Goals Soccer Centres plc

Preliminary Results for the year ended 31 December 2008

Goals nets 18% increase in profits

Goals Soccer Centres plc ("Goals" or the "Company") is the premier operator of 'next generation' 5-a-side soccer centres across the UK. Goals currently operates 31 centres and has established a well progressed pipeline of sites to continue its proven rollout concept in the UK.

Key points

Financial

Prime locations, quality facilities and outstanding customer service have resulted in growth in sales and profits for an eighth successive year, underpinning our market leading position.

- Sales up 20% to £24.0m (2007: £20.0m)
- Like-for-like sales growth of 3%
- Operating Profit up 19% to £10.0m (2007: £8.4m)
- Profit before tax up 18% to £8.2m (2007: £7.0m)
- Diluted earnings per share up 14% to 12.8p (2007: 11.2p)
- Final ordinary dividend proposed in respect of the current year of 1.175p per share making 1.8p for the full year, an increase of 20% on the previous year dividend
- Net cash generated from operations increased by 22% to £9.9m (2007: £8.1m)
- Net debt at 31 December 2008 was £41.5m. Committed bank facility of £47.5m available until February 2013

Rollout

Small-sided football continues to grow in both stature and popularity. The Board believes that Goals' "next generation" concept continues to be well placed to capitalise on this trend. Mindful of the current financial climate the Board has decided to restrict the number of new centre openings in 2009 to four to be mainly financed by the strong internal cash flow generated from the Company's operations. This cautious approach will be maintained until we have a clearer view of the financial and economic landscape.

- Six centres added since January 2008 at Bristol South, Bristol North, Stoke, Dudley, Tolworth and Northampton
- On schedule to add four centres during 2009
- On schedule to open a minimum of four centres during 2010
- Strong and growing pipeline of sites for further expansion

Current Trading

Goals has made a good start to 2009 with total sales for the first eight weeks showing encouraging year on year growth. Demand for football is strong and continues to grow year on year. We have seen no change in ancillary spend from the trend established in the second half of 2008. Despite the unpredictable economic environment, we are confident of making further progress in 2009 and beyond.

Keith Rogers, Managing Director of Goals said:

"*Our single-minded focus on providing our customers with quality facilities and service at an affordable price has resulted in growth in sales and profits for an eighth consecutive year. Our own market research and experience to date leads us to believe our customers' appetite for Goals football product remains undiminished. We are confident of our business model and following an encouraging start we anticipate 2009 will be a year of further progress*."

2 March 2009

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Chairman's statement

I am very pleased to report our eighth consecutive year of growth in sales and profits, further strengthening our leading position within the 5-a-side soccer market. Significant growth in sales, underpinned by like-for-like increases and new branch openings, has resulted in material growth in profits.

Financial Review

The Company continued to significantly increase sales and profits driven by like-for-like sales growth and new centre openings. Sales increased by 20% to £24.0m (2007: £20.0m). This included a contribution of £1.8m from the centres added during the year. This strong performance is further evidence of the Company's proven "next generation" concept and the focus on increasing revenues not only from developing its pipeline of new sites but also from its existing centres.

I am pleased to report that total like-for-like sales increased by 3% during the year. Demand for our core football product has continued to grow on a like-for-like basis. Income from this activity represented approximately 77% of total sales. Ancillary spend slowed on a like-for-like basis during the second half of 2008. This was a creditable performance given the deterioration in the economic climate and the demanding like-for-like comparatives we were up against from last year. The slowdown in ancillary spend also had a marginal impact on our new centres, slightly increasing the time they took to reach maturity in terms of revenue generation and profitability.

Operating profit increased by 19% to £10.0m (2007: £8.4m). Operating profit margin remained constant at 42%, as the Company absorbed increases in utility costs and a provision of £0.2m (2007: Nil) against assets in the course of construction.

Profit on ordinary activities before tax has risen by 18% to £8.2m (2007: £7.0m). The tax charge for the year is at an effective rate of 32.2% (2007: 30.2%) and includes 1% which relates to non recurring adjustments to prior year capital allowances. This resulted in a 14% increase in basic earnings per share to 13.3p (2007: 11.7p) and a 14% increase in diluted earnings per share to 12.8p (2007: 11.2p).

Net cash generated from operations increased by 22% to £9.9m (2007: £8.1m) demonstrating the highly cash generative nature of the Company. These dependable cash flows underpin our ongoing investment in new centres.

