GOALS

Goals Soccer Centres plc
Annual Report 2017

2017 has been an important year in rebuilding and refocusing the Company, following the strategy put in place in mid-2016. We have made significant progress with each of the strategic priorities.

High

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View our 2017 Annual Report on our website
www.goalsplc.co.uk

Strategic highlights

Strategic 50:50 Joint Venture with City Football Group to rollout the Goals brand in North America

Two new US clubs opened in February 2017 and January 2018

First five 'Clubhouse 2020' pilot sites opened during the year with encouraging results

248 of our 467 UK arenas have now been fully modernised and are delivering good returns

Financial highlights

Underlying Sales[1]
£33.1m
(2016 £33.0m)

Underlying L4L Sales[1]
-0.3%
(2016: +0.5%)

Underlying EBITDA[1]
£10.0m
(2016: £11.2m)

Underlying PBT[1]
£6.2m
(2016: £7.7m)

1 Underlying and alternative performance measures are defined and reconciled on page 16

Chairman's statement

During 2017 we made significant progress towards achieving our strategic plan with investments in the UK making an encouraging start and improving sales. There remains work to do to unlock the potential inherent value within the UK estate and this will be the number one priority for the incoming CEO. Together with CFG, our JV partner, we are pleased with the pace of growth in the US and we are already California's leading 5 and 7-a-side pitch operator.

We look forward to the arrival of Andy Anson as CEO in late April who will look to execute our existing strategic plan whilst continuing to build on the strong foundations which have already been put in place.

We remain confident that we will deliver improved returns for Goals shareholders.

Michael Bollingbroke
Interim Chairman

Transfo

2017 has been an important year in rebuilding and refocusing the Company, following the strategy put in place in mid-2016. We have made significant progress with each of the strategic priorities:

- Grow and innovate the UK core estate
- Develop new capabilities and gain competitive advantage
- Expand our brand and physical presence internationally
- Unlock underlying asset potential

Our arena modernisation programme is well advanced with 248 arenas (53% of our estate) having been upgraded. Following our investment, the average pitch age has reduced from 7.0 years to 4.1 years, with the majority of this work completed by the end of H1.

Our investment strategy remains focused around delivering better performance and a clear trend has been established in football sales during H2: 28 Clubs with five arenas or more upgraded delivered sales growth of 5.3%, 11 clubs with four or fewer arenas upgraded have slowed the sales decline to 2.8% and the remaining 7 clubs in which we have not invested recorded a decline of 7.2%.

Our arena estate is now of a much higher quality and the future focus will be on investing in the 18 clubs that have four or less upgraded arenas with the aim of reversing the sales decline that we are witnessing at these underperforming clubs.

Five 'Clubhouse 2020' refurbishment projects were completed during the year at Ruislip, Beckenham, Glasgow South, Leeds and Wembley of which three were completed in H1 and two in H2. During H2, like-for-like sales[1] at the three clubs completed in H1 were 7.6% higher with football sales growing by 5.2% and non-football sales growing by 14.6%.

Underlying free cash flow[1] generated during 2017 was £6.4m (2016: £9.3m). Any further UK investment to be financed from existing cash flow until indebtedness ratio reduces.

We have completed an extensive review of our range of services within the vibrant junior and youth markets and decided that there is significant potential to drive sales in this area. Consequently, we have launched Goals Junior Academy at two of the 2020 clubs during H2. Initial returns are encouraging and we plan to roll this out across the estate during 2018.

In July 2017, we entered into an important strategic 50:50 Joint Venture with City Football Group ('CFG'), the global football group which owns a number of leading football clubs including Manchester City and New York City, to facilitate the acceleration of the growth of the Goals brand in North America. All of Goals' North American operations, which include all existing and pipeline sites, were transferred into a Joint Venture and CFG has provided $16 million of initial committed expansion capital which, combined with cash flow from the Joint Venture, will self-finance new site openings in North America.

The Joint Venture combines Goals' existing North American operational expertise and site sourcing capabilities with CFG's soccer, marketing and commercial expertise. The substantial new funding will accelerate the growth of Goals' existing North American presence and will also allow the Company to focus UK cash flow on investment in the Arena upgrade programme and clubhouse modernisation project in the UK.

The Joint Venture has a licence to use the brands which CFG owns, including Manchester City, to drive its North American marketing activity where appropriate. The Joint Venture will also be able to engage in targeted promotional initiatives across CFG's fan networks.

As Goals US is now a Joint Venture it has been accounted for using the equity method of accounting since August 2017. The Underlying measures and Total System Sales[1] have been included within the Business Review to give a like-for-like comparison.

1 Underlying and alternative performance measures are defined and reconciled on page 16.

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Chairman's statement continued

Our second US club at Pomona in Los Angeles, California opened in Q1 2017 and our third US club opened at Rancho Cucamonga in Los Angeles, California in January 2018. Construction of our fourth US club Covina, also in Los Angeles, California, is expected to commence during Q2 2018. Further sites are in negotiation and there remains a strong pipeline of potential future sites.

We have value engineered our US club design during the period and successfully reduced development costs from $4.2m to approximately $3.3m for future projects.

People

In order for the Company to increase its strategic emphasis on the development of our North American Joint Venture business and international prospects Nick Basing handed over the responsibilities of the Chairmanship of Goals to myself in February 2018. Nick remains Chairman of the Joint Venture and will focus on developing this business. He remains a Non-Executive Director of Goals. A search process has commenced for a new Chairman.

Shortly after the financial year end our Chief Executive Mark Jones left the Company. On behalf of the Board I would like to thank him for his contribution over the past 18 months. He will be replaced by Andy Anson who will join the Company on 23 April 2018. Andy brings a wealth of experience in consumer-facing industries and is a leading figure in the world of sports and leisure in the UK and internationally. He has held senior roles at The Walt Disney Company, at Channel 4 in the UK, was Commercial Director for Manchester United plc and served as the Chief Executive for the England 2018 FIFA World Cup bid and ATP Europe.

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.

Financial review

Since July 2017, when the Joint Venture with CFG was completed, the financial results of Goals Soccer Centers Inc have been accounted for using the equity method of accounting. The Underlying measures and Total System Sales have been included within the Financial Review to give a like-for-like comparison.

Despite the significant progress we have made with each of our strategic priorities in 2017, it was a disappointing year financially for the Group.

Total Group Sales declined by 1.4% to £33.1m (2016: £33.5m) and Underlying Group Sales[1] increased by 0.1% to £33.1m (2016: £33.0m). Underlying Like-for-like sales[1] declined by 0.3% (2016: +0.5%). The closure of the clubhouses at Ruislip, Beckenham, Glasgow South, Leeds and Wembley during refurbishment impacted like-for-like sales[1] by 0.4%. Underlying Like-for-like sales[1] adjusted for closures was +0.1%.

Total System Sales[1], which include a full year contribution from Goals US, increased by 0.7% to £33.8m (2016: £33.5m) and Total System Like-For-Like Sales[1] declined by 0.4%.

Underlying Group EBITDA[1] declined by 10.1% to £10.0m (2016: £11.2m). This decline has been driven by an increase in UK overheads of £1.0m (5.6%) due to investment to support our strategic initiatives and well publicised cost headwinds: strengthened leadership team £0.2m; statutory increases in Living Wage and Business Rates £0.5m; and other inflationary increases £0.3m.

Depreciation and amortisation increased by 21.4% to £3.6m (2016: £2.9m) due to the increased level of capital expenditure over the last 2 years.

Operating Profit increased by 43.1% to £6.0m (2016: £4.2m) due to exceptional operating expenses of £3.5m in 2016. Underlying Operating Profit[1] declined by 21.3% to £6.5m (2016: £8.3m).

Financial expenses reduced by 37.1% to £0.3m (2016: £0.5m) and Underlying EBITDA[1] bank interest cover was 32.0 times at 31 December 2017 (2016: 20.8 times). Net debt at 31 December 2017 stood at £29.8m (2016: £24.1m) and current leverage of net debt to EBITDA is 2.97 times (2016: 2.1 times). The Company will endeavour to reduce Debt/EBITDA throughout H1 2018 by restricting capital expenditure to essential items only.

The Company generated an exceptional gain of £2.8m on the sale of Goals Soccer Centers Inc to the Joint Venture with CFG. In 2016 the Company incurred exceptional operating expenses of £3.5m.

Profit before tax increased by 122.7% to £8.2m (2016: £3.7m). Underlying Profit Before Tax[1] reduced by 20.5% to £6.2m (2016: £7.7m).

The tax charge for the year translated to an effective rate of 14.1% (2016: 24.0%). This rate is 5.2% lower than the UK corporation tax rate due to the non-taxable gain on sale of Goals Soccer Centers Inc of 6.2% and timing differences of 0.2% offset by non-deductible expenses of 1.2%. The Underlying Effective Tax Rate was 21.5% (2016: 14.9%).

Diluted earnings per share increased by 124.4% to 9.2p (2016: 4.1p) principally due to the gain on sale of Goals Soccer Centers Inc. Underlying earnings per share[1] declined by 34.8% to 6.3p (2016: 9.7p) due to the decline in Underlying profit[1] of 20.5%, an increase in the underlying tax rate of 6.6% and an increase in the diluted weighted average number of ordinary shares of 12.6%.

Underlying free cash flow decreased by 31.5% to £6.4m (2016: £9.3m). The Group invested £11.6m (2016: £10.5m) in capital expenditure during the year. £3.0m (2016: £3.7m) was incurred on our new centres in the US and £7.6m (2016: £6.3m) on upgrading our mature centres. The Group invested £0.2m (2016: £0.2m) on information technology and £0.8m (2016: £0.3m) on software development and call centre systems during the year.

The Group's balance sheet remains well capitalised with net assets of £98.4m (2016: £91.7m). The Group has a long term non-amortising bank facility with Bank of Scotland of £42.5m which expires in July 2019. The substantial investment by CFG into the Joint Venture will fully finance the planned rollout of the Goals brand in North American and allow the Company to focus UK cash flow on investment in the Arena upgrade programme and clubhouse modernisation projects in the UK.

Goals UK

Our UK sales and like-for-like sales[1] for the year declined by 0.3% (H1: +1.6%, H2: -2.3%) to £32.2m (2016: £32.3m). Average sales per club declined by 0.3% to £700,000 (2016: £702,000). Our overall gross profit margin remained constant at 89%.

The increase in Living Wage pay rates produced some headwinds and resulted in a £0.3m (4.7%) increase in club salary costs. A strong focus on overhead costs was maintained throughout the year and this combined with other efficiency measures restricted the increase in like-for-like overheads to 4.5%. Consequently, average EBITDA per club fell 5.0% to £288,000 (2016: £304,000).

The senior management team was strengthened during the year resulting in a 10.9% increase in Head Office costs to £3.3m.

Ongoing increases in the Living Wage, and further increases in Business Rates, are likely to produce overhead headwinds for the foreseeable future, and so efficiency savings have been targeted to mitigate the impact of these.

Goals USA

Total System Sales[1] at Goals Soccer Centers Inc increased by 22.7% to \$2.0m (2016: \$1.7m) and Like-for-Like Total System Sales[1] declined by 5.1% (2016: -4.3%) resulting in a decline in Like-for-like Club EBITDA of 13.8% to \$584,000 (2016: \$677,000). We opened our second club at Pomona in Q2 2017 and this incurred opening losses of \$0.5m. Our third club opened at Rancho Cucamonga in January 2018 and initial trading is encouraging.

The full financial performance of Goals Soccer Centers Inc has been included within consolidated results until July 2017. During this period it generated sales of \$1.1m and Underlying EBITDA[1] of \$0.1m. Thereafter, Goals Soccer Centers Inc has been accounted for as an equity-accounted investee and generated a loss of \$0.5m during the period which includes start-up losses and Joint Venture set up costs of \$0.5m.

Together with CFG, our JV partner, we are pleased with the pace of growth in the US and we are already California's leading 5 and 7-a-side pitch operator.

Accounting standards

The IASB has issued IFRS 9, 15 & 16 and we have reviewed the potential impact of each of these. The adoption of IFRS 9 & 15 are unlikely to have a material impact on the results reported in the financial statements. IFRS 16 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 2019. The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019 and the composition of the Group's lease portfolio at that date. However, it 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.

Given that the Group is UK based with clubs in the UK and USA, our current assessment is that Brexit will not have a significant impact on the Group performance.

Dividend

The Directors propose not to pay a final dividend and intend to recommence dividends when appropriate.

1 Underlying and alternative performance measures are defined and reconciled on page 16.

Michael Bollingbroke
Interim Chairman

13 March 2018

At a glance

Formed in 2000, Goals was created with one simple aim – to get more people on the pitch, playing core football every single day.

Fast forward to 2018 and we have 46 clubs in the UK and three more in Los Angeles, California.

Our brand vision

Our brand desire is to provide customers with the chance to be the pro they dream they could be. We do it by elevating the quality of the experience at every touchpoint, with every step towards the pitch and with every kick of the ball.

Our values:

1. Pro-feel experience
2. Genuine love of football
3. Club belonging
4. Beyond the game
5. Be bold

Key business strengths

Excellent and relevant locations

- High density populations
- Good access
- Long average lease length and low average rent
- Nationwide coverage

Strong market position in the UK with US centre roll-out potential

- 50% share of UK branded small sided football (SSF) pitches with 467 artificial grass pitches
- Consistent premium product offering
- Strong digital offering
- Successful US centre

Significant structural market growth

- Growth of SSF underpinned by FA support
- Increasing 'commercialisation' of football
- Emergent Health and Wellbeing trend
- New technology benefits

Cash generating business model

- All centres opened prior to 2017 are profitable
- Recurring revenue streams
- Favourable operational gearing
- Low fixed cost base and high margins

49
Locations

498
Arenas

Our locations

UK Clubs

Completed
New clubs

US Clubs

- Pomona
- Rancho Cucamonga
- South Gate

Read more about our US expansion on page 14

Our strategy

Delivering increasing value to our stakeholders

We have developed a robust strategy for growth. The plan will be achieved through focusing on four key priorities.

