Goals Soccer Centres plc

Final Results for the Year Ended 31 December 2014

Stronger business delivering profit growth of 10%

Goals Soccer Centres plc ("Goals" or the "Company"), the premier operator of 'next generation' 5-a-side soccer centres with 45 centres in the UK and one in Los Angeles, USA, is pleased to announce its final results for the financial year ended 31 December 2014.

Financial highlights

Year end 31 December	2014	2013	Change
Sales £m	34.7	33.7	3%
Like-for-like sales* growth	2%	3%	-1%
Centre EBITDA £m	17.8	17.4	2%
EBITDA £m	14.8	14.8	-
Underlying Profit Before Income Tax £m**	**10.6**	**9.6**	**10%**
Underlying diluted Earnings Per Share p**	14.5p	14.4p	1%
Final ordinary dividend pence per share	1.325	1.175	13%
Full year dividend pence per share	2.00	1.85	8%
Strong Adjusted Cash Flow *** £m	13.0	10.9	19%
Statutory measures			
Profit Before Income Tax £m	6.8	9.6	-29%

Operational highlights

- Further targeted investment in central infrastructure to support the enlarged scale of the business
- Continued strong US performance with like-for-like sales* up 13%
- Total estate increased to 46 with 2 centres added. Newcastle centre acquired 2014 and Manchester centre opened February 2015
- Doncaster centre under construction and due to open April 2015
- Innovative mobile app launched December 2014 with functionality aimed at improved customer experience and over 20,000 downloads to date
- Good progress made on UK and US pipeline, with headline terms agreed on two US sites
- New website launched December 2014 to support Smart devices which drives 70% of web traffic

Capital structure improved

- Successful Placing for £11m, well supported by new and existing shareholders
- Bank facilities restructured with a new £42.5m five year non-amortising loan facility agreed at significantly improved rates
- Net Debt / EBITDA reduced to 2.5 times (2013: 3.1 times) improving funding capacity

Current Trading

Sales for the first eight weeks of the year have been flat. This is as a result of adverse weather this year and mild weather last year which drove 6% sales growth. Sales have strengthened in the past three weeks as the weather has improved.

As a result of on-going initiatives including the launch of our new app and website, the strength of our core business, the expansion opportunity in the US and the improving economic backdrop we are confident of making further progress during this year and beyond.

Keith Rogers, Managing Director, said:

"2014 marked the first full year of the Group's Path to Success strategy and I am pleased to report good progress across the business. Notwithstanding considerable investment in central infrastructure to support our future growth plans, we have achieved 10% growth in underlying profits, helped by our restructured Balance Sheet, which has also provided us with the funding capacity to progress our rollout in both the UK and the US.

Our new site pipeline continues to develop in both the UK and the US. With our re-engineered modular build, improved digital offering through the new website and the mobile app and our strengthened infrastructure and team, we are confident in making further progress in the current year and delivering attractive long term returns for our shareholders."

10 March 2015

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*Like-for-like sales are based on centres opened prior to 1 January 2013 and are on a constant currency basis

**Underlying profit before tax is profit before tax adjusted for the impact of the net exceptional cost of £3.8m (2013: £NIL). Underlying Diluted Earnings Per Share is Diluted Earnings per Share adjusted for the net of tax impact of the exceptional costs and a constant tax rate of 21.3% as there was a large deferred tax credit in 2013 resulting in a tax rate of 12.9%. Exceptional costs of £3.8m relating to expensing bank arrangement fees on pre-existing bank facilities (£0.5m), repaying the liability of the Group's interest rate swap (£2.7m) and providing against debtors due to launch of Goals app (£0.6m)

***Adjusted Cash From Operating Activities is Cash From Operating Activities adjusted for the impact of the cash value of the exceptional costs of £3.1m

Chairman's Statement

2014 saw a strong focus on the continued implementation of our "Path to Success" initiative, which set out our key strategies to improve the overall returns of each centre through operational improvement and investment in central resource. During the year we made significant progress in all areas, and I believe that the Group has emerged stronger, more energised and better placed to realise the opportunities that lie ahead.

We remain confident in the long term growth potential of the UK market. With limited competitor activity, and relatively high barriers to entry, we believe Goals is well placed to realise this opportunity. We acquired a centre in Newcastle, opened a new centre in Manchester in February 2015 and have commenced construction on a new centre in Doncaster which is on schedule to open in April 2015. These centres take Goals into cities where previously we had no presence and further underpin our market leading position.

Our centre in Los Angeles continues to show strong growth with like-for-like sales up 13%. We now have a strong understanding of the Los Angeles market and our confidence in, and enthusiasm for the US opportunity continues to strengthen. We are in advanced discussions on a number sites within the Los Angeles metropolitan area and have agreed headline terms on two sites. We are hopeful of opening one of these in H2 2015.

Our new and innovative mobile app and website were launched in December 2014 which provides an improved experience for our increasingly digital enabled customers. Downloads of our app are running ahead of our expectations with over 20,000 downloads to date.

Financial performance

I am pleased to report a resilient performance during the year, with Group sales up 3% to £34.7m. Profit on ordinary activities before exceptional costs and taxation up by 10% to £10.6m and, despite the 9% dilution caused by our share placing in March 2014, underlying earnings per share increased by 1% to 14.5p.

Dividend

The Board is pleased to recommend a 13% increase in the final dividend to 1.325p per share (2013: 1.175p) taking the total for the year to 2.0p per share (2013: 1.85p) which is an 8% increase.

The Board will continue to set dividend policy with regards to the investment opportunities available and the expected return on investment. The view of the Board remains that for now the majority of cash generated from the business should be retained to realise the considerable future growth opportunities.

People

Our success depends on the enthusiasm, hard work and professionalism of our staff and I would like to thank them all for their enormous contribution. Their relentless drive to deliver results across all levels of the business is what will continue to make Goals top of the league.

Keith Edelman
Chairman
10 March 2015

Managing Director's Review

The strategies pursued through our Path to Success initiative have put in place the infrastructure and funding, enabling the business to realise the growth opportunities from existing and future centres in both the UK and US.

UK Opportunity

Football remains as popular as ever. The January 2015 Sport England Active People Survey shows the number of people playing football in England has risen to nearly one in five adults - 8.2 million people. 5-a-side football continues to grow in popularity with now almost twice as many regular players as 11-a-side football*. The game is now fully recognised and supported by The Football Association (FA) and all Goals centres in England are FA accredited.