At 31 December 2008, Goals had net bank debt totalling £41.5m funded by a £47.5m committed facility with HBOS. This facility is due for renewal in February 2013. The Company continues to enjoy significant headroom in terms of the covenants relating to this facility.

During the year we invested £21.2m in capital expenditure (2007: £10.6m); £7.5m was incurred on the acquisition of Pro5 Soccer, £9.5m was incurred on new centres (2007: £8.8m), £2.1m was incurred on centres opened during 2007, £0.6m (2007: £0.4m) was incurred on information technology systems, and the balance was incurred on upgrading our mature centres including resurfacing all pitches at three centres.

The Board intends that the Company will continue to retain the majority of distributable profits and cash flow to contribute towards the funding of its planned rollout of new centres. In line with our established dividend policy, the Directors are proposing a final ordinary dividend in respect of the current year of 1.175p per share making 1.8p for the full year (2007: 1.5p). This represents a 20% increase. As a minimum, the Board intends to declare dividends each year growing at least at the same rate as earnings.

Subject to approval at the Annual General Meeting to be held on 30 April 2009, the final dividend of 1.175p per share will be paid on 7 May 2009 to shareholders on the register on 14 April 2009 at a cost of £492,000.

2009 Current Trading

Goals has made a good start to 2009 with total sales for the first eight weeks showing encouraging year on year growth. Demand for football is strong and continues to grow year on year. We have seen no change in ancillary spend from the trend established in the second half of 2008. Despite the unpredictable economic environment, we are confident of making further progress in 2009 and beyond.

Operating Review

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

At Goals we are passionate about football. Our mission statement “Taking 5-a-side into the premier league” encapsulates our commitment to providing high quality and exciting 5-a-side venues. Our delivery of a total football experience is successful in attracting not only current 11-a-side players, but attracting new and returning players of all ages to the game.

Goals high standards have been recognised by the Football Association and during the year Goals became the first operator in the industry to be awarded the Small Sided Football Award for all eligible (open at least six months) venues in England: a unique market position.

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 continue to generate high returns on capital.

We continue to make excellent progress in all these areas.

The small sided game continues to grow in both stature and popularity. 2008 saw the second year of the prestigious ‘F.A. Umbro Five’ national 5-a-side tournament run in conjunction with The Football Association. This exciting event, heralded as The FA Cup of five-a-side football, proved a great success, with almost 1,800 teams entering from across England. The finals were played at Wembley Stadium in front of several thousand spectators. The 2009 competition is due to commence in May with the finals again to be played at Wembley Stadium.

Goals “next generation” offering comprises premier locations, the latest artificial pitch technology, high quality facilities and superior customer service. During 2008, we continued to evolve and improve the Goals concept.

We invested £0.6m in our advanced management and communication systems to improve customer experience and increase income. Our management systems have now been fully migrated and integrated into our central web based *SmartCentre* system. This powerful management tool is the culmination of several years work and provides a company wide management system hosted from a central location but accessible using web technology.

We have recently installed a tailored bar EPOS system in all our centres. This will provide more visibility on bar spend patterns, improve control over margins and staffing levels and will assist in maximising sales through targeted promotions. The system will be integrated with our bespoke *SmartCentre* system allowing targeted online promotions to be offered to registered customers and online bookers.

Phase one of our Digital Strategy has seen our new customer website launched introducing many customer benefits including a new and simplified online booking process. This is proving to be extremely popular and we will seek to encourage more of our customers to take advantage of the website for both online booking and interaction with other teams. Further phases will see the establishment of an online football community through *MyGoals* and the creation of online Challenge Boards, allowing casual and league teams alike to challenge other teams to one off competitive games.

New Centres

Goals continues to expand its strong site pipeline to provide for future centre openings. We have developed a well defined and proven site selection strategy which is fundamental to the ongoing success of the business. We continue to be successful in identifying and developing high profile sites in densely populated areas. Our reputation has enabled us to pursue sites through partnership arrangements with the private sector, schools, local authorities and colleges.

Since January 2008 we have added centres in Bristol South, Bristol North, Stoke, Dudley, Tolworth and Northampton.

Mindful of the current financial climate the Board has decided to restrict the number of new centre openings in 2009 to four which will be financed mainly from the strong internal cash flow generated by the Company's operations. This cautious approach will be maintained until we have a clearer view of the financial and economic landscape. The Company will continue to work on increasing its pipeline of over 40 sites and will accelerate the centre opening programme when the Board believes it is right to do so.

