Goals Soccer Centres plc

Preliminary Results for the Year Ended 31 December 2011

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres. Goals operates 42 centres in the UK and one in Los Angeles, USA.

Key points

- **Sales up 9%** to £30.4m (2010: £27.8m) with **like-for-like sales up 1%** [1]
- **EBITDA increased by 11%** to £13.8m (2010: £12.4m), EBITDA margin increased by 1% to 45%
- **Operating profit up 9%** to £10.9m (2010: £10.0m)
- **Profit Before Tax up 21%** to £9.2m [2] (2010: £7.6m [3])
- **Diluted Earnings Per Share up 30%** to 13.9p (2010: 10.7p [3])
- **Net cash generated from operations up 25%** to £13.0m (2010: £10.4m)
- **Final ordinary dividend of 1.175p per share making 1.85p for the full year**
- New four year banking agreement with Lloyds Banking Group totalling £56 million

Operational highlights

- Four new UK centres added during the year at Sunderland, Liverpool South, Norwich and Hull
- New innovative modular build concept developed which reduces capital expenditure to £1.5m per centre (from £2.3m) and build time to 14 weeks (from 22 weeks)
- 6 week intensive "Live the dream" marketing campaign launched on TalkSport radio
- First modular building under construction at Chester and on schedule to open in March 2012
- First 5-a-side facility operator to be awarded the new Small Sided Football Accreditation by The Football Association

Current Trading

Goals has made a positive start to 2012 with total sales up 6% and like-for-like sales maintained for the first 8 weeks of the year showing encouraging year on year growth. We are confident of making further progress in 2012 and beyond.

Keith Rogers, Managing Director of Goals, said:

"2011 has been a year of progress and change for Goals. We have added a further four centres to our estate and pioneered an innovative new modular build strategy that will not only reduce costs going forward but will also enable us to dramatically cut build time. This is an exciting and game changing development for our business. Our first modular site is due to open in Chester this March and is on schedule and budget. The Goals concept continues to be as popular with customers as ever and 2011 saw even more people taking part across the country. We have increased our centre count by over 31% in the past 24 months and so our key strategic focus for 2012 is on driving returns from our current estate, reducing net bank debt, whilst evaluating all aspects of our first new modular build in Chester."

28 February 2012

[1] *Like-for-like sales including the impact of the contested VAT on block bookings by teams down 2%*

[2] *In 2011 a non-recurring profit of £0.2m was generated by Goals Soccer Centers Inc*

[3] *In 2010 Profit before tax of £7.6m was adjusted for the impact of the movement in fair value of the capped floating interest rate hedging arrangement of £0.7m and start up costs in the USA of £0.2m resulting in Adjusted profit before tax of £8.5m. In 2010 Diluted earnings per share was adjusted for these items (net of tax) resulting in Adjusted diluted earnings per share of 12.0p.*

Chairman's statement

Introduction

The year to 31 December 2011 was another year of progress for the Group in a challenging economic and fiscal climate. Overall sales increased by 9% with core football sales up 1% during 2011. Group like-for-like sales rose by 1% before the change in VAT on league block bookings imposed by HMRC is accounted for. Profit on ordinary activities before tax increased by 21% to £9.2m [2] (2010: £7.6m [3]) and diluted earnings per share increased by 30% to 13.9p (2010: 10.7p [3])

Goals made further progress towards its objective of establishing a national network of 5-a-side soccer centres with four new UK centres opened during the year. Goals has a 42% share of the UK branded 5-a-side football market and continues to be the UK's most profitable 5-a-side operator.

2012 Current Trading and Strategy

Goals has made a positive start to 2012 with total sales up 6% and like-for-like sales maintained for the first 8 weeks of the year showing encouraging year on year growth. We are confident of making further progress in 2012 and beyond.

Goals has undergone a significant expansion over the last 2 years, adding 10 new centres to its estate, a 31% increase in capacity. Goals is now focusing on driving returns from these centres, evaluating all aspects of the new modular build concept and reducing debt before a potential return to opening further centres in 2013 and beyond.