Goals is well placed to take advantage of the opportunity that still exists in the UK. With limited competitor activity, no new market entrants and on-going high barriers to entry.

Our proven modular build concept used at Chester and Manchester has reduced both capital expenditure and build time by 35% and will now be used in all future developments including Doncaster, which is under construction.

*Source: The FA tracker, September 2013

US Opportunity

Soccer is now one of the most popular team sports in the US with over 13 million participants; 6.2 million of which participate frequently. For 12 to 24 year olds, professional soccer now ranks as their 2nd favourite sport, behind only the NFL, and is the favourite sport for Hispanics, well ahead of traditional sports*. California is the largest soccer market in the US with approximately 2 million participants. Our first "pilot" centre which opened in 2010 in Los Angeles, is trading strongly and profitably and still continues to exhibit strong growth, proving the market demand exists whilst providing us with significant understanding and insight into the Los Angeles market. Our centre in Los Angeles is now one of our top performing centres on both a total sales and LfL basis.

As in the UK, we are working in 'partnership' with local authorities and schools to acquire well located sites within areas of high population density. The process of site acquisition and permissions is more complicated than in the UK due to the regulatory framework, however we believe the work we are putting in and the relationships and reputation we are building will further underpin our first mover advantage.

We are making excellent progress with our US pipeline, with detailed negotiations on 5 sites, headline terms agreed on 2 sites and legals commenced on our next site which we are hopeful of opening in 2015. We have a full outsourced development team engaged and are well advanced with our designs to provide a unique and exciting soccer brand for the California market. We are confident of delivering our facilities within our budgeted parameters.

*Luker On Trends for ESPN

Managing Director’s Review (continued)

Digital

Goals is committed to harnessing technology to secure competitive advantage. We believe that we have further extended our lead in this area with the launch of our mobile app, an industry first and a new mobile friendly website in December 2014. We anticipate that the compelling functionality of our new mobile app will improve the experience for Team Organisers and players and provide a strategic commercial advantage to Goals. Essentially, we are making 5-a-side more convenient for Team Organisers, existing players and more accessible to potential new players.

Team Organisers play a key role in our business. They book the pitch, organise their players and collect money from individual players to pay for the game. The role of Team Organiser can be frustrating; they can struggle for sufficient players, they can be let down by players calling off at the last minute and be left paying the difference when players cancel, don’t turn up or have insufficient money. Often these frustrations can lead to a Team Organiser deciding not to continue and Goals losing recurring income from the whole team. Our innovative app provides the following functionality for Team Organisers:

- **Team Management:** the ability to invite, select and manage players within your own pool
- **Direct Player Payment**: invite selected players to pay their share of the game fee direct to Goals and monitor who has paid. This will remove the risk of the Team Organiser paying more than his share
- **Player Blast**: removes the frustration of last minute player cancellations through the ability to seek a replacement player from your own squad, your FaceBook friends or your local Goals centre database of players who are ‘Up For A Game’.

The app also provides additional functionality that should appeal to existing and would-be players:

- **Book a Pitch**: the ability to book your pitch anytime, anywhere
- **League Fixtures & Results**: our popular league service now on mobile

In addition, The FA has identified a significant market of players who want to play football but are not part of a team. Our ‘Up For A Game’ functionality allows individual players to register their details and availability after which they can be selected via the Player Blast function by Team Organisers or groups of similar players brought together by Goals to form new teams. Since launch in December, almost 1,000 Player Blasts have been sent with a 90% acceptance rate enabling ‘at risk’ games to go ahead.

Whilst it is too early to evaluate the app’s success, we recognize that it will take time to build a substantial following and to change customer behaviour, we are encouraged by the initial results. To date we have achieved over 20,000 downloads, which is ahead of plan and 6% of our games are being organized through the app. We expect to see these numbers increase as Team Organisers and players become more aware of the benefits of using the full functionality of the app and our initiatives continue to increase awareness.

Our new mobile friendly website provides content flexibility by branch and by season. The website’s adaptive design aims to take advantage of the high growth in tablet and smartphones amongst our target market. Since launching in December 2014 visits to our website accessed via a mobile device have grown to almost 70%.

** Source: Goals Player Survey, September 2013

Managing Director’s Review (continued)

Marketing

Our marketing strategy is aimed at getting more people playing football more often and to differentiate the “Goals” product offering. Our benchmark is that one additional game per branch, per day can add £0.8m to Company EBITDA.

With that in mind we pursued a diverse range of marketing activities aimed at retaining and increasing the frequency of play of our existing customers, as well as attracting new players to Goals through exciting headline activities.

2014 saw a refresh of the Goals brand with a subtly modified Goals logo and new colour palette. This brand change has now been rolled out across the business and is evident on the new Goals website and app.

Football is a social network. The importance of social media to our target market is key. The growth in social platforms such as FaceBook, Twitter and Instagram provides an exciting new route by which to engage with our existing and potential customers using timely and media rich messaging. During the year we appointed a Social Media Manager to work alongside our E-Commerce & Marketing Manager in order to increase our focus in this area. We are experiencing an increasing number of enquiries from social media as we continue to work on engaging with potential customers in this important digital area.

With fitness being the biggest driver of football participation, we again kicked-off the year with a major marketing push, with our ‘Play5s-GetFit’ campaign which promoted the health and fitness benefits of playing 5-a-side football. Marketed heavily on TalkSport radio, we supplemented the benefits of playing 5-a-side with activities in-branch including team ‘weigh-ins’ and fitness boot-camps.

We have continued to attract a number of headline national events including the annual Powerade Fives, Kia Cup, The Warrior Fives, Skins Cup as well as retaining our status as Official Partner of Movember. Our events offer the most exciting prizes in the 5-a-side sector with teams winning the opportunity to attend the World Cup in Brazil. In addition we continue to hold national tournaments for major corporate clients such as McDonalds, JD Wetherspoon and Odeon. In spite of this success, as anticipated, like-for-like corporate event and sponsorship sales decreased by 11% in the year due to the loss of a significant one-off activity in 2013 although like-for-like sales grew by 9% excluding the impact of this one off activity.

