Goals Soccer Centres plc

Final Results for the Year Ended 31 December 2013

Results in-line, primed for accelerated rollout

Goals Soccer Centres plc ("Goals" or the "Company"), the premier operator of 'next generation' 5-a-side soccer centres with 43 centres in the UK and one in Los Angeles, USA, is pleased to announce its final results for the financial year ended 31 December 2013.

Key points

- Sales up 4% to £33.7m (2012: £32.5m)
- Like-for-like sales up 3%
- EBITDA increased by 4% to £14.8m (2012: £14.2m)
- Operating profit up 5% to £11.8m (2012: £11.3m)
- Profit Before Exceptional Items and Tax up 2% to £9.6m (2012: £9.5m)
- Diluted Earnings Per Share up 1% to 15.9p (2012: 15.7p)
- Net debt reduced to £46.4m (2012: £50.2m)
- Final ordinary dividend of 1.175p per share making 1.85p for the full year

The Placing

- Placing of up to 9.9% of Issued Share Capital ("ISC") announced today
- Proceeds of Placing to:
    - provide sufficient funds to accelerate the controlled rollout of new sites in the UK and US
    - improve the Group's capital structure

Operational highlights

- Recommendations of Operational and Organisation reviews now fully implemented
- New responsive website and app developed and to be launched in Q2 2014
- New brand partnership with international sportswear manufacturer Warrior Sports
- Board and Management team strengthened to support future growth

Current Trading

Trading in the first eight weeks of the year has been good, with like for like sales up 6% as we start to benefit from the key strategies pursued during 2013 and favourable weather conditions as compared to last year. As a result of on-going initiatives including the planned launch of our new app and website in Q2 2014, the strength of the core business and the improving economic backdrop we are confident of making further progress during this year and beyond.

Keith Rogers, Managing Director, said:

"Our decision to focus on the operational delivery of the business in 2013 and further grow returns in the existing estate has proved to be the right one. The business reviews have been completed, the key recommendation implemented and the Board strengthened and the benefits of which have started to come through in the second half and have continued into 2014.

"With the placing funds Goals is well positioned to kick-start a controlled roll-out in the UK and capitalise on its first mover advantage in the US. I am confident that with our re-engineered modular build concept this will deliver significant on-going value to our shareholders."

10 March 2014

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Chairman's Statement

In my first year as Chairman considerable progress has been made on laying the foundations for the future sustained growth of the business. The Board has been strengthened, a full review of all major operations has been completed and the key recommendations already implemented. I believe the Group has emerged stronger, energised and better placed to realise the opportunities that lie ahead.

Financial performance

I am pleased to report a resilient performance during the year, with Group sales up 4% to £33.7m, like-for-like sales up 3%, Profit on ordinary activities before exceptional costs and taxation up by 2% to £9.6m and diluted earnings per share up 1% to 15.9p.

Capital structure

In 2012 the Board took the decision to pause the roll-out of new centres to focus on existing operations and reducing debt. Net debt has reduced from £54m at 30 June 2012 to £46.4m at 31 December 2013. We have also proven the concept of modular build which will re-engineer the unit economics of future new site openings to more favourable terms by lowering the initial capital expenditure requirement and reducing the development period.

Following a review of the Balance Sheet the Board has concluded that the Group's existing capital structure can be improved upon in terms of both financial flexibility and providing the funding for new site openings and has today announced a placing of up to 9.9% of ISC. The proceeds of the Placing will provide sufficient funds to restart a disciplined rollout of new sites in the UK and US over the next few years whilst improving the capital structure of the Group.

Dividend

The Board is pleased to recommend a final dividend of 1.175p per share taking the total for the year to 1.85p net per share (2012: 1.85p). The full year dividend is covered 8.6 times by profits before exceptional items and after tax (2012: 8.5 times).

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

During the year Alex Short was appointed to the Board as a non-executive director. Alex is Finance Director of A.G. Barr plc and has previously held senior positions including Group Finance Director at William Grant & Sons Holdings Ltd.

I would like to thank my predecessor Sir Rodney Walker who stepped down as Chairman during the year. We are fortunate that having taken up the newly created role of Honorary President of Goals, we will continue to benefit from his keen knowledge, expertise and contacts in the world of sport.

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 2014

Managing Director's Review

Goals is a well-established brand with a national footprint hosting over 100,000 players every week across 43 centres in the UK with a 42% share of the branded 5-a-side market. Goals also has a successful and profitable centre in Los Angeles, US.

