cup.

In EFL Leasing.com Trophy we won just one group game of three and were eliminated after a poor 3-1 defeat at Morecambe (A) in what was Steven Pressley's final game. We also lost comprehensively to Wolves U21 2-4 (H). The third successive season we had failed to beat an Academy side. This meant potentially lucrative cup runs were not secured. Net Football Fortune from cups was £274,000 (2018/19: £120,000) reflecting the TV money and replay.

Players

We had 31 different contracted players (2018/19: 30) during 2019/20 including 8 loans (2018/19: 10).

Just six (2018/19: 10) players remained from the prior season's squad. Fifteen new players (2018/19: 13) joined in the Summer window including five loans, supplemented by two Academy players. The January 2019 transfer window saw a further eight join (2018/19: seven) including three more loans. Six exits followed as two players sold, three loan exits and pay-off (2018/19: 5 exits including 4 loans) as the very heavy squad churn continued.

At the end of the season 8 (2018/19: 6) of the 31 players contracted in 2019/20 returned for 2020/21. This means we face another window of recruiting circa 14-18 new players in Summer 2020, which is a major risk. We earned £16,000 (2018/19: £13,000) through the EFL Football Futures scheme.

The average age of the players used on the pitch was 26.0 (2018/19: 27.8 and 2017/18: 28.3) as the squad continued to grow younger from the release of experienced players with a larger contribution from players aged under 30 and younger loan players. This made us the 5th youngest (2018/19: 6th oldest in L2).

Injured players missed the equivalent of 90 games (2018/19: 182 games and 2017/18: 150) as the number of injuries suffered reduced. The equivalent of 5 games (2018/19: 7 games and 2017/18: 13) were lost due to suspension. All three available substitutes were used in 27 of 37 games (2018/19: 28 of 46) as the managers made more changes. 20% of substitutions (2018/19: 11%) were made in the last 5 minutes.

Academy review

It is a long process to see players developing and breaking through to make their mark in our first team squad, then being named in the first team '18' and finally to play in our First Team. Players do not emerge at a predictable rate, many factors must come together to bring success. One good year does not act as a reliable predictor for the future. The board remains committed to Club Developed Players coming through, but this needs opportunities to be given wherever possible and a commitment from everyone to doing all we can to support and develop our young players.

Academy success requires the Academy and Football departments to work together with a shared vision and common purpose and proactive desire to provide opportunities and succeed together. This was a priority area for cultural change within the Club in 2018/19 and the new football management team of John Sheridan and then Steven Pressley both embraced this. We are pleased to see this commitment continue under Chris Beech.

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

- elite professional footballers to play in our First Team (in League 2 and be capable of playing higher in the league pyramid). This is the Academy's top priority
- players who add significant value to the first team squad for future sale and reinvestment
- players who have playing careers in the professional game
- individuals capable of forging successful careers after they leave us

For the first time since the 2015/16 season, a new academy player received a real opportunity to be in our First Team squad and start in League 2 games. It was a small but notable change, as minutes from Academy players, still just represented just 2% (2018/19: 1%) of L2 minutes after nil% in both 2016/17 and 2017/18. This was a welcome development and led to the sale of Jarrad Branthwaite to Premier League Everton.

Business review

Commercial

Commercial activities had the most challenging year in recent times. Business turnover from Commercial activities was £468,000 (2018/19: £656,000) down from the peak of £834,000 in 2016/17.

The £188,000 fall was in part due to Coronavirus effects (£105,000) but the underlying reduction was a further £83,000 (2018/19: £101,000). Match hospitality showed some recovery but higher value commercial partnerships continue to prove a very challenging area.

Match day

Total match-day ticket income comprises Season Card income and Match ticket income. This was £702,000 (2018/19: £934,000 and 2017/18: £937,000). Match day income is driven by the number of tickets sold, ticket prices and the mix of full and concession prices for both Season Cards and Match tickets.

The £232,000 fall was mostly Coronavirus related (£190,000) but even before this, as a result of falling attendances and the on-the-field underperformance match walk up income was £42,000 down.