Grow and innovate the UK core estate

Strategic priorities

- Accelerate the Arena modernisation programme
- Refurbish existing buildings to the new Clubhouse 2020 format

Progress in 2017

- 64 pitches upgraded to Arenas (total: 248)
- New Clubhouse 2020 concept trialled at five clubs
- Customer experience enhanced
- Improved F&B offering

Read more on pages 10 and 12

Develop new capabilities and move ahead of competitors

Strategic priorities

- Introduce new technology enhancing customer experience
- New added value propositions
- Relaunch quality offering for core, advanced booked customers
- Upgrade IT systems
- Refresh and reinvigorate operating environment

Progress in 2017

- Launched new website, club kiosks and app
- Developed advanced CRM system
- Implemented training platform
- Relaunched kids party and league products

Our arena modernisation programme is well advanced with 248 arenas (53% of our estate) having been upgraded. Following our investment, the average pitch age has reduced from 7.0 years to 4.1 years, with the majority of this work completed by the end of H1.

International expansion of centres and brand

Strategic priorities

- Exploit early mover advantage in California – new clubs to be opened
- Investigate market potential to leverage brand in Asia
- Explore other regions for market entry

Progress in 2017

- JV deal with CFG to drive rollout of Goals brand in US
- Pomona, Los Angeles opened in Feb 2017
- Rancho, Los Angeles opened in Jan 2018
- US pipeline strengthened
- Value engineering exercise completed

Read more on page 14

In July 2017, we entered into an important strategic 50:50 Joint Venture with City Football Group ('CFG'), the global football group which owns a number of leading football clubs including Manchester City and New York City, to facilitate the acceleration of the growth of the Goals brand in North America.

Unlock underlying asset potential

Strategic priorities

- Search out accretive and selective bolt-on opportunities complementary to existing operations
- Develop additional revenue generating lines
- Explore development potential of high value and under used properties

Progress in 2017

- Trialled Goals Academy at two 2020 clubs
- Full estate review completed
- Power league discussions

We have completed an extensive review of our range of services within the vibrant junior and youth markets and decided that there is significant potential to drive sales in this area. Consequently, we have launched Goals Junior Academy.

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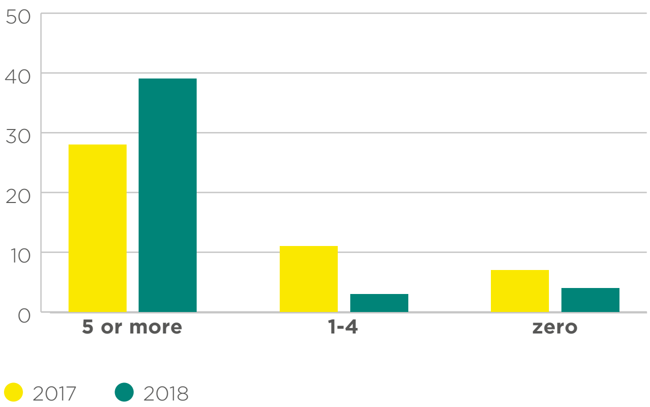
Focus on:

Project Arena

Our investment strategy remains focused around delivering better performance and a clear trend has been established in football sales during H2: 28 Clubs with five arenas or more upgraded delivered sales growth of 5.3%, 11 clubs with four or fewer arenas upgraded have slowed the sales decline to 2.8% and the remaining 7 clubs in which we have not invested recorded a decline of 7.2%.

Clubs with 5 or more ProTurf Arenas



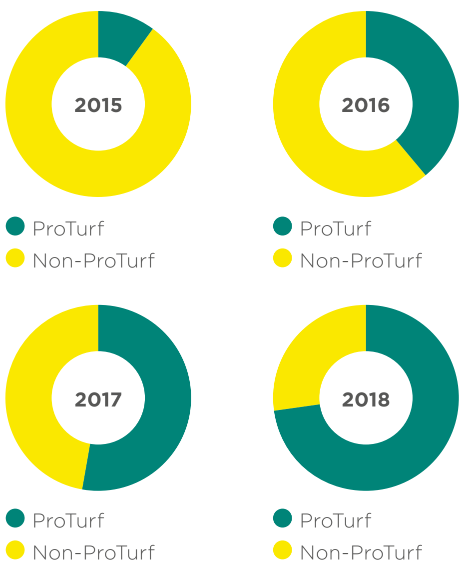
Performance in 2017

- In 2017 we upgraded 64 pitches to ProTurf Arenas
- Replaced 3,000 kickboards
- Installed 600 printed stadium boards
- Since 2015 we have upgraded 248 pitches (53% of our estate) to ProTurf Arenas
- Average pitch age reduced from 7 years to 4.1 years

Next steps

- Focus on increasing clubs with 5 or more pitches upgraded
  - Upgrade 90 pitches in 2018
  - Capital cost of £3.0m
- Reduce our average pitch age further from 4.1 years to 3.1 years
- Maintenance capex of £1.5m per annum thereafter

% ProTurf Arenas in Estate



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248

pitches (53% of our estate) upgraded to ProTurf arenas since 2015

Our arena estate is now of a much higher quality and the future focus will be on investing in the 18 clubs that have four or less upgraded arenas with the aim of reversing the sales decline that we are witnessing at these underperforming clubs.

+5.3%

growth (H2 2017) at clubs with 5 or more pitches upgraded to ProTurf Arenas

18%

investment return rate

4.1

years average pitch age, reduced from 7.0 years in 2015

Upgrade

Focus on:

Clubhouse 2020

Five 'Clubhouse 2020' refurbishment projects were completed during the year at Ruislip, Beckenham, Glasgow South, Leeds and Wembley of which three were completed in H1 and two in H2. During H2, like-for-like sales at the three clubs completed in H1 were 7.6% higher with football sales growing by 5.2% and non-football sales growing by 14.6%.

Performance in 2017

Two models developed

- '2020 Full'
  - Initial prototype cost £0.6m
  - Value engineered to £0.4m
- '2020 Light' – £0.2m

Five clubs completed in 2017 at a cost of £2.3m

- H1: Ruislip (full prototype), Beckenham (full), Glasgow South (light)
- H2: Leeds (full), Wembley (full)

Learnings from 2017 investment

- Full financial appraisal undertaken
  - Strong sales growth
- Construction costs value engineered to generate savings
- Labour model changed to remove additional headcount
- Pricing opportunity in Arena and 2020 Clubs
- Keep F&B model as simple as possible

Food and beverage (F&B) sales were up 6% driven by enhanced drinks range and the introduction of a basic food offering

Goals Ruislip

Goals Wembley

Goals Glasgow South

+7.6%
total growth (H2 2017)

15%
target investment return rate

5
clubs completed

Focus on:

Expanding in the US

In July 2017, we entered into an important strategic 50:50 Joint Venture with City Football Group ('CFG'), the global football group which owns a number of leading football clubs including Manchester City and New York City, to facilitate the acceleration of the growth of the Goals brand in North America.

All of Goals' North American operations, which include all existing and pipeline sites, were transferred into a Joint Venture and CFG has provided $16 million of initial committed expansion capital which, combined with cash flow from the Joint Venture, will self-finance new site openings in North America.

The Joint Venture combines Goals' existing North American operational expertise and site sourcing capabilities with CFG's soccer, marketing and commercial expertise. The substantial new funding will accelerate the growth of Goals' existing North American presence.

City Football Group joint venture

- JV with City Football Group (CFG) in July 2017
- CFG are the global football group who own Manchester City, New York City, Melbourne City and clubs worldwide
- Goals North American assets transferred to JV with CFG investing $16m
- Fully funded programme of new site openings
- CFG bringing expertise in soccer, marketing and commerce

Expan

Key projects in L.A.

Pomona

- Opened February 2017
- School landlord
- Nine 5-a-side and one 7-a-side Arenas and the option to build more
- Modern clubhouse (4.0k sq ft) with café
- Capital cost $4.2m – anticipated IRR 20%
- Soft trading leading to losses in year 1 but now improving

Rancho Cucamonga

- Opened January 2018
- City landlord – previously football pitches
- Eight 5-a-side and two 7-a-side Arenas
- Modern clubhouse (4.0k sq ft) with café
- Reduced construction costs to $3.9m
- Early trading is encouraging

Covina

- Construction commences Q2 2018
- Planned opening in Q4 2018
- School landlord
- Nine 5-a-side and one 7-a-side Arenas
- Modern clubhouse with café
- Reduced construction costs to $3.6m
- IRR 20%

Club 5

- Construction commences Q4 2018 subject to signed paperwork
- Planned opening in Q2 2019
- City landlord – park
- Reduced construction costs to $3.3m
- IRR 20%

Our new Pomona club launched in Feb 2017 features nine 5-a-side and one 7-a-side Arenas along with a 4,000 sq ft clubhouse and café.

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Underlying and adjusted performance measures

Management has presented the following performance measures as they are used throughout the annual report and financial statements. Management believe that presentation of the Group's results in this way gives a better understanding of the Group's financial performance. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. This also facilitates comparison with prior periods to assess trends in financial performance more readily.

The Group applies judgement in identifying significant non-recurring items of income and expense that are recognised as exceptional or non-recurring to help provide an indication of the Group's underlying business. In determining whether an event or transaction is exceptional in nature, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The performance measures outlined below are not defined performance measures in IFRS. A reconciliation from these alternative performance measures to the nearest measure prepared in accordance with IFRS is presented below. The Group's definition of each performance measure may not be comparable with similarly titled performance measures and disclosures by other entities.

1. Sales

Total sales in 2017 consist of 12 months of UK sales and 7 months of USA sales. Total sales in 2016 consist of 12 months of UK sales and 12 months of USA sales. Therefore it is necessary to introduce some alternative performance measures that allow a greater degree of comparability between years.

Given the change in Group structure in the year, with the ownership of Goals Soccer Centers Inc moving into the JV at the end of July 2017, a Total System Sales comparative has been included below. This comparative assumes no change in ownership, so sales include 12 months of UK sales and 12 months of USA sales in both years.

In addition to Total System Sales, a Like-for-Like System Sales comparative has been included below. This comparative assumes no change in ownership, so sales include 12 months of UK sales and 12 months of USA sales in both years, with clubs that have been opened for less than 12 months are removed from the comparison. Our second club in the USA opened in February 2017, and has therefore been removed from sales to give a L4L comparison of 2017 vs 2016.

An Underlying Sales comparative has been calculated assuming the same ownership structure in place at 31 December 2017 was in place at 31 December 2016 i.e. that sales from Goals USA are included from January – July 2016 only.

In addition to Underlying Sales, a Like-for-Like Underlying Sales comparative has been included below. This comparative assumes the same ownership structure in place at 31 December 2017 was in place at 31 December 2016 i.e. that sales from Goals USA are included from January – July 2016 only. Clubs that have been opened for less than 12 months are removed from the comparison. Our second club in the USA opened in February 2017, and has therefore been removed from underlying sales to give a L4L Underlying Sales comparison of 2017 vs 2016.

	2017 £000	2016 £000
Total Sales	**33,058**	33,532
System Sales		
Total Sales	**33,058**	33,532
Equity accounted investee from 1 August 2017 to 31 December 2017	**692**	
Total System Sales	**33,750**	33,532
Clubs opened post 1 January 2016	**(337)**	–
Like-for-like Total System Sales	**33,413**	33,532
Underlying Like-For-Like Sales		
Total sales	**33,058**	33,532
Equity accounted investment from 1 August 2016 to 31 December 2016	**–**	(512)
Underlying Sales	**33,058**	33,020
Clubs opened post 1 Jan 2016 (Pomona, USA)	**(142)**	–
Underlying Like-for-like Sales	**32,916**	33,020
Clubs closed due to refurbishment	**150**	–
Underlying Like-for-like Sales adjusted for closure impact	**33,066**	33,020

2. Underlying EBITDA

Underlying EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation adjusted for the impact of the exceptional and non-recurring costs as shown below. In addition, 2016 has been adjusted to reflect the current ownership structure of Goals Soccer Centers Inc whereby it was a wholly owned subsidiary for 7 months and an equity-accounted joint venture for 5 months.

EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies. We consider underlying EBITDA to be a useful measure of our operating performance because it approximates the underlying operating cash flow by eliminating depreciation and amortisation.

	2017 £000	2016 £000
Operating profit	**6,025**	4,211
Depreciation	**3,300**	2,729
Amortisation	**262**	204
Loss on disposal of pitch surfaces	**172**	124
Share option costs	**50**	–
New club launch and start-up losses	**219**	–
New brand and values	**–**	450
Impairment of underperforming clubs	**–**	2,534
Restructuring costs	**–**	897
Strategic projects	**–**	85
EBITDA of equity accounted investee from 1 Aug 2016 to 31 Dec 2016	**–**	(84)
Underlying EBITDA	**10,028**	11,150

3. Underlying Profit Before Tax

Underlying Profit Before Tax is Profit Before Tax adjusted for the impact of the exceptional and non-recurring costs as shown below. In addition, 2016 has been adjusted to reflect the current ownership structure of Goals Soccer Centers Inc whereby it was a wholly owned subsidiary for 7 months and an equity-accounted joint venture for 5 months.

Underlying PBT is a common measure used by investors and analysts to evaluate the operating financial performance of companies. We consider underlying PBT to be a useful measure of our profitability as it allows better analysis of the factors affecting the year's results compared to the prior period.

	2017 £000	2016 £000
Profit Before Tax	**8,158**	3,664
Loss on disposal of pitch surfaces	**172**	124
Share option costs	**50**	–
New club launch and JV start-up costs	**610**	–
Gain on sale of investment	**(2,838)**	–
New brand and values	**–**	450
Impairment of underperforming clubs	**–**	2,534
Restructuring costs	**–**	897
Strategic projects	**–**	85
PBT of equity accounted investee from 1 August 2016 to 31 December 2016	**–**	(14)
Underlying Profit Before Tax	**6,152**	7,740

Underlying and adjusted performance measures continued

4. Underlying Diluted Earnings per Share

Underlying diluted earnings per share is diluted earnings per share adjusted for the net of tax impact of the exceptional and non-recurring costs as shown above.

Diluted earnings per share is calculated by dividing the underlying 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 period ended 31 Dec 2017 this was 76,159,792 (2016: 67,663,242).

	2017 Underlying Profit £000	2017 Underlying EPS p	2016 Underlying Profit £000	2016 Underlying EPS p
Underlying Profit Before Tax	**6,152**		7,740	
Tax impact of the exceptional and non-recurring costs	**(1,320)**		(1,153)	
Underlying Profit Before Tax	**4,832**	**6.3**	6,587	9.7

5. Underlying Free Cash Flow

Underlying free cash flow is net cash flow from operating activities adjusted for the cash impact of the exceptional and non-recurring costs as shown below. In addition, 2016 has been adjusted to reflect the current ownership structure of Goals Soccer Centers Inc whereby it was a wholly owned subsidiary for 7 months and an equity-accounted joint venture for 5 months.