Financing / New Banking Facilities

Goals entered into a new four year banking agreement with Lloyds Banking Group totalling £56m comprising a revolving credit facility of £38m, a four year term loan of £16m and a £2m overdraft facility. The new facilities have been arranged at competitive rates and contain the customary covenants associated with such facilities.

Financial Review

Overall sales increased by 9% to £30.4m (2010: £27.8m) and like-for-like sales increased by approximately 1%. However, the impact of the contested VAT on league block bookings reduced this by 3% to minus 2% reducing profits for 2011 by around £0.8m. The anniversary of both the contested VAT on league bookings and the 2.5% increase in the rate of VAT has now passed and therefore there will be a minimal impact on like-for-like comparisons in 2012.

Like-for-like sales in our key product areas were:

- Core Football, (73% of total sales) increased by 2% *(decreased by 1% including the impact of contested VAT on league block bookings)*
- Bar and Vending, (18% of total sales) decreased by 3%
- Birthday parties (3% of total sales) decreased by 8%
- Corporate events (3% of total sales) decreased by 4%

Like-for-like sales in core football, our key product accounting for 73% of all sales, increased by 2% due to our continued focus on maximising pitch utilisation and the relatively soft comparative caused by snow disruption in 2010. Following a satisfactory performance in the first half of 2011 which saw sales grow month-on-month, we experienced softer than expected trading over the summer months. Our 'Get Back in the Game' marketing campaign proved successful in encouraging summer-lapsed players to return in early September and like-for-like sales for the last four months of the year increased following the campaign.

Like-for-like bar and vending sales declined by 3% as we chose not to pass on the 2.5% VAT increase to our customers and we introduced a charge for weekend function room hire which resulted in a slight decline in sales on these functions, but an increase in yield and profits.

Like-for-like birthday party and corporate event sales declined by 8% and 4% respectively as there had been a benefit in this area prior to the World Cup in 2010. We anticipate an increase in enquiries in these areas in the current year due to the Euro 2012 Championships.

Four centres were opened during 2011 in Sunderland, Liverpool South, Norwich and Hull. All are performing in line with our expectations.

Our overall gross profit margin increased from 88.7% to 89% as tight control over the cost of sales was exercised; however, our bar gross margin decreased from 66% to 62% as we chose not to pass on the 2.5% VAT increase to our customers.

A strong focus on overhead costs was maintained throughout the year. Average annual overheads per centre remained at £275,000 despite a significant increase in the rateable values of the centres which resulted in an increase of £10,000 per centre (total £0.4m) in business rates payable.

EBITDA increased by 11% to £13.8m (2010: £12.4m). Goals UK business generated EBITDA of £13.4m and Goals USA business generated EBITDA of £0.4m. The EBITDA generated from the USA includes £0.4m arising from the settlement of a dispute with our prior partner and non-recurring costs of £0.2m. Since taking over direct management of Goals USA in March 2011 sales and profits grew steadily throughout the year and we believe there is significant potential for further growth. Goals USA is now a wholly owned subsidiary of Goals Soccer Centres plc.

Operating profit increased by 9% to £10.9m (2010: £10.0m). The operating profit margin was 36% (2010: 36%). Goals UK business generated operating profit of £10.6m and Goals USA generated operating profit of £0.3m. The recurring operating profit generated by Goals USA was £0.1m.

Profit on ordinary activities before tax increased by 21% to £9.2m[2] (2010: £7.6m [3]). The tax charge for the year is at an effective rate of 25% (2010: 31%). The decrease in the effective rate relates primarily to a reduction in the tax rate applied in calculating the deferred tax liability. Overall diluted earnings per share increased by 30% to 13.9p (2010: 10.7p [3]).

Goals currently generates approximately 20% of sales from hiring pitches to league customers and until 9 February 2011 Goals had treated these block bookings as exempt from VAT as they fulfilled all the conditions set out in Note 16, Group 1, Sch. 9, of the VAT Act 1994. On 9 February 2011 HMRC issued a briefing note indicating that commercially operated sports leagues should be standard rated. Compliance with this HMRC note has resulted in our profits being reduced by £0.8m. The Company lodged an appeal against this ruling in July 2011 and it is expected the appeal will be heard during the second half of 2012.