Season Card income was £295,000 (£345,000 before Coronavirus) in line with the previous year (2018/19: £345,000 and 2017/18: £374,000). This was a result of Season Cards being sold falling from 1.986 to 1,921 being offset by price mix. Season Cards continue to offer the best value for fans regularly attending home fixtures. Match-day walk-up ticket income fell to £407,000 (2018/19: £589,000) from 19 league games.

League game gates declined -12.7% to an average of 4,111 (2018/19: 4,712 and 2017/18: 4,600). The #8K for MK ticket initiative in 2018/19 with over 10,000 home fans and best league attendance at Brunton Park in ten years distorts the trend. The average attendance for away teams was 339 (2018/19: 343). We are grateful for every fan who supports us and spends hard earned money backing the team and Club.

Other business trading activities

Retail had another difficult year with sales of £184,000. This was £17,000 down before and £53,000 due to the impact of Coronavirus. Other matchday income also reduced from four less league games than normal.

Community review

Our community activities are aimed at “making a difference” both to the Club, the city and wider the Cumbria 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. The Carlisle United Community Sports Trust engages with over 25,000 young people every year. It is in strong position with healthy reserves.

Principal risks and uncertainties

Business environment

Competitive risk

On-the-field under-performance is our principal risk. Failure on-the-pitch can have immediate and severe adverse impact and take time and funding to rectify as we saw this year. Football results leading to declining divisional position and relegation from League 2 would impact hugely on EFL distributions, fans support, Business Turnover, funding requirements and reduce Club viability. The experience of past EFL Clubs who have lost their status is very sobering.

League 2 has intense competitive rivalry but also has been a generally evenly balanced competition despite varying spending on players. Salary Cap rules combined with similarity in the size of clubs and their ability to generate income all contribute to this. New EFL ‘Squad Salary Cap’ rules aimed to de-couple the link between income and spending.

Financial advantage gained from the additional funding available from unpredictable Football Fortune is a factor in providing an opportunity to gain football advantage. Football Fortune allows clubs to increase football spending above sustainable levels for the short term. Cash from cup success and player sales can make a big difference if that additional cash 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 spending is not reduced when windfalls reduce.

Absolutely critical to success is football coaching, team management and player recruitment, to get the very best 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. Ability and stability of football management, players and football philosophy build cohesion and reduce risk.

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

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 regime of the EFL and FA is increasingly complex and the regulatory risks are high. We take great care to keep up to date with all relevant issues to ensure we can maintain and operate the business. In this context, we recognise specific knowledge and expertise in football is increasingly important

Financial risks
The main financial risk for the Company is liquidity risk which is the risk that the Company will encounter difficulty in meeting its financial obligations, in particular player wages and amounts due to HMRC or largest debt owned to major creditors. The Company mitigates liquidity risk by the continual review of its cash management and the source and sufficiency of funding to support its plans and activities.

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

If Coronavirus continues into 21/22 this will affect the Club trading and bring additional indirect effects. However, our cash reserves mitigate the risk to a large extent in the short term.

If the recent trend in falling attendances and Business Turnover continues to be downward, then it is inevitable, that, subject to balancing cash from Football Fortune, we will need to take further remedial action to address losses.

It is always the responsibility of the Club's directors to provide sustainable stewardship of the Club. This is why we must continue to take the tough financial decisions to match our expenditure with our available funding and reduce our financial risks. The recent insolvent failure of two EFL clubs and the distressed position of others highlight the risks.

We know these decisions can be unpopular 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.