	2017 £000	2016 £000
Net cash flow from operating activities	**6,176**	7,989
New club launch and start-up losses	**219**	-
New brand and values	**-**	450
Restructuring costs	**-**	897
Strategic projects	**-**	85
EBITDA of equity accounted investee from 1 August 2016 to 31 December 2016	**-**	(84)
Underlying Free Cash Flow	**6,395**	9,337

6. Underlying Operating Profit

Underlying Operating Profit is Operating Profit adjusted for the impact of the exceptional and non-recurring costs as shown below. In addition, 2016 has been adjusted to reflect the current ownership structure of Goals Soccer Centers Inc whereby it was a wholly owned subsidiary for 7 months and an equity-accounted joint venture for 5 months.

Underlying Operating Profit is a common measure used by investors and analysts to evaluate the operating financial performance of companies. We consider underlying PBT to be a useful measure of our operating performance.

	2017 £000	2016 £000
Operating Profit	**6,025**	4,211
Loss on disposal of pitch surfaces	**172**	124
Share option costs	**50**	–
New club launch and start-up losses	**272**	–
New brand and values	**-**	450
Impairment of underperforming clubs	**-**	2,534
Restructuring costs	**-**	897
Strategic projects	**-**	85
PBT of equity accounted investee from 1 August 2016 to 31 December 2016	**-**	(19)
Underlying Operating Profit	**6,519**	8,282

Strategic report

Principal activities

The principal activity of the Group is the operation of outdoor soccer centres.

Review of business and future developments

The results of Goals Soccer Centres plc for the year are set out in the consolidated income statement on page 36.

A review of the business, results and dividends, and likely future developments of the Group are contained in the Chairman's statement and Business Review on pages 2 to 5.

Principal risks and uncertainties

Delivering growth – the Group is pursuing a recovery strategy of investing in facilities to drive utilisation in existing clubs. The Board believes that there is an opportunity to increase the average EBITDA per club through strong management, facility investment and operational improvements.

Overseas expansion – during the year, the Group entered into a strategic 50:50 Joint Venture with CFG, the global football group which owns a number of leading football clubs including Manchester City and New York City, to accelerate the growth of the Goals brand in North America. A separate entity, Goals City US Limited has been created as the Joint Venture vehicle. Goals Soccer Centres Inc, the previously wholly owned subsidiary, has been disposed of by the group with share ownership transferring to Goals City US Limited. Post year end, a third club has opened in the US, taking the number of clubs to three.

Impact of severe weather conditions – given the impact of bad weather on the operation of our clubs the Board continues to review ways in which to manage this risk in order to minimise the overall impact on results.

Managing health and safety – health and safety risks are continually assessed by the Group's Health and Safety team and regular reports are provided directly to the Board.

Recruitment and development of staff – the ongoing success of the Group is dependent on the commitment, training, development and retention of its key staff including the executive directors. Remuneration packages, training and development opportunities are reviewed regularly.

Business continuity – business continuity planning is the responsibility of the Board and is reviewed regularly. Business interruption insurance is also in place.

Legislation and other regulations – the Group continues to monitor compliance and developments in this area.

Key areas of strategic development are discussed in the Chairman's Statement.

Key performance indicators are set out below:

	2017 £000	2016 £000
Revenue (£million)	**33.1**	33.5
Operating profit pre-exceptional (£million)	**6.0**	7.7
Operating profit (£million)	**6.0**	4.2
Operating profit pre-exceptional margin	**18%**	23%
Operating profit margin	**18%**	13%
Underlying like-for-like sales (decline)/growth	**(0.3%)**	0.5%

By order of the Board

William BG Gow
Company Secretary

13 March 2018

Board of Directors

Our leadership team

Michael Bolingbroke
Interim Chairman

Michael is an experienced industry leader in the Leisure sector and brings a wealth of football experience and knowledge to the Company. He was recently Chief Executive Officer of Inter Milan, one of the world's leading football clubs competing in the top tier Italian Serie A league. At Inter Milan, Michael established a business culture and commercial strategy which led to increases in both revenues and EBITDA, as well as significantly expanding the club's international fan base. Prior to joining Inter Milan, he was Chief Operating Officer of UK Premier League football club Manchester United, where as part of his role he oversaw day-to-day management and operations of the club including venue operations and facility development.

Bill Gow
Chief Finance Officer & Interim Chief Executive Officer

Bill is a Chartered Accountant, and also completed an MBA in 1992. He subsequently held senior management positions at British Aerospace plc and National Australia Group before joining KPMG in 1997, where he specialised in Corporate Finance. Bill was a member of the management team that effected the MBI of Goals in November 2000 and has been the Company's CFO since then.

Following the resignation of Mark Jones, Bill has been appointed Interim Chief Executive Officer and will continue in this role until Andy Anson joins the business on 23 April 2018.

Andy Anson
Chief Executive Officer (from 23 April 2018)

Andy has a wealth of experience in consumer facing industries and is a leading figure in the world of sports.

Most recently he was Global President of Teneo Sports, a New York-based CEO advisory business. For the previous five and a half years was the President of Fanatics International (formerly Kitbag where he was CEO), the global leader in sports e-commerce and merchandise. During his career, he has also been the Commercial Director for Manchester United, on the main board of the publicly-listed company, Chief Executive of the ATP World Tour in Europe, and Chairman of the ATP World Tour Finals.

Andy also served as the Chief Executive for the England 2018 FIFA World Cup Bid and is a non-executive Director of the British Olympic Association.

Nick Basing

Non-executive Director & Chairman of Goals City US Limited

Nick has spent about 30 years in the consumer, leisure and hospitality sector. He is Chairman of Ten Entertainment Group PLC, holding company of Tenpin, listed on the London Stock Exchange, overseeing a period of significant growth since 2009. Prior to this he was Group Chief Executive of Essenden Plc. Nick has also been an Operational Advisor to Harwood Capital since 2009. Nick has served public shareholders beginning with Paramount Plc in 2003. Following a successful recovery the business was ranked 14th in the Sunday Times 'Fast track 100 Survey' and he was awarded 'Retailers Retailer of Year' and 'Restauranteur of Year' in 2006. Before this Nick held a number of senior management positions with leading consumer companies including Rank, First Leisure, Goodwood, Unilever and Granada. He has served as a Non-Executive Director at The All England Lawn Tennis & Croquet Club ('Wimbledon'), Elegant Hotels plc and Brake Brothers Holdings. He was educated at Bedford College and Harvard Business School.

Scott Lloyd

Non-executive Director

Scott founded the health, fitness and racquets club group, Next Generation Clubs, in 1997 and expanded the company internationally, developing an Australian portfolio of clubs alongside the UK portfolio. In 2006, he led the sale of the UK business to London & Regional Properties and stayed with the company as CEO. A year later, he sold the Australian portfolio to Kings Park Capital and chaired the investment until 2014. In 2007, the Company purchased David Lloyd Leisure from Whitbread plc. As Group Chief Executive of David Lloyd Leisure, Scott headed up the integration and subsequent growth of the business through to a successful sale to TDR Capital in September 2013. Scott stayed with the company as CEO before stepping up to the role of Non-Executive Deputy Chairman. Scott was appointed CEO of the Lawn Tennis Association (LTA) in January 2018.

Christopher Harwood Bernard Mills

Non-executive Director

Christopher is a highly-experienced Board representative holding a number of Non-Executive Director positions across a range of companies. He founded Harwood Capital Management in 2011, a successor from J O Hambro Capital Management, which he co-founded in 1993. He is Chief Executive and investment manager of North Atlantic Smaller Companies Investment Trust plc and Chief Investment Officer of Harwood Capital LLP. Christopher was previously a Director of Invesco MIM, where he was head of North American investments and venture capital, and of Samuel Montagu International.

Director's report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Research and development

The Group continuously reviews its product offering and invests in research and development to ensure that it is market leading.

Financial instruments

The Group's policies for managing financial risk are given in note 23.

Proposed dividend

No interim dividend in respect of the current year was paid (2016: £nil). No final dividend has been proposed (2016: £nil).

Directors

The directors of the Company are as noted on pages 20 to 21.

Mark Jones notified the Board on 12th October 2017 of his intention to resign from the Board and the Company. Mark resigned from the Board of directors and left the company on 26th January 2018.

Keith Rogers resigned from the Board of Directors on 15th January 2017 and after serving twelve months gardening leave, left the company on 31st January 2018.

The Company's Articles of Association require one-third of the directors who are subject to retirement by rotation to retire from office and be subject to re-election at the Annual General Meeting ('AGM'). The Board has decided that all of the other directors will stand for re-election at the forthcoming AGM.

Details of Directors' interests in shares and share options are disclosed in the Remuneration Report on pages 24 to 27.

Employees

The Directors recognise that a key element in the success of Goals Soccer Centres plc is the quality and commitment of our employees. The Group places very considerable importance on the contributions of our employees and our policy is to communicate to all employees relevant information about our clients and our business. Regular meetings are held between local management and employees to allow for the free flow of information and ideas.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the role can be adequately fulfilled by a handicapped or disabled person. Where an existing employee becomes disabled, the Group's policy is to provide continuing employment under normal terms and conditions wherever possible.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

William BG Gow
Company Secretary

13 March 2018

Orbital House
Peel Park
East Kilbride
G74 5PA

Remuneration report

As an AIM listed company, Goals Soccer Centres plc is not required to comply with Schedule 7A of the Companies Act, however the directors feel it is appropriate to provide the following information to shareholders.

Remuneration committee

The Company's Remuneration committee comprises, Scott Lloyd (Chairman), Nick Basing, Christopher Mills and Michael Bolingbroke.

The purpose of the remuneration committee is to:

- make recommendations to the Board on an overall remuneration policy for executive directors and other senior executives in order to retain, attract and motivate high quality executives capable of achieving the Company's objectives; and
- demonstrate to shareholders that the remuneration of the Executive Directors of the Company is set by a committee whose members have no personal interest in the outcome of their decision, and who will have due regard to the interests of the shareholders.

Procedures for developing policy and determining remuneration

The Board has shown a commitment to formalising procedures for developing a remuneration policy, determining executive remuneration and ensuring that no Director is involved in deciding his or her own remuneration. The Committee is authorised to obtain outside professional advice and expertise, and consults with the Chief Executive Officer of the Company as necessary.

The Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information that it requires from any employee.

The Remuneration Committee determines any bonuses and any other element of remuneration of an executive that is performance related.

Details of the remuneration policy

The basic salaries to be paid to the executive directors are decided by the Remuneration Committee. The Committee also considers pension arrangements and other benefits applicable to the executives.

The details of individual components of the remuneration package are discussed below:

Basic salary and benefits

Salary and benefits are reviewed annually in January and become effective from 1 January and may be increased but not decreased. Benefits principally comprise private healthcare.

Performance related bonuses

The Company has implemented a performance related bonus scheme for the executive directors. The bonus scheme is based on performance against budgeted Profit Before Tax.

Long Term Incentive Plan ('LTIP')

During the year, the Company awarded LTIPs to Senior Management. LTIPs are the primary long term incentive vehicle used by the Company.

Pension contributions

The Company makes contributions of 15% of basic salary into personal pension schemes for the executive directors.

Remuneration of non-executive directors

The remuneration of non-executive directors is reviewed annually in January, becomes effective on 1 January and may be increased but not decreased. Their level of remuneration is based on outside advice and a review of current practices in other companies.

Directors' service agreements

All service agreements for the executive directors are terminable on 12 months' notice by either party. The service agreements for the non-executive directors are terminable on 3 months' notice by either party.

Mark Jones notified the Board on 12th October 2017 of his intention to resign from the Board and the Company. Mark resigned from the Board of Directors and left the company on 26th January 2018.

Keith Rogers resigned from the Board of Directors on 15th January 2017 and after serving twelve months gardening leave, left the company on 31st January 2018.

Morris Payton resigned from the Board of Directors on 4th November 2016 but remains an employee of the company and a member of the Executive Committee.

Directors' emoluments

The following emoluments were paid to Directors during the year ended 31 December 2017 and 31 December 2016:

	Basic salary and fees £000	Benefits in kind (note 2) £000	Pension contributions (note 3) £000	2017 Total £000	2016 Total (note 1) £000
Executive directors					
WBG Gow	**218**	**-**	**26**	**244**	211
MI Payton (resigned 4 November 2016)	**-**	**-**	**-**	**-**	150
KT Rogers (resigned 15 January 2017)	**8**	**4**	**1**	**13**	297
M Jones* (appointed 1 July 2016; resigned 26 January 2018)	**359**	**7**	**-**	**366**	179
Non-executive directors					
N Basing	**73**	**-**	**-**	**73**	45
M Bolingbroke (appointed 13 June 2016)	**40**	**-**	**-**	**40**	22
S Lloyd (appointed 5 May 2016)	**40**	**-**	**-**	**40**	26
CHB Mills (appointed 5 May 2016)	**35**	**-**	**-**	**35**	23
PA Burks (resigned 5 May 2016)	**-**	**-**	**-**	**-**	13
K Edelman (resigned 14 March 2016)	**-**	**-**	**-**	**-**	13
ABC Short (resigned 5 May 2016)	**-**	**-**	**-**	**-**	12
	773	**11**	**27**	**811**	991

* Highest paid director
(1) 2016 Basic salary and fees were £842k.
(2) Benefits in kind include private health insurance for KT Rogers and M Jones (2016: £75k).
(3) During the year contributions were paid to personal pension plans on behalf of 2 directors (2016: 3) and in 2016 the contributions totalled £74k.

Remuneration report continued

Directors' interests in shares

The directors who held office at the end of the financial year had the following interests in the issued share capital of the Company.

	Ordinary shares of 0.25p At 31 December 2017	Ordinary shares of 0.25p At 31 December 2016
N Basing	**100,000**	100,000
WBG Gow	**1,144,845**	1,144,845
M Jones (resigned 26 January 2018)	**50,000**	50,000
S Lloyd	**40,000**	40,000
C Mills (1)	**14,000,000**	14,000,000
KT Rogers (resigned 15 January 2017)	**3,922,986**	3,960,446

(1) Shares are held in name of North Atlantic Smaller Companies Investment Trust and Oryx International Growth Fund.