Goals continued to generate a strong cash flow in 2011 with net cash generated from operations increasing by 25% to £13.0m (2010: £10.4m).

At 31 December 2011, the Group's net bank loans were £52.3m (2010: £49.2m) funded by a £55m committed bank facility with Bank of Scotland. Goals has since entered into a new four year banking agreement with Lloyds Banking Group totalling £56 million comprising a revolving credit facility of £38m, an amortising term loan of £16m and a £2m overdraft facility. These facilities have been negotiated at competitive market rates and will provide the Company with the financial flexibility to meet our growth aspirations.

To enable a period of evaluation of the new modular build design, the Directors have decided to open one centre in 2012. The Directors intend to use the Group's strong cash flow to further reduce net bank debt during 2012.

During the year the Group invested £10.7m in capital expenditure (2010: £23.3m), £0.4m of which was incurred by Goals USA. We invested £10.3m in our existing centres, information technology and the rollout of new centres in the UK; £7.6m was incurred on new centres of which £1.5m related to centres under development at 31 December 2011, £0.4m on information technology and call centre systems, £1.9m on final accounts for centres opened in previous years and £0.4m on upgrading and extending our mature centres.

The Directors intend that the Company will continue to retain the majority of distributable profits and cash flow to contribute towards debt reduction and thereafter the funding of new centres. A final dividend of 1.175p per share will be paid on 8 May 2012 to shareholders on the register on 13 April 2012 at a cost of £0.6m, making 1.85p for the full year (2010: 1.85p).

Operating Review

Football continues to be the most popular sport in the UK and 5-a-side football continues to grow amongst all age groups and both genders. The Board believes the unique Goals concept positions the Company to capitalise on this popularity and exploit the continuing major commercial opportunity to satisfy significant potential and latent demand in the market.

Goals has developed a well differentiated 5-a-side brand and has grown to become the UK's premier operator.

We are passionate about football. Our mission statement "To Provide The Ultimate Football Experience" encapsulates our commitment to providing a high quality 5-a-side football experience.

We believe that our ability to select great locations and operate successful, high quality football centres has reinforced the continuing popularity of the Goals experience with our customers. This popularity is reflected in our average sales per centre, which are the highest in the industry.

We strive to provide a distinctive, high quality football experience at modest prices by offering exciting football in a high-energy setting with efficient, attentive and friendly service. As a result, the Goals small sided soccer experience appeals to a diverse customer base.

We execute the Goals brand consistently in accordance with rigorous standards and are committed to operational excellence in every part of our business.

Our strategy is:

- To continue to innovate and lead the industry,
- To continue our rollout of "next generation" soccer centres in prime locations,
- To maximise revenue from existing centres through outstanding customer service,
- To continue to build a positive national 5-a-side brand,
- To improve returns on capital,
- To improve shareholder value,

and, most importantly,

- "To Provide The Ultimate Football Experience"

The Company continues to make progress in these areas and this has been recognised recently with Goals being the first, and only, 5-a-side facility operator to be awarded the new Small Sided Football Accreditation by The Football Association for all its centres. This prestigious accolade replaces the previous accreditation system and is in recognition of the quality of both our facilities and operating procedures.

Our commitment to providing excellent customer service has resulted in industry leading initiatives including the industry's first automated Fair Play Leagues and online 'Rate Your Ref' system.

Goals continues to invest and develop its IT systems. During the year, £0.4m was invested to further improve customer experience, increase income and reduce operating costs. The central web based *SmartCentre* system continues to evolve as management seek to maximise returns from Goals centres.

The directors have implemented an Enterprise Feedback Management system which provides real-time feedback from Goals customers based on automated key event-driven surveys. This provides consistent feedback from customers on the quality of the Goals experience across all centres.