In the autumn we launched our post summer ‘September Uplift’ campaign to encourage players who had taken a break over the summer holiday period to get back into the game. Promoted heavily through social media and direct marketing, players were welcomed back to Goals with a Festival of Football and offers promoted through support by The FA.

In addition to our successful national campaigns, appealing to the local market is key to our business success and we have focused on making sure each management team is provided with the training and tools to actively promote their centre within the local community. This requires interaction with local business and media, targeted local promotions and working with local County Football Associations and Leagues to encourage 11-a-side teams to use our facilities for training.

More and more of our promotions are targeted to individual customers or small segments via email, web and social media which make them more efficient and measurable and the user data that will be provided by our new app will allow us to target tailored marketing to individuals based on their playing characteristics.

Last year we played host to over 500 teams as part of the FA Reds v Blues tournament, a celebration of the centenary of The FA. February 2015 saw the launch of The FA Peoples Cup with almost 4000 teams taking part in various venues across England. Organised by The FA and promoted heavily through BBC

Managing Director's Review (continued)

television, radio and digital channels, Goals played host to almost 1700 of these teams.

A major Kids Party promotion through digital channels has delivered a 65% increase in bookings since the start of the current year. This is on top of what was a strong year in 2014 and is a result of our product improvement, enhanced training and focused targeting of digital media.

Operational Excellence

Our Operational Excellence strategy, implemented as part of our 'Path to Success' initiative has delivered significant change and improvement in the business. Our 'One Best Way' operations process provides the foundation of induction training and ongoing staff development leading to consistency and delivery of best practice across all operational areas. This has been particularly evident in our large national league program requiring professional delivery to ensure a quality football experience.

Listen & Learn

Goals is a people focused business and our obsession with customer service and providing the ultimate football experience is at the heart of everything we do. We strive to offer a consistently high quality experience.

Through automated player feedback surveys and regular focus groups, our 'Listen and Learn' customer insight programme informs change and innovation at all levels of the business. This enables us to help retain existing customers and attract new ones through the delivery of a great user experience.

Product Innovation

"5-a-side is now a whole new ball game!" was the headline slogan when Goals launched in December 2000 reflecting our commitment to innovation. We set out to deliver a new and exciting 5-a-side brand and that focus on innovation remains a key theme in our business philosophy.

We continue to search for growth opportunities and new ways to improve the customer experience. We believe that great service, constant innovation and a continued investment in our product is the winning formula for building a stronger brand which can consistently deliver the best returns in the industry.

All new centres and resurfaced pitches will now feature Goals 'Stadium Turf', artificial turf striped with two shades of green reflecting the pitch perfect conditions of the newly rolled pitch before a big stadium game. Feedback from our players has been enthusiastic with many sharing photographs of our new pitches across social media.

Our Goals-Cam technology is now being rolled out across the business and will soon be live on our new website. This technology records game highlights from two different angles and makes the resulting 20 second highlights clips available to players for download or for sharing across social media. Our pilot installations have proven successful, further enhancing the player experience whilst creating a new way in which to spread the Goals brand across social media.

We have successfully tested and are now rolling out our new 'Soccer Blast' product, a Kids Party experience aimed at older children and youths. Initial trials indicate that this should be a popular additional to the Goals product line up.

Managing Director’s Review (continued)

A number of new and exciting customer initiatives are in development as we encourage a culture of innovation across the business rewarding good ideas from staff through our ‘Bright Ideas’ awards. Exciting new products create news and interest, giving current players a reason to play more often, lapsed users a reason to return and new customers a reason to try us, all of which drives profitable game growth.

Team

The passion and professionalism of our staff are fundamental to delivering a quality football experience to our customers helping to build retention.

We strive to recruit the best people and invest in their training and development. Our staff embrace our ‘heart and soul of football’ ethos, creating a professional yet welcoming club-like atmosphere for our players. Our Future Leaders graduate programme helps attract ‘high potential’ talent into the business and is designed to accelerate understanding of how key team members can contribute to future success. Goals is an exciting place to work with plenty of opportunities and we are proud of our ability to develop people and build exciting and diverse careers.

We have continued to strengthen our Head Office and support team with the recent appointments of a Social Media Manager and Corporate Sales Manager.

We have a strong culture of recognition and celebrating success, which helps create an environment in which people see that their work is valued and are inspired to achieve. Our industry leading ‘Golden Goals’ staff rewards programme, works by using re–loadable, pre–paid cards for all reward payments that can then be used in a large number of high street and online stores.

The people who work for Goals really are important to our success. We have the strongest team in our sector and once again, I’d like to thank them all on behalf of the Board for their dedication, enthusiasm and professionalism during the year.

Keith Rogers
Managing Director
10 March 2015

Finance Director's Review

I am pleased to report a year of progress with profit growth, debt reduction and further targeted investment in our central infrastructure to support the enlarged scale of the business.

The Goals Group

Group sales increased by 3% to £34.7m (2013: £33.7m) and Group like-for-like sales increased by 2%.

Group EBITDA, before exceptional costs, from our centres increased by 2% to £17.8m (2013: £17.4m).

Our Head Office costs increased by 13% to £3.0m (2013: £2.6m) as we continued to invest to support the enlarged scale of the business. Despite this investment Group EBITDA, before exceptional costs, was flat at £14.8m.

Group Operating Profit, before exceptional costs, increased by 1% to £11.9m (2013: £11.8m) and the Group Operating Profit margin declined marginally to 34% (2013: 35%).

In March 2014 the Group raised £11m by way of a placing and thereafter renewed its banking facilities on improved terms. This resulted in a significant reduction in financial expenses to £1.3m (2013: £2.2m) and reduced ongoing financial expenses.

EBITDA bank interest cover was 11.2 times during the 12 months ended 31 December 2014 (2013: 7.3 times). Net debt at 31 December 2014 stood at £36.9m (2013: £46.4m) and current leverage of net debt to EBITDA is 2.5 times (2013: 3.1 times) improving funding capacity.

Underlying Profit Before Income Tax increased by 10% to £10.6m (2013: £9.6m) for the year.

The tax charge for the period is at an effective rate of 21.2% (2013: 12.9%). The effective rate in 2013 was low due to the reduction in the UK corporation tax rate reducing our deferred tax liability and, as anticipated, the effective rate increased during 2014 to be in line with the UK corporation tax rate.

