Goals Soccer Centres plc

Final Results for the Year Ended 31 December 2015

Goals, the market leader in outdoor small-sided soccer centres with 47 sites, including one in California, USA announces its final results for the financial year ended 31 December 2015.

Financial Highlights

- Total sales reduced 4.9% to £33.0m, against prior year (2014: £34.7m)
- Group like-for-like sales were –6.3%; UK like-for-like sales -6.7%: US like-for-like sales +8.4%
- Group EBITDA £11.8m (2014:£14.8m)
- Free cash generated of £10.6m, compared to 2014 £13.0m*
- Underlying profit before tax of £8.3m (2014:£10.6m)**
- Non cash exceptional impairment charge of £14.5m made up of goodwill, asset impairment and software development
- Underlying diluted Earnings Per Share** of 14.3p (2014: 14.5p)
- Loss before tax £6.2m (2014: Profit £6.8m). Loss per share 10.4p (2014: Profit 8.9p per share)

Corporate Highlights

- Nick Basing appointed Executive Chairman, effective today, with Keith Edelman stepping down from the Board
- Ongoing in-depth review of all aspects of the business progressing well
- 2 new sites opened in H1 2015 in Manchester and Doncaster. No further new UK sites sought in the foreseeable future
- Keith Rogers, Managing Director, has been appointed President of Goals US and International Development and relocated to Los Angeles.
- The search for a new CEO and two new non-executive directors is well advanced, with high quality candidates being considered
- No final dividend recommended this year; with the board intending to recommence dividend payments when appropriate
- Like-for-like sales for the first nine weeks of the year have returned to very modest growth.

Nick Basing said:

"2015 was undoubtedly a disappointing year, however Goals still has a very sound operating model.

I will be continuing to spearhead the ongoing review into every aspect of the business to develop a new strategy to improve performance and returns, partly based around a re-investment program to rejuvenate and grow the business.

It is pleasing to see early signs of our work so far with a return to very modest, positive like-for-like sales in the first nine weeks this year.

I would like to thank Keith Edelman for his contribution over the last three years"

14 March 2016

Enquiries:

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*Free cash generated is cash from operating activities adjusted for the impact of the cash value of exceptional costs of £NIL (2014: £3.1m).

**Underlying profit before tax is profit before tax adjusted for the impact of the net exceptional cost of £14.4m (2014: £3.8m). Underlying Diluted Earnings Per Share is Diluted Earnings per Share adjusted for the net of tax impact of the exceptional costs.

Chairman's Statement

2015 was a disappointing year for the Group. Group sales decreased by 4.9% to £33.0m and underlying profit before tax reduced by 21.7% to £8.3m.

The Group now faces increased competition from new grant-aided full size 3G pitches with league operators utilising and gaining a competitive advantage through lower pricing principally because they do not have to invest capital in providing their own facilities. Goals is however, a fundamentally sound, profitable and cash generative business. With investment and management focus the Board believes that Goals can return to sustained UK sales growth.

Nick Basing was appointed to the Board in November and has been appointed Executive Chairman today. I have stepped down from the Board. Under Nick Basing's leadership all aspects of the business are being reviewed. He will report to Shareholders when this is fully completed.

Keith Rogers is now focussed on our significant opportunities in the US. The search for a new CEO is advanced and progressing well, with a short list of quality candidates being considered. In the meantime Bill Gow has taken up the position of interim Managing Director of our UK business.

Phil Burks, Non-Executive Director since 2010, has also notified the Company that he does not intend to stand for re-election at the Annual General Meeting in May 2016. Sincere gratitude is recorded for Phil's contributions over the years and we wish him well for the future.

During the second half of the year, the Board undertook a balance sheet review and concluded that a non-cash exceptional impairment charge of £14.5m relating to certain fixed assets, goodwill and software development should be made.

In light of the performance of the business particularly in the second half of the year, the Directors have concluded not to recommend the payment of a final dividend. However, subject to satisfactory trading, the Directors intend to recommence paying dividends when appropriate.

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 ensure Goals remains a market leading business.

Keith Edelman
Chairman
14 March 2016

Managing Director's Review

Following a relatively successful year in 2014 with like-for-like sales growth of 1.5%, assisted by the World Cup, 2015 has proved to be more challenging in our UK business with overall sales declining by 5.1% to £31.9m (2014: £33.6m) and like-for-like sales declining by 6.7%. This was mainly driven by a significant downturn in the second half where like-for-like sales declined by 11.5%.