In recent years, the Company has amended its marketing mix to take account of the reduced efficiency of traditional media advertising by focusing on the new media opportunities available. This revised marketing strategy has proven to be successful in recent centre openings. The large number of centre openings over the past two years has enabled Goals to consider national marketing campaigns for the first time. A six week heavyweight campaign was recently launched on Talksport providing exciting offers made available through our brand partners. The directors have retained the services of a digital marketing consultant and are pursuing a well defined digital strategy which will both increase exposure to the Goals brand and bring added benefits to our existing customers.

A major focus is being made on developing our presence in the social media sphere and this will result in new online opportunities during the current year.

Our call centre continues to perform well and handles all inbound calls including all enquiries and fulfilment.

New Centres

Goals has developed a new and innovative modular build pavilion concept which has enabled us to reduce the build cost of a standard centre by 35% to £1.5m and to reduce the build time from 22 weeks to 14 weeks. The directors believe the design and quality of the new modular building will compare favourably with our more recent traditional builds.

The first modular build centre in Chester will open in March 2012 and the directors will evaluate all aspects of this during the remainder of 2012 with a view to resuming the rollout of more centres from 2013, economic conditions allowing.

Whilst the evaluation of the first modular build centre is ongoing, the directors continue to expand Goals strong site pipeline to provide for future centre openings. The Company's strong reputation has enabled Goals to pursue sites through partnership arrangements with the private sector, schools, local authorities and colleges.

Goals has a pipeline of around 40 sites, sufficient to satisfy seven to ten years of openings in the UK.

The directors believe the location of our centres is critical to Goals long-term success and, accordingly, a significant amount of time and resources is devoted to identifying and planning each prospective site. The viability of the Goals concept has been successfully demonstrated in a variety of locations across the United Kingdom and it is intended to continue developing centres in high quality, high profile locations within densely populated areas with a balanced mix of residential, business, and shopping in both existing and new areas.

Goals in the community

Goals commitment to youth sports development in the communities in which Goals operate is evidenced by the Company's innovative Community Access Policy, providing free access to key user groups during off-peak hours. By working in partnership with schools, local authorities and government bodies Goals has improved access for children to quality sports facilities.

Every week, thousands of children benefit from free use of Goals' modern facilities. The directors take the Company's corporate and social responsibilities seriously and will only enter into partnership and sponsorship arrangements which meet very strict ethical codes.

It is the policy of Goals to strive for environmental excellence in all aspects of management and operation. In recent years the Company has continuously improved environmental performance through an ongoing reduction in business costs and waste. The directors plan to continue to increase awareness of environmental issues across the Company.

The directors recognise the significance of effective health and safety management and are committed to providing a safe, secure and healthy environment for both customers and employees. The Company has a detailed health and safety management plan in place and this is reviewed regularly by the Board.

Our staff

Our goal is to consistently exceed the expectations of every customer in all aspects of their experience at Goals. Our staff recruitment, selection, training and incentive programs are the most comprehensive in the industry and allow us to attract and retain staff who are motivated to consistently provide excellence. Our staff are passionate about Goals with a sense of personal commitment to our core values.

I should like to thank all Goals staff for their ongoing commitment to the Company and their hard work during the year.

Sir Rodney Walker, ***Chairman***
27 February 2012

Consolidated income statement
for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Revenue	2	**30,443**	27,804
Cost of sales		**(3,306)**	(3,127)
Gross profit		**27,137**	24,677
Administrative expenses		**(16,206)**	(14,678)
Operating profit	3	**10,931**	9,999
Financial income	4	**472**	-
Financial expense	4	**(2,215)**	(2,362)
Profit before income tax		**9,188**	7,637
Income tax	5	**(2,319)**	(2,332)
Profit for year		**6,869**	5,305
Attributable to:			
Equity holders of the parent		**6,869**	5,340
Non controlling interest		**-**	(35)
		6,869	5,305
Earnings per share			
Basic	7	**14.1p**	11.0p
Diluted	7	**13.9p**	10.7p