Directors' Long-Term Incentive Plan (the 'LTIP')

At 31 December 2017 the following LTIP to subscribe for 0.25p ordinary shares in the Company was outstanding:

	Date of Award	At 1 January 2017	Granted during the year	Exercised during the year	**At 31 December 2017**	Exercisable From
The 2016 LTIP						
N Basing	2nd June 2016	1,000,000	–	–	**1,000,000**	2nd June 2019
The 2017 LTIP						
WBG Gow	12th October 2017	–	350,000	–	**350,000**	12th October 2020

Performance conditions

The vesting of awards granted to the Company's executive directors is subject to performance conditions set by the Committee that are appropriately linked to the Company's business strategy.

In the case of the 2016 LTIP, it has been decided that its vesting will be subject to a share price growth condition measured over the period up to the third anniversary of its date of grant. At the expiry of the Performance Period, the Committee will calculate the growth in the Company's share price that has been achieved – for the purposes of this calculation the 'starting price' of a Share at the beginning of the period shall be deemed to be 100p. Vesting will then take place as follows:

In relation to 400,000 of the Shares over which the NB Award is granted ('Part A'):		In relation to 600,000 of the Shares over which the NB Award is granted ('Part B'):	
Percentage Growth in Share Price achieved over the Performance Period	No. of Shares in respect of which Part A of the NB Award will vest	Percentage Growth in Share Price achieved over the Performance Period	No. of Shares in respect of which Part B of the NB Award will vest
Less than 50%	0	Less than 101%	0
50%	80,000	101%	120,000
100% or more	400,000	200% or more	600,000
Between 50% and 100%	Between 80,000 and 400,000, calculated on a straight-line basis	Between 101% and 200%	Between 120,000 and 600,000, calculated on a straight-line basis

In the case of the 2017 LTIP, it has been decided that its vesting will be subject to a share price growth condition measured over the period up to the third anniversary of its date of grant. At the expiry of the Performance Period, the Committee will calculate the growth in the Company's share price that has been achieved – for the purposes of this calculation the 'starting price' of a Share at the beginning of the period shall be deemed to be 100p. Vesting will then take place as follows:

Percentage Growth in Share Price achieved over the Performance Period	Percentage of Shares comprised in Award that will Vest
Less than 50%	0%
50%	20%
100% or more	100%
Between 50% and 100%	Between 20% and 100%, calculated on a straight-line basis

By order of the Board

Scott Lloyd
Chairman of the Remuneration Committee

13 March 2018

Chairman of the Audit Committee statement

On behalf of the Board, I am pleased to report on the work of the Audit Committee Report for the period ended 31 December 2017. The Committee is responsible for the assessment and review of risk, the internal control environment of the group, ensuring that the financial performance of the Company is properly reported on and monitored and for reviewing the auditor's reports related to their audit of the financial statements.

The Audit Committee comprises Nick Basing, Scott Lloyd and Christopher Mills and is chaired by myself. The Committee usually meets three times in the year and did so in FY17.

After each Committee meeting, I provide an update in respect of the matters discussed to the Board and the minutes of meetings are circulated to all members of the Board.

Key audit matters

The Committee assesses whether suitable accounting policies have been adopted and whether management has made significant estimates. Management prepares papers providing details on the key estimates and these are reviewed by the Committee.

The Committee also reviews reports from the external auditor on the half year review and full year results, which provide an overview of the audit work undertaken and highlight any issues for discussion.

The key audit matters considered in the year were:

Key audit matters	How the key audit matters were addressed
The carrying value of property, plant and equipment	Due to fluctuations in the underlying performance at club level, there is a risk that the carrying value of some assets are irrecoverable and as a result gives rise to an element of estimation being applied to the potential level of impairments to be recognised on a site by site basis. At each Balance Sheet date, management prepares an assessment which estimates the value in use of each club to which the assets are allocated. Management confirmed to the Committee that they have applied a consistent Group-wide methodology in the preparation of the valuation models. The Committee satisfied itself that the approach was appropriate, the assumptions reasonable and that the no impairments were required in the year.
Accounting for the joint arrangement with CFG	All of Goals' North American operations, which include all existing and pipeline sites and the wholly owned subsidiary Goals Soccer Centers Inc, have been transferred to the joint arrangement. The accounting associated with this transaction is complex and as a result, the Committee believe that accounting for the arrangement should be identified as a significant accounting issue for the 2017 financial statements. Based on the Committee's enquiries of management, discussions with professional advisors and the review of work performed by external valuation experts, the Committee satisfied themselves that the transaction has been appropriately accounted for and disclosed in the annual financial statements.

The Committee addressed these matters using reports presented by management which set out the basis for the assumptions used. All of the issues were also discussed with the external auditor and its views were taken into account. The Committee is satisfied that the judgements made are reasonable and appropriate disclosures have been included in the accounts.

Risk management and internal control

As stated in the Corporate Governance report, the Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The Audit Committee supports the Board by advising on the Group's overall risk appetite, tolerance and strategy, current risk exposures and future risk strategy. The Committee reviews risk registers produced by the management at each of its meetings. Management has consulted with Zürich and PwC in relation to the work completed on the risk registers.

The Committee also monitors, on behalf of the Board, the effectiveness of the Company's accounting and internal control systems. In fulfilling this responsibility, the Committee receives reports from management and the internal and external auditors.

Internal audit

The Committee considers and approves the internal audit plan which is based on an assessment of the key risks faced by the Group. During the year, the Committee continued to review the effectiveness of the Group's system of risk management and internal controls. The Group has been supported in the delivery of the internal audit programme by PwC.

External audit

The Committee is responsible for assessing the effectiveness of the external audit process, for monitoring the independence and objectivity of the external auditor and for making recommendations to the Board in relation to the appointment of the external auditor. The Committee is also responsible for developing and implementing the Group's policy on the provision of non-audit services by the external auditor.

Annual evaluation

We will continue to work with the management team and the Board to ensure our governance and control processes operate effectively to support the delivery of the Group's strategy.

By order of the Board

Michael Bolingbroke
Chairman of the Audit Committee

13 March 2018

Corporate governance: Voluntary Disclosure

The Combined Code

Goals Soccer Centres plc is listed on AIM and is not subject to the requirements of the Combined Code on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance. However, the directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including employees and suppliers.

The Board of Directors operates within the framework discussed below.

The workings of the Board and its Committees

The Board of Directors

The Board meets regularly to consider all aspects of the Company's activities. A formal schedule of matters reserved for the Board exists which includes review of overall strategy and approval of major capital expenditure items.

The Board consists of the Chairman, CEO, CFO, and three non-executive directors. The Interim Chairman, Michael Bolingbroke, is a non-executive director. All Directors have access to the advice and services of the Company Secretary.

Christopher Mills, who represents two major shareholders, North Atlantic Smaller Companies Investment Trust and Oryx International Growth Fund, is not considered to be independent within the definition of that term contained in the Code.

Remuneration Committee

The Remuneration Committee comprises Scott Lloyd (Chairman), Nick Basing, Christopher Mills and Michael Bolingbroke. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Chief Executive Officer, Chief Financial Officer and other members of the Executive management as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee will also liaise with the Nomination Committee to ensure that the remuneration of newly appointed Executives is within the Company's overall policy. The Board (excluding non-executive directors) determines the remuneration of the non-executive directors.

The Terms of Reference of the Remuneration Committee were reviewed and updated during the year.

Audit Committee

The Audit Committee comprises Michael Bolingbroke, Nick Basing, Scott Lloyd and Christopher Mills and is chaired by Michael Bolingbroke. It is responsible for the assessment and review of risk, the internal control environment of the group, ensuring that the financial performance of the Company is properly reported on and monitored and for reviewing the auditor's reports relating to their audit of the financial statements. The Committee also reviews the performance of the auditors including their independence.

The Terms of Reference of the Audit Committee were reviewed and updated during the year.

Nominations Committee

The Nomination Committee is chaired by Nick Basing and also comprises Michael Bolingbroke, Scott Lloyd, and Christopher Mills. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

Relations with shareholders

Communications with shareholders are given a high priority by the Board of Directors who take responsibility for ensuring that a satisfactory dialogue takes place. The Chairman and Executive Directors meet with the Company's institutional shareholders following the announcement of interim and final results and at other appropriate times. The directors are also in regular contact with stockbrokers analysts. During the year, the Company developed a new website containing investor information to improve communications with individual investors and other interested parties.

Internal control

The directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

During the year PricewaterhouseCoopers ('PwC') were engaged to review the risk register.

The Company's key risk management processes and system of internal control procedures include the following:

Management control systems

The Company continues to develop and invest in IT software and infrastructure. Pitch bookings, income and expenditure and leagues are controlled and monitored by the Company's own bespoke software. Pitches at most locations are monitored by CCTV and can be viewed live or historically at Support Centre. All systems are connected to Support Centre via an IPVPN network.

These systems provide tight cash and cost controls, aid maximisation of utilisation of the pitches and provide the necessary information for branch management and Support Centre to effectively and efficiently run the business. The Company receives a large proportion of its income in cash from its activities and the directors have implemented rigorous cash control measures at each club which include: daily reconciliations of cash; daily reconciliations of games played; use of drop safes; and regular spot checks by Support Centre.

Performance measurement

The Company's financial reporting procedures include detailed operational budgets for the year ahead and a three year plan, reviewed and approved by the Board. Performance is monitored throughout the year through daily, weekly and monthly reporting of key performance indicators. Relevant action is then taken including the preparation of updated forecasts for the year.

Investment appraisal

A budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals are submitted to the Board.

As an AIM listed Company the Board is not required to make a statement on the effectiveness of its internal controls; however the directors believe it is useful to highlight the following processes which take place on an ongoing basis:

- daily, weekly and monthly reporting of financial information including income statements, balance sheets, cash flow statements and other key performance indicators;
- regular reporting to the Board on certain specific matters including treasury management, insurance, legal and health and safety issues;
- the Chairman of the Audit Committee reports the outcome of Audit Committee meetings to the full Board of Directors.

The Company is not of sufficient scale to justify a full time internal audit resource, however, PwC have been appointed as an external provider of internal audit services. In addition, regular branch audits are performed by senior members of the management team and these are reviewed by the Directors. In addition an independent stock taker is retained by the Company to complete stock counts at each branch on a 6 weekly cycle.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 2 to 5. The financial position of the company, its cash flows, liquidity position and borrowing facilities are also described in the Chairman's statement. In addition note 23 to the financial statements includes the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The company meets its overall funding requirements through its bank loan arrangements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility for the foreseeable future.

After making enquiries, the directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Independent auditor's report to the members of Goals Soccer Centres plc

KPMG

Overview		
Materiality: group financial statements as a whole	£290k (2016: £450k) 5% (2016: 6%) of Group profit before tax	
Coverage	100% (2016: 100%) of Group profit before tax	
Risks of material misstatement		**2017 vs 2016**
Recurring risks	Carrying value of property plant and equipment	◀▶
Event driven	**New:** Accounting for joint arrangement	▲

1. Our opinion is unmodified

We have audited the financial statements of Goals Soccer Centres PLC ('the Company') for the year ended 31 December 2017 which comprise the consolidated statement of profit or loss and other comprehensive income, consolidated and parent Company balance sheets, consolidated and parent Company statements of cash flows, consolidated and parent Company statement of changes in equity and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters which are applicable to both the Group and the parent Company, in decreasing order of audit significance, were as follows.

	The risk	Our response
Carrying value of property, plant and equipment £117.1 million; 2016: (£115.2m) **Refer to page 41, Accounting policies, and page 56, note 11.**	**Forecast based valuation:** Property, plant and equipment is quantitatively the most significant amount on the Group's and parent Company's balance sheets and one of the most significant areas of audit effort. The carrying value of property, plant and equipment balances at an individual site level may not be recoverable through future cash flows as national and local factors, such as competing leisure site operators, can materially affect site performance. The key sensitivity in the calculation are the growth rates.	**Our procedures included:** – **Benchmarking assumptions:** We compared growth levels to Bank of England growth forecasts; – **Historical comparisons:** We assessed historical accuracy of the Group's forecasting process through comparison of forecasts to actual results; – **Our sector experience:** We assessed the reasonableness of the discount rate with other similar sized entities with similar risk profiles; – **Sensitivity analysis:** We performed a sensitivity analysis on the growth rates by assuming zero growth and increased the discount rate to identify the level at which an impairment would be triggered.
Accounting for joint arrangement Group equity-accounted Investee – £11.8m Share of loss of equity accounted investee **Refer to page 41, Accounting policies, and page 56, note 13**	**Accounting application** The joint arrangement established with City Football Group represents a significant unusual transaction for the Group. The transaction resulted in the 100% owned subsidiary, Goals Soccer Centres Inc being contributed to the newly formed joint venture, Goals City US Limited. The accounting associated with this transaction are complex and as a result was a key area of audit focus, representing one of the most significant areas of audit effort.	**Our procedures included:** Tests of detail: – We tested the Group's calculation of the gain arising on the disposal of Goals Soccer Centres Inc by agreeing the NBV of the assets disposed off and comparing the balance against the fair value of the 50% equity stake; – We tested the investment balance included in the Group balance sheet by agreeing that the investment was accounted for using the equity method of accounting in accordance with relevant accounting standards; and – We tested the equity accounting for the joint venture by sample testing expenses by agreement to third party invoices and agreed the calculation of the Group's 50% share of loss of the equity accounted investee. Assessing Transparency: We considered the adequacy of the Group's disclosures in respect of the joint venture in the consolidated financial statements.

Independent auditor's report to the members continued of Goals Soccer Centres plc

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group and parent Company financial statements as a whole was set at £290k (2016: £450k), determined with reference to a benchmark of profit before tax of which it represents 5% (2016: 6%).

We reported to the Audit Committee any corrected or uncorrected misstatement's exceeding £14,500 (2016: £25,000).

Until July 2017 the Group comprised only of two locations; the United Kingdom and the USA. Both locations were audited by KPMG UK to the above materiality levels and thus 100% coverage was obtained.