Like-for-like football sales declined by 7.6% and like-for-like bar and vending sales declined by 2.5%.

Recreational football remains a popular pastime and represents 81.0% of our total revenue. The January 2015 Sport England Active People Survey shows the number of people playing football in England has risen to nearly one in five adults - 8.2 million people. 5-a-side football continues to grow in popularity with now almost twice as many regular players as 11-a-side football. The game is now fully recognised and supported by The Football Association (FA) and all Goals centres in England are FA accredited.

We have worked hard in recent years to drive improvements in value, service and quality across the business, but we are clear that more needs to be done if we are to deliver high quality experiences to our customers, in a more competitive marketplace. We need to drive significant change in the business and better position Goals for sustainable long-term growth.

We have built a strong football brand and have pioneered the game in the UK. However, we are not blind to the challenges we face in a fast evolving market. The development of full size artificial pitches on school and local authority sites, has fuelled increasing competition to our league offering and players now have more choice on where to play their game. This has impacted our business significantly recently.

During the year we opened new centres in Manchester in February and in Doncaster in April. These centres have traded behind plan since opening. Further marketing has been implemented to build awareness and they are expected to contribute to Group EBITDA in 2016. We do not intend to open any new sites in the UK for the foreseeable future, however, we continue to monitor the situation closely.

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

With fitness being the biggest driver of football participation, we kicked-off the year with a major marketing push, with our 'Get Fit - Mind, Body and Goals' campaign which promoted the health and fitness benefits of playing 5-a-side football.

This January we uprated our campaign under our 'Who Are Ya?' theme which helped deliver an increase in enquiries this year. We continue to work on the increased level of enquiries to deliver growth in our key products and recent trading is now delivering modest like-for-like sales growth.

We continue to hold national tournaments for major corporate clients such as McDonalds, JD Wetherspoon and Odeon, and have retained a new Corporate Sales Manager.

During the period we, along with the other major providers, played host to teams across England for The FA Peoples Cup, a major 5-a-side tournament promoted by The FA and televised by the BBC. Goals Manchester was selected as the venue for the final. Again, this year, a Goals centre has been selected to host the final and Goals delivered the highest number of entries.

Goals is committed to providing the best football experience. Use of Net Promoter Scores (NPS) is now built into our staff feedback and bonus system delivering positive change in customer service and an NPS score of 52 in recent results.

In 2014 we trialled the Goals-Cam technology, which records game highlights from two different angles and makes the resulting 20 second highlights clips available to players for download or sharing across social media. Our pilot installations have proven successful and we have in 2015 extended this to 5 centres. Further sites will soon benefit from this technology including our US centre.

Digital is an evolving element of our business and we continue to invest in and develop our systems to meet the needs of our customers. Mobile phones are our players' portal of choice. A new mobile friendly website was launched in Q1 2015 in the UK and Q4 2015 in the US.

Our focus on social media over the past year has seen the number of Facebook followers and engagement both grow by 50%. In 2015 we introduced our app which has a number of key features aimed at improving the 5-a-side experience for team organisers, players and those wishing to get involved in the game. Whilst downloads have been encouraging, use of the various app functions is variable with those relying on full team interaction taking longer to be adopted than those utilised by single players. Functions such as league fixture and results are heavily accessed by players whilst team organisation and player payments have been disappointing. Our US players are far more engaged in digital platforms than those in the UK. For this reason we will be launching a US version of our app in 2016.

The popularity of soccer in the US has grown rapidly in recent years. 24 million people are playing the game in some form, and the US has the second highest number of players in the world. Growth of the game is particularly strong in California, especially amongst the Latin American population which is now the largest ethnic group. In addition, the increasing competitiveness of US Soccer in international play, and the growing popularity of Major League Soccer points to greater success for the sport overall.

Our US centre in Los Angeles has again delivered strong growth with sales up 8.4%, further demonstrating the significant potential of the US, although at only one US site.

We have developed knowledge of the southern California market. We are making excellent progress in developing strong relationships with local government at State, County and City level as well as local school districts and property developers enabling us to access well located development opportunities in geography with little open land to spare.

Our confidence in, and enthusiasm for the US market continues to grow. We have made significant progress on our US site pipeline, with one site having completed legals and all necessary consents, and another four sites at an advanced stage.