Statement of comprehensive income
for the year ended 31 December 2011

	2011 £000	2010 £000
Profit for the year	**6,869**	5,305
Exchange differences on translation of foreign operations	**(18)**	(38)
Net expense recognised directly in equity	**(18)**	(38)
	6,851	5,267
Total comprehensive income for the year is attributable to:		
Equity holders of the parent	**6,851**	5,302
Non controlling interest	**-**	(35)
	6,851	5,267

Balance sheet
at 31 December 2011

	Note	2011	2010
Assets		**£000**	£000
Non-current assets			
Property, plant and equipment	8	**110,059**	104,129
Intangible assets	9	**7,607**	5,719
Total non-current assets		**117,666**	109,848
Current assets			
Inventories		**764**	550
Trade and other receivables		**2,295**	2,198
Cash and cash equivalents		**424**	458
Total current assets		**3,483**	3,206
Total assets		**121,149**	113,054
Current liabilities			
Bank overdraft		**(1,330)**	(1,203)
Trade and other payables		**(3,380)**	(4,312)
Current tax payable		**(1,638)**	(787)
Total current liabilities		**(6,348)**	(6,302)
Non-current liabilities			
Other interest-bearing loans and borrowings		**(52,281)**	(50,699)
Trade and other payables		**(97)**	-
Tax payable		**-**	(100)
Deferred tax liabilities	10	**(7,734)**	(6,644)
Other financial liabilities	11	**(2,719)**	(3,191)
Total non-current liabilities		**(62,831)**	(60,634)
Total liabilities		**(69,179)**	(66,936)
Net assets		**51,970**	46,118
Equity			
Share capital	12	**122**	121
Share premium		**23,275**	23,238
Other reserve		**(1,801)**	(1,801)
Retained earnings		**30,430**	24,581
Translation reserve		**(56)**	(38)
Total equity attributable to equity holders of the parent		**51,970**	46,101
Non controlling interest		**-**	17
Total equity		**51,970**	46,118

These financial statements were approved by the board of directors on 27 February 2012 and were signed on its behalf by:

Keith Rogers
Managing Director

William BG Gow
Finance Director

Statement of cash flows
for the year ended 31 December 2011

	Note	2011	2010
		£000	£000
Cash flows from operating activities			
Profit for the year		**6,869**	5,305
Adjustments for:			
Depreciation		**2,918**	2,364
Gain on settlement of dispute		**(404)**	-
Financial income		**(472)**	-
Financial expense		**2,215**	2,362
Equity settled share-based payment credit		**-**	(20)
Income tax expense		**2,319**	2,332
		13,445	12,343
Increase in trade and other receivables		**(197)**	(940)
Increase in inventory		**(214)**	(12)
Increase in trade and other payables		**447**	250
		13,481	11,641
Income tax paid		**(516)**	(1,239)
Net cash from operating activities		**12,965**	10,402
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(13,085)**	(21,600)
Net cash used in investing activities		**(13,085)**	(21,600)
Cash flows from financing activities			
Issue of share capital		**38**	-
Loans received		**3,000**	12,983
Interest paid		**(2,180)**	(1,703)
Dividends paid		**(899)**	(899)
Net cash (used in)/from financing activities		**(41)**	10,381
Net decrease in cash and cash equivalents	13	**(161)**	(817)
Cash and cash equivalents at start of year		**(745)**	72
Cash and cash equivalents at year end		**(906)**	(745)

Statement of changes in equity
for the year ended 31 December 2011

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total parent equity	Non controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2011	121	23,238	(1,801)	24,581	(38)	46,101	17	46,118
Profit for the year	-	-	-	6,869	-	6,869	-	6,869
Exchange difference on translation of foreign operation	-	-	-	-	(18)	(18)	-	(18)
Total comprehensive income for the year	-	-	-	6,869	(18)	6,851	-	6,851
Acquisition of non controlling interest	-	-	-	17	-	17	(17)	-
Shares issued	1	37	-	-	-	38	-	38
Deferred tax on share based payments	-	-	-	(138)	-	(138)	-	(138)
Dividends paid	-	-	-	(899)	-	(899)	-	(899)
At 31 December 2011	122	23,275	(1,801)	30,430	(56)	51,970	-	51,970