Despite the 9% dilution caused by our share placing in March 2014 Underlying Earnings Per Share increased by 1% to 14.5p (2013: 14.4p). Underlying Earning Per Share in 2013 have been adjusted to reflect a constant effective tax rate of 21.2%.

The Group has a strong balance sheet with net assets of £80m (2013: £63.1m) and has a long term non-amortising bank facility with Bank of Scotland of £42.5m which expires in July 2019. This facility supports the controlled roll-out of new centres in the UK and the US and provides a significant funding contingency.

The Board continues to focus on strong cash generation and enhancing return on capital from immature centres. Net cash generated from operations, before exceptional items, increased by 19% to £13.0m (2013: £10.9m). The Group invested £6.4m in capital expenditure (2013: £4.3m) during the period. £4.5m (2013: £0.4m) was incurred on our new centres, £0.2m on information technology, and £1.7m on upgrading our mature centres. The Group invested £1.7m on software development and call centre systems during the period.

Our UK Business

Sales in the UK centres increased by 2% to £33.6m (2013: £32.7m) and like-for-like sales increased by 2%. Like-for-like sales in our key product areas were:

- Football increased by 1% (82% of total sales)
- Bar and Vending increased by 5% (16% of total sales)
- Other decreased by 9% (2% of total sales)

Like-for-like football sales, which accounts for 82% of all sales, increased by 1%. As anticipated a one-off activity of £0.3m with a large corporate customer in 2013 did not recur in 2014 otherwise like-for-like football sales would have been 2%. In addition, the Company took the strategic decision to delay the usual post summer price increase until January due to the launch of the app.

Like-for-like bar and vending sales increased by 5% as increased football volumes and the general recovery in the economy increased our midweek bar sales.

Our overall gross profit margin decreased from 90% to 89% due to the success of lower margin bar and birthday party sales. Our bar gross margin increased marginally from 59% to 60%.

A strong focus on overhead costs was maintained throughout the year. A new HR and Payroll system with an integrated Time and Attendance system was implemented. This combined with other efficiency measures restricted the increase in our average overheads per centre to 1% (2014: £295,000; 2013: £293,000). We expect these overheads to increase by approximately 4% in 2015 due to increases in business rates.

Our Centre EBITDA increased by 2% to £17.2m (2013: £17.0m) and our average Centre EBITDA increased marginally to £396,000 (2013: £395,000). Our Centre EBITDA margin reduced from 52% to 51% due to the growth of our lower margin bar and birthday party sales.

The investment in resources within our Head Office has continued to increase to support the enlarged scale of the business. This has resulted in a planned increase of 13% in our UK Head Office costs to £2.9m (2013: £2.6m).

As a result of the planned increase in UK Head Office costs the EBITDA generated by Goals UK declined marginally to £14.3m (2013: £14.4m).

Our US Business

Goals US performed well during the period with sales increasing by 13% to $1.7m (2013: $1.5m) and Centre EBITDA increasing by 19% to $0.8m (2013: $0.7m). There was an adverse movement in exchange rates and, when converted into UK pounds, sales increased by 10% to £1.1m (2013: £1m) and Centre EBITDA increased by 19% to £0.6m (2013: £0.5m).

The costs of operating the US Head Office remained flat at £0.1m.

Our centre in Los Angeles is now well established in the soccer market in California and we anticipate further growth from this location. This strong growth confirms that the Goals concept is successful outside of the United Kingdom providing confidence for our future US roll out.

Finance Director's Review (continued)

Exceptional Cost

The Group incurred the following exceptional costs during the period:

- £2.7m – cost of exiting the Group's interest rate swap
- £0.5m - expensing of bank arrangement fee on existing bank facility
- £0.6m - debtors provided against due to introduction of new app

The Group has replaced its existing banking arrangements with a long term non-amortising loan facility of £42.5m on much improved and competitive terms.

Bank arrangement fees of £0.5m on the existing facilities have been expensed as an exceptional cost in the period. To facilitate this restructuring and, as indicated at the time of the placing, the Board has repaid the liability of the Group's interest rate swap at a cost of £2.7m.

We believe our innovative app, which is now complete, will generate increased sales for the Group by removing the three main issues experienced by Team Organisers which are late player cancellations, insufficient players and non-payment by players. There are a significant number of lapsed teams who do not play due to the Team Organiser incurring a personal debt as a result of being let down by individual players. Our new app deals effectively with these issues and will provide the confidence and security for lapsed Team Organisers to once again return to organising regular play.

With the app now providing a comprehensive solution the Board has decided to maximise the uptake of the app, thereby improving the Group's long term revenue opportunities, by re-engaging with lapsed Team Organisers. This is expected to result in the Group not fully recovering its existing debts and the Board has made a provision of £0.6m of which £0.3m had been used at the year end. In light of the one off nature of this matter, as well as its financial significance on the result for the period, the provision has been disclosed separately within operating costs as an exceptional item.

Dividend

The Directors intend that the Company will continue to retain the majority of distributable profits and cash flow to invest in value creating opportunities. Following the results achieved for the year, the Board is recommending that a final dividend of 1.325p per share be paid on 5 June 2015 to shareholders on the register on 15 May 2015 at a cost of £775,000, making 2.0p net for the full year (2013: 1.85p). The full year dividend is covered 7.2 times by profits before exceptional items and after tax (2013: 8.6 times).

Current Trading

Sales for the first eight weeks of the year have been flat. This is as a result of adverse weather this year and mild weather last year which drove 6% sales growth. Sales have strengthened in the past three weeks as the weather has improved.

As a result of on-going initiatives including the launch of our new app and website, the strength of our core business, the expansion opportunity in the US and the improving economic backdrop we are confident of making further progress during this year and beyond.