Our Team

Our people are fundamental to the success of our business and we aim to employ and develop the best and most highly motivated people in the sector. Our objective remains to offer our players memorable experiences through the delivery of outstanding value, exceptional service and unbeatable quality, differentiated in our market by investment in innovation. We remain the brand leader in the UK, however we must constantly evolve and invest in our football offering to ensure we remain at the forefront in a market of increasing competition.

Keith Rogers
Managing Director
14 March 2016

Finance Director's Review

Group sales decreased by 4.9% (H1: -0.2%, H2 -9.2%) to £33.0m (2014: £34.7m) and Group like-for-like sales decreased by 6.3% (H1: -1.2%, H2: -11.4%). The Group has a high level of operational gearing with a drop through margin of 88.8%. As a result of this and the decline in like-for-like sales in H2, Group EBITDA from our centres declined by 15.9% to £14.9m (2014: £17.8m) and Group EBITDA declined by 20.3% to £11.8m (2014: £14.8m).

Group operating profit declined by 24.4% to £9.0m (2014: £11.9m) and the Group operating profit margin declined to 27.3% (2014: 34.3%).

Financial expenses reduced to £0.7m (2014: £1.3m) as the Group renewed its banking facilities on improved terms in the second half of 2014.

Underlying profit before income tax** reduced by 21.7% to £8.3m (2014: £10.6m) and underlying earnings per share** declined by 1.4% to 14.3p (2014: 14.5p).

The tax charge for the period is at an effective rate of -1.2% (2014: 21.2%). This rate is lower than the UK corporation tax rate due to the reduction in the UK corporation tax rate reducing our deferred tax liability. The effective rate is expected to increase in 2016 to be in line with the UK corporation tax rate.

The Group has a strong balance sheet with net assets of £72.7m (2013: £79.9m) and has a long term non-amortising bank facility with Bank of Scotland of £42.5m which expires in July 2019.

Net debt at 31 December 2015 stood at £36.7m (2014: £37.0m) and current leverage of net debt to EBITDA is 3.1 times (2014: 2.5 times). EBITDA bank interest cover was 16.3 times during the 12 months ended 31 December 2015 (2014: 11.2 times).

The IASB has issued IFRS 16 'Leases' which provides a new model for lease accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset over the lease term. IFRS 16 will be effective for the group's year ending 31 December 2020 and is expected to have a significant effect on the group's financial statements, increasing the group's recognised assets and liabilities and potentially affecting the presentation and timing of recognition of certain amounts in the income statement.

Largely due to the downturn in trading in the second half of 2015 and the decision to halt further new site expansion in the UK, the Group undertook an impairment review which resulted in non cash exceptional charges of £14.5m. These included:

- Goodwill £3.1m
- Underperforming centres £8.2m
- UK Pipeline £2.5m
- Software development costs £0.7m

The Board continues to focus on strong cash generation. Free cash flow* declined by 18.1% to £10.6m (2014: £13.0m). The Group invested £7.6m in capital expenditure (2014: £6.4m) during the period. £5.3m (2014: £4.5m) was incurred on our new centres, £0.1m on information technology, and £2.2m on upgrading our mature centres. The Group invested £0.7m on software development and call centre systems during the period.

Our head office costs increased by 4.1% to £3.1m (2014: £3.0m) as we continued to invest to support the enlarged scale of the business.

Goals UK

The performance of the UK Business was disappointing with sales declining by 5.1% to £31.9m (2014: £33.6m) and like-for-like sales declining by 6.7%. This was primarily driven by a significant downturn from the start of the summer with sales in the second half declining by 9.2% to £15.5m (2014: £17.0m) and like-for-like sales declining by 11.5%. Sales for the first half were broadly flat £16.4m (2014:

£16.6m). Like-for-like football sales declined by 7.6% and like-for-like bar and vending sales declined by 2.5%.

During the year we opened new centres in Manchester in February and in Doncaster in April. These centres have traded behind plan since opening. Further marketing has been implemented to build awareness and they are expected to contribute to Group EBITDA during 2016 as they continue to mature.

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

A strong focus on overhead costs was maintained throughout the year. The HR and Payroll systems implemented in 2014 resulted in a 1% reduction in payroll costs. This combined with other efficiency measures restricted the increase in our average overheads per centre to 3.3% (2015: £305,000; 2014: £295,000).

As a result of the decline in like-for-like sales Centre EBITDA declined by 16.3% to £14.4m (2014: £17.2m) and Company EBITDA declined by 20.3% to £11.4m (2014: £14.3m).