Key Performance Indicators
Five year trend
Financial

Key indicators	YE 2020 £	YE 2019 £	Change £		YE 2018 £	YE 2017 £	YE 2016 £
Headline turnover	£4,589,577	£3,614,302	£975,275	Turnover reported in the profit and loss account	£3,993,252	£4,273,085	£4,415,070
Match day	£702,486	£934,421	£(231,935)	Season tickets and walk up pay on the day	£936,660	£1,140,284	£1,094,352
Commercial	£468,378	£655,868	£(187,490)	Sponsorships, advertising, hospitality, other income	£756,681	£833,719	£763,467
Retail	£184,220	£254,209	£(69,989)	Blues store and on-line	£277,467	£306,338	£215,930
Recurring Business Turnover	£1,355,084	£1,844,497	£(489,414)	Recurring turnover and other income from all business activities	£1,970,807	£2,280,340	£2,073,749
Business turnover growth %	-26.5%	-6.4%			-13.6%	10.0%	9.1%
Business margin	£890,966	£1,315,283	£(424,317)	Business turnover less Business costs	£1,316,820	£1,639,280	£1,495,318
Business margin growth %	-32.3%	-0.1%			-19.7%	9.6%	6.5%
Business margin %	66%	71%		Business margin/ Business turnover	67%	72%	72%
Professional Game Income	£1,611,285	£1,504,260	£107,025	EFL and Premier League income and EPPP Academy grant	£1,426,349	£1,343,637	£1,044,074
Business costs	£464,118	£529,214	£(65,097)	Direct costs of Retail, ticketing, commercial and holding matches	£653,987	£641,060	£578,431
Overheads	£823,237	£826,362	£(3,126)	Business overheads (excluding all football and Academy costs)	£825,837	£871,905	£813,150
Overhead cover	2.45	2.83		Business margin + recurring football income / Overheads	2.77	2.94	2.73
Underlying Contribution	£1,241,747	£1,517,202	£(275,455)	Recurring income - recurring costs + net Academy income	£1,394,648	£1,660,954	£1,431,813
Underlying Contribution growth	-18.2%	8.8%			-16.0%	16.0%	3.5%
Football Fortune (net)	£1,409,487	£242,216	£1,167,271	Player transfer income, cup income, prizes and tv less cup costs	£449,418	£450,641	£1,161,065
Other non-recurring net income	£522,861	£(21,872)	£544,733	Covid income and donations, less exceptional business costs	£31,686	£136,900	£88,746
Total Football Expenditure (TFE	£2,026,547	£2,215,098	£(188,551)	Total expenditure on all first team football costs including Player Costs	£2,606,400	£2,705,741	£2,463,639
TFE growth %	-8.5%	-15.0%			-3.7%	9.8%	18.7%
TFE ratio	1.63	1.46		Total Football Expenditure / Underlying Contribution	1.87	1.63	1.72
Player Costs	£1,408,684	£1,568,357	£(159,672)	Player basic pay, expenses, bonuses, loans in	£1,893,336	£1,994,894	£1,725,569
Value on the pitch	51.1%	53.6%		Proportion of Player Costs spent on minutes on the pitch	51.8%	55.7%	*
Contingency spendng	25.7%	24.0%		Share of player costs not in the matchday '18'	21.0%	18.4%	*
Wages and salaries	£2,462,010	£2,712,612	£(250,602)	Total wages & salares for the whole Club (note 5)	£3,252,062	£3,433,646	£2,841,133
Total wages/Income %	53.6%	75.1%		Wages & salaries (note 5)/ Headline turnover	81.4%	80.4%	64.4%
Total wages/Recurring Income	83.0%	81.0%		Wages & salaries (note 5)/ Recurring income	94.5%	94.7%	91.1%
Operating profit/(loss)	£862,556	£(743,273)	£1,605,829	As per P&L account	£(995,193)	£(675,327)	£52,881
Overall profit/(loss) after tax	£782,205	£(666,682)	£1,448,887	As per P&L account	£(166,516)	£(208,558)	£41,584
EBITDA	£1,147,548	£(477,552)	£1,625,100	Profit/(loss) before interest, tax, depreciation and amortisation	£(730,648)	£(457,246)	£217,985
EBITDA (excluding player sales	£12,873	£(577,311)	£590,184		£(954,192)	£(666,246)	£(271,015)
Recurring EBITDA	£(469,063)	£(377,036)	£(92,027)	EBITDA excluding Non-recurring net income and non-recurring TFE	£(955,478)	£(622,434)	£(705,855)
Recurring Income	£2,966,369	£3,348,758	£(382,389)	Recurring Business Turnover+Professional Game Income	£3,442,813	£3,623,977	£3,117,823
Institutional funding	£233,525	£250,902	£(17,377)	Bank overdraft, mortgages, Finance leases	£290,508	£250,119	£314,974
Related party debt	£448,750	£448,750	£0	Amounts due to shareholders and connected parties	£640,525	£1,313,234	£1,704,828
Total gross debt	£3,061,324	£2,887,877	£173,447		£2,258,623	£2,013,353	£2,019,802
Change in total debt	£173,447	£629,254		*No data	£245,270	£(6,449)	£(125,450)