4. We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 23 the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeremy Hall
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

KPMG

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Note	Before Exceptional items 2017 £000	Exceptional items (note 7) 2017 £000	2017 £000	Before Exceptional items 2016 £000	Exceptional items (note 7) 2016 £000	2016 £000
Revenue	2	**33,058**	**–**	**33,058**	33,532	–	33,532
Cost of sales		**(3,372)**	**–**	**(3,372)**	(3,669)	–	(3,669)
Gross profit		**29,686**	**–**	**29,686**	29,863	–	29,863
Operating expenses		**(23,661)**	**–**	**(23,661)**	(22,136)	(3,516)	(25,652)
Operating profit	3	**6,025**	**–**	**6,025**	7,727	(3,516)	4,211
Financial expense	6	**(344)**	**–**	**(344)**	(547)	–	(547)
Share of loss of equity-accounted investees	14	**(361)**	**–**	**(361)**	–	–	–
Gain on sale of investment	13	**–**	**2,838**	**2,838**	–	–	–
Profit before tax		**5,320**	**2,838**	**8,158**	7,180	(3,516)	3,664
Taxation	8	**(1,147)**	**–**	**(1,147)**	(1,076)	197	(879)
Profit/(loss) for year attributable to equity holders of the parent		**4,173**	**2,838**	**7,011**	6,104	(3,319)	2,785
Earnings per share							
Basic	10	**4.9p**	**4.4p**	**9.3p**	9.1p	(5.0p)	4.1p
Diluted	10	**4.8p**	**4.4p**	**9.2p**	9.0p	(4.9p)	4.1p

Statement of comprehensive income

for the year ended 31 December 2017

	2017 £000	2016 £000
Profit for the year	**7,011**	2,785
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**537**	443
Recycling of translation differences on disposal of foreign operation	**(861)**	–
Recognition of share based payment costs	**–**	22
Deferred tax movements on items taken directly to equity	**–**	(7)
Other comprehensive income for the year	**(324)**	458
Total comprehensive income attributable to equity holders of the parent	**6,687**	3,243

The accompanying notes form an integral part of these financial statements.

Balance sheets
at 31 December 2017

		Group		Company	
	Note	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Assets					
Non-current assets					
Property, plant and equipment	11	**117,059**	115,285	**117,059**	108,880
Intangible assets	12	**5,503**	5,089	**5,503**	5,017
Investments in subsidiaries	13	**–**	–	**–**	2,691
Other non-current receivables	15	**58**	708	**58**	708
Equity-accounted investee	14	**11,810**	–	**9,320**	–
Total non-current assets		**134,430**	121,082	**131,940**	117,296
Current assets					
Inventories	16	**1,830**	1,441	**1,830**	1,433
Trade and other receivables	17	**3,559**	5,721	**3,559**	9,818
Cash and cash equivalents	18	**2,606**	1,929	**2,606**	1,797
Total current assets		**7,995**	9,091	**7,995**	13,048
Total assets		**142,425**	130,173	**139,935**	130,344
Liabilities					
Current liabilities					
Bank overdraft	18	**(1,955)**	(1,924)	**(1,955)**	**(1,924)**
Trade and other payables	20	**(2,979)**	(4,516)	**(2,979)**	**(4,438)**
Current tax payable	21	**(646)**	(388)	**(646)**	**(475)**
Total current liabilities		**(5,580)**	(6,828)	**(5,580)**	**(6,837)**
Non-current liabilities					
Other interest-bearing loans and borrowings	19	**(30,410)**	(23,998)	**(30,410)**	(23,998)
Deferred tax liabilities	22	**(8,026)**	(7,670)	**(8,026)**	(7,670)
Total non-current liabilities		**(38,436)**	(31,668)	**(38,436)**	(31,668)
Total liabilities		**(44,016)**	(38,496)	**(44,016)**	(38,505)
Net assets		**98,409**	91,677	**95,919**	91,839
Equity					
Share capital	24	**188**	188	**188**	188
Share premium		**53,208**	53,208	**53,208**	53,208
Retained earnings		**45,013**	37,957	**42,523**	38,443
Translation reserve		**–**	324	**–**	–
Total equity		**98,409**	91,677	**95,919**	91,839

These financial statements were approved by the Board of Directors on 13 March 2018 and were signed on its behalf by:

William BG Gow
Chief Financial Officer

Company registered number: SC202545

The accompanying notes form an integral part of these financial statements.

Statements of cash flows
for the year ended 31 December 2017

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Cash flows from operating activities					
Profit/(loss) for the year		**7,011**	2,785	**4,035**	2,644
Adjustments for:					
Depreciation	11	**3,300**	2,729	**3,182**	2,602
Amortisation	12	**262**	204	**257**	197
Gain on sale of subsidiary		**(2,838)**	–	**–**	
Loss on disposal of pitches	3	**172**	124	**172**	124
Share of loss of equity-accounted investee		**361**	–	**–**	–
Non cash exceptional items		**–**	2,100	**–**	2,100
Financial expense	6	**344**	547	**344**	537
Income tax benefit		**1,147**	879	**1,165**	853
Unrealised foreign exchange gain		**–**	(223)	**–**	–
		9,759	9,145	**9,155**	9,057
Decrease/(Increase) in trade and other receivables		**393**	(1,088)	**(1,740)**	(3,874)
(Increase) in inventory		**(397)**	(60)	**(397)**	(60)
(Decrease)/Increase in trade and other payables		**(2,963)**	505	**(2,573)**	506
		6,792	8,502	**4,445**	5,629
Income tax paid		**(616)**	(513)	**(616)**	(400)
Net cash from operating activities		**6,176**	7,989	**3,829**	5,229
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(10,808)**	(10,175)	**(8,425)**	(7,489)
Acquisition of software		**(760)**	(322)	**(744)**	(311)
Investment in equity accounted investee		**–**	–	**–**	–
Disposal of subsidiary		**(80)**	–	**–**	–
Net cash used in investing activities		**(11,648)**	(10,497)	**(9,169)**	(7,800)
Cash flows from financing activities					
Issue of share capital	24	**–**	16,750	**–**	16,750
Share related costs	24	**50**	(1,040)	**50**	(1,040)
Loan movement	27	**6,412**	(12,693)	**6,412**	(12,693)
Interest paid		**(344)**	(547)	**(344)**	(537)
Dividends paid		**–**	–	**–**	–
Net cash generated by/(used in) financing activities		**6,118**	2,470	**6,118**	2,480
Net increase/(decrease) in cash and cash equivalents	27	**646**	(38)	**778**	(90)
Cash and cash equivalents at start of year		**5**	43	**(127)**	(37)
Cash and cash equivalents at year end	18	**651**	5	**651**	(127)

Statements of changes in equity
for the year ended 31 December 2017

	Share capital £000	Share premium account £000	Retained earnings £000	Translation reserve £000	Total £000
Group					
At 1 January 2017	**188**	**53,208**	**37,957**	**324**	**91,677**
Comprehensive income					
Profit for the year	–	–	7,011	–	7,011
Exchange difference on translation of foreign operation	–	–	–	537	537
Other comprehensive income	–	–	–	(861)	(861)
Total comprehensive income for the year	**–**	**–**	**7,011**	**(324)**	**6,687**
Share based payments	–	–	50	–	50
Deferred tax on share based payments	–	–	(5)	–	(5)
At 31 December 2017	**188**	**53,208**	**45,013**	**–**	**98,409**

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
Company				
At 1 January 2017	**188**	**53,208**	**38,443**	**91,839**
Comprehensive income				
Profit for the year	–	–	4,035	4,035
Share based payments	–	–	50	50
Deferred tax on share based payments	–	–	(5)	(5)
Total comprehensive income for the year	**–**	**–**	**4,080**	**4,080**
At 31 December 2017	**188**	**53,208**	**42,523**	**95,919**

Statements of changes in equity continued
for the year ended 31 December 2017

	Share capital £000	Share premium account £000	Retained earnings £000	Translation reserve £000	Total £000
Group					
At 1 January 2016	**146**	**37,554**	**35,157**	**(119)**	**72,738**
Comprehensive income					
Profit for the year	–	–	2,785	–	2,785
Exchange difference on translation of foreign operation	–	–	–	443	443
Share based payments	–	–	22	–	22
Deferred tax on share based payments	–	–	(7)	–	(7)
Total comprehensive income for the year	**–**	**–**	**2,800**	**443**	**3,243**
Transactions with shareholders					
Issue of share capital	42	15,654	–	–	15,696
Dividends paid	–	–	–	–	
Total transactions with shareholders	**42**	**15,654**	**–**	**–**	**15,696**
At 31 December 2016	**188**	**53,208**	**37,957**	**324**	**91,677**

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
Company				
At 1 January 2016	**146**	**37,554**	**35,784**	**73,484**
Comprehensive income				
Profit for the year	–	–	2,644	2,644
Share based payments	–	–	22	22
Deferred tax on share based payments	–	–	(7)	(7)
Total comprehensive income for the year	**–**	**–**	**2,659**	**2,659**
Transactions with shareholders				
Issue of share capital	42	15,654	–	15,696
Dividends paid	–	–	–	–
Total transactions with shareholders	**42**	**15,654**	**–**	**15,696**
At 31 December 2016	**188**	**53,208**	**38,443**	**91,839**

Notes to the Financial statements
for the year ended 31 December 2017

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 2017 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 2017. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below. The adopted IFRSs have been applied in accordance with the provisions of the Companies Act 2006.

The financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 13 March 2018.

Basis of preparation

The financial statements are prepared on the historical cost basis. 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.

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.

Areas of estimation uncertainty and critical judgements

In preparing these consolidated financial statements management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Management does not consider that any significant judgements have been made.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

Notes to the Financial statements continued
for the year ended 31 December 2017

1. Accounting policies continued
Note 11 &12: Measurement of recoverable amounts of cash generating units

Determining whether goodwill and property plant and equipment is impaired requires an estimation of the value in use of the CGU. The value-in-use calculation includes estimates about future financial performance and long-term growth rates and requires management to select a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in the impairment review are disclosed in note 11 and 12 to the financial statements.

Basis of consolidation
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any other components of equity. Any resulting gain or loss is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The Group has applied IFRS10 in accounting for the gain on disposal of the subsidiary.

Interest in equity-accounted investees
The Group's interests in equity-accounted investees comprises of interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in the joint venture is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, until the date on joint control ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue
Revenue represents the value of goods and services supplied to customers (net of applicable Value Added Tax). The Group's revenue comprises revenues from customers' utilising the Group's next generation football facilities and secondary revenue associated with this utilisation.

Revenue from utilisation of the football facilities includes: revenue from leagues operated by the Group; revenue from customers who use the facilities to play on a non-league basis; corporate events; children's birthday parties; and children's coaching. Revenue is recognised for use of the football facilities when each game is complete.

Secondary revenue includes: hot and cold snacks; soft drink vending; confectionery vending; bar revenue and revenue from sales of football equipment. Revenue is recognised for secondary sales at the time the goods change hands.

The Group recognises revenue in respect of goods and services received under sponsorship and partnership arrangements based on amounts invoiced based on the terms of the contract.

Business segments
The Group operates primarily in the UK and its only trading activity is the operation of soccer centres.

Exceptional items
Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant consolidated income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Group's underlying performance. Items which are included within the exceptional category include:

- Costs associated with major restructuring programmes;
- Significant impairment charges in relation to goodwill, intangible or tangible assets;
- Other particularly significant or unusual items.

Taxation
The tax expense represents the sum of the current taxes payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced or increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset to the extent that there is a legal right of offset.

Intangible assets – goodwill
Goodwill on acquisitions represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities at the date of acquisition. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment. Impairment is first allocated to goodwill and then to other assets in the cash generating units on a pro-rata basis.

The value of Goodwill is reviewed at each balance sheet date to determine whether there is an indication of impairment. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of a cash generating unit is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit.

Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Intangible assets – other
Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Software development costs comprise of third party consultancy costs incurred in acquiring, bringing to use and developing the functionality of the Group's internal ERP system. Impairment testing is performed where an indication of impairment arises.

Amortisation
Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful life of the software development assets is ten years for the Smart Centre system and five years for the App and website.

Notes to the Financial statements continued
for the year ended 31 December 2017

1. Accounting policies continued

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of construction. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Previous experience with regards to the wear and tear of pitches has been taken into consideration when deciding their estimated useful lives. For other assets, physical deterioration due to the passage of time and assets becoming obsolete due to changes in technology have been considered. The estimated useful lives are as follows:

Freehold and leasehold buildings	– 75 years or lease period if shorter
Fixtures and fittings:	
– shock pads	– 30 years
– pitches	– 10 years
– office furnishings	– 10 years
– fixtures and fittings	– 10 years
– computer equipment	– 4 years
– plant and machinery	– 4 years

The value of each club is reviewed at each balance sheet date to determine whether there is an indication of impairment. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of a cash generating unit is the greater of the value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the cash-generating unit.

Assets under construction are transferred to the relevant asset category when they become operational and are depreciated from that date.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is the amount that can be realised from the sale of inventory in the normal course of business after allowing for the costs of realisation.

Net debt
Net debt includes cash and cash equivalents, bank borrowings and vendor loans.

Trade and other receivables
Trade and other receivables are initially recognised at their fair value and then stated at amortised cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other payables
Trade and other payables are initially recognised at fair value and then stated at amortised cost.

Finance costs
Interest is recognised in income or expense using the effective interest method except that borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised during the period of construction. The construction of new clubs are treated as qualifying assets as they necessarily take a substantial period of time to prepare for intended use. Where applicable, the amount of finance costs capitalised is determined by applying a rate of interest based on the Group's borrowing cost to the accumulated expenditure on those assets for that period.

Pensions
Contributions to stakeholder or other personal pension plans are expensed as incurred.

Leasing
Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less impairment.

Foreign currencies
The consolidated financial statements are presented in pounds sterling, which is the functional currency of the company and the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured accordingly.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds sterling at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results are transferred to the translation reserve and are reported in the statement of comprehensive income.

Share Based Payments
The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Long-Term Incentive Plan (LTIP)
The LTIP allows employees to acquire shares of the Company. The fair value of the LTIPs granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the LTIPs. The fair value of the LTIPs granted is measured using a pricing model, taking into account the terms and conditions upon which the LTIPs were granted. The amount recognised as an expense is adjusted to reflect the actual number of LTIPs that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Dividends on shares presented within shareholders' funds
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Earnings per share
The company presents basic and diluted earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares which comprise share options granted to employees.

Notes to the Financial statements continued
for the year ended 31 December 2017

1. Accounting policies continued
New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2017 and have not been applied in preparing these financial statements.

The Group is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The Group has assessed the estimated impact that the initial application will have on its consolidated financial statements. The estimated impact is not expected to be significant.

IFRS 9 Financial instruments
The standard simplifies the classification, recognition and measurement requirements for financial assets, financial liabilities and some contracts to buy or sell non-financial items.

i) Classification – financial assets
IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flows characteristics.