Following a rapid rollout which saw us increase our centre numbers by 76% in 5 years, we paused new centre development in 2013 to focus on the operational delivery of existing sites and to re-engineer the economics of any future new centre roll-out.

Through our "Path to Success" initiative we set out a number of key strategies focused on improving the overall returns of each centre through operational improvement and where necessary investment in central resource. We have made significant progress in all areas and we are now starting to see the benefits across the business.

We're very proud of the progress we have made in laying the foundations to deliver future growth, and further cementing our position as the most successful 5-a-side company in the UK.

UK Opportunity

Football remains as popular as ever with 15% (6.59m) of adults claiming to play some form of football in England. 5-a-side football is the fastest and most popular form of the sport with over 4.5m players[*]. It 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.

Importantly, there remains a significant opportunity with, we estimate, the potential for at least 100 additional centres within the UK. With limited competitor activity, no new market entrants and on-going high barriers to entry, Goals is well placed to take advantage of this opportunity.

Our new re-engineered modular build concept trialled at Goals Chester, was delivered on time and on budget, reducing both capital expenditure and build time by 35%. The quality of build was the best yet, with no significant snagging issues and no reduction in aesthetics or quality. Importantly, our players gave the centre the highest quality scores of all our centres in customer feedback surveys. This system of build will be used in all future sites providing significantly savings and improved returns on capital.

Goals intends to open two sites in both 2014 and 2015 and is in advanced discussions and permissions for accelerated site rollout from 2016.

[*]Source: The FA tracker, September 2013

US Opportunity

Our confidence in, and enthusiasm for the US opportunity has grown steadily. Soccer is currently one of the most popular team sports in the US with over 13 million participants; 6.2 million of which participate frequently. California is the largest soccer market in the US with approximately 2 million participants. Our first pilot centre, situated in Los Angeles, is now trading strongly and profitably, proving the market demand whilst providing us with a significant understanding of the Los Angeles market. We know our customers and we know the market. With a population of over 18 million, we believe now is the right time to plan our next centres in Los Angeles.

Importantly, we have established that the modular concept trialled in the UK is entirely suitable, to be used in the US market.

Goals intends to commence rollout in the US with one site in 2015 and two sites in 2016.

Digital

Our commitment to technology has been integral to Goals success, delivering many firsts in the industry both for players and in providing detailed information to staff, enabling them to manage the business more effectively and efficiently.

Customer feedback has provided the focus for our current digital strategy. This feedback identified the key frustrations faced by 5-a-side team organisers and players alike, sometimes leading to dropouts from the game, and the barriers to why some potential players do not access the game. It has also identified the solution which our digital strategy now addresses.

Managing Director's Review *(continued)*

In recent years the use of smartphones has increased rapidly among our player base with over 92% now using a smartphone on a regular basis**. This, together with advances in mobile payment technology has provided the opportunity to develop a compelling mobile solution for team organisers and players.

A new state of the art, responsive website and mobile app is planned for launch in Q2 of this year. Whilst both these developments are key in providing a best in class online experience for our players, it is the compelling functionality of our mobile app that will revolutionise the experience for team organisers and players and provide a strategic commercial advantage to Goals. Essentially, we are making 5-a-side convenient for existing players and far more accessible to potential new players. Additionally, the new website and app will be fully integrated with social media, increasing awareness of our brand at every stage of our customer journey.

The app will feature expected functionality such as "Book a Pitch" and "Results & Fixtures". However, it is the additional innovative functionality that the app will provide to players and 'would-be' players that we believe will drive real growth by reducing team drop-out and cancellations, and making the game far more accessible to a wider audience.

Importantly, the mobile app will allow Goals to develop a one-to-one relationship with each player for the first time, tracking their playing habits and allowing us to market directly to them via email, SMS and in-app with offers tailored specifically to them. All this will be managed through a new fully integrated eCRM system.

Goals will be fully accessible wherever and whenever our team organisers and players want to book a pitch, check fixtures, organise their team and make payments providing a significant commercial advantage and driving game growth.

** Source: Goals Player Survey, September 2013

Marketing

Our marketing strategy is aimed at getting more people playing football more often in the knowledge that one additional game per branch, per day can add £0.8m to company EBITDA.