We are well advanced towards our target of four site openings during 2009. Goals Coventry and Goals Reading are already under construction and it is anticipated that construction of a further centre will commence in each of the second and third quarters of 2009.

Goals in the community

Our commitment to youth sports development in the communities in which we operate is evidenced by our 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 we have improved access for children to quality sports facilities.

Every week, thousands of children benefit from free use of Goals' state of the art facilities. We therefore take our corporate and social responsibilities seriously and will only enter into partnership and sponsorship arrangements which meet our 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 Board plan to continue to increase awareness of environmental issues across the Company.

The Board recognises the significance of effective health and safety management and is 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

The Directors continue to strengthen the management team to match the Company's continued growth. The delivery of a quality service and experience to our customers is down to the professionalism, knowledge and passion of our staff. Our future staff requirements are provided through ongoing training and promotion from within. I should like to thank all Goals staff for their major part in delivering another year of operational and financial success.

Sir Rodney Walker
Chairman

2 March 2009

Income statement
for the year ended 31 December 2008

	Note	2008 £000	2007 £000
Revenue	2	**23,953**	20,048
Cost of sales		**(2,743)**	(2,426)
Gross profit		**21,210**	17,622
Other operating income	3	**183**	-
Administrative expenses		**(11,361)**	(9,195)
Operating profit	3	**10,032**	8,427
Financial expense	4	**(1,802)**	(1,424)
Profit before income tax		**8,230**	7,003
Income tax	5	**(2,652)**	(2,115)
Profit for the year attributable to equity holders of the company	13	**5,578**	4,888
Earnings Per Share			
Basic	7	**13.3p**	11.7p
Diluted	7	**12.8p**	11.2p

Statement of recognised income and expense
for the year ended 31 December 2008

	2008 £000	2007 £000
Effective portion of changes in fair value of cash flow hedges	**(2,743)**	(97)
Tax effect of change in fair value of cash flow hedges	**768**	29
Net (expense) recognised directly in equity	**(1,975)**	(68)
Profit for the year	**5,578**	4,888
Total recognised income and expense for the year attributable to equity holders of the company	**3,603**	4,820

Balance sheet
at 31 December 2008

	Note	2008	2007
Assets		**£000**	£000
Non-current assets			
Property, plant and equipment	**8**	**69,725**	53,453
Intangible assets	**9**	**5,719**	1,848
Other financial assets	**11**	**-**	112
Total non current assets		**75,444**	55,413
Current assets			
Inventories		**426**	303
Trade and other receivables		**1,075**	912
Cash and cash equivalents		**392**	393
Total current assets		**1,893**	1,608
Total assets		**77,337**	57,021
Current liabilities			
Bank overdraft		**(129)**	(547)
Other interest-bearing loans and borrowings		**-**	(325)
Trade and other payables		**(1,914)**	(2,089)
Current tax payable		**(632)**	(632)
Total current liabilities		**(2,675)**	(3,593)
Non-current liabilities			
Other interest-bearing loans and borrowings		**(41,751)**	(27,749)
Tax payable		**(185)**	(264)
Deferred tax liabilities	**10**	**(3,993)**	(984)
Other financial liabilities	**11**	**(2,631)**	-
Total non current liabilities		**(48,560)**	(28,997)
Total liabilities		**(51,235)**	(32,590)
Net assets		**26,102**	24,431
Equity			
Share capital	**12**	**104**	104
Share premium	**13**	**12,684**	12,679
Other reserve	**13**	**(1,897)**	78
Retained earnings	**13**	**15,211**	11,570
Total equity attributable to equity holders of the company		**26,102**	24,431

Cash flow statement
for the year ended 31 December 2008

	2008 £000	2007 £000
Cash flows from operating activities		
Profit for the year	**5,578**	4,888
Adjustments for:		
Depreciation	**1,731**	1,435
Gain on sale of fixed assets	**(183)**	-
Financial expense	**1,802**	1,424
Equity settled share-based payment (credit) / expense	**(3)**	220
Income tax expense	**2,652**	2,115
	11,577	10,082
Decrease/(increase) in trade and other receivables	**51**	(262)
Increase in inventory	**(108)**	(63)
(Decrease) / increase in trade and other payables	**(216)**	(105)
	11,304	9,652
Income tax paid	**(1,448)**	(1,513)
Net cash from operating activities	**9,856**	8,139
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(13,730)**	(10,591)
Proceeds from sale of property, plant and equipment	**1,067**	-
Acquisition of a business	**(7,518)**	-
Net cash used in investing activities	**(20,181)**	(10,591)
Cash flows from financing activities		
Loans received	**13,970**	5,228
Repayment of borrowings	**(666)**	(820)
Interest paid	**(1,881)**	(1,420)
Dividends paid	**(681)**	(482)
Net cash from financing activities	**10,742**	2,506
Net increase in cash and cash equivalents	**417**	54
Cash and cash equivalents at start of year	**(154)**	(208)
Cash and cash equivalents at year end	**263**	(154)

1. Accounting policies

Goals Soccer Centres PLC (the "Company") is a company domiciled in the United Kingdom.

Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs") effective (or available for early adoption) at 31 December 2008.

The financial statements for the year ended 31 December 2008 were approved by the board of directors on 27 February 2009.

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.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2008 or 31 December 2007. Statutory accounts for the year ended 31 December 2007 have been delivered to the registrar of companies, and those for the year ended 31 December 2008 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not a contain statement under section 237(2) or (3) of the Companies Act 1985.

2. Segmental reporting

All turnover and operating profit is derived from the operation of outdoor soccer centres within the United Kingdom.

Revenue recognised in the income statement is analysed as follows:

	2008	2007
	£000	£000
Rendering of services	**19,759**	16,399
Sale of goods	**4,194**	3,649
	23,953	20,048

3. Operating profit

	2008	2007
	£000	£000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration:		
- audit of these financial statements	**30**	38
Amounts receivable by auditors and their associates in respect of		
- other services relating to taxation	**10**	8
Depreciation	**1,731**	1,435
Other operating income – gain on sale of fixed assets	**(183)**	-
Provision against assets in course of construction	**175**	-
Rental under operating leases		
- plant and machinery	**51**	38
- others	**1,039**	811

4. Financial expense

	2008	2007
	£000	£000
Recognised in income statement		
Interest on bank loans and overdrafts	**1,802**	1,375
Interest on all other loans	**-**	49
	1,802	1,424
Recognised directly in equity (hedging reserve)		
Effective portion of changes in cash flow hedges	**(2,743)**	(97)

Borrowing costs of £289,000 *(2007: £247,000)* have been capitalised in the period applying a rate of interest based on the Company's borrowing cost.

5. Income tax

		2008 £000	2007 £000
Recognised in the income statement			
Current tax expense			
UK corporation tax at 28.5% (2007: 30%)	– current year	**1,526**	1,441
	– prior year	**(78)**	(373)
		1,448	1,068
Deferred tax (note 10)			
Temporary differences:			
- current year		**1,053**	915
- prior year		**151**	322
Reduction in year end balance due to change in rate to 28%		**-**	(190)
Total deferred tax		**1,204**	1,047
Total tax in income statement		**2,652**	2,115

Reconciliation of effective tax rate

	2008 £000	2007 £000
Profit for the year	**5,578**	4,888
Total income tax expense	**2,652**	2,115
Profit excluding taxation	**8,230**	7,003

	2008 %	£000	2007 %	£000
Income tax using company's standard tax rate	**28.5**	**2,345**	30.0	2,100
Effects of:				
Non-deductible expenses	**2.8**	**234**	3.6	255
Change in rate – deferred taxation	**-**	**-**	(2.7)	(190)
Other differences – adjustments to prior year balances	**0.9**	**73**	(0.7)	(50)
Total tax expense	**32.2**	**2,652**	30.2	2,115

Income tax recognised directly in equity

	2008 £000	2007 £000
Taxation on share based payments	**(1,253)**	630
Taxation on financial assets/liabilities	**768**	29
	(485)	659

6. Dividends

		2008 **£000**	2007 £000
Dividends paid	– 2006 final (0.65p per ordinary share)	**-**	272
	– 2007 interim (0.50p per ordinary share)	**-**	210
	– 2007 final (1.0p per ordinary share)	**419**	-
	– 2008 interim (0.625p per ordinary share)	**262**	-
		681	482

The directors have proposed a final ordinary dividend of £492,000 (1.175p per ordinary share) *(2007: £419,000 (1.0p per ordinary share)).* This has not been included as a liability as it was not approved 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 41,889,836, *(2007: 41,883,788)*.