Based on its assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for trade receivables and loans.

ii) Impairment – financial assets and contract assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affects ECLs, which will be determined on a probability-weighted basis.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that return from possible default events within the 12 months after the reporting dates: and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial assets credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receive bale and contract assets without a significant financing component.

Group cash and cash equivalents are held with banks which are rated 'A' based on Standard & Poor's ratings as at 31 December 2017. The Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparties.

Given that the Group has a good history of cash collection from debtors, bad debts have not been material and cash is held with 'A' rated banks, it is not anticipated that impairment losses will increase significantly.

iii) Classification – financial liabilities
IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designates as FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Group's assessment did not indicate any material impact regarding the classification of financial liabilities.

IFRS 15 Revenue from Contracts with Customers

The standard specifies whether, how much and when revenue is recognised, using a principles based five-step model. This will be effective for the Group in 2018.

i) Sale of goods

The Group generates revenue from the sale of a number of goods of the back of customers utilising the Group's next generation football facilities. Secondary revenue lines includes: hot and cold snacks; soft drink vending; confectionery vending; bar revenue and revenue from sales of football equipment. Revenue is recognised for secondary sales at the time the goods change hands, which is in line with IFRS 15 which stipulates that revenue will be recognised when a customer obtains control of the goods.

ii) Rendering of services

The primary revenue stream of the Group is the utilisation of the football facilities including: revenue from leagues operated by the Group; revenue from customers who use the facilities to play on a non-league basis; corporate events; children's birthday parties; and children's coaching. Revenue is recognised for use of the football facilities when each game is complete. Given the nature of the group's revenue streams as disclosed above, no significant impact is expected to arise as a result of this application of IFRS 15.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees effective for the group's year ending 31 December 2019. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items which are not applicable to the Group. In addition, the standard introduces a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019 and the composition of the Group's lease portfolio at that date.

Based on the initial assessment, the application of IFRS 16 is expected to have a significant effect on the 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.

i) Transition

As a lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients

The lessee applies the election consistently to all of its leases. The Group has not yet confirmed which approach will be adopted.

Other Standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to IFRS 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS2)
- Transfers of Investment Property (Amendments to IAS 40)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments

Notes to the Financial statements continued
for the year ended 31 December 2017

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. As each club has similar economic characteristics, provides the same services to similar customers and operates in a similar manner, the directors, therefore, consider that there is one reporting segment relating to the operation of outdoor soccer centres which includes the two (2016: one) clubs outside of the UK owned by the Joint Venture.

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.

	2017 £000	2016 £000
Revenues		
United Kingdom		
Sale of goods	**5,936**	5,736
Rendering of services	**26,248**	26,541
	32,184	32,277
United States		
Sale of goods	**19**	23
Rendering of services	**855**	1,232
	874	1,255
	33,058	33,532

The revenue disclosed for the United States is for the seven months where Goals Soccer Centres Inc was a wholly owned subsidiary of Goals Soccer Centres plc. Revenue was £1,567,000 for the full twelve period driven by the opening of a second club.

	2017 £000	2016 £000
Non-current assets	**134,431**	117,296
United Kingdom	**-**	6,477
United States		
	134,431	123,773

The non-current assets represent property, plant and equipment, intangible assets and other non-current receivables. All US non-current assets have been transferred to the equity-accounted investee Goals City US Limited.

3. Operating profit

	2017 £000	2016 £000
Operating profit is stated after charging:		
Auditor's remuneration:		
– audit of these financial statements	**50**	36
Amounts receivable by auditors and their associates in respect of		
– audit related assurance services (half year review)	**10**	5
– other services relating to taxation compliance	**7**	7
– other services relating to tax advisory	**10**	11
Depreciation	**3,300**	2,729
Amortisation	**262**	204
Loss on sale of tangible fixed assets	**172**	124
Rental under operating leases		
– plant and machinery	**327**	232
– others	**3,529**	3,090

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

	2017 £000	2016 £000
Group		
Club wages and salaries	**6,976**	6,898
Rent, rates and insurance	**6,091**	5,788
	13,067	12,686

Notes to the Financial statements continued
for the year ended 31 December 2017

4. Remuneration of directors
Directors' emoluments are summarised below:

	Basic salary and fees £000	Benefits in kind (note 2) £000	Pension contributions (note 3) £000	2017 Total £000	2016 Total (note 1) £000
Executive directors					
WBG Gow	**218**	**–**	**26**	**244**	211
MI Payton (resigned 4 November 2016)	**–**	**–**	**–**	**–**	150
KT Rogers (resigned 15 January 2017)	**8**	**4**	**1**	**13**	297
M Jones* (appointed 1 July 2016; resigned 26 January 2018)	**359**	**7**	**–**	**366**	179
Non-executive directors					
N Basing	**73**	**–**	**–**	**73**	45
M Bolingbroke (appointed 13 June 2016)	**40**	**–**	**–**	**40**	22
S Lloyd (appointed 5 May 2016)	**40**	**–**	**–**	**40**	26
CHB Mills (appointed 5 May 2016)	**35**	**–**	**–**	**35**	23
PA Burks (resigned 5 May 2016)	**–**	**–**	**–**	**–**	13
K Edelman (resigned 14 March 2016)	**–**	**–**	**–**	**–**	13
ABC Short (resigned 5 May 2016)	**–**	**–**	**–**	**–**	12
	773	**11**	**27**	**811**	991

* Highest paid director
(1) 2016 Basic salary and fees were £842k
(2) Benefits in kind include living costs for KT Rogers following his move to the US (2016: £65k) and private health insurance for KT Rogers and MI Payton (2016: £10k)
(3) During the year contributions were paid to personal pension plans on behalf of 2 directors (2016: 3) and in 2016 the contributions totalled £74k.

Mark Jones notified the Board on 12th October 2017 of his intention to resign from the Board and the Company. Mark resigned from the Board of Directors and left the company on 26th January 2018.

Keith Rogers resigned from the Board of Directors on 15th January 2017 and after serving twelve months gardening leave, left the company on 31st January 2018.

Morris Payton resigned from the Board of Directors on 4th November 2016 but remains an employee of the Company and a member of the Executive Committee.

Directors' Long-Term Incentive Plan (the 'LTIP')
At 31 December 2017 the following LTIP to subscribe for 0.25p ordinary shares in the Company was outstanding:

	Date of Award	At 1 January 2017	Granted during the year	Exercised during the year	At 31 December 2017	Exercisable from
The 2016 LTIP						
N Basing	2nd June 2016	1,000,000			**1,000,000**	2nd June 2019
The 2017 LTIP						
WBG Gow	12th October 2017		350,000		**350,000**	12th October 2020

Performance conditions

The vesting of awards granted to the Company's executive directors is subject to performance conditions set by the Committee that are appropriately linked to the Company's business strategy.

In the case of the 2016 LTIP, it has been decided that its vesting will be subject to a share price growth condition measured over the period up to the third anniversary of its date of grant. At the expiry of the Performance Period, the Committee will calculate the growth in the Company's share price that has been achieved – for the purposes of this calculation the 'starting price' of a Share at the beginning of the period shall be deemed to be 100p. Vesting will then take place as follows:

In relation to 400,000 of the Shares over which the NB Award is granted ('Part A'):		In relation to 600,000 of the Shares over which the NB Award is granted ('Part B'):	
Percentage Growth in Share Price achieved over the Performance Period	No. of Shares in respect of which Part A of the Award will vest	Percentage Growth in Share Price achieved over the Performance Period	No. of Shares in respect of which Part B of the Award will vest
Less than 50%	0	Less than 101%	0
50%	80,000	101%	120,000
100% or more	400,000	200% or more	600,000
Between 50% and 100%	Between 80,000 and 400,000, calculated on a straight-line basis	Between 101% and 200%	Between 120,000 and 600,000, calculated on a straight-line basis

In the case of the 2017 LTIP, it has been decided that its vesting will be subject to a share price growth condition measured over the period up to the third anniversary of its date of grant. At the expiry of the Performance Period, the Committee will calculate the growth in the Company's share price that has been achieved – for the purposes of this calculation the 'starting price' of a Share at the beginning of the period shall be deemed to be 100p. Vesting will then take place as follows:

Percentage Growth in Share Price achieved over the Performance Period	Percentage of Shares comprised in Award that will Vest
Less than 50%	0%
50%	20%
100% or more	100%
Between 50% and 100%	Between 20% and 100%, calculated on a straight-line basis

Notes to the Financial statements continued
for the year ended 31 December 2017

5. Employees

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Administration	**45**	38
Club staff	**646**	708
	691	746

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	**8,324**	8,165
Social security costs	**696**	595
Other pension costs	**157**	107
	9,177	8,867

Note that employee numbers and payroll costs are included for the seven months that Goals Soccer Centres Inc was a wholly owned subsidiary.

6. Financial expense

	2017 £000	2016 £000
Financial expense		
Interest on bank loans and overdrafts	**313**	514
Amortisation of finance costs	**31**	33
	344	547

7. Exceptional items

	2017 £000	2016 £000
Exceptional items comprise:		
• Restructuring costs	**–**	897
• Strategic projects	**–**	85
• Impairment of underperforming clubs	**–**	2,534
• Gain on sale of Goals Soccer Centres Inc	**(2,838)**	–
	(2,838)	3,516

In July 2017, Goals entered into a strategic 50:50 Joint Venture with CFG, the global football group which owns a number of leading football clubs including Manchester City and New York City, to accelerate the growth of the Goals brand in North America. A separate entity, Goals City US Limited has been created as the Joint Venture vehicle. Goals Soccer Centres Inc, the previously wholly owned subsidiary, has been disposed of by the group with share ownership transferring to Goals City US Limited. The transaction and associated costs has resulted in a gain on sale of £2.8m which has been treated as exceptional.

During 2016, the directors reviewed the carrying value of each club operated by the Company, resulting in an impairment charge of £2.5m. This principally relates to one club which has underperformed. In addition, restructuring costs of £0.9m were incurred to implement the outcome of the strategic review. A further £0.1m was incurred on separate strategic projects.

A number of costs have been expensed in the year which, although not exceptional in nature, have been added back to calculate underlying profits.

	2017 £000	2016 £000
• Disposal of pitches	**172**	124
• New club start-up losses	**388**	–
• Share option costs	**50**	–
• New brand and values	**–**	450
	610	574

The Company completed the modernisation of 64 pitches (2016: 136) during the year resulting in a loss on disposal of £0.2m (2016: £0.1m) on old pitch surfaces.

Our second US club at Pomona in Los Angeles, California opened in Q1 2017. The club incurred launch costs of £0.2m in H1 and made further losses of £0.2m in H2. These losses have been classified as non-recurring in nature.

Following the award of LTIPs to Senior Management, £0.1m of share option costs have been expensed in the year.

In 2016, the Company incurred non-recurring costs in relation to the development and rollout of the new Goals brand and values of £0.5m.

Notes to the Financial statements continued

for the year ended 31 December 2017

8. Taxation

	2017 £000	2016 £000
Recognised in the income statement		
Current year	**679**	567
Adjustments for prior year	**117**	127
Current tax expense	**796**	694
Deferred tax (note 22)		
Origination and reversal of timing differences	**483**	476
Adjustments for prior year	**(132)**	132
Reduction in tax rate	**–**	(423)
Deferred tax expense	**351**	185
Tax expense in income statement	**1,147**	879

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(Loss) for the year	**7,011**	2,785
Total income tax expense	**1,147**	879
Profit/(loss) excluding taxation	**8,158**	3,664

	2017 %	2017 £000	2016 %	2016 £000
Income tax using company's standard tax rate	**19.25**	**1,570**	20.00	733
Effects of:				
Gain on sale of Investment	**(6.17)**	**(503)**	–	–
Non-deductible expenses	**1.18**	**96**	8.46	310
Other differences – adjustments to prior year balances	**(0.20)**	**(16)**	7.07	259
Other differences – difference in tax rates	**–**	**–**	(11.54)	(423)
Total tax expense	**14.06**	**1,147**	23.99	879

Income tax recognised directly in equity

	2017 £000	2016 £000
Taxation credit on share based payments	**5**	7

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

9. Dividends

	2017 £000	2016 £000
Dividends paid	**–**	–
	–	–

No final dividend for 2017 has been proposed (2016: £nil).

10. 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 75,215,060 (2016: 67,251,945).

	2017 Profit for the year £000	2017 Earnings per share p	2016 Profit for the year £000	2016 Earnings per share p
Basic earnings per share	**7,011**	**9.3p**	2,785	4.1p
Adjusted basic earnings per share*	**4,190**	**5.6p**	6,875	10.2p
Diluted earnings per share	**7,011**	**9.2p**	2,785	4.1p
Adjusted diluted earnings per share**	**4,190**	**5.5p**	6,875	10.2p

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 2017 this was 76,159,792 (2016: 67,663,242).

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

	Number	
	2017	2016
Weighted average number of shares in issue during the year	**75,215,060**	67,251,945
Effect of dilutive share options	**944,732**	411,297
Diluted weighted average number of shares	**76,159,792**	67,663,242

* Adjusted basic earnings per share is calculated by adding back the net of tax impact of the exceptional items, non-recurring costs and loss on disposal to the earnings attributable to ordinary shareholders and dividing by the weighted average number of ordinary shares in issue during the year.

** Adjusted diluted earnings per share is calculated by adding back the net of tax impact of the exceptional items, non-recurring costs and loss on disposal to the earnings attributable to ordinary shareholders and dividing 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.