Following a detailed review of our marketing strategy we appointed an E-Commerce & Marketing Manager. He will soon be joined by a Digital Marketing Assistant who will manage our social media channels, eCRM and digital marketing.

Our Listen and learn strategy provides a significant level of feedback from our customers enabling us to create more effective and targeted marketing initiatives. This continues to identify fitness as the top reason why people play 5-a-side, and this theme has become a major marketing pillar for the business.

During the year we hosted a number of headline national events including the annual Powerade Fives which achieved its highest ever participation with over 1,000 teams taking part. Our status as Official Partner of Movember saw us deliver another successful tournament for the eponymous charity with 541 teams participating, a 15% increase on the previous year.

In September, as a bookend to the summer holiday season, we held a national Festival of Football across all our centres, marketed on TalkSport. This created great customer engagement building upon our "Heart & Soul of Football" ethos building a club-like relationship with our teams with a week long list of daily fun events.

We also engaged with students across the country with a repackaged Student League programme sponsored by Powerade. This proved extremely successful and saw some centres attracting over 100 new teams playing weekly in a strongly branded, reformatted league programme.

We kicked-off the current year with a major marketing push, with ourPlay5s GetFit campaign which promoted the health and fitness benefits of playing 5-a-side football. Marketed heavily on TalkSport, we supplemented the benefits of playing 5-a-side with activities in-branch including team 'weigh-ins' and fitness boot-camps.

Managing Director’s Review *(continued)*

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.

We are also delighted to announce a new brand partner, Warrior Sports a major international sportswear manufacturer based in the USA.

Operational Excellence

Goals is a substantial business which requires sound processes, disciplines and structures. Organisational and Operational Reviews were undertaken to identify potential areas for improvement. Both reviews were completed early last year and the recommendations have now been fully implemented.

The Organisational Review reported very high levels of staff engagement across the business with a strong business culture and ethos at all levels. The passion, drive and enthusiasm of our staff are seen as major strengths of our business. As a result of the review a number of new positions were created with a strong emphasis on training and development roles.

The Operational Review involved a detailed audit of our business processes resulting in the development of our ‘One Best Way’ standard operating procedures, which ensures consistent application of best practise across the entire business. Key personnel were upskilled to ensure the principles One Best Way methodology remain embedded in our business philosophy.

The changes made following these two reviews have positioned us well to maximize the potential of the existing business and to restart a disciplined rollout of new centres.

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 drives change and innovation at all levels of our business. This enables us to help retain existing customers and attract new ones through the delivery of a great user experience.

Our customers expect a consistently high standard of service and facilities in our sites and so we have a robust way of measuring how our customers rate our performance, using real time feedback. We achieved our highest ever guest satisfaction and brand preference scores in the year with more players than ever ranking their experience at Goals higher than any other place they have played.

Product Innovation

Innovation is a key theme in our business philosophy as we continuously 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.

We are proud of our ‘theatre of football’ approach, with the design and layout of our centres reflecting the heart and soul of football. Over the course of the year Goals has trialled and launched a number of new products and initiatives, including goalsTV, an on pitch camera system utilising two cameras, capturing highlights fed directly into the bar and capable of web share through social media.

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

Success is all about delivering a great football experience for our players. As the UK's leading 5-a-side operator, our success is down to highly motivated and engaged team members delivering an outstanding experience to over 100,000 players every week. It's our staff that make the football experience special for our customers so they come back time and again driving profitable growth. That's why it's so important that our staff are highly engaged and passionate about what they do.

We're focused on making our staff really passionate about football, ensuring high levels of player engagement through our 'Heart & Soul of Football' plan, giving them the skills, knowledge and confidence they need to be able to 'wow' existing and potential customers. Our staff embrace our 'heart and soul of football' ethos, creating a welcoming club-like atmosphere for our players and so we put a lot of effort into making sure we recruit the best people and invest in their training and development.

We are focused on building our talent and succession pipeline. 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. Our focus on building internal leadership and developing 'high potential' individuals has ensured that 71% of management and senior appointments in the year came from internal promotions. 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 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. During the year we launched our 'Golden Goals' staff rewards programme. This industry–leading 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.

Looking ahead

We have made encouraging progress during the year, putting in place the foundations for future growth from greater utilisation of the additional capacity built up over the past few years and through the development of new centres in quality locations but I am clear that most of our growth still lies ahead. The UK market still has plenty of scope for growth both from existing centre immaturity and new centres, and the US offers an exciting opportunity for the business

Keith Rogers
Managing Director
10 March 2014

Finance Director's Review

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

Group sales increased by 4% to £33.7m (2012: £32.5m) and Group like-for-like sales increased by 3%.