	2008 **Profit for the year** **£000**	**2008** **Earnings per share** **p**	2007 Profit for the year £000	2007 Earnings per share p
Basic earnings per share	**5,578**	**13.3**	4,888	11.7
Diluted earnings per share	**5,578**	**12.8**	4,888	11.2

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 2008 this was 43,409,403 *(2007: 43,853,571).*

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

	2008	2007
Weighted average number of shares in issue during the year	**41,889,836**	41,883,788
Effect of dilutive share options	**1,519,567**	1,969,783
Diluted weighted average number of shares	**43,409,403**	43,853,571

8. Property, plant and equipment

	Freehold and leasehold property £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2007	39,309	6,577	2,586	48,472
Additions	5,933	1,531	2,726	10,190
Disposals	-	(603)	-	(603)
Transfers	2,514	(461)	(2,053)	-
At 31 December 2007	47,756	7,044	3,259	58,059
At 1 January 2008	47,756	7,044	3,259	58,059
Additions	5,330	1,422	6,720	13,472
Acquisitions	5,415	-	-	5,415
Disposals	(1,029)	(519)	-	(1,548)
Transfers	1,996	85	(2,081)	-
At 31 December 2008	59,468	8,032	7,898	75,398
Depreciation				
At 1 January 2007	2,050	1,724	-	3,774
Charge for year	820	615	-	1,435
Disposals	-	(603)	-	(603)
At 31 December 2007	2,870	1,736	-	4,606
At 1 January 2008	2,870	1,736	-	4,606
Charge for year	977	754	-	1,731
Disposals	(144)	(520)	-	(664)
At 31 December 2008	3,703	1,970	-	5,673
Carrying amounts				
At 31 December 2008	**55,765**	**6,062**	**7,898**	**69,725**
At 31 December 2007	44,886	5,308	3,259	53,453

The carrying amount freehold and leasehold property comprises:

	2008 £000	2007 £000
Freehold	**-**	956
Long leasehold	**55,765**	43,930
	55,765	44,886

9. Intangible fixed assets

	Goodwill
	£000
Cost	
Balance at 1 January 2007	1,848
Acquisitions	-
Balance at 31 December 2007	1,848
Balance at 1 January 2008	1,848
Acquisitions through business combinations	3,871
Balance at 31 December 2008	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 the current year 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 2.5 percent, 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 11% was applied in determining the recoverable amount of each CGU. The discount rate was based on an industry average weighted average costs of capital. 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 trends and are based on both external and internal sources.

The review demonstrated significant headroom such that the estimated carrying value is not sensitive to changes in assumptions

9. Intangible fixed assets (cont.)

Acquisition of businesses

On 21 February 2008, the company acquired the entire share capital of Pro 5 Soccer Limited and Deltavon Limited for a cash consideration of £7.36 million. On 21 February 2008 the trade, assets and liabilities were transferred to Goals Soccer Centres plc. The businesses acquired related to the operation of three soccer centres. In the ten months to 31 December 2008 the businesses contributed an operating profit of £0.7 million to the company's profit before income tax for the year. If the acquisition had occurred on 1 January 2008 the company's revenue would have been an estimated £24.3 million and profit before income tax would have been an estimated £8.2 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2008.

Effect of acquisition

The acquisitions had the following effect on the company's assets and liabilities:

	Pre acquisition carrying amounts £000	**Fair value adjustments** £000	**Recognised values on acquisition** £000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	1,946	3,469 [1]	5,415
Inventories	15	-	15
Trade and other receivables	214	-	214
Cash and cash equivalents	12	-	12
Interest-bearing loans and borrowings	(341)	-	(341)
Trade and other payables	(336)	-	(336)
Deferred tax liabilities	-	(1,320) [2]	(1,320)
Net identifiable assets and liabilities	1,510	2,149	3,659
Goodwill on acquisition			3,871
Consideration paid (including fees of £167,000)			7,530
Consideration paid			7,530
Cash and cash equivalents acquired			(12)
Net cash outflow per cash flow statement			7,518

[1] Based on an external valuation.