Goals US

Goals US performed well during the period with sales increasing by 8.4% to £1.2m (2014: £1.1m) and Centre EBITDA increasing by 7.1% to £0.6m (2014: £0.6m). The costs of operating the US Head Office increased by 28% to £0.1m (2014: £0.1m) and Company EBITDA increased by 3.5% to £0.5m (2014: £0.4m).

Our centre in Los Angeles is now well established in the soccer market in California and we anticipate further growth from this location. This strong growth confirms that the Goals concept is successful outside of the United Kingdom providing confidence for our future US roll out. We now have a solid pipeline of sites for future openings and expect to open further centres, subject to financial resources, in the future.

Dividend

Due to the downturn in sales in the second half of the year the Directors are not recommending a final dividend. Subject to satisfactory trading the Directors intend to recommence dividends when appropriate.

William Gow
Finance Director
14 March 2016

Consolidated income statement
for the year ended 31 December 2015

	Note	Before Exceptional items 2015 £000	Exceptional items (note 6) 2015 £000	**2015 £000**	Before Exceptional items 2014 £000	Exceptional items (note 6) 2014 £000	2014 £000
Revenue	**2**	33,013	-	**33,013**	34,659	-	34,659
Cost of sales		(3,688)	-	**(3,688)**	(3,561)	-	(3,561)
Gross profit		29,325	-	**29,325**	31,098	-	31,098
Operating expenses		(20,307)	(14,450)	**(34,757)**	(19,220)	(571)	(19,791)
Operating profit/(loss)	**3**	9,018	(14,450)	**(5,432)**	11,878	(571)	11,307
Financial expense	**5**	(749)	-	**(749)**	(1,322)	(3,229)	(4,551)
Profit/(loss) before tax		8,269	(14,450)	**(6,181)**	10,556	(3,800)	6,756
Taxation	**6**	99	-	**99**	(2,247)	600	(1,647)
Profit/(loss) for year attributable to equity holders of the parent		8,368	(14,450)	**(6,082)**	8,309	5,109	5,109
Earnings per share							
Basic	**8**	14.3p	(24.7p)	**(10.4p)**	14.5p	(5.6)p	8.9p
Diluted	**8**	14.3p	(24.7p)	**(10.4p)**	14.5p	(5.6)p	8.9p

Statement of comprehensive (expense)/income

for the year ended 31 December 2015

	2015	2014
	£000	£000
(Loss)/profit for the year	**(6,082)**	5,109
Exchange differences on translation of foreign operations	**12**	49
Settlement of cash flow hedges	**-**	2,616
Deferred tax movements on items taken directly to equity	**(11)**	(524)
Other comprehensive income for the year	**1**	2,141
Total comprehensive (expense)/income attributable to equity holders of the parent	**(6,081)**	7,250

Balance sheets

at 31 December 2015

	Note	Group		Company	
		2015	2014	**2015**	2014
Assets		**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	**9**	**108,474**	113,596	**105,275**	110,848
Intangible assets	**10**	**4,959**	8,229	**4,903**	8,229
Investments in subsidiaries		**-**	-	**2,691**	2,691
Other non-current receivables		**433**	749	**433**	749
Total non-current assets		**113,866**	122,574	**113,302**	122,517
Current assets					
Inventories		**1,381**	1,148	**1,373**	1,146
Trade and other receivables		**4,890**	4,582	**6,218**	5,584
Cash and cash equivalents		**2,074**	2,001	**1,994**	1,981
Total current assets		**8,345**	7,731	**9,585**	8,711
Total assets		**122,211**	130,305	**122,887**	131,228
Current liabilities					
Bank overdraft		**(2,031)**	(2,132)	**(2,031)**	(2,132)
Trade and other payables		**(3,039)**	(2,398)	**(2,969)**	(2,311)
Current tax payable		**(234)**	(276)	**(234)**	(276)
Total current liabilities		**(5,304)**	(4,806)	**(5,234)**	(4,719)
Non-current liabilities					
Other interest-bearing loans and borrowings	**13**	**(36,691)**	(36,811)	**(36,691)**	(36,811)
Deferred tax liabilities	**11**	**(7,478)**	(8,756)	**(7,478)**	(8,756)
Total non-current liabilities		**(44,169)**	(45,567)	**(44,169)**	(45,567)
Total liabilities		**(49,473)**	(50,373)	**(49,403)**	(50,286)
Net assets		**72,738**	79,932	**73,484**	80,942
Equity					
Share capital	**12**	**146**	146	**146**	146
Share premium		**37,554**	37,554	**37,554**	37,554
Retained earnings		**35,341**	42,547	**35,969**	43,426
Translation reserve		**(303)**	(315)	**(185)**	(184)
Total equity		**72,738**	79,932	**73,484**	80,942