The Goals Group

Group EBITDA increased by 4% to £14.8m (2012: £14.2m) and the Group EBITDA margin held steady at 44% despite the £0.5m increase in Head Office resource.

Group Operating Profit increased by 5% to £11.8m (2012: £11.3m) and the Group Operating Profit margin remained at 35%.

Financial expenses increased by 21% to £2.2m (2012: £1.8m) as the cost of our interest rate swap increased by £0.4m. The interest rate of our swap increases from 2.7% to 4.0% from July 2014 and this will result in an increase in the blended interest rate from 4.4% to 5.4%. EBITDA bank interest cover was 7.3 times during the 12 months ended 31 December 2013 (2012: 8.0 times).

Profit Before Income Tax increased by 2% to £9.6m (2012: £9.5m) for the year.

The tax charge for the period is at an effective rate of 12.9% (2012: 17.0%). The decrease in the effective rate relates primarily to the reduction in the UK corporation tax rate reducing our deferred tax liability. We expect the effective tax rate will increase to slightly in excess of the UK corporation tax rate during 2014.

Earnings Per Share increased by 1% to 15.9p (2012: 15.7p).

The Board continues to focus on strong cash generation and enhancing return on capital from immature centres. Net cash generated from operations increased by 4% to £10.2m (2012: £9.8m). This strategy has enabled the Board to meet a key objective of further reducing net bank debt which has been reduced by 8% to £46.4m (2012: £50.2m). Our net debt/EBITDA ratio has reduced to 3.1 (2012: 3.5). At 31 December 2013, the Group had total bank loan facilities of £49.5m

The Group invested £4.3m in capital expenditure (2012: £6.3m) during the period. £0.4m was incurred on our pipeline centres, £0.6m on information technology and call centre systems, £0.6m on final accounts for centres opened in previous years and £2.7m on upgrading our mature centres. Our EBITDA Return on Capital Employed increased to 12.1% (2012:11.3%).

Our UK Business

Sales in the UK centres increased by 3% to £32.7m (2012: £31.7m) and like-for-like sales increased by 2%. Like-for-like sales in our key product areas were:

- Core Football increased by 2% (74% of total sales)
- Bar and Vending decreased by 5% (15% of total sales)
- Corporate events increased by 48% (5% of total sales)
- Birthday parties and other increased by 3% (6% of total sales)

Like-for-like sales in core football, which accounts for 74% of all sales, increased by 2% predominately from the maturing of centres opened since 2008. Following a disappointing first quarter, when adverse weather impacted sales, like-for-like sales in this product increased steadily throughout the year, reaching 4% during the second half, as the operational changes were implemented.

Like-for-like bar and vending sales declined by 5%. Our midweek bar sales, in common with other operators in the wider leisure industry, have declined as customers have reduced their mid-week alcohol intake. Our weekend bar sales have held steady. The decline in bar and vending sales reduced from 7% during the first half of the year to 3% during the second half of the year.

Finance Director's Review *(continued)*

Like-for-like corporate event and sponsorship sales increased by 48% principally due to events held with one large corporate customer. We expect that the corporate event market will recover as the economic recovery develops, although the activity of this one particular customer is expected to reduce in 2014.

Like-for-like birthday party sales increased by 3%. The number of kids birthday parties held during the year increased by 8% on a like for like basis although like-for-like revenue increased only 3%. This lower revenue increase was the result of a national online 'special offer' campaign designed to increase the number of parties held. This campaign has been repeated during 2014 and has already led to improved party bookings.

Our overall gross profit margin increased from 89% to 90% as the sales mix continued to move towards the higher margin football product and tight control over the cost of sales was exercised. Our bar gross margin decreased from 61% to 59% as we chose not to increase prices in the current climate.

A strong focus on overhead costs was maintained throughout the year. However, our average overheads per centre increased by 2% to £293,000 (2012: £286,000), broadly in-line with inflation and principally due to an increase of £9,000 per centre (total £0.4m) in business rates payable. Our annual rates payable has increased by £0.9m over a 3 year period due to revaluations of our centres. The revaluations remain under discussion with The Valuation Office Agency.