[2] Deferred tax arising on the difference between the fair value of fixed assets acquired and the relevant tax base

Goodwill has been recognised relating to the synergies expected to be achieved from integrating the acquired businesses. The value of other intangible assets including customer relationships were considered as part of the fair value exercise; no material other intangible assets were identified.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008	2007	**2008**	2007	**2008**	2007
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**564**	1,817	**-**	-	**564**	1,817
Property, plant and equipment	**-**	-	**(5,291)**	(2,767)	**(5,291)**	(2,767)
Cash flow hedge	**734**	-	**-**	(34)	**734**	(34)
Net tax assets/(liabilities)	**1,298**	1,817	**(5,291)**	(2,801)	**(3,993)**	(984)

Movement in deferred tax during the year

	At 1 January 2008 £000	On acquisition £000	Recognised in income £000	Recognised in equity £000	At 31 December 2008 £000
Share based payments	1,817	-	-	(1,253)	564
Property, plant and equipment	(2,767)	(1,320)	(1,204)	-	(5,291)
Cash flow hedge	(34)	-	-	768	734
	(984)	(1,320)	(1,204)	(485)	(3,993)

Movement in deferred tax during the prior year

	At 1 January 2007 £000	Recognised in income £000	Recognised in equity £000	At 31 December 2007 £000
Share based payments	1,060	126	631	1,817
Property, plant and equipment	(1,594)	(1,173)	-	(2,767)
Cash flow hedge	(63)	-	29	(34)
	(597)	(1,047)	660	(984)

11. Other financial liabilities and assets

	2008	2007
	£000	£000
Interest rate derivative used for hedging	**(2,631)**	112

The interest rate derivative is carried at fair value and is a liability of £2,631,000 compared with an asset of £112,000 at 31 December 2007.

12. Share capital

	2008 Number	2008 £000	2007 Number	2007 £000
Authorised				
Ordinary shares of 0.25p (2007: 0.25p) each	**64,000,000**	**160**	64,000,000	160
Allotted, called up and fully paid				
Ordinary shares of 0.25p (2007: 0.25p) each	**41,891,853**	**104**	41,883,788	104

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. There were no changes in the Company's approach to capital management during the year. The Company is subject to externally imposed capital requirements.

During the year, 8,065 ordinary shares were issued for 62.5p to satisfy the exercise of share options resulting in a share premium of £5,014.

13. Reconciliation of movement in capital and reserves

	Share capital £000	Share premium £000	Profit and loss account £000	Other reserve £000	Total £000
Reconciliation of movement in capital and reserves					
At 1 January 2007	104	12,679	6,314	146	19,243
Profit for the year	-	-	4,888	-	4,888
Dividends	-	-	(482)	-	(482)
Share based payments	-	-	220	-	220
Effective portion of changes in fair value of cash flow hedges	-	-	-	(97)	(97)
Deferred tax on cash flow hedge	-	-	-	29	29
Deferred tax on share options	-	-	630	-	630
At 31 December 2007	104	12,679	11,570	78	24,431
At 1 January 2008	104	12,679	11,570	78	24,431
Profit for the year	-	-	5,578	-	5,578
Shares issued	-	5	-	-	5
Dividends	-	-	(681)	-	(681)
Share based payments	-	-	(3)	-	(3)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2,743)	(2,743)
Deferred tax on cash flow hedge	-	-	-	768	768
Deferred tax on share options	-	-	(1,253)	-	(1,253)
At 31 December 2008	**104**	**12,684**	**15,211**	**(1,897)**	**26,102**

Share premium

The share premium arose primarily on 31 December 2004 when the Company was floated on AIM.

Other reserve

The hedging reserve comprised the effective position of the cumulative net change in the fair value of cash flow hedging instruments relating to hedging transactions that have not yet occurred.

14 (a) Net debt

	At beginning of year £000	On acquisition £000	Trading cashflow £000	Non cash movement £000	**At end of year £000**
Cash at bank and in hand	393	-	(1)	-	**392**
Overdraft	(547)	-	418	-	**(129)**
	(154)	-	417	-	**263**
Revolving credit facility	(27,749)	-	(13,970)	(32)	**(41,751)**
Vendor loan	(325)	-	325	-	**-**
Other loans	-	(341)	341	-	**-**
	(28,074)	(341)	(13,304)	(32)	**(41,751)**
	(28,228)	(341)	(12,887)	(32)	**(41,488)**

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

	2008 £000	2007 £000
Increase in cash in the year	**417**	54
Cash inflow from bank finance net of finance costs paid	**(13,970)**	(5,204)
Loan notes and other loans redeemed/paid	**666**	820
Change in net debt resulting from cash flows	**(12,887)**	(4,330)
Non cash movement – amortisation of finance costs	**(32)**	(24)
– loans acquired	**(341)**	-
Movement in net debt in the year	**(13,260)**	(4,354)
Net debt at the start of the year	**(28,228)**	(23,874)
Net debt at the end of the year	**(41,488)**	(28,228)

15 Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 December 2008 will be posted to shareholders in March 2009. 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.