These financial statements were approved by the board of directors on 14th March 2016 and were signed on its behalf by:

William BG Gow
Finance Director

Company registered number: SC202545

Statements of cash flow
for the year ended 31 December 2015

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Cash flows from operating activities				
(Loss)/profit for the year	**(6,082)**	5,109	**(6,333)**	4,794
Adjustments for:				
Depreciation	**2,600**	2,790	**2,489**	2,709
Amortisation	**199**	98	**199**	98
Non cash exceptional items	**14,450**	710	**14,450**	710
Financial expense	**757**	1,322	**749**	1,322
Income tax (benefit)/expense	**(99)**	1,647	**(194)**	1,596
Equity settled share-based payment expense	**-**	55	**-**	55
	11,825	11,731	**11,360**	11,284
Decrease/(increase) in trade and other receivables	**11**	(189)	**(319)**	211
Increase in inventory	**(233)**	(61)	**(227)**	(63)
Increase/(decrease) in trade and other payables	**217**	479	**232**	337
	11,820	11,960	**11,046**	11,769
Income tax paid	**(1,177)**	(2,102)	**(1,080)**	(2,051)
Net cash from operating activities	**10,643**	9,858	**9,966**	9,718
Cash flows from investing activities				
Acquisition of property, plant and equipment	**(7,645)**	(6,432)	**(7,090)**	(6,276)
Acquisition of software	**(779)**	(1,754)	**(723)**	(1,754)
Net cash used in investing activities	**(8,424)**	(8,186)	**(7,813)**	(8,030)
Cash flows from financing activities				
Issue of share capital	**-**	10,647	**-**	10,647
Loans paid	**(120)**	(9,959)	**(120)**	(9,959)
Interest paid	**(756)**	(1,312)	**(749)**	(1,312)
Dividends paid	**(1,169)**	(1,082)	**(1,169)**	(1,082)
Net cash used in financing activities	**(2,045)**	(1,706)	**(2,038)**	(1,706)
Net increase/(decrease) in cash and cash equivalents	**174**	(34)	**114**	(18)
Cash and cash equivalents at start of year	**(131)**	(97)	**(151)**	(133)
Cash and cash equivalents at year end	**43**	(131)	**(37)**	(151)

Statements of changes in equity

for the year ended 31 December 2015

	Share capital	Share premium account	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000
Group					
At 1 January 2015	**146**	**37,554**	**42,547**	**(315)**	**79,932**
Loss for the year	-	-	(6,082)	-	(6,082)
Exchange difference on translation of foreign operation	-	-	-	12	12
Total comprehensive income for the year	**-**	**-**	**(6,082)**	**12**	**(6,070)**
Dividends paid	-	-	(1,169)	-	(1,169)
Share based payments	-	-	56	-	56
Deferred tax on share based payments	-	-	(11)	-	(11)
At 31 December 2015	**146**	**37,554**	**35,341**	**(303)**	**72,738**

	Share capital	Share premium account	Retained earnings	Translation reserve	Total
	£000	£000	£000	£000	£000
Company					
At 1 January 2015	**146**	**37,554**	**43,426**	**(184)**	**80,942**
Loss for the year	-	-	(6,333)	-	(6,333)
Exchange difference on translation of amounts due from subsidiary	-	-	-	(1)	(1)
Total comprehensive income for the year	**-**	**-**	**(6,333)**	**(1)**	**(6,334)**
Dividends paid	-	-	(1,169)	-	(1,169)
Share based payments	-	-	56	-	56
Deferred tax on share based payments	-	-	(11)	-	(11)
At 31 December 2015	**146**	**37,554**	**35,969**	**(185)**	**73,484**

Statements of changes in equity (continued)

for the year ended 31 December 2015

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

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

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 2015 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 2015. 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 2015 were approved by the board of directors on 14 March 2016.

Basis of preparation

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

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

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

IFRS 10, Consolidated financial statements (effective 1 January 2015), IFRS 11, Joint arrangements (effective 1 January 2015) and IFRS 12: Disclosure of interests in other entities (effective 1 January 2015).

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

Going concern

The Group and Company meet their overall funding requirements through their facility arrangements. The directors have reviewed the Group and Company's forecasts and projections which indicate that the Group and Company are expected to be able to operate within their current facilities for the next twelve months.