The resources within our Head Office have been increased to support the enlarged scale of the business and to drive like-for-like sales growth and include senior appointments within marketing, human resources and operations. This has resulted in a planned increase in Head Office costs to £2.6m (2012: £2.1m).

Despite the £0.5m increase in Head Office resource earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 3% to £14.4m (2012: £14.0m) and the EBITDA margin held steady at 44%.

Our US Business

Goals US performed well during the period with sales increasing by 26% to £1.0m (2012: £0.8m) and EBITDA increasing by 74% to £0.4m (2012: £0.2m). 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.

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 1.175p per share be paid on 30 May 2014 to shareholders on the register on 9 May 2014 at a cost of £0.6m, making 1.85p net for the full year (2012: 1.85p). The full year dividend is covered 8.6 times by profits before exceptional items and after tax (2012: 8.5 times).

Current Trading

Trading in the first eight weeks of the year has been good, with like for like sales up 6% as we start to benefit from the key strategies pursued during 2013 and favourable weather conditions as compared to last year. As a result of on-going initiatives including the planned launch of our new app and website in Q2 2014, the strength of the core business and the improving economic backdrop we are confident of making further progress during this year and beyond.

William Gow
Finance Director
10 March 2014

Consolidated income statement
for the year ended 31 December 2013

	Note	**2013 £000**	Before exceptional items 2012 £000	Exceptional items (note 4) 2012 £000	2012 £000
Revenue	**2**	**33,736**	32,516	500	33,016
Cost of sales		**(3,265)**	(3,456)	-	(3,456)
Gross profit		**30,471**	29,060	500	29,560
Operating expenses		**(18,659)**	(17,768)	(7,373)	(25,141)
Operating profit/(loss)	**3**	**11,812**	11,292	(6,873)	4,419
Financial expense	**5**	**(2,192)**	(1,814)	-	(1,814)
Profit/(loss) before tax		**9,620**	9,478	(6,873)	2,605
Taxation	**6**	**(1,240)**	(1,616)	355	(1,261)
Profit/(loss) for year attributable to equity holders of the parent		**8,380**	7,862	(6,518)	1,344
Earnings per share					
Basic	**8**	**16.0p**	16.0p	(13.3)p	2.7p
Diluted	**8**	**15.9p**	15.7p	(13.0)p	2.7p

Statement of comprehensive income
for the year ended 31 December 2013

	2013 £000	2012 £000
Profit for the year	**8,380**	1,344
Exchange differences on translation of foreign operations	**(175)**	(133)
Effective portion of changes in fair value of cash flow hedges	**1,135**	(1,270)
Deferred tax movements on items taken directly to equity	**(339)**	183
Other comprehensive income for the year	**621**	(1,220)
Total comprehensive income attributable to equity holders of the parent	**9,001**	124

Balance sheets

at 31 December 2013

		Group		Company	
		2013	2012	**2013**	2012
Assets		**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	**9**	**109,788**	108,431	**107,281**	105,796
Intangible assets	**10**	**6,573**	6,671	**6,573**	6,671
Investments in subsidiaries	**13**	**-**	-	**2,691**	2,691
Other non-current receivables		**554**	-	**554**	-
Total non-current assets		**116,915**	115,102	**117,099**	115,158
Current assets					
Inventories		**1,087**	706	**1,083**	705
Trade and other receivables		**4,922**	3,180	**6,148**	4,553
Cash and cash equivalents		**1,685**	932	**1,649**	858
Total current assets		**7,694**	4,818	**8,880**	6,116
Total assets		**124,609**	119,920	**125,979**	121,274
Current liabilities					
Bank overdraft		**(1,782)**	(2,310)	**(1,782)**	(2,310)
Trade and other payables		**(1,882)**	(2,690)	**(1,841)**	(2,373)
Current tax payable		**(1,418)**	(965)	**(1,418)**	(965)
Total current liabilities		**(5,082)**	(5,965)	**(5,041)**	(5,648)
Non-current liabilities					
Other interest-bearing loans and borrowings		**(46,277)**	(48,808)	**(46,277)**	(48,808)
Deferred tax liabilities	**11**	**(7,561)**	(7,519)	**(7,561)**	(7,519)
Other financial liabilities	**12**	**(2,616)**	(3,751)	**(2,616)**	(3,751)
Total non-current liabilities		**(56,454)**	(60,078)	**(56,454)**	(60,078)
Total liabilities		**(61,536)**	(66,043)	**(61,495)**	(65,726)
Net assets		**63,073**	53,877	**64,484**	55,548
Equity					
Share capital	**13**	**132**	128	**132**	128
Share premium		**26,921**	25,853	**26,921**	25,853
Other reserve		**(2,092)**	(2,888)	**(2,092)**	(2,888)
Retained earnings		**38,476**	30,973	**39,670**	32,455
Translation reserve		**(364)**	(189)	**(147)**	-
Total equity		**63,073**	53,877	**64,484**	55,548