William Gow
Finance Director
10 March 2015

Consolidated income statement
for the year ended 31 December 2014

	Not e	Before Exceptional items 2014 £000	Exceptional items (note 4) 2014 £000	**2014 £000**	2013 £000
Revenue	**2**	34,659	-	**34,659**	33,736
Cost of sales		(3,561)	-	**(3,561)**	(3,265)
Gross profit		31,098	-	**31,098**	30,471
Operating expenses		(19,220)	(571)	**(19,791)**	(18,659
Operating profit/(loss)	**3**	11,878	(571)	**11,307**	11,812
Financial expense	**5**	(1,322)	(3,229)	**(4,551)**	(2,192)
Profit/(loss) before tax		10,556	(3,800)	**6,756**	9,620
Taxation	**6**	(2,247)	600	**(1,647)**	(1,240)
Profit/(loss) for year attributable to equity holders of the parent		8,309	(3,200)	**5,109**	8,380
Earnings per share					
Basic	**8**	14.5p	(5.6)p	**8.9p**	16.0p
Diluted	**8**	14.5p	(5.6)p	**8.9p**	15.9p

Statement of comprehensive income
for the year ended 31 December 2014

	2014 **£000**	2013 £000
Profit for the year	**5,109**	8,380
Exchange differences on translation of foreign operations	**49**	(175)
Settlement of cash flow hedges	**2,616**	1,135
Deferred tax movements on items taken directly to equity	**(524)**	(339)
Other comprehensive income for the year	**2,141**	621
Total comprehensive income attributable to equity holders of the parent	**7,250**	9,001

Balance sheets
at 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
Assets		**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	**9**	**113,596**	109,788	**110,848**	107,281
Intangible assets	**10**	**8,229**	6,573	**8,229**	6,573
Investments in subsidiaries		**-**	-	**2,691**	2,691
Other non-current receivables		**749**	554	**749**	554
Total non-current assets		**122,574**	116,915	**122,517**	117,099
Current assets					
Inventories		**1,148**	1,087	**1,146**	1,083
Trade and other receivables		**4,582**	4,922	**5,584**	6,148
Cash and cash equivalents		**2,001**	1,685	**1,981**	1,649
Total current assets		**7,731**	7,694	**8,711**	8,880
Total assets		**130,305**	124,609	**131,228**	125,979
Current liabilities					
Bank overdraft		**(2,132)**	(1,782)	**(2,132)**	(1,782)
Trade and other payables		**(2,398)**	(1,882)	**(2,311)**	(1,841)
Current tax payable		**(276)**	(1,418)	**(276)**	(1,418)
Total current liabilities		**(4,806)**	(5,082)	**(4,719)**	(5,041)
Non-current liabilities					
Other interest-bearing loans and borrowings	**14**	**(36,811)**	(46,277)	**(36,811)**	(46,277)
Deferred tax liabilities	**11**	**(8,756)**	(7,561)	**(8,756)**	(7,561)
Other financial liabilities	**12**	**-**	(2,616)	**-**	(2,616)
Total non-current liabilities		**(45,567)**	(56,454)	**(45,567)**	(56,454)
Total liabilities		**(50,373)**	(61,536)	**(50,286)**	(61,495)
Net assets		**79,932**	63,073	**80,942**	64,484
Equity					
Share capital	**13**	**146**	132	**146**	132
Share premium		**37,554**	26,921	**37,554**	26,921
Other reserve		**-**	(2,092)	**-**	(2,092)
Retained earnings		**42,547**	38,476	**43,426**	39,670
Translation reserve		**(315)**	(364)	**(184)**	(147)
Total equity		**79,932**	63,073	**80,942**	64,484

These financial statements were approved by the board of directors on 10 March 2015 and were signed on its behalf by:

Keith T Rogers
Managing Director

William BG Gow
Finance Director

Company registered number: SC202545

Statements of cash flow
for the year ended 31 December 2014

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Cash flows from operating activities				
Profit for the year	**5,109**	8,380	**4,794**	8,092
Adjustments for:				
Depreciation	**2,790**	2,863	**2,709**	2,787
Amortisation	**98**	98	**98**	98
Non cash exceptional items	**710**	-	**710**	-
Financial expense	**1,322**	2,191	**1,322**	2,191
Income tax expense	**1,647**	1,240	**1,596**	1,233
Equity settled share-based payment expense	**55**	-	**55**	-
	11,731	14,772	**11,284**	14,401
(Increase)/decrease in trade and other receivables	**(189)**	(2,296)	**211**	(2,149)
Increase in inventory	**(61)**	(381)	**(63)**	(380)
Increase/(decrease) in trade and other payables	**479**	(891)	**337**	(640)
	11,960	11,204	**11,769**	11,232
Income tax paid	**(2,102)**	(963)	**(2,051)**	(956)
Net cash from operating activities	**9,858**	10,241	**9,718**	10,276
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(6,432)**	(4,338)	**(6,276)**	(4,335)
Acquisition of software	**(1,754)**	-	**(1,754)**	-
Net cash used in investing activities	**(8,186)**	(4,338)	**(8,030)**	(4,335)
Cash flows from financing activities				
Issue of share capital	**10,647**	1,072	**10,647**	1,072
Loans paid	**(9,959)**	(2,690)	**(9,959)**	(2,690)
Interest paid	**(1,312)**	(2,032)	**(1,312)**	(2,032)
Dividends paid	**(1,082)**	(972)	**(1,082)**	(972)
Net cash used in financing activities	**(1,706)**	(4,622)	**(1,706)**	(4,622)
Net (decrease)/increase in cash and cash equivalents	**(34)**	1,281	**(18)**	1,319
Cash and cash equivalents at start of year	**(97)**	(1,378)	**(133)**	(1,452)
Cash and cash equivalents at year end	**(131)**	(97)	**(151)**	(133)

Statements of changes in equity
for the year ended 31 December 2014

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Group						
At 1 January 2014	**132**	**26,921**	**(2,092)**	**38,476**	**(364)**	**63,073**
Profit for the year	-	-	-	5,109	-	5,109
Exchange difference on translation of foreign operation	-	-	-	-	49	49
Cash flow hedge transactions	-	-	2,616	-	-	2,616
Deferred tax on cash flow hedge	-	-	(524)	-	-	(524)
Total comprehensive income for the year	**-**	**-**	**2,092**	**5,109**	**49**	**7,250**
Shares issued	14	10,633	-	-	-	10,647
Dividends paid	-	-	-	(1,082)	-	(1,082)
Tax on share based payments	-	-	-	55	-	55
Deferred tax on share based payments	-	-	-	(11)	-	(11)
At 31 December 2014	**146**	**37,554**	**-**	**42,547**	**(315)**	**79,932**