Non-Financial

Attendances (League 2 games only)

2019/20	4,111	Decrease	-12%
2018/19	4,712	Increase	+2.4%
2017/18	4,600	Decrease	-10.0%
2016/17	5,113	Increase	+8.7%
2015/16	4,704	Increase	+6.9%
2014/15	4,376		

Season Ticket numbers

2019/20	1,921	Decrease	-3.3%
2018/19	1,986	Decrease	-5.7%
2017/18	2,107	Increase	+13.4%
2016/17	1,858	Increase	+17.3%
2015/16	1,584	Increase	+6.3%
2014/15	1,490		

Final League 2 position

2019/20	18
2018/19	11
2017/18	10
2016/17	6
2015/16	10

Community Ticket Scheme – Complimentary tickets issued to groups and

2019/20	Not reported due to Coronavirus	
2018/19	2,215	Increase +12.8%
2017/18	1,964	Decrease -7.3%
2016/17	2,119	Increase +30.5%
2015/16	1,623	

Player Community Appearances

2019/20	Not reported due to Coronavirus	
2018/19	394	Increase +7.0%
2017/18	368	Decrease -14.4%
2016/17	430	Increase +25.7%
2015/16	342	

SCMP Player Related Expenditure as % of EFL Relevant Income

Pre-Season	2019/20	84%
Pre-Season	2018/19	94%
Pre-Season	2017/18	97%
Pre-Season	2016/17	99%
Pre-Season	2015/16	86%

Prospects for 2020/21 and beyond

Trading

The improving trend in Underlying Contribution in recent years has improved our ability to self-fund our Total Football Expenditure on a sustainable basis. This improvement has been built mainly on cost reductions as Business Turnover has been under pressure. Nevertheless, the Club still requires circa £400,000 of new cash each year to fund its normal existing recurring activities, with before capital investment or the impact of Coronavirus.

In 2020/21, we expect our cash reserves and receipts from prior year player sales will all be required to fund the Club's normal funding requirements and also to withstand both the future effects of Coronavirus and the legacy effects from 2019/20. We expect to be able to operate without any external third party cash support for the second year in a row.

We could then have very little financial cushion for 2021/22 without other exceptional income, Football Fortune or external support. With our cash reserves depleted the Club would be in a much higher risk position moving into 2021/22. This is our key trading risk.

Coronavirus

We expect Coronavirus to overshadow everything we do in 2020/21 and also impact the following year 2021/22. By already reducing our Total Football Expenditure and Player Costs in recent years by 31%, we have cut the recurring fixed funding requirement of the Club and introduced flexibility which will be vital to deal with the new challenges posed by Coronavirus.

We will also face further lost income from matchday, commercial and retail of circa £150,000 for each month fans are locked out in 2020/21 season, before any reliefs or remedial action. This could be circa £1.2m over the season before any external income support. Secondly, we cannot reduce costs our fixed costs on the scale required or in the time available to keep pace with expected lost match income in 2020/21 due to Coronavirus and still operate a competitive team in League 2. Thirdly, we will commence 2020/21 with legacy financial issues arising from Coronavirus during March to June 2020 and the failure to complete the 2019/20 season. This left us with circa £424,000 of additional liabilities to repay starting in 2020/21. Fourthly, a number of commercial deals ended on 30 June 2020. We expect renewals to be challenging and value to be under severe pressure in the Coronavirus environment and beyond. These challenges combined with our normal financial requirement, will make the coming year very difficult.