	Share capital	Share premium account	Other reserves	Retained earnings	Translation reserve	Total parent equity	Non controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2010	121	23,238	(1,801)	20,489	-	42,047	-	42,047
Profit for the year	-	-	-	5,340	-	5,340	(35)	5,305
Exchange difference on translation of foreign operation	-	-	-	-	(38)	(38)	-	(38)
Total comprehensive income for the year	-	-	-	5,340	(38)	5,302	(35)	5,267
Non controlling investment in subsidiary	-	-	-	-	-	-	52	52
Recognition of share based payment credit	-	-	-	(20)	-	(20)	-	(20)
Deferred tax on share based payments	-	-	-	(329)	-	(329)	-	(329)
Dividends paid	-	-	-	(899)	-	(899)	-	(899)
At 31 December 2010	121	23,238	(1,801)	24,581	(38)	46,101	17	46,118

Notes

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 2011 comprise those of the company and its subsidiaries (together referred to as the Group).

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2011 or 2010 but is derived from those accounts. Statutory accounts for 2010 have been delivered to the registrar of companies, and those for 2011 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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 2011. 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 2011 were approved by the board of directors on 27 February 2012.

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.

IAS 24 Related Party Disclosures (revised 2009) (effective year ended 31 December 2011) amends the definition of a related party and modifies certain related party disclosure requirements for government related bodies.

Amendments to IFRIC 14 Prepayments of a minimum funding requirement (effective year ended 31 December 2011) removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement (MFR). The amendment results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense.

Improvements to IFRSs 2010 (effective year ended 31 December 2011) incorporates a number of non urgent amendments to IFRSs.

Amendment to IFRS 7 Financial Instruments: Disclosures (effective year ended 31 December 2011) requires an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments.

Amendment to IAS 1 Presentation of Financial Statements (effective year ended 31 December 2011) clarifies that a reconciliation from opening to closing balances is required to be presented in the statement of changes in equity for each component of equity, as well as allowing the analysis of the individual OCI line items by component of equity to be presented in the notes. Previously, such analysis could only be presented in the Statement of Changes in Equity.

Amendment to IFRIC 13 Customer Loyalty Payments (effective year ended 31 December 2011) requires that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective year ended 31 December 2011) provides guidance on accounting for debt for equity swaps.

Amendments to IFRS 3 Business combinations (effective year ended 31 December 2011) limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and entitle the holder to a share of net assets in the event of liquidation. It also gives guidance on how to apportion the market-based measure of an acquirer's share-based payment awards that are issued in exchange for acquiree awards between consideration transferred and post-combination cost when an acquirer is obliged to replace the acquiree's existing awards

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.

	2011 £000
Revenues	
United Kingdom	29,847
United States	596
	30,443
Non-current assets	
United Kingdom	112,575
United States	5,091
	117,666

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

3 Operating profit

	2011 **£000**	2010 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration:		
- audit of these financial statements	**33**	30
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation	**96**	10
Depreciation	**2,918**	2,364
Rental under operating leases		
- plant and machinery	**194**	157
- others	**1,847**	1,708
Non-recurring items:		
Start up costs in the United States	**-**	160
Gain on settlement of dispute with the non-controlling interest in the United States	**(404)**	-

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

	2011 £000	2010 £000
Operating profit	**10,931**	9,999
Depreciation	**2,918**	2,364
	13,849	12,363

4 Financial income and expense

	2011 £000	2010 £000
Recognised in income statement		
Financial income		
Ineffective portion of changes in cash flow hedge	**472**	-
Financial expense		
Interest on bank loans and overdrafts	**2,180**	1,633
Ineffective portion of changes in cash flow hedge	**-**	693
Amortisation of finance costs	**35**	36
	2,215	2,362

Borrowing costs of £272,000 *(2010: £484,000)* have been capitalised in the year applying a rate of interest based on the Group's borrowing cost. In 2011 this rate was 5.4% (*2010: 5.4%).*