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Company						
At 1 January 2014	**132**	**26,921**	**(2,092)**	**39,670**	**(147)**	**64,484**
Profit for the year	-	-	-	4,794	-	4,794
Exchange difference on translation of amounts due from subsidiary	-	-	-	-	(37)	(37)
Cash flow hedge transactions	-	-	2,616	-	-	2,616
Deferred tax on cash flow hedge	-	-	(524)	-	-	(524)
Total comprehensive income for the year	**-**	**-**	**2,092**	**4,794**	**(37)**	**6,849**
Shares issued	14	10,633	-	-	-	10,647
Dividends paid	-	-	-	(1,082)	-	(1,082)
Equity settled share based payment transactions	-	-	-	55	-	55
Deferred tax on share based payments	-	-	-	(11)	-	(11)
At 31 December 2014	**146**	**37,554**	**-**	**43,426**	**(184)**	**80,942**

Statements of changes in equity *(continued)*
for the year ended 31 December 2014

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Group						
At 1 January 2013	**128**	**25,853**	**(2,888)**	**30,973**	**(189)**	**53,877**
Profit for the year	-	-	-	8,380	-	8,380
Exchange difference on translation of foreign operation	-	-	-	-	(175)	(175)
Cash flow hedge transactions	-	-	1,135	-	-	1,135
Deferred tax on cash flow hedge	-	-	(339)	-	-	(339)
Total comprehensive income for the year	**-**	**-**	**796**	**8,380**	**(175)**	**9,001**
Shares issued	4	1,068	-	-	-	1,072
Dividends paid	-	-	-	(972)	-	(972)
Tax on share based payments	-	-	-	323	-	323
Deferred tax on share based payments	-	-	-	(228)	-	(228)
At 31 December 2013	**132**	**26,921**	**(2,092)**	**38,476**	**(364)**	**63,073**

	Share capital	Share premium account	Other reserves	Retained earnings	Translation Reserve	Total
	£000	£000	£000	£000	£000	£000
Company						
At 1 January 2013	**128**	**25,853**	**(2,888)**	**32,455**	**-**	**55,548**
Profit for the year	-	-	-	8,092	-	8,092
Exchange difference on translation of amounts due from subsidiary	-	-	-	-	(147)	(147)
Cash flow hedge transactions	-	-	1,135	-	-	1,135
Deferred tax on cash flow hedge	-	-	(339)	-	-	(339)
Total comprehensive income for the year	**-**	**-**	**796**	**8,092**	**(147)**	**8,741**
Shares issued	4	1,068	-	-	-	1,072
Dividends paid	-	-	-	(972)	-	(972)
Tax on share based payments	-	-	-	323	-	323
Deferred tax on share based payments	-	-	-	(228)	-	(228)
At 31 December 2013	**132**	**26,921**	**(2,092)**	**39,670**	**(147)**	**64,484**

Notes
(forming part of the financial statements)

1 Accounting policies

Goals Soccer Centres plc (the “Company”) is a company domiciled in the United Kingdom. The consolidated financial statements for the year ended 31 December 2014 comprise those of the company and its subsidiaries (together referred to as the Group). The parent company’s financial statements present information about the company as a separate entity and not about the Group. Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own income statement and related notes.

Statement of compliance

Both the parent company financial statements and Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“adopted IFRSs”) that are effective (or available for early adoption) at 31 December 2014. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below.

The financial statements for the year ended 31 December 2014 were approved by the board of directors on 10 March 2015.

Basis of preparation

The financial statements are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value. The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These financial statements of the Group and Company are presented in pounds sterling. All financial information has been rounded to the nearest thousand.

The accounting policies have been applied consistently to all periods presented, except for the adoption of the standards described below which have had no impact on the reported numbers but may affect the accounting for future transactions and events.

IFRS 10, Consolidated financial statements (effective 1 January 2014), IFRS 11, Joint arrangements (effective 1 January 2014) and IFRS 12: Disclosure of interests in other entities (effective 1 January 2014).

The Group has adopted all of the above listed standards and revisions in the current period. As there are no joint arrangements or associates within the Group, and with one exception all subsidiaries are under 100% ownership, there has been no impact on the results and balances within the consolidated financial statements.

Going concern

The Group and Company meet their overall funding requirements through their facility arrangements. The directors have reviewed the Group and Company’s forecasts and projections which indicate that, notwithstanding the Group and Company’s net current liabilities position, the Group and Company is expected to be able to operate within their current facilities for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Notes (continued)

2 Segmental reporting

IFRS 8 'Operating Segments' requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes to the Chief Operating Decision Maker, which is the Board. For internal reporting purposes information is reported by soccer centre. As each soccer centre has similar economic characteristics, provides the same services to similar customers and operates in a similar manner they are aggregated into one segment. The directors, therefore, consider that there is one reporting segment relating to the operation of outdoor soccer centres.

Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	2014	2013
	£000	£000
Revenues		
United Kingdom	**33,601**	32,778
United States	**1,058**	958
	34,659	33,736
Non-current assets		
United Kingdom	**119,077**	114,406
United States	**2,748**	2,509
	121,825	116,915

The non-current assets represent property, plant and equipment and intangible assets.

3 Operating profit/(loss)

	2014	2013
	£000	£000
Operating profit/(loss) is stated after charging:		
Auditor's remuneration:		
- audit of these financial statements	**41**	41
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation compliance	**5**	4
- other services relating to tax advisory – VAT	**-**	14
Depreciation	**2,790**	2,863
Amortisation	**98**	98
Rental under operating leases		
- plant and machinery	**233**	186
- others	**2,007**	2,459

Notes (continued)

3 **Operating profit/(loss)** (continued)

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is calculated as follows:

	2014	2013
	£000	£000
Operating profit	**11,307**	11,812
Depreciation	**2,790**	2,863
Amortisation	**98**	98
Other exceptional items (note 6)	**571**	-
EBITDA	**14,766**	14,773

Contained within operating expenses are the following main costs associated with the sites:

Group	**2014**	2013
	£000	£000
Centre wages and salaries	**6,068**	6,060
Rent, rates and insurance	**4,451**	4,301
	10,519	10,361

Company	**2014**	2013
	£000	£000
Centre wages and salaries	**5,891**	5,882
Rent, rates and insurance	**4,294**	4,141
	10,185	10,023

4 Exceptional items

	2014	2013
	£000	£000
Exceptional items comprise:		
- Cancellation cost of interest rate swap (Financial expense)	**2,729**	-
- Bank arrangement fee write off (Financial expense)	**500**	-
- Bad debt (Operating expenses)	**571**	-
	3,800	-

There were no exceptional items in the year ended 31 December 2013.