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

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.

	2015	2014
	£000	£000
Revenues		
United Kingdom	**31,860**	33,601
United States	**1,153**	1,058
	33,013	34,659
Non-current assets		
United Kingdom	**110,178**	119,077
United States	**3,255**	2,748
	113,433	121,825

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

Notes *(continued)*

3. Operating profit/(loss)

	2015 £000	2014 £000
Operating profit/(loss) is stated after charging:		
Auditor's remuneration:		
- audit of these financial statements	**36**	36
Amounts receivable by auditors and their associates in respect of		
- audit related assurance services (half year review)	**5**	5
- other services relating to taxation compliance	**7**	5
- other services relating to tax advisory	**17**	-
Depreciation	**2,600**	2,790
Amortisation	**199**	98
Rental under operating leases		
- plant and machinery	**197**	233
- others	**2,866**	2,007

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

	2015 £000	2014 £000
Operating (loss)/profit	**(5,432)**	11,307
Depreciation	**2,600**	2,790
Amortisation	**199**	98
Other exceptional items (note 6)	**14,450**	571
Underlying EBITDA	**11,817**	14,766

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

Group	**2015 £000**	2014 £000
Centre wages and salaries	**6,247**	6,068
Rent, rates and insurance	**5,379**	4,451
	11,626	10,519

Company	**2015 £000**	2014 £000
Centre wages and salaries	**6,056**	5,891
Rent, rates and insurance	**5,174**	4,294
	11,230	10,185

4 Exceptional items

	2015 £000	2014 £000
Exceptional items comprise:		
- Cancellation cost of interest rate swap (Financial expense)	**-**	2,729
- Bank arrangement fee write off (Financial expense)	**-**	500
- Bad debt (Operating expense)	**-**	571
- Impairment of software provision	**750**	-
- Impairment of Pro 5 goodwill	**3,100**	-
- Impairment of underperforming centres	**8,124**	-
- Development costs written off	**2,476**	-
	14,450	3,800

The directors have reviewed the value in use of the software development cost incurred by the Company, goodwill incurred on the acquisition of Pro5 Soccer and the carrying value of each centre operated by the Company. This resulted in impairment charges of £750k, £3.1m and £8.1m respectively.

Following a strategic review of the group's operations, the directors have decided not to develop further centres in the UK in the short term. The costs incurred on the UK pipeline sites, totalling £2.5m have therefore been expensed.

5 Financial expense

	2015 £000	2014 £000
Financial expense		
Interest on bank loans and overdrafts	**719**	1,312
Amortisation of finance costs	**30**	10
Cancellation cost of interest rate swap (note 6)	**-**	2,729
Bank arrangement fees write off (note 6)	**-**	500
	749	4,551

6 Taxation

	2015 £000	2014 £000
Recognised in the income statement		
Current year	**1,043**	965
Adjustments for prior year	**125**	-
Current tax expense	**1,168**	965
Deferred tax expense (note 20)		
Origination and reversal of timing differences	**(351)**	632
Adjustments for prior year	**(45)**	50
Reduction in tax rate	**(871)**	-
Deferred tax (benefit)/expense	**(1,267)**	682
Tax expense in income statement	**(99)**	1,647

Notes *(continued)*

Reconciliation of effective tax rate

	2015 £000	2014 £000
(Loss)/profit for the year	**(6,082)**	5,109
Total income tax expense	**(99)**	1,647
Profit excluding taxation	**(6,181)**	6,756

	2015 %	2015 £000	2014 %	2014 £000
Income tax using company's standard tax rate	**20.25**	**(1,252)**	21.5	1,453
Effects of:				
Non-deductible expenses	**(30.55)**	**1,884**	2.2	144
Other differences – adjustments to prior year balances	**(2.20)**	**140**	0.7	50
Other differences – difference in tax rates	**14.10**	**(871)**	-	-
Total tax expense	**1.60**	**(99)**	24.4	1,647

Income tax recognised directly in equity

	2015 £000	2014 £000
Taxation credit on share based payments	**(11)**	(11)
Taxation on cash flow hedge	**-**	524

The deferred tax liability at 31 December 2015 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

7 Dividends

	2015 £000	2014 £000
Dividends paid – 2013 final (1.175p per ordinary share)	**-**	687
– 2014 interim (0.675p per ordinary share)	**-**	395
– 2014 final (1.325p per ordinary share)	**774**	-
– 2015 interim (0.675p per ordinary share)	**395**	-
	1,169	1,082

No final dividend for 2015 has been proposed (2014: ordinary dividend 1.325p per share £775,000).