5 Income tax

	2011 £000	2010 £000
Recognised in the income statement		
Current year	**1,489**	1,166
Adjustments for prior year	**(122)**	(105)
Current tax expense	**1,367**	1,061
Deferred tax expense (note 10)		
Origination and reversal of timing differences	**1,425**	1,352
Adjustments for prior year	**48**	128
Reduction in tax rate	**(521)**	(209)
Deferred tax expense	**952**	1,271
Tax expense in income statement	**2,319**	2,332

Reconciliation of effective tax rate

	2011 £000	2010 £000
Profit for the year	**6,869**	5,305
Total income tax expense	**2,319**	2,332

Profit excluding taxation	**9,188**	7,637

	2011 %	2011 £000	2010 £000	2010 £000
Income tax using company's standard tax rate	**26.5**	**2,435**	28.0	2,138
Effects of:				
Non-deductible expenses	**6.1**	**563**	4.9	373
Other differences – adjustments to prior year balances	**(0.8)**	**(74)**	0.2	23
Other differences – difference in tax rates	**(6.6)**	**(605)**	(2.6)	(202)
Total tax expense	**25.2**	**2,319**	30.5	2,332

Income tax recognised directly in equity

	2011 £000	2010 £000
Taxation on share based payments	**(138)**	(329)

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, a reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011 and a further reduction to 25% was substantively enacted on 5 July 2011 and will be effective from 1 April 2012. This will reduce the company's future tax charge accordingly. It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liabilities accordingly.

6 Dividends

		2011 £000	2010 £000
Dividends paid	– 2009 second interim (1.175p per ordinary share)	**-**	571
	– 2010 interim (0.675p per ordinary share)	**-**	328
	– 2010 final (1.175 p per ordinary share)	**571**	-
	– 2011 interim (0.675p per ordinary share)	**328**	-
		899	899

A final dividend of £571,000 (1.175p per ordinary share) has been declared and will be paid on 8 May 2012 to shareholders on the register on 13 April 2012 *(2010: Final dividend £571,000 (1.175p per ordinary share)).* This has not been included as a liability as it was not approved or declared before the year end.

7 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 48,590,904 *(2010: 48,558,520).*

	2011 Profit for the year £000	2011 Earnings per share p	2010 Profit for the year £000	2010 Earnings per share p
Basic earnings per share	**6,869**	**14.1**	5,340	11.0
Diluted earnings per share	**6,869**	**13.9**	5,340	10.7

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 2011 this was 49,551,489 *(2010: 49,788,164).*

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

	Number	
	2011	2010
Weighted average number of shares in issue during the year	**48,590,904**	48,558,520
Effect of dilutive share options	**960,585**	1,229,644
Diluted weighted average number of shares	**49,551,489**	49,788,164

8 Property, plant and equipment

	Leasehold property	**Fixtures and fittings**	**Assets in course of construction**	**Total**
	£000	£000	£000	£000
Cost				
At 1 January 2010	72,176	9,906	8,728	90,810
Additions	13,632	2,007	7,704	23,343
Transfers	6,912	128	(7,040)	-
At 31 December 2010	92,720	12,041	9,392	114,153
Cost				
At 1 January 2011	92,720	12,041	9,392	114,153
Additions	7,860	1,275	1,601	10,736
Transfers	7,538	-	(7,538)	-
Transfer to intangible assets	-	(1,888)	-	(1,888)
Disposals	-	(288)	-	(288)
At 31 December 2011	108,118	11,140	3,455	122,713
Depreciation				
At 1 January 2010	4,893	2,767	-	7,660
Charge for year	1,507	857	-	2,364
At 31 December 2010	6,400	3,624	-	10,024
Depreciation				
At 1 January 2011	6,400	3,624	-	10,024
Charge for year	1,871	1,047	-	2,918
Disposals	-	(288)	-	(288)
At 31 December 2011	8,271	4,383	-	12,654
Carrying amounts				
At 31 December 2011	**99,847**	**6,757**	**3,455**	**110,059**
At 31 December 2010	86,320	8,417	9,392	104,129