In 2020/21, we therefore expect to suffer a very significant operating loss before any Football Fortune and other external income support. With no shareholder support or financial support under EWM facility, Football Fortune and existing cash reserves will continue to be very important to fund forecast Club losses and cash requirements.

Salary caps

In August 2020 League 2 clubs voted to introduce new rules to reduce spending on Player Costs. A new 'Squad Salary Cap' limit of £1.5m per year was applied at the start of 20/21 along with new associated transition and compliance requirements. These replaced the Salary Management Cost Protocols ("SCMP"). In 2020/21 our Player Cost budget is well within both limits. On 8 February 2021 an independent arbitration panel upheld a claim from the Professional Footballers' Association that the EFL was in breach of agreements by introducing 'Squad Salary Caps'.
The old SCMP rules they were reinstated. The future direction of player cost control is uncertain. This makes effective use of our football spending crucial.

Finance

The Club operated on a financially self-sufficient basis in 2019/20. We did not require external funding and we forecast to require no funding again in 2020/21 or 2021/22. We also plan to continue with this approach in future years.

We expect to receive material cash inflows in 2020/21 from guaranteed contractual payments and other contingent income due from player sales in previous years. The growing benefits from building a long term 'legacy bank' of future cash is an important factor in being self-sufficient.

On 5 November 2020, EWM, the Company's major sponsor, funder and largest creditor, went into Administration. As at that date, the company owed EWM £2,250,374 in respect of loans and accrued interest. This debt was subsequently novated to Purepay Retail Limited on the same terms. The company has received confirmation from Purepay Retail Limited that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements. Together with support from an existing connected creditor, and cash flow forecasts prepared for 2021/22, 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.

Brunton Park

The challenges of the facilities are increasing. Brunton Park remains in a high-risk area for flooding and most areas of the buildings are well over 50-years old. The Environment Agency has undertaken new works to mitigate flood risk in Carlisle and we hope this will reduce the site risk. At the same time the flood insurance available to us is continuing to be constrained and is increasingly unaffordable. We continue to make modest improvements where we can and where necessary, subject to financial constraints, but the task is becoming more challenging.

We have made it clear in prior years, the stadium is a top priority to address. There remains no ability for the Company to self-fund a new stadium from its normal trading activities. This severely constrains the options. Meaningful progress beyond the current approach of emergency only renewals will need a united and community based approach, with fans and public and private sector working together. This inevitably requires long term planning and leadership and crucially, certainty over the future direction of the Club. It requires resolution of questions over succession before any meaningful progress can be made.

During the year discussions were held as part of FA community wide consultations on strategic investment in community football facilities. The opportunity to make a redeveloped Brunton Park or a new stadium the centre of a landmark community football hub was not progressed. This appears to have firmly closed the door on a community stadium. Coronavirus has further reduced any remaining likelihood of funding from public sector or football related organisations as they themselves recover financially.

Despite, the ongoing challenges faced by the Company and the new exceptional external issues that have emerged in the year and since, the Club continues to be focused on Working Together, building a Sustainable and Successful Club that we can take Pride in.

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

N Clibbens
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Mr N Clibbens
Director
17/06/2021.....

The directors present their annual report and financial statements for the year ended 30 June 2020.

Directors

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

Mr J L Nixon
Ms S C Kidd
Mr N Clibbens
Mr J Mitchell

Results and dividends

The results for the year are set out on page 23.

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
....

Mr N Clibbens

Director

17/06/2021......