Notes *(continued)*

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 58,465,060 *(2014: 57,289,241)*.

	2015 (Loss)/profit for the year £000	**2015 Earnings per share p**	2014 Profit for the year £000	2014 Earnings per share p
Basic earnings per share	**(6,082)**	**(10.4p)**	5,109	8.9
Adjusted basic earnings per share	**8,368**	**14.3p**	8,309	14.5
Diluted earnings per share	**(6,082)**	**(10.4p)**	5,109	8.9
Adjusted diluted earnings per share	**8,368**	**14.3p**	8,309	14.5

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 2015 this was 58,609,677 *(2014: 57,463,181).*

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

	Number	
	2015	2014
Weighted average number of shares in issue during the year	**58,465,060**	57,289,241
Effect of dilutive share options	**144,617**	173,940
Diluted weighted average number of shares	**58,609,677**	57,463,181

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 2014	116,220	12,404	4,316	132,940
Additions	4,346	404	1,682	6,432
Disposals	-	(1)	-	(1)
Foreign exchange	270	17	12	299
At 31 December 2014	120,836	12,824	6,010	139,670
Cost				
At 1 January 2015	120,836	12,824	6,010	139,670
Additions	7,121	524	-	7,645
Transfers	1,509	-	(1,509)	-
Impairment (note 12)	(8,124)	-	(2,050)	(10,174)
Disposals	-	-	(1,689)	(1,689)
Foreign exchange	7	-	-	7
At 31 December 2015	121,349	13,348	762	135,459
Depreciation				
At 1 January 2014	13,405	7,812	1,935	23,152
Charge for year	1,956	834	-	2,790
Foreign exchange	100	17	15	132
At 31 December 2014	15,461	8,663	1,950	26,074
Depreciation				
At 1 January 2015	15,461	8,663	1,950	26,074
Charge for year	1,966	634	-	2,600
Impairment	-	-	-	-
Disposals	-		(1,689)	(1,689)
Foreign exchange	-	-	-	-
At 31 December 2015	17,427	9,297	261	26, 985
Carrying amounts				
At 31 December 2015	**103,922**	**4,051**	**501**	**108,474**
At 31 December 2014	105,375	4,161	4,060	113,596

9 Property, plant and equipment *(continued)*

Company	**Leasehold property** £000	**Fixtures and fittings** £000	**Assets in course of construction** £000	**Total** £000
Cost				
At 1 January 2014	111,854	12,129	4,064	128,047
Additions	4,333	370	1,573	6,276
At 31 December 2014	116,187	12,499	5,637	134,323
At 1 January 2015	116,187	12,499	5,637	134,323
Additions	6,732	358	-	7,090
Transfers	1,898		(1,898)	-
Impairment (note 12)	(8,124)	-	(3,739)	(11,863)
At 31 December 2015	116,693	12,857	-	129,550
Depreciation				
At 1 January 2014	11,540	7,537	1,689	20,766
Charge for year	1,877	832	-	2,709
At 31 December 2014	13,417	8,369	1,689	23,475
At 1 January 2015	13,417	8,369	1,689	23,475
Charge for year	1,891	598	-	2,489
Disposal	-	-	(1,689	(1,689
At 31 December 2015	15,308	8,967	-	24,275
Carrying amounts				
At 31 December 2015	**101,385**	**3,890**	**-**	**105,275**
At 31 December 2014	102,770	4,130	3,948	110,848

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

Notes *(continued)*

10 Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Group			
Deemed cost			
At 1 January 2014	5,719	1,888	7,607
Additions	-	1,754	1,754
At 31 December 2014	**5,719**	**3,642**	**9,361**
At 1 January 2015	5,719	3,642	9,361
Additions	-	779	779
At 31 December 2015	**5,719**	**4,421**	**10,140**
Amortisation			
At 1 January 2014	-	1,034	1,034
Amortisation for the year	-	98	98
At 31 December 2014	**-**	**1,132**	**1,132**
At 1 January 2015	-	1,132	1,132
Amortisation for the year	-	199	199
Impairment	3,100	750	3,850
At 31 December 2015	**3,100**	**2,081**	**5,181**
Carrying amount			
At 31 December 2015	**2,619**	**2,340**	**4,959**
At 31 December 2014	5,719	2,510	8,229