9 Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Deemed cost			
At 1 January 2010 and 31 December 2010	5,719	-	5,719
At 1 January 2011	5,719	-	5,719
Transfer from property, plant and equipment	-	1,888	1,888
At 31 December 2011	5,719	1,888	7,607
Amortisation			
At 1 January 2010 and 31 December 2010	-	-	-
Carrying amount			
At 31 December 2011	**5,719**	**1,888**	**7,607**
At 31 December 2010	5,719	-	5,719

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.
- A pre tax discount rate of 9% was applied in determining the recoverable amount of each CGU. The discount rate was based on a comparable industry average weighted average cost of capital adjusted for relevant risk factors. The Directors consider it appropriate to use the same cost of capital for each CGU as the risks are the same.
- 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.

Software development

The directors consider it appropriate to classify software developments costs as intangibles in the current year.

10 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011	2010	**2011**	2010	**2011**	2010
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**197**	335	**-**	**-**	**197**	335
Property, plant and equipment	**-**	-	**(8,642)**	(7,902)	**(8,642)**	(7,902)
Cash flow hedge	**680**	862	-	-	**680**	862
Other timing differences	**31**	61	-	-	**31**	61
Net tax assets/(liabilities)	**908**	1,258	**(8,642)**	(7,902)	**(7,734)**	(6,644)

Movement in deferred tax during the year

	At 1 January 2011	**Recognised income**	**Recognised in equity**	**At 31 December 2011**
	£000	**£000**	**£000**	**£000**
Share based payments	335	-	(138)	197
Property, plant and equipment	(7,902)	(740)	-	(8,642)
Cash flow hedge	862	(182)	-	680
Other timing differences	61	(30)	-	31
	(6,644)	(952)	(138)	(7,734)

Movement in deferred tax during the prior year

	At 1 January 2010	**Recognised in income**	**Recognised in equity**	**At 31 December 2010**
	£000	**£000**	**£000**	**£000**
Share based payments	664	-	(329)	335
Property, plant and equipment	(6,541)	(1,361)	-	(7,902)
Cash flow hedge	697	165	-	862
Other timing differences	136	(75)	-	61
	(5,044)	(1,271)	(329)	(6,644)

11 Other financial liabilities

	2011	2010
	£000	£000
Interest rate derivative used for hedging	**2,719**	3,191

The interest rate derivative is carried at fair value and is a liability of £2,719,000 compared with a liability of £3,191,000 at 31 December 2010.

12 Share capital

	2011 Number	**£000**	2010 Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2010: 0.25p)* each	**48,618,520**	**122**	48,558,520	121

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.

On 10 June 2011, 60,000 ordinary shares of 0.25p were issued for total consideration of £38,000, resulting in additional share premium of £37,000.

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.

13 Notes to the statements of cash flows

(a) Net debt

	At beginning of year £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	458	(34)	-	**424**
Overdraft	(1,203)	(127)	-	**(1,330)**
	(745)	(161)	-	**(906)**
Revolving credit facility	(49,246)	(3,000)	(35)	**(52,281)**
Loan notes	(1,453)	-	1,453	**-**
	(51,444)	(3,161)	1,418	**(53,187)**

The non cash movement relates to loan issue costs and the transfer of loan notes to other non-trade creditors.

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

	2011 **£000**	2010 £000
Decrease in cash in the year	**(161)**	(817)
Cash inflow from bank and other finance net of finance costs paid	**(3,000)**	(12,983)
Change in net debt resulting from cash flows	**(3,161)**	(13,800)
Non cash movement	**1,418**	53
Movement in net debt in the year	**(1,743)**	(13,747)
Net debt at the start of the year	**(51,444)**	(37,697)
Net debt at the end of the year	**(53,187)**	(51,444)

14. Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2011 will be posted to shareholders in March 2012. Additional copies will be available via the company's website, www.goalsplc.com, or from the Company Secretary at the company's registered office Orbital House, Peel Park, East Kilbride, G74 5PR.