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Carlisle United Association Football Club (1921) Limited (the 'company') for the year ended 30 June 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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

Date: 17/06/2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £	2019 £
Turnover	**3**	4,589,577	3,614,302
Cost of sales		(2,717,172)	(2,920,456)
Gross profit		1,872,405	693,846
Administrative expenses		(1,419,908)	(1,481,082)
Other operating income		410,059	43,962
Operating profit/(loss)	**4**	862,556	(743,274)
Interest receivable and similar income	**7**	144	1
Interest payable and similar expenses	**8**	(80,495)	(68,409)
Amounts written off financial liabilities	**9**	-	145,000
Profit/(loss) before taxation		782,205	(666,682)
Tax on profit/(loss)	**10**	-	-
Profit/(loss) for the financial year		782,205	(666,682)
Other comprehensive income			
Tax relating to other comprehensive income		28,000	29,000
Total comprehensive income for the year		810,205	(637,682)

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 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		7,956,723		8,192,203
Current assets					
Stocks	13	46,614		109,319	
Debtors	14	758,374		345,160	
Cash at bank and in hand		505,516		15,335	
		1,310,504		469,814	
Creditors: amounts falling due within one year	15	(3,405,566)		(3,651,950)	
Net current liabilities			(2,095,062)		(3,182,136)
Total assets less current liabilities			5,861,661		5,010,067
Creditors: amounts falling due after more than one year	16		(219,866)		(123,898)
Provisions for liabilities	19		(90,000)		(118,000)
Deferred income	23		(630,731)		(657,310)
Net assets			4,921,064		4,110,859
Capital and reserves					
Called up share capital	22		144,891		144,891
Revaluation reserve			5,609,399		5,663,340
Profit and loss reserves			(833,226)		(1,697,372)
Total equity			4,921,064		4,110,859

The financial statements were approved by the board of directors and authorised for issue on 17/06/2021 and are signed on its behalf by:

N Clibbens

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Mr N Clibbens
Director

Company Registration No. 00175280

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2018	144,891	5,716,281	(1,112,631)	4,748,541
Year ended 30 June 2019:				
Loss for the year	-	-	(666,682)	(666,682)
Other comprehensive income:				
Tax relating to other comprehensive income	-	29,000	-	29,000
Total comprehensive income for the year	-	29,000	(666,682)	(637,682)
Transfers	-	(81,941)	81,941	-
Balance at 30 June 2019	144,891	5,663,340	(1,697,372)	4,110,859
Year ended 30 June 2020:				
Profit for the year	-	-	782,205	782,205
Other comprehensive income:				
Tax relating to other comprehensive income	-	28,000	-	28,000
Total comprehensive income for the year	-	28,000	782,205	810,205
Transfers	-	(81,941)	81,941	-
Balance at 30 June 2020	144,891	5,609,399	(833,226)	4,921,064

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 7 ‘Statement of Cash Flows’ – Presentation of a statement of cash flow and related notes and disclosures;
- 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 ability to remain a going concern is dependent on the on-going support of its current financiers. Despite the profit generated in the year ended 30 June 2020, the company's net current liabilities at the year-end are £2,095,062 (2019: £3,182,136).

On 5 November 2020, Edinburgh Woollen Mill Limited ('EWM'), the company's major sponsor, funder and largest creditor, went into administration. At 30 June 2020 an amount of £2,250,374 was owed to EWM. This debt was subsequently novated to Purepay Retail Limited on the same terms. The company has received confirmation from Purepay Retail Limited that they will not seek repayment of the amounts owed to it for a period of twelve months from the date of approval of these financial statements. Together with support from an existing connected creditor, and cash flow forecasts prepared for 2021/22, 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.

The global Covid-19 pandemic will have a significant impact on a number of businesses, but the directors consider that the company is well placed to minimise the impact. After the outbreak the company organised itself to adjust its activities, working capital and costs in line with the actual business level in order to protect its cash flow. The directors are also making use of relevant Government initiatives that are available to them. As detailed in the strategic report, the company is seeking to grow its own financial resources to reduce its reliance on external cash support required from its financial supporters.