Notes (continued)

5 Financial expense

	2014	2013
	£000	£000
Financial expense		
Interest on bank loans and overdrafts	**1,312**	2,033
Amortisation of finance costs	**10**	159
Cancellation cost of interest rate swap (note 4)	**2,729**	-
Bank arrangement fees write off (note 4)	**500**	-
	4,551	2,192

Borrowing costs of £nil *(2013: £139,000)* have been capitalised in the year applying a rate of interest based on the Group's borrowing cost. In 2013 this rate was 6.2%.

6 Taxation

	2014	2013
	£000	£000
Recognised in the income statement		
Current year	**965**	1,765
Current tax expense	**965**	1,765
Deferred tax expense (note 20)		
Origination and reversal of timing differences	**632**	578
Adjustments for prior year	**50**	-
Reduction in tax rate	**-**	(1,103)
Deferred tax expense/(benefit)	**682**	(525)
Tax expense in income statement	**1,647**	1,240

Reconciliation of effective tax rate

	2014	2013
	£000	£000
Profit for the year	**5,109**	8,380
Total income tax expense	**1,647**	1,240
Profit excluding taxation	**6,756**	9,620

	2014	**2014**	2013	2013
	%	**£000**	%	£000
Income tax using company's standard tax rate	**21.5**	**1,453**	23.25	2,237
Effects of:				
Non-deductible expenses	**2.2**	**144**	1.1	106
Other differences – adjustments to prior year balances	**0.7**	**50**	-	-
Other differences – difference in tax rates	**-**	**-**	(11.5)	(1,103)
Total tax expense	**24.4**	**1,647**	12.9	1,240

Notes (continued)

6 **Taxation** (continued)

Income tax recognised directly in equity

	2014 £000	2013 £000
Taxation credit on share based payments	**(11)**	(228)
Taxation on cash flow hedge	**524**	(339)

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

7 **Dividends**

	2014 £000	2013 £000
Dividends paid – 2012 final (1.175p per ordinary share)	**-**	617
– 2013 interim (0.675p per ordinary share)	**-**	355
– 2013 final (1.175p per ordinary share)	**687**	-
– 2014 interim (0.075p per ordinary share)	**395**	-
	1,082	972

A final dividend of £775,000 (1.325p per ordinary share) has been declared and will be paid on 5 June 2015 to shareholders on the register on 15 May 2015 (2013: Final dividend £687,000 (1.175p per ordinary share)). This has not been included as a liability as it was not approved or declared before the year end.

8 **Earnings per share**

Basic earnings per ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year which was 57,289,241 *(2013: 52,252,873)*. Following the placing in March 2014 the number of shares in issue increased to 58,465,060 *(2013: 52,792,678)*.

	2014 Profit for the year £000	**2014 Earnings per share p**	2013 Profit for the year £000	2013 Earnings per share p
Basic earnings per share	**5,109**	**8.9**	8,380	16.0
Adjusted basic earnings per share	**8,309**	**14.5**	8,380	16.0
Diluted earnings per share	**5,109**	**8.9**	8,380	15.9
Adjusted diluted earnings per share	**8,309**	**14.5**	7,571	14.4*

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year plus the dilutive element of all outstanding relevant share options outstanding during the year. For the year ended 31 December 2014 this was 57,463,181 *(2013: 52,755,845).*

* Adjusted diluted earnings per share reflects the pre-exceptional cost effective tax charge for 2014 of 21.3% *(2013: actual 12.9%)* resulting in an adjustment to post tax earnings of £809,000.

Notes (continued)

8 Earnings per share (continued)

The diluted weighted average number of shares is calculated as follows:

	Number	
	2014	2013
Weighted average number of shares in issue during the year	**57,289,241**	52,252,873
Effect of dilutive share options	**173,940**	502,972
Diluted weighted average number of shares	**57,463,181**	52,755,845

9 Property, plant and equipment

Group	**Leasehold property** £000	**Fixtures and fittings** £000	**Assets in course of construction** £000	**Total** £000
Cost				
At 1 January 2013	113,232	11,627	3,903	128,762
Additions	3,075	783	416	4,274
Disposals	-	(1)	-	(1)
Foreign exchange	(87)	(5)	(3)	(95)
At 31 December 2013	116,220	12,404	4,316	132,940
Cost				
At 1 January 2014	116,220	12,404	4,316	132,940
Additions	4,346	404	1,682	6,432
Disposals	-	(1)	-	(1)
Foreign exchange	270	17	12	299
At 31 December 2014	120,836	12,824	6,010	139,670
Depreciation				
At 1 January 2013	11,648	6,742	1,941	20,331
Charge for year	1,788	1,075	-	2,863
Foreign exchange	(31)	(5)	(6)	(42)
At 31 December 2013	13,405	7,812	1,935	23,152
Depreciation				
At 1 January 2014	13,405	7,812	1,935	23,152
Charge for year	1,956	834	-	2,790
Foreign exchange	100	17	15	132
At 31 December 2014	15,461	8,663	1,950	26,074
Carrying amounts				
At 31 December 2014	**105,375**	**4,161**	**4,060**	**113,596**
At 31 December 2013	102,815	4,592	2,381	109,788

Notes (continued)

9 Property, plant and equipment *(continued)*

Company	**Leasehold property** £000	**Fixtures and fittings** £000	**Assets in course of construction** £000	**Total** £000
Cost				
At 1 January 2013	108,780	11,347	3,648	123,775
Additions	3,074	782	416	4,272
At 31 December 2013	111,854	12,129	4,064	128,047
At 1 January 2014	111,854	12,129	4,064	128,047
Additions	4,333	370	1,573	6,276
At 31 December 2014	116,187	12,499	5,637	134,323
Depreciation				
At 1 January 2013	9,828	6,462	1,689	17,979
Charge for year	1,712	1,075	-	2,787
At 31 December 2013	11,540	7,537	1,689	20,766
At 1 January 2014	11,540	7,537	1,689	20,766
Charge for year	1,877	832	-	2,709
At 31 December 2014	13,417	8,369	1,689	23,475
Carrying amounts				
At 31 December 2014	**102,770**	**4,130**	**3,948**	**110,848**
At 31 December 2013	100,314	4,592	2,375	107,281

Following a review of pitch replacements, the directors took the decision to extend the useful life of pitches from 7 to 10 years from 1 January 2014. This revision to the useful life of pitches reduced the depreciation charge in the year by £286,000 in both the Group and the Company.