These financial statements were approved by the board of directors on 2014 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 2013

	Note	*Group*		Company	
		2013	*2012*	**2013**	2012
		£000	*£000*	**£000**	£000
Cash flows from operating activities					
Profit for the year		**8,380**	*1,344*	**8,092**	2,948
Adjustments for:					
Depreciation		**2,863**	*2,904*	**2,787**	2,827
Amortisation		**98**	*36*	**98**	36
Non cash exceptional items		**-**	*5,678*	**-**	3,967
Financial expense		**2,191**	*1,814*	**2,191**	1,814
Cash flow hedge recycling		**-**	*(238)*	**-**	(238)
Income tax expense		**1,240**	*1,261*	**1,233**	1,261
		14,772	*12,799*	**14,401**	12,615
Increase in trade and other receivables		**(2,296)**	*(885)*	**(2,149)**	(1,430)
(Increase)/decrease in inventory		**(381)**	*58*	**(380)**	55
(Decrease)/increase in trade and other payables		**(891)**	*(281)*	**(640)**	398
		11,204	*11,691*	**11,232**	11,638
Income tax paid		**(963)**	*(1,851)*	**(956)**	(1,851)
Net cash from operating activities		**10,241**	*9,840*	**10,276**	9,787
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(4,338)**	*(6,355)*	**(4,335)**	(6,351)
Net cash used in investing activities		**(4,338)**	*(6,355)*	**(4,335)**	(6,351)
Cash flows from financing activities					
Issue of share capital		**1,072**	*2,584*	**1,072**	2,584
Loans paid		**(2,690)**	*(3,855)*	**(2,690)**	(3,855)
Interest paid		**(2,032)**	*(1,770)*	**(2,032)**	(1,770)
Dividends paid		**(972)**	*(916)*	**(972)**	(916)
Net cash used in financing activities		**(4,622)**	*(3,957)*	**(4,622)**	(3,957)
Net decrease in cash and cash equivalents	14	**1,281**	*(472)*	**1,319**	(521)
Cash and cash equivalents at start of year		**(1,378)**	*(906)*	**(1,452)**	(931)
Cash and cash equivalents at year end		**(97)**	*(1,378)*	**(133)**	(1,452)

Statements of changes in equity
for the year ended 31 December 2013

	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)**	**38,471**	**(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)
Deferred tax on share based payments	-	-	-	(228)	-	(228)
Tax on share based payments	-	-	-	323	-	323
At 31 December 2013	**132**	**26,921**	**(2,092)**	**39,670**	**(147)**	**64,484**

Statements of changes in equity *(continued)*
for the year ended 31 December 2013

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000	£000
Group						
At 1 January 2012	**122**	**23,275**	**(1,801)**	**30,430**	**(56)**	**51,970**
Profit for the year	-	-	-	1,344	-	1,344
Exchange difference on translation of foreign operation	-	-	-	-	(133)	(133)
Cash flow hedge transactions	-	-	(1,270)	-	-	(1,270)
Deferred tax on cash flow hedge	-	-	183	-	-	183
Total comprehensive income for the year	**-**	**-**	**(1,087)**	**1,344**	**(133)**	**124**
Shares issued	6	2,578	-	-	-	2,584
Dividends paid	-	-	-	(916)	-	(916)
Deferred tax on share based payments	-	-	-	115	-	115
At 31 December 2012	**128**	**25,853**	**(2,888)**	**30,973**	**(189)**	**53,877**

	Share capital	Share premium account	Other reserves	Retained earnings	Total
	£000	£000	£000	£000	£000
Company					
At 1 January 2012	**122**	**23,275**	**(1,801)**	**30,308**	**51,904**
Profit for the year	-	-	-	2,948	2,948
Cash flow hedge transactions	-	-	(1,270)	-	(1,270)
Deferred tax on cash flow hedge	-	-	183	-	183
Total comprehensive income for the year	**-**	**-**	**(1,087)**	**2,948**	**1,861**
Shares issued	6	2,578	-	-	2,584
Dividends paid	-	-	-	(916)	(916)
Deferred tax on share based payments	-	-	-	115	115
At 31 December 2012	**128**	**25,853**	**(2,888)**	**32,455**	**55,548**

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 2013 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 2013. 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 2013 were approved by the board of directors on 10 March 2014.