After considering the impact of the above, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approving these accounts. For this reason, and for the reasons referred to in the strategic report, the directors continue to adopt the going concern basis 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 or valuation of assets less their residual values over their useful lives on the following bases:

Player registrations	straight line over the period of the inital 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.

1 Accounting policies **(Continued)**

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

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

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

1.6 Impairment of fixed assets

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

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

1.7 Stocks

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

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

1.8 Cash at bank and in hand

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 though 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

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.

Key sources of estimation uncertainty

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

Tangible fixed assets

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

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

3 Turnover and other revenue

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

	2020	2019
	£	£
Turnover analysed by class of business		
Relating to principal activity	4,589,577	3,614,302

	2020	2019
	£	£
Other significant revenue		
Rent receivable	22,515	17,384

4 Operating profit/(loss)

Operating profit/(loss) for the year is stated after charging/(crediting):	2020 £	2019 £
Government grants	(387,544)	(26,578)
Fees payable to the company's auditor for the audit of the company's financial statements	12,700	12,100
Depreciation of owned tangible fixed assets	287,570	258,299
Depreciation of tangible fixed assets held under finance leases	24,000	8,000
Amortisation of intangible assets	7,000	26,000
Operating lease charges	43,184	43,827

5 Employees

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

	2020 Number	2019 Number
Number of administrative staff	111	140
Number of football staff	64	53
	175	193

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,227,371	2,454,584
Social security costs	206,015	234,424
Pension costs	28,624	23,604
	2,462,010	2,712,612

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	102,500	102,500
Company pension contributions to defined contribution schemes	4,172	3,331
	106,672	105,831

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	144	1

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	79,178	65,485
Interest on finance leases and hire purchase contracts	1,317	2,924
	80,495	68,409

9 Amounts written off financial liabilities

	2020	2019
	£	£
Amounts written back to financial liabilities	-	145,000

In previous years, the company and parent company agreed the capitalisation of loans from a shareholder of the parent company.

As part of this process, £nil (2019: £145,000) of loans previously owed by the company to a shareholder of the parent company became payable to the parent company. The parent company has agreed to write off this amount owed to it by the company.

10 Taxation

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

	2020 £	2019 £
Profit/(loss) before taxation	782,205	(666,682)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	148,619	(126,670)
Tax effect of expenses that are not deductible in determining taxable profit	794	4,094
Tax effect of income not taxable in determining taxable profit	-	(27,550)
Tax effect of utilisation of tax losses not previously recognised	(194,188)	-
Unutilised tax losses carried forward	-	117,276
Change in unrecognised deferred tax assets	8,611	4,036
Depreciation on assets not qualifying for tax allowances	41,214	33,864
Grants released not taxable	(5,050)	(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:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	(28,000)	(29,000)

Factors affecting future tax and charges
The Finance Act 2016 announced a reduction in the rate of the UK corporation tax to 17% from 1 April 2020. The Chancellor then stated his intention to maintain the main rate of corporation tax at 19%. This change to previously announced policy was substantively enacted on 17 March 2020 and and therefore deferred tax has been provided for at 19% (2019: 17%).

At the year end the company had estimated tax losses of £2,375,369 (2019: £3,397,411) available to carry forward against future taxable trading profits.

11 Intangible fixed assets

	Player registrations
	£
Cost	
At 1 July 2019	50,000
Additions - separately acquired	7,000
Disposals	(50,000)
At 30 June 2020	7,000
Amortisation and impairment	
At 1 July 2019	50,000
Amortisation charged for the year	7,000
Disposals	(50,000)
At 30 June 2020	7,000
Carrying amount	
At 30 June 2020	-
At 30 June 2019	-

12 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 July 2019	8,396,428	648,511	34,250	9,079,189
Additions	47,188	28,902	-	76,090
At 30 June 2020	8,443,616	677,413	34,250	9,155,279
Depreciation and impairment				
At 1 July 2019	507,977	360,759	18,250	886,986
Depreciation charged in the year	218,240	85,330	8,000	311,570
At 30 June 2020	726,217	446,089	26,250	1,198,556
Carrying amount				
At 30 June 2020	7,717,399	231,324	8,000	7,956,723
At 30 June 2019	7,888,451	287,752	16,000	8,192,203