Assets under construction for both the Group and the Company comprises the cost of development of new sites.

Notes (continued)

10 Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Group and Company			
Deemed cost			
At 1 January 2013 and 31 December 2013	5,719	1,888	7,607
At 1 January 2014	5,719	1,888	7,607
Additions	-	1,754	1,754
At 31 December 3014	**5,719**	**3,642**	**9,361**
Amortisation			
At 1 January 2013	-	936	936
Amortisation for year	-	98	98
At 31 December 2013	-	1,034	1,034
At 1 January 2014	-	1,034	1,034
Amortisation for the year	-	98	98
At 31 December 2014	**-**	**1,132**	**1,132**
Carrying amount			
At 31 December 2014	**5,719**	**2,510**	**8,229**
At 31 December 2013	5,719	854	6,573

Impairment testing

Goodwill is allocated to the five operating units which the company acquired in 2001 (£1.8 million) and the three operating units acquired in 2008 through the acquisition of Pro 5 Soccer (£3.9 million) which represents the lowest level within the company at which goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating units was based on their value in use. The value in use was determined to be higher than its carrying amount so no impairment loss was recognised.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units and was based on the following key assumptions:

- Cash flows were projected based on actual operating results for the year projected forward for a 30 year period using a constant growth rate of 2%, which does not exceed the long-term average growth rate for the industry. Management believes that this forecast period was justified due to the long-term nature of the business.
- In view of the lack of recent market transactions for companies operating in the same sector, a pre tax discount rate of 7.25%, post tax 5.73%, was applied in determining the recoverable amount. The discount rate was based on a comparable industry average weighted average cost of capital adjusted for relevant risk factors.
- The values assigned to the key assumptions represent management's estimate of future trading conditions and are based on both external and internal sources.
- The review demonstrated headroom such that the estimated carrying value is not significantly sensitive to changes in assumptions. The discount rate would have to increase to 10.65% before the headroom reached break even.

Notes (continued)

11 Deferred tax liabilities

Group and Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	**2014**	2013	**2014**	2013
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**11**	84	**-**	-	**11**	84
Property, plant and equipment	**-**	-	**(8,881)**	(8,169)	**(8,881)**	(8,169)
Cash flow hedge	**-**	524	**-**	-	**-**	524
Other temporary differences	**114**	-	**-**	-	**114**	-
Net tax assets/(liabilities)	**125**	608	**(8,881)**	(8,169)	**(8,756)**	(7,561)

Movement in deferred tax during the year

	At 1 January 2014 £000	**Recognised in income £000**	**Recognised in equity £000**	**At 31 December 2014 £000**
Share based payments	84	(84)	11	11
Property, plant and equipment	(8,169)	(712)	-	(8,881)
Cash flow hedge	524	-	(524)	-
Other temporary differences	-	114	-	114
	(7,561)	(682)	(513)	(8,756)

Movement in deferred tax during the prior year

	At 1 January 2013 £000	**Recognised in income £000**	**Recognised in equity £000**	**At 31 December 2013 £000**
Share based payments	312	-	(228)	84
Property, plant and equipment	(8,694)	525	-	(8,169)
Cash flow hedge	863	-	(339)	524
	(7,519)	525	(567)	(7,561)

12 Other financial liabilities

Group and Company	**2014 £000**	2013 £000
Interest rate derivative used for hedging	**-**	2,616

Under the terms of IAS 39 “Financial Instruments: Recognition and Measurement” the interest rate swap is treated as an effective hedge and hedges interest rates at the following rates (excluding bank margin) – 2013/13: 1.7%; 2013/14: 2.7%; 2014/15: 3.9% and 2015/16: 4.4%. During 2014 the Company closed out its swap.

Notes (continued)

13 Share capital

	2014		2013	
	Number	**£000**	Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2013: 0.25p)* each	**58,465,060**	**146**	52,792,678	132

The holders of the ordinary shares are entitled to dividends from time to time and entitled to one vote per share at meetings of the company. The company has also issued share options.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board considers its borrowings and share capital to be the capital base of the Company.

The Company is subject to externally imposed capital requirements.

14 Notes to the statements of cash flows

(a) Net debt

Group

	At beginning of year £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	1,685	316	-	**2,001**
Overdraft	(1,782)	(350)	-	**(2,132)**
	(97)	(34)	-	**(131)**
Borrowings	(46,277)	9,132	334	**(36,811)**
Net debt	(46,374)	9,098	334	**(36,942)**

Company

	At beginning of year £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	1,649	332	-	**1,981**
Overdraft	(1,782)	(350)	-	**(2,132)**
	(133)	(18)	-	**(151)**
Borrowings	(46,277)	9,132	334	**(36,811)**
	(46,410)	9,114	334	**(36,962)**

The non-cash movement relates to loan issue costs.

14 Notes to the statement of cash flows (continued)

(b) Net debt reconciliation of net cash flow to movement in net debt

Group

	2014	2013
	£000	£000
(Decrease)/increase in cash in the year	**(34)**	1,281
Cash inflow from bank and other finance net of finance costs paid	**9,132**	2,690
Change in net debt resulting from cash flows	**9,098**	3,971
Non cash movement	**334**	(159)
Movement in net debt in the year	**9,432**	3,812
Net debt at the start of the year	**(46,374)**	(50,186)
Net debt at the end of the year	**(36,942)**	(46,374)

Company

	2014	2013
	£000	£000
(Decrease)/increase in cash in the year	**(18)**	1,319
Cash flow from bank finance net of finance costs paid	**9,132**	2,690
Change in net debt resulting from cash flows	**9,114**	4,009
Non cash movement – finance costs	**334**	(159)
Movement in net debt in the year	**9,448**	3,850
Net debt at the start of the year	**(46,410)**	(50,260)
Net debt at the end of the year	**(36,962)**	(46,410)