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 13: Fair Value Measurement (effective year ended 31 December 2013) defines fair value, sets out a framework for measuring fair values and requires disclosures about fair value measurement.

Amendment to IFRS 7: Disclosures – Offsetting financial assets and financial liabilities (effective year ended 31 December 2013) requires disclosure of information to enable users to evaluate the effect of potential effect of netting arrangements and similar agreements on the financial position.

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.

2. Segmental reporting *(continued)*

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.

	2013	2012
	£000	£000
Revenues		
United Kingdom	**32,778**	32,253
United States	**958**	763
	33,736	33,016
Non-current assets		
United Kingdom	**114,406**	112,467
United States	**2,509**	2,635
	116,915	115,102

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

3. Operating profit/(loss)

	2013	2012
	£000	£000
Operating profit/(loss) is stated after charging:		
Auditor's remuneration:		
- audit of these financial statements	**41**	35
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation compliance	**4**	7
- other services relating to tax advisory – VAT	**14**	174
- other services relating to tax advisory – other	**-**	30
Depreciation	**2,863**	2,904
Amortisation	**98**	36
Rental under operating leases		
- plant and machinery	**186**	191
- others	**2,459**	2,500
Non-recurring items:		
Exceptional items (refer to note 4)	**-**	6,873

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

	2013	2012
	£000	£000
Operating profit	**11,812**	4,419
Depreciation	**2,863**	2,904
Amortisation	**99**	36
EBITDA	**14,774**	7,359
Impairment of fixed assets and intangible assets	**-**	5,828
Other exceptional items (note 4)	**-**	1,045
	14,774	14,232

4. Exceptional items

	2013	2012
	£000	£000
Exceptional items comprise:		
- Income in relation to the VAT case	**-**	500
- Impairment of assets under construction	**-**	(2,087)
- Impairment of Goals Soccer Centres Inc site	**-**	(1,927)
- Impairment of company's IT systems and software development costs	**-**	(1,814)
- Legal fees associated with aborted takeover and VAT case	**-**	(1,545)
	-	(6,873)

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

5. Financial expense

	2013	2012
	£000	£000
Financial expense		
Interest on bank loans and overdrafts	**2,033**	1,770
Amortisation of finance costs	**159**	44
	2,192	1,814

Borrowing costs of £139,000 *(2012: £241,000)* 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% (*2012: 6.6%).*

6. Taxation

	2013	2012
	£000	£000
Recognised in the income statement		
Current year	**1,765**	1,389
Adjustments for prior year	**-**	(211)
Current tax expense	**1,765**	1,178
Deferred tax expense (note 11)		
Origination and reversal of timing differences	**578**	697
Adjustments for prior year	**-**	81
Reduction in tax rate	**(1,103)**	(695)
Deferred tax expense	**(525)**	83
Tax expense in income statement	**1,240**	1,261

Reconciliation of effective tax rate

	2013	2012
	£000	£000
Profit for the year	**8,380**	1,344
Total income tax expense	**1,240**	1,261
Profit excluding taxation	**9,620**	2,605

	2013	**2013**	2012	2012
	%	**£000**	%	£000
Income tax using company's standard tax rate	**23.25**	**2,237**	24.5	638
Effects of:				
Non-deductible expenses	**1.1**	**106**	57.4	1,494
Other differences – adjustments to prior year balances	-	**-**	(5.1)	(130)
Other differences – difference in tax rates	**(11.5)**	**(1,103)**	(28.4)	(741)
Total tax expense	**12.9**	**1,240**	48.4	1,261

Income tax recognised directly in equity

	2013	2012
	£000	£000
Taxation (credit) / charge on share based payments	**(228)**	298

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 2013 has been calculated based on the rates of 21% and 20% substantively enacted at the balance sheet date.