Notes to the Financial statements continued
for the year ended 31 December 2017

11. Property, plant and equipment
Group

	Leasehold property £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2016	129,473	13,348	2,812	145,633
Additions	2,206	5,866	3,042	11,114
Disposals	(1,762)	(2,403)	(261)	(4,426)
Foreign exchange	876	(113)	(27)	736
At 31 December 2016	130,793	16,698	5,566	153,057
At 1 January 2017	130,793	16,698	5,566	153,057
Additions	3,103	4,899	5,843	13,845
Disposals	(4,225)	(1,315)	(4,912)	(10,452)
Transfers	3,048	–	(3,048)	–
At 31 December 2017	**132,719**	**20,282**	**3,449**	**156,450**
Depreciation				
At 1 January 2016	25,551	9,297	2,311	37,159
Charge for year	2,010	719	–	2,729
Impairment (note 12)	2,100	–	–	2,100
Disposals	(1,762)	(2,278)	(261)	(4,301)
Foreign exchange	82	3	–	85
At 31 December 2016	27,981	7,741	2,050	37,772
At 1 January 2017	27,981	7,741	2,050	37,772
Charge for year	2,085	1,215	–	3,300
Impairment (note 12)	–	–	–	–
Disposals	(658)	(1,023)	–	(1,681)
At 31 December 2017	**29,408**	**7,933**	**2,050**	**39,391**
Carrying amounts				
At 31 December 2017	**103,311**	**12,349**	**1,399**	**117,059**
At 31 December 2016	102,812	8,957	3,516	115,285

Company

	Leasehold property £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost				
At 1 January 2016	124,817	12,857	2,050	139,724
Additions	2,054	5,860	518	8,432
Disposals	–	(2,083)	–	(2,083)
At 31 December 2016	126,871	16,634	2,568	146,073
At 1 January 2017	126,871	16,634	2,568	146,073
Additions	2,800	4,804	3,929	11,533
Disposals	–	(1,156)	–	(1,156)
Transfers	3,048	–	(3,048)	–
At 31 December 2017	**132,719**	**20,282**	**3,449**	**156,450**
Depreciation				
At 1 January 2016	23,432	8,967	2,050	34,449
Charge for year	1,894	708	–	2,602
Impairment	2,100	–	–	2,100
Disposal	–	(1,958)	–	(1,958)
At 31 December 2016	27,426	7,717	2,050	37,193
At 1 January 2017	27,426	7,717	2,050	37,193
Charge for year	1,982	1,200	–	3,182
Impairment	–	–	–	–
Disposal	–	(984)	–	(984)
At 31 December 2017	**29,408**	**7,933**	**2,050**	**39,391**
Carrying amounts				
At 31 December 2017	**103,311**	**12,349**	**1,399**	**117,059**
At 31 December 2016	99,445	8,917	518	108,880

Assets under construction for both the Group and the Company comprises the cost of redevelopment of current sites.

Impairment testing

The value of each club is reviewed at each balance sheet date to determine whether there is an indication of impairment. An impairment is recognised whenever the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of a cash generating unit is the greater of the value in use and fair value less costs to sell. 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 based on budgeted operating results for the next three years that are then projected forward for the length of the lease up to a maximum of 50. A five year growth rate determined by the timing of capital investment in facilities is used where investment has been made in facilities with a constant growth rate of 2% used thereafter. This growth rate does not exceed the long-term average growth rate for the industry. Management believes that this forecast period is justified due to the long-term nature of the business.
- A pre-tax discount rate of 9.5% (2016: 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.
- The values assigned to the key assumptions represent management's estimate of future trading conditions and are based on both external and internal sources.
- In 2017 the review of the operating units resulted in no impairment (2016: £2.5m). The discount rate would have to increase to 15.50% before the headroom reached break even.

Notes to the Financial statements continued
for the year ended 31 December 2017

12. Intangible assets
Group

	Goodwill £000	Software development £000	Total £000
Deemed cost			
At 1 January 2016	5,719	4,421	10,140
Additions	–	322	322
Foreign exchange	–	16	16
At 31 December 2016	5,719	4,759	10,478
At 1 January 2017	5,719	4,759	10,478
Additions	–	759	759
Disposals		(98)	(98)
Foreign exchange	–	–	–
At 31 December 2017	**5,719**	**5,420**	**11,139**
Amortisation			
At 1 January 2016	3,100	2,081	5,181
Amortisation for the year	–	204	204
Foreign exchange	–	4	4
At 31 December 2016	3,100	2,289	5,389
At 1 January 2017	3,100	2,289	5,389
Amortisation for the year	–	268	268
Disposal	–	(22)	(22)
Foreign exchange	–	–	–
At 31 December 2017	**3,100**	**2,535**	**5,635**
Carrying amount			
At 31 December 2017	**2,619**	**2,885**	**5,504**
At 31 December 2016	2,619	2,470	5,089

Company

	Goodwill £000	Software development £000	Total £000
Deemed cost			
At 1 January 2016	5,719	4,365	10,084
Additions	–	311	311
At 31 December 2016	5,719	4,676	10,395
At 1 January 2017	5,719	4,676	10,395
Additions	–	744	744
At 31 December 2017	**5,719**	**5,420**	**11,139**
Amortisation			
At 1 January 2016	3,100	2,081	5,181
Amortisation for the year	–	197	197
At 31 December 2016	3,100	2,278	5,378
At 1 January 2017	3,100	2,278	5,378
Amortisation for the year	–	257	257
At 31 December 2017	**3,100**	**2,535**	**5,635**
Carrying amount			
At 31 December 2017	**2,619**	**2,885**	**5,504**
At 31 December 2016	2,619	2,398	5,017

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 Goals Soccer Centres Bristol (formerly Pro 5 Soccer) (£0.8 million). The goodwill is reviewed at club level on an annual basis by reviewing the recoverable amount of the individual cash-generating unit 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 based on budgeted operating results for the next three years that are then projected forward for a 30 year period using five year growth rate determined by the timing of capital investment in facilities and at a constant growth rate of 2% thereafter. This growth rate does not exceed the long-term average growth rate for the industry. Management believes that this forecast period is justified due to the long-term nature of the business.
- A pre-tax discount rate of 9.5% (2016: 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.
- 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 18.50% before the headroom reached break even.
- In 2017 the review of the three operating units acquired in 2008 through the acquisition of Pro 5 Soccer resulted in a goodwill impairment charge of £nil (2016: £nil). The discount rate would have to increase to 10.50% before the headroom reached break even.
- In 2017 the value in use of the software development costs was reviewed by assessing whether the software is up to date and used by the business on a regular basis. There was no impairment of software in the year (2016: £nil).

Notes to the Financial statements continued
for the year ended 31 December 2017

13. Investments in subsidiaries
The Company has the following investments in joint ventures or subsidiary companies:

Name	Trading status	Holding of ordinary share capital	Country of incorporation
Goals City US Limited	Trading	50%	UK
Glasgow Open Air Leisure Services (GOALS) Limited	Dormant	100%	UK
Glasgow Open Air Leisure Services (Wembley) Limited	Dormant	100%	UK
Fortis Leisure Limited	Dormant	100%	UK
Goals Soccer Centres Bristol Limited (Formerly Pro 5 Soccer Limited)	Dormant	100%	UK
Deltavon Limited	Dormant	100%	UK

Investment in subsidiaries
Company

	£000
Cost	
At 1 January 2016 and 31 December 2016	3,155
At 1 January 2017	3,155
Disposal	(3,155)
As at 31 December 2017	**–**
Impairment	
At 1 January 2016 and 31 December 2016	(464)
At 1 January 2017	(464)
Disposal	464
As at 31 December 2017	**–**
Carrying value	
At 31 December 2017	**–**
At 31 December 2016	2,691

In July 2017, Goals entered into a strategic 50:50 Joint Venture with CFG, the global football group which owns a number of leading football clubs including Manchester City and New York City, to accelerate the growth of the Goals brand in North America. A separate entity, Goals City US Limited has been created as the Joint Venture vehicle.

Goals Soccer Centres Inc, the previously wholly owned subsidiary, has been disposed of by the group with share ownership transferring to Goals City US Limited. CFG has provided $16m of initial committed expansion capital which combined with cash flows from the Joint Venture, will self finance new site openings in North America.

Book value of assets and liabilities at 25 July 2017

	£000
Intangible assets	78
Property, plant and equipment	9,327
Deferred tax	–
Trade and other receivables	567
Cash	80
Trade payables	(734)
Book value of assets disposed	9,318
Fair value equity stake in Joint Venture	12,186
Fair value gain on disposal	2,868
Recycling of translation differences on disposal of foreign operation	861
Costs associated with Joint Venture	(891)
Gain on sale of investment and creation of Joint Venture	2,838

14. Equity-accounted investment

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Current				
Interest in joint venture	**11,810**	–	**9,318**	–

On 25 July 2017, the group entered into a joint arrangement with City Football Group ('CFG') to accelerate the growth of the Goals brand in North America.

A new company – Goals City US Ltd – was created and is jointly controlled by Goals and CFG with both parties having a 50% ownership interest. The board has six members, three each from Goals and CFG. The Chairman has no casting vote.

Given that the arrangement is structured through a separate vehicle, the contractual agreement is such that both parties liability is limited to their shareholding and the arrangement is not reliant on either party to generate revenue, the arrangement has been accounted for as a joint venture and has been consolidated on an equity-accounted basis.

Notes to the Financial statements continued

for the year ended 31 December 2017

14. Equity-accounted investment continued

The following table summarises the financial information of Goals City US as included in its own financial statements as at 31 December 2017. The table also reconciles the summarised financial information to the carrying amount of the group's interest in Goals City US.

	2017 £000	2016 £000
Percentage ownership interest	**50%**	–
Non-current assets	**9,571**	–
Current assets (including cash of £8.9m)	**9,772**	–
Current liabilities	**(465)**	–
Net Assets (100%)	**18,878**	–
Group's share of net assets (50%)	**9,439**	–
Carrying amount of interest in joint venture as at 31 December 2017	**9,439**	–
Revenue	**692**	–
Cost of sales	**(79)**	–
Admin expenses	**(1,219)**	–
Depreciation and amortisation	**(144)**	–
Interest income	**28**	–
Profit and total comprehensive income (100%)	**(722)**	–
Group's share of total comprehensive income (50%)	**(361)**	–

15. Other non-current receivables

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Capital Goods Scheme	**58**	708	**58**	708

16. Inventories

	Group		Company	
	2017 £000	2016 £000	2017 £000	2016 £000
Finished goods	**1,830**	1,441	**1,830**	1,433

Inventories to the value of £2,105,000 (2016: £2,191,000) were recognised as an expense in the income statement in the year.

17. Trade and other receivables

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Trade receivables	**1,409**	927	**1,409**	917
Other receivables	**598**	1,849	**598**	1,849
Prepayments	**544**	989	**544**	608
Accrued income	**1,008**	1,956	**1,008**	1,948
Amount due from subsidiary undertaking	**–**	–	**–**	4,496
	3,559	5,721	**3,559**	9,818

At 31 December 2017, trade receivables are shown net of allowance for doubtful debts of £178,000 (2016: £135,000) for the Group and £178,000 (2016: £135,000) for the Company arising from a review of the expected recoverability of the receivables. The charge recognised in the year was £nil (2016: £21,000).

The Group and Company's exposure to credit risks and impairment losses on receivables is given in note 23.

18. Cash and cash equivalents

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Cash	**2,606**	1,929	**2,606**	1,797
Cash and cash equivalents	**2,606**	1,929	**2,606**	1,797
Bank overdrafts	**(1,955)**	(1,924)	**(1,955)**	(1,924)
Cash and cash equivalents in statement of cash flows	**651**	5	**651**	(127)

19. Other interest bearing loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest – bearing loans and borrowings, which are measured initially at fair value and subsequently at amortised cost. For more information about the Group and Company's exposure to interest rate, foreign currency and liquidity risk, see note 23.

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Non-current liabilities				
Secured bank loans	**30,410**	23,998	**30,410**	23,998

Secured bank loans are stated net of unamortised finance costs of £110,000 (2016: £124,000) of which £31,000 was incurred in the year.

Notes to the Financial statements continued
for the year ended 31 December 2017

19. Other interest bearing loans and borrowings continued
Terms and debt repayment schedule

	Nominal interest rate	Year of maturity	**Fair value 2017 £000**	**Carrying amount 2017 £000**	Fair value 2016 £000	Carrying amount 2016 £000
Secured bank loans	LIBOR +1.2%	2019	**30,410**	**30,410**	23,998	23,998

The secured bank loans are denominated in GBP.

The bank loans are secured by a fixed charge over the company's properties, a floating charge and a composite guarantee.

20. Trade and other payables

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Current liabilities				
Trade payables	**2,120**	3,037	**2,120**	2,989
Taxation and social security	**35**	18	**35**	18
Accruals	**571**	1,295	**571**	1,265
Other non-trade creditors	**253**	166	**253**	166
	2,979	4,516	**2,979**	4,438

Creditor payment policy
It is the Group's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the Group and its suppliers, provided all trading terms and conditions are met. Normally this results in payment in the month after receipt of an invoice.

At the year end, the Company had an average of 59 days purchases outstanding in trade payables (2016: 59 days).

21. Taxation payable

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Current				
Corporation tax payable	**646**	388	**646**	475

22. 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	
	2017 £000	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Share based payments	**–**	4	**(1)**	–	**(1)**	4
Property, plant and equipment	**–**	–	**(8,048)**	(7,697)	**(8,048)**	(7,697)
Other temporary differences	**23**	23	**–**	–	**23**	23
Net tax assets/(liabilities)	**23**	27	**(8,049)**	(7,697)	**(8,026)**	(7,670)

Movement in deferred tax during the year

	At 1 January 2017 £000	Recognised in income £000	Recognised in equity £000	At 31 December 2017 £000
Share based payments	**4**	–	(5)	**(1)**
Property, plant and equipment	**(7,697)**	(351)	–	**(8,048)**
Other temporary differences	**23**	–	–	**23**
	(7,670)	(351)	(5)	**(8,026)**

Movement in deferred tax during the prior year

	At 1 January 2016 £000	Recognised in income £000	Recognised in equity £000	At 31 December 2016 £000
Share based payments	11	–	(7)	4
Property, plant and equipment	(7,510)	(187)	–	(7,697)
Other temporary differences	21	2	–	23
	(7,478)	(185)	(7)	(7,670)

23. Financial instruments

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

Trade receivables

The Group and Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Customers are generally expected to pay in full prior to using the Group and Company's facilities. Trade receivables only occur in relation to instances where a pitch is booked and not utilised or in relation to a limited number of corporate accounts. Customers are contractually obliged to settle such balances and it is the Group and Company's policy not to allow further use of facilities until the debt is settled.

The Group and Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The general allowance is determined based on historical data including payment statistics for similar financial assets.

Notes to the Financial statements continued
for the year ended 31 December 2017

23. Financial instruments continued

Overview continued

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet their financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

As explained in the Chairman's Statement and Business Review on pages 2 to 5 the Group plans to finance payment of its current liabilities and planned expansion programme largely from net cash flow from operations. The net current liability position arises as the Group and Company finance capital expenditure from operating cash flow. As explained in the corporate governance statement on pages 30 to 31 the directors have reviewed the Group's forecasts and projections which show that the Group and Company should be able to operate within their current facility and meet bank covenant requirements for the foreseeable future. The directors, if required, can manage this position further by reviewing planned capital expenditure to provide further headroom should the current economic climate have an adverse impact on forecast trading.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and exchange rates will affect the Group and Company's income or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group and Company's foreign exchange risk relates largely to the Joint Venture. No hedging arrangements are in place; management continue to review this US$ exposure.