10 Intangible assets *(continued)*

	Goodwill	Software development	Total
	£000	£000	£000
Company			
Deemed cost			
At 1 January 2014	5,719	1,888	7,607
Additions	-	1,754	1,754
At 31 December 2014	**5,719**	**3,642**	**9,361**
At 1 January 2015	5,719	3,642	9,361
Additions	-	723	723
At 31 December 2015	**5,719**	**4,365**	**10,084**
Amortisation			
At 1 January 2014	-	1,034	1,034
Amortisation for the year	-	98	98
At 31 December 2014	**-**	**1,132**	**1,132**
At 1 January 2015	-	1,132	1,132
Amortisation for the year	-	199	199
Impairment	3,100	750	3,850
At 31 December 2015	**3,100**	**2,081**	**5,181**
Carrying amount			
At 31 December 2015	**2,619**	**2,284**	**4,903**
At 31 December 2014	5,719	2,510	8,229

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 (£0.8 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.

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

- Cash flows were projected based on actual and budgeted 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 9.5% 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.

Notes *(continued)*

10 Intangible assets *(continued)*

- 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 of the units which the company acquired in 2001 demonstrated headroom such that the estimated carrying value is not significantly sensitive to changes in assumptions. The discount rate would have to increase to 17.50% before the headroom reached break even.
- The review of the three operating units acquired in 2008 through the acquisition of Pro 5 Soccer resulted in a goodwill impairment charge of £3.1m (2014: nil) due to a reduction in the profitability of these centres.
- The value in use of the software development costs was reviewed by discounting the future cash flows from its continuing use and comparing this with its carrying amount. This resulted in an impairment of £750k (2014: nil).
- The review of the other operating units resulted in an impairment of the tangible fixed assets of seven sites of £8.1m due to a reduction in the profitability of these centres.

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**	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Share based payments	**11**	11	**-**	-	**11**	11
Property, plant and equipment	**-**	-	**(7,510)**	(8,881)	**(7, 510)**	(8,881)
Other temporary differences	**21**	114	**-**	-	**21**	114
Net tax assets/(liabilities)	**32**	125	**(7,510)**	(8,881)	**(7,478)**	(8,756)

Movement in deferred tax during the year

	At 1 January 2015 £000	**Recognised in income £000**	**Recognised in equity £000**	**At 31 December 2015 £000**
Share based payments	11	(11)	11	11
Property, plant and equipment	(8,881)	1,371	-	(7,510)
Other temporary differences	114	(93)	-	21
	(8,756)	1,267	11	(7,478)

Movement in deferred tax during the prior year

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

Notes *(continued)*

12 Share capital

	2015		2014	
	Number	**£000**	Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p *(2014: 0.25p)* each	**58,465,060**	**146**	58,465,060	146

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.

13 Notes to the statements of cash flows

(a) Net debt

Group

	At beginning of year £000	Trading cashflow £000	**At end of year £000**
Cash at bank and in hand	2,001	73	**2,074**
Overdraft	(2,132)	101	**(2,031)**
	(131)	174	**43**
Borrowings	(36,811)	120	**(36,691)**
Net debt	(36,942)	294	**(36,648)**

Company

	At beginning of year £000	Trading cashflow £000	**At end of year £000**
Cash at bank and in hand	1,981	13	**1,994**
Overdraft	(2,132)	101	**(2,031)**
	(151)	114	**(37)**
Borrowings	(36,811)	120	**(36,691)**
	(36,962)	234	**(36,728)**

13 Notes to the statement of cash flows *(continued)*

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

Group

	2015 **£000**	2014 £000
Increase/(decrease) in cash and cash equivalents in the year	**174**	(34)
Cash inflow from bank and other finance net of finance costs paid	**120**	9,132
Change in net debt resulting from cash flows	**294**	9,098
Non cash movement	**-**	334
Movement in net debt in the year	**294**	9,432
Net debt at the start of the year	**(36,942)**	(46,374)
Net debt at the end of the year	**(36,648)**	(36,942)

Company

	2015 **£000**	2014 £000
Increase/(decrease) in cash and cash equivalents in the year	**114**	(18)
Cash flow from bank finance net of finance costs paid	**120**	9,132
Change in net debt resulting from cash flows	**234**	9,114
Non cash movement – finance costs	**-**	334
Movement in net debt in the year	**234**	9,448
Net debt at the start of the year	**(36,962)**	(46,410)
Net debt at the end of the year	**(36,728)**	(36,962)