7. Dividends

	2013	2012
	£000	£000
Dividends paid – 2011 final (1.175p per ordinary share)	**-**	571
– 2012 interim (0.675p per ordinary share)	**-**	345
– 2012 final (1.175p per ordinary share)	**617**	-
– 2013 interim (0.675p per ordinary share)	**355**	-
	972	916

A final dividend of £620,000 (1.175p per ordinary share) has been declared and will be paid on 30 May 2014 to shareholders on the register on 9 May 2014 *(2012: Final dividend £617,000 (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 52,252,873 *(2012: 49,204,607)*.

	2013 Profit for the year £000	**2013 Earnings per share p**	2012 Profit for the year £000	2012 Earnings per share p
Basic earnings per share	**8,380**	**16.0**	1,344	2.7
Adjusted basic earnings per share	**8,380**	**16.0**	7,862	16.0
Diluted earnings per share	**8,380**	**15.9**	1,344	2.7
Adjusted diluted earnings per share	**8,380**	**15.9**	7,862	15.7

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 2013 this was 52,755,845 *(2012: 50,201,988).*

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

	Number 2013	2012
Weighted average number of shares in issue during the year	**52,252,873**	49,204,607
Effect of dilutive share options	**502,972**	997,381
Diluted weighted average number of shares	**52,755,845**	50,201,988

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 2012	108,118	11,140	3,455	122,713
Additions	4,743	502	1,017	6,262
Transfers	560	-	(560)	-
Foreign exchange	(189)	(15)	(9)	(213)
At 31 December 2012	113,232	11,627	3,903	128,762
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
Depreciation				
At 1 January 2012	8,271	4,383	-	12,654
Charge for year	1,733	1,171	-	2,904
Impairment	1,644	1,192	1,942	4,778
Foreign exchange	-	(4)	(1)	(5)
At 31 December 2012	11,648	6,742	1,941	20,331
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
Carrying amounts				
At 31 December 2013	**102,815**	**4,592**	**2,381**	**109,788**
At 31 December 2012	101,584	4,855	1,962	108,431

10. Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Group and Company			
Deemed cost			
At 1 January 2012 and 31 December 2012	5,719	1,888	7,607
At 1 January 2013 and 31 December 2013	**5,719**	**1,888**	**7,607**
Amortisation			
At 1 January 2012	-	-	-
Amortisation for year	-	36	36
Impairment	-	900	900
At 31 December 2012	-	936	936
At 1 January 2013	-	936	936
Amortisation for the year	-	98	98
At 31 December 2013	**-**	**1,034**	**1,034**
Carrying amount			
At 31 December 2013	**5,719**	**854**	**6,573**
At 31 December 2012	5,719	952	6,671

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 9%, post tax 6.9%, 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.

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**	
	2013	2012	**2013**	2012	**2013**	2012
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**84**	312	**-**	-	**84**	312
Property, plant and equipment	**-**	-	**(8,169)**	(8,694)	**(8,169)**	(8,694)
Cash flow hedge	**524**	863	**-**	-	**524**	863
Net tax assets/(liabilities)	**608**	1,175	**(8,169)**	(8,694)	**(7,561)**	(7,519)

Movement in deferred tax during the 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)

Movement in deferred tax during the prior year

	At 1 January 2012 £000	**Recognised in income £000**	**Recognised in equity £000**	**At 31 December 2012 £000**
Share based payments	197	-	115	312
Property, plant and equipment	(8,642)	(52)	-	(8,694)
Cash flow hedge	860	-	183	863
Other timing difference	31	(31)	-	-
	(7,734)	(83)	298	(7,519)

12. Other financial liabilities

Group and Company	**2013 £000**	2012 £000
Interest rate derivative used for hedging	**2,616**	3,751

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%.

13. Share capital

	2013 Number	**£000**	2012 Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2012: 0.25p)* each	**52,792,678**	**132**	51,049,448	128

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	932	753	-	**1,685**
Overdraft	(2,310)	528	-	**(1,782)**
	(1,378)	1,281	-	**(97)**
Revolving credit facility	(48,808)	2,690	(159)	**(46,277)**
Net debt	(50,186)	3,971	(159)	**(46,374)**

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

	2013 £000	2012 £000
Increase/(decrease) in cash in the year	**1,281**	(472)
Cash inflow from bank and other finance net of finance costs paid	**2,690**	3,855
Change in net debt resulting from cash flows	**3,971**	3,383
Non cash movement	**(159)**	(382)
Movement in net debt in the year	**3,812**	3,001
Net debt at the start of the year	**(50,186)**	(53,187)
Net debt at the end of the year	**(46,374)**	(50,186)