12 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Motor vehicles	8,000	16,000

Following the extensive flood damage and subsequent repairs and improvement work performed, a valuation of all land and building assets was undertaken by Robson & Liddle (Rural) Limited, external valuers and members of The Institute of Chartered Surveyors. Due to ongoing construction work at 30 June 2016 and the fact that all capital costs were covered by the company's insurance policy, the valuation was performed as at 1 February 2017 when all construction work had been completed. In the opinion of the directors, this is a true and fair reflection of the value of the property at both 30 June 2019 and 30 June 2020.

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:

	2020	2019
	£	£
Cost	4,346,558	4,299,370
Accumulated depreciation	(2,328,557)	(2,192,258)
Carrying value	2,018,001	2,107,112

Tangible fixed assets with a carrying amount of £7,956,723 (2019 - £8,192,203) have been pledged to secure borrowings of the company.

Included within freehold property is land with a valuation of £6,000 (2019 - £6,000) which is not depreciated.

13 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	46,614	109,319

14 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	735,672	223,863
Other debtors	86	86
Prepayments and accrued income	22,616	121,211
	758,374	345,160

15 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	109,335	115,334
Obligations under finance leases	18	4,224	11,670
Other borrowings	17	19,900	-
Trade creditors		108,507	296,889
Taxation and social security		342,895	126,091
Other creditors		2,696,322	2,636,974
Accruals and deferred income		124,383	464,992
		3,405,566	3,651,950

Included within other creditors is £2,250,374 (2019: £2,179,351) which is secured by way of a fixed and floating charge over Brunton Park and land around Brunton Park.

16 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	17	119,966	119,973
Obligations under finance leases	18	-	3,925
Other borrowings	17	99,900	-
		219,866	123,898

17 Loans and overdrafts

	2020	2019
	£	£
Bank loans	119,966	119,973
Bank overdrafts	109,335	115,334
Other loans	119,800	-
	349,101	235,307
Payable within one year	129,235	115,334
Payable after one year	219,866	119,973

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

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

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

The other loan is an interest free loan from the EFL repayable in installments with the final payment due on 1 October 2023.

18 Finance lease obligations

	2020	2019
Future minimum lease payments due under finance leases:	£	£
Within one year	4,224	11,670
In two to five years	-	3,925
	4,224	15,595

Finance lease obligations are secured against the assets to which they relate.

19 Provisions for liabilities

		2020	2019
	Notes	£	£
Deferred tax liabilities	20	90,000	118,000

20 Deferred taxation

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

Balances:	Liabilities 2020 £	Liabilities 2019 £
Freehold property revaluations	90,000	118,000

Movements in the year:	2020 £
Liability at 1 July 2019	118,000
Credit to other comprehensive income	(28,000)
Liability at 30 June 2020	90,000

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.

21 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	28,624	23,604

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 £2,680 (2019: £3,320) is included in other creditors at the year end and is to be paid to NEST.

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
144,891 Ordinary shares of £1 each	144,891	144,891

23 Government grants

Arising from government grants	630,731	657,310

24 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 (2019: £nil) existed under such agreements.

Included within this amount is £nil (2019: £nil) in relation to players sold post year end before the relevant performance criteria were met. Any future payments will be capitalised and amortised, straight line, over the remaining period of the player's contract.

25 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:

	2020	2019
	£	£
Within one year	7,734	11,657
Between two and five years	4,309	12,043
	12,043	23,700

26 Related party transactions

Transactions with related parties

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

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Other related parties	32,950	42,591	5,520	8,134

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due to related parties	£	£
Other related parties	466,189	473,090

The following amounts were outstanding at the reporting end date:

	2020	2019
Amounts due from related parties	£	£
Other related parties	65,938	26,988

26 Related party transactions (Continued)

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 £2,250,374 (2019: £2,179,351).

27 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.