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Group		Company	
	Note	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Trade receivables (gross)	17	**1,587**	1,073	**1,587**	1,052
Cash and cash equivalents	18	**2,606**	1,929	**2,606**	1,797
		4,193	3,002	**4,193**	2,849

Credit risk for receivables at the reporting date was in relation to the United Kingdom £4,193,000.

The Group and Company's exposure is spread across a large number of customers. The Group and Company's exposure to credit risk is likely to have increased in the current economic climate but management do not consider this to have had a significant impact given the large number of customers involved.

Impairment losses

The ageing of trade receivables at the reporting date was:

Group

	2017		2016	
	Gross £000	**Impairment £000**	Gross £000	Impairment £000
0-30 days	**635**	**27**	307	15
31-60 days	**493**	**23**	310	15
61-90 days	**227**	**44**	357	71
More than 90 days	**232**	**84**	99	45
	1,587	**178**	1,073	146

Company

	2017		2016	
	Gross £000	**Impairment £000**	Gross £000	Impairment £000
0-30 days	**635**	**27**	304	15
31-60 days	**493**	**23**	308	15
61-90 days	**227**	**44**	355	71
More than 90 days	**232**	**84**	85	34
	1,587	**178**	1,052	135

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Balance at 1 January	**135**	125	**135**	125
Impairment loss released	**–**	–	**–**	–
Additional provision created	**43**	21	**43**	10
Debtors written off	**–**	(11)	**–**	–
Balance at 31 December	**178**	135	**178**	135

The impairment loss at 31 December 2017 of £178,000 (2016: £135,000) is a provision for receivables due from customers.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

Notes to the Financial statements continued
for the year ended 31 December 2017

23. Financial instruments continued

Liquidity risk

The following are the contractual maturities of financial liabilities at the balance sheet date, including estimated interest payments based on the position at the balance sheet date and excluding the impact of netting agreements.

Group
31 December 2017

	Carrying amount £000	Contractual cash flows £000	6 mths or less £000	6-12 mths £000	1-2 yrs £000	2-5 yrs £000	More than 5 yrs £000
Non-derivative financial liabilities							
Secured bank loans	**30,410**	**31,140**	**243**	**243**	**30,654**	**–**	**–**
Trade and other payables	**2,979**	**2,979**	**2,979**	**–**	**–**	**–**	**–**
Bank overdraft	**1,955**	**1,955**	**1,955**	**–**	**–**	**–**	**–**
	35,344	**36,074**	**5,177**	**243**	**30,654**	**–**	**–**

31 December 2016

	Carrying amount £000	Contractual cash flows £000	6 mths or less £000	6-12 mths £000	1-2 yrs £000	2-5 yrs £000	More than 5 yrs £000
Non-derivative financial liabilities							
Secured bank loans	23,998	25,018	204	204	408	24,202	–
Trade and other payables	4,516	4,516	4,516	–	–	–	–
Bank overdraft	1,924	1,924	1,924	–	–	–	–
	30,438	31,458	6,664	204	408	24,202	–

Company
31 December 2017

	Carrying amount £000	Contractual cash flows £000	6 mths or less £000	6-12 mths £000	1-2 yrs £000	2-5 yrs £000	More than 5 yrs £000
Non-derivative financial liabilities							
Secured bank loans	**30,410**	**31,140**	**243**	**243**	**30,654**	**–**	**–**
Trade and other payables	**2,979**	**2,979**	**2,979**	**–**	**–**	**–**	**–**
Bank overdraft	**1,955**	**1,955**	**1,955**	**–**	**–**	**–**	**–**
	35,344	**36,074**	**5,177**	**243**	**30,654**	**–**	**–**

31 December 2016

	Carrying amount £000	Contractual cash flows £000	6 mths or less £000	6-12 mths £000	1-2 yrs £000	2-5 yrs £000	More than 5 yrs £000
Non-derivative financial liabilities							
Secured bank loans	23,998	25,018	204	204	408	24,202	–
Trade and other payables	4,438	4,438	4,438	–	–	–	–
Bank overdraft	1,924	1,924	1,924	–	–	–	–
	30,360	31,380	6,566	204	408	24,202	–

The following table shows outstanding borrowings, the facilities available to the Group and Company and the undrawn amounts at the year end.

	2017			2016		
	Balance outstanding £000	**Facility £000**	**Undrawn amounts £000**	Balance outstanding £000	Facility £000	Undrawn amounts £000
Bank loans and overdrafts	**32,365**	**44,500**	**12,135**	25,922	44,500	18,578

Market risk – Interest rate risk

Profile

At the reporting date the interest rate profile of the Group and Company's interest-bearing financial instruments was:

	Group Carrying value		Company Carrying value	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Variable rate instruments				
Borrowings	**30,410**	23,998	**30,410**	23,998
	30,410	23,998	**30,410**	23,998

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2016.

Group

	Profit or loss		Equity	
	100 bp increase £000	100 bp decrease £000	100 bp Increase £000	100 bp decrease £000
31 December 2017				
Variable rate instruments	(304)	304	–	–
31 December 2016				
Variable rate instruments	(240)	240	–	–

Company

	Profit or loss		Equity	
	100 bp increase £000	100 bp decrease £000	100 bp Increase £000	100 bp decrease £000
31 December 2017				
Variable rate instruments	(304)	304	–	–
31 December 2016				
Variable rate instruments	(240)	240	–	–

Notes to the Financial statements continued
for the year ended 31 December 2017

23. Financial instruments continued

Market risk – Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments.

Group

2017	**Sterling £000**	**US Dollar £000**	**Total £000**
Cash and cash equivalents	**1,809**	**797**	**2,606**
Trade and other receivables	**3,559**	**–**	**3,559**
Borrowings	**(26,440)**	**(3,970)**	**(30,410)**
Bank overdraft	**(1,955)**	**–**	**(1,955)**
Trade and other payables	**(2,979)**	**–**	**(2,979)**
Balance sheet exposure	**(26,006)**	**(3,173)**	**(29,179)**

Group

2016	Sterling £000	US Dollar £000	Total £000
Cash and cash equivalents	1,797	132	1,929
Trade and other receivables	5,322	399	5,721
Borrowings	(21,526)	(2,472)	(23,998)
Bank overdraft	(1,924)	–	(1,924)
Trade and other payables	(4,438)	(78)	(4,516)
Balance sheet exposure	(20,769)	(2,019)	(22,788)

A 1 per cent weakening of the US$ against the pound sterling would have increased equity and profit or loss by the amounts shown below. A 1 per cent strengthening of the US$ against the pound sterling would have had the equal but opposite effect. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

2016	**Equity 2017 £000**	**Profit or loss 2017 £000**	Equity 2017 £000	Profit or loss 2017 £000
$	**48**	**7**	45	2

In order to mitigate exchange rate risk, the Company has agreed a US$ loan facility of which $1.9m was drawn down during the year. This is part of the UK loan facility of £42.5m and does not have a separate US$ limit.

In 2017, the Company's exposure to exchange risk is restricted to transactions with Goals City US Ltd and Goals Soccer Centers Inc, the company owned by the JV. In 2016 the Company's exposure to exchange risk is restricted to a loan balance with its then wholly owned subsidiary.

Fair values

Fair value hierarchy

The only category of financial instrument carried at fair value is financial liabilities. This has been defined as a Level 2 instrument in line with the following definitions:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Financial liabilities

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Group

	31 December 2017		31 December 2016	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
Loans and receivables	3,559	3,559	5,721	5,721
Cash and cash equivalents	2,606	2,606	1,929	1,929
Secured bank loans	(30,410)	(30,410)	(23,998)	(23,998)
Trade and other payables	(2,979)	(2,979)	(4,516)	(4,516)
Bank overdraft	(1,955)	(1,955)	(1,924)	(1,924)
	(29,179)	(29,179)	(22,788)	(22,788)

Company

	31 December 2017		31 December 2016	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair Value £000
Loans and receivables	3,559	3,559	5,322	5,322
Cash and cash equivalents	2,606	2,606	1,797	1,797
Secured bank loans	(30,410)	(30,410)	(23,998)	(23,998)
Trade and other payables	(2,979)	(2,979)	(4,438)	(4,438)
Bank overdraft	(1,955)	(1,955)	(1,924)	(1,924)
	(29,179)	(29,179)	(23,241)	(23,241)

Estimation of fair values

The following methods and assumptions were used to estimate the fair values shown above:

Trade and other receivables/payables – the fair value of receivables and payables with a remaining life of less than one year is deemed to be the same as the book value.

Cash and cash equivalents – the fair value is deemed to be the same as the carrying amount due to the short maturity of these instruments.

Secured bank loans and other loans – the fair value is based on the book value as the interest rate charged reflects the fair value of the borrowings.

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24. Share capital

	2017		2016	
	Number	**£000**	Number	£000
Allotted, called up and fully paid				
Ordinary shares of 0.25p (2016: 0.25p) each	**75,215,060**	**188**	75,215,060	188

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 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 through bank covenants which are tested on a quarterly basis. The company prepared three year financial forecasts to ensure that there is sufficient on-going headroom against these covenants.

25. Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Contracted	**–**	452	**–**	–

Operating leases

The Group has a number of operating leases for the sites that the football centres are located. The Group leases its sites on leases of approximately 50 years. The terms and characteristics of all new site leases are assessed at inception to determine whether they should be categorised as operating leases or finance leases. Rental paid to the landlord is reviewed per the terms in the lease.

Non-cancellable operating lease rentals are as follows:

Group

	Future minimum lease payments		Interest		Present value of minimum lease payment	
	2017 £000	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Less than one year	**3,720**	3,851	**323**	334	**3,397**	3,517
Between one and five years	**14,519**	14,857	**1,260**	1,289	**13,259**	13,568
More than five years	**193,721**	174,745	**16,807**	15,161	**176,914**	159,584
	211,96	193,453	**18,390**	16,784	**193,570**	176,669

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. During the year £3,529,000 (2016: £3,295,000) was recognised as a charge in the income statement in respect of leases.

Company

	Future minimum lease payments		Interest		Present value of minimum lease payment	
	2017 £000	2016 £000	**2017 £000**	2016 £000	**2017 £000**	2016 £000
Less than one year	**3,720**	3,629	**323**	315	**3,397**	3,314
Between one and five years	**14,519**	13,969	**1,260**	1,212	**13,259**	12,757
More than five years	**193,721**	169,416	**16,807**	14,698	**176,914**	154,718
	211,960	187,014	**18,390**	16,225	**193,570**	170,789

26. Share based payments

The Group operates the following LTIP schemes.

The Goals Soccer Centres plc 2016 Long-term Incentive Plan. The general terms and conditions of this LTIP scheme are detailed below:

	Date of Award	**At 1 January 2017**	Granted during the year	Exercised during the year	**At 31 December 2017**	Exercisable From
The 2016 LTIP						
N Basing	2nd June 2016	**1,000,000**	–	–	**1,000,000**	2nd June 2019

The Goals Soccer Centres plc 2017 Long-term Incentive Plan. The general terms and conditions of this LTIP scheme are detailed below:

	Date of Award	**At 1 January 2017**	Granted during the year	Exercised during the year	**At 31 December 2017**	Exercisable From
The 2017 LTIP						
Senior Management	12th Oct 2017	**–**	1,610,000	–	**1,610,000**	12th Oct 2020

A charge of £50,000 (2016: £22,000) has been recognised in the current year.

Notes to the Financial statements continued
for the year ended 31 December 2017

27. 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	1,929	677	**2,606**
Overdraft	(1,924)	(31)	**(1,955)**
	5	646	**651**
Borrowings	(23,998)	(6,412)	**(30,410)**
Net debt	(23,993)	(5,766)	**(29,759)**

Company

	At beginning of year £000	Trading cashflow £000	**At end of year £000**
Cash at bank and in hand	1,797	809	**2,606**
Overdraft	(1,924)	(31)	**(1,955)**
	(127)	778	**651**
Borrowings	(23,998)	(6,412)	**(30,410)**
	(24,125)	(5,634)	**(29,759)**

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

Group

	2017 £000	2016 £000
Increase/(decrease) in cash and cash equivalents in the year	**646**	(38)
Cash (outflow)/inflow from bank and other finance net of finance costs paid	**(6,412)**	12,678
Change in net debt resulting from cash flows	**(5,766)**	12,640
Additional finance costs (prepaid)	**31**	47
Amortisation of finance costs	**(31)**	(32)
Movement in net debt in the year	**(5,766)**	12,655
Net debt at the start of the year	**(23,993)**	(36,648)
Net debt at the end of the year	**(29,759)**	(23,993)

Company

	2017 £000	2016 £000
Increase/(decrease) in cash and cash equivalents in the year	**778**	(90)
Cash flow from bank finance net of finance costs paid	**(6,412)**	12,678
Change in net debt resulting from cash flows	**(5,634)**	12,588
Additional finance costs (prepaid)	**31**	47
Amortisation of finance costs	**(31)**	(32)
Movement in net debt in the year	**(5,634)**	12,603
Net debt at the start of the year	**(24,125)**	(36,728)
Net debt at the end of the year	**(29,759)**	(24,125)

28. Related parties and related undertakings

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and related parties are as follows:

	Amounts owed by related parties	
	2017 £000	2016 £000
Goals Soccer Centres Inc	**–**	2,923

Following the completion of the joint venture with CFG, any amounts owed by Goals Soccer Centres Inc have been capitalised.

In the prior year, the company acquired services from Harwood Capital Management Group for the amount of £24,853. Harwood Capital Management are a shareholder of the company and therefore this has been disclosed as a related party transaction. As at 31 December 2017 there were no outstanding amounts due to Harwood Capital Management for these services.

The compensation of key management personnel (including the directors and members if the executive committee) is as follows:

	2017 £000	2016 £000
Key management remuneration including social security costs	**1,123**	878
Company contributions to money purchase pension schemes	**72**	75
Benefits	**22**	76
	1,217	1,029

The Company's related undertakings are its subsidiaries as stated in note 13.

Registered addresses for these parties are noted below:

Goals City US Limited
– Orbital House, Peel Park, East Kilbride, South Lanarkshire, G74 5PR

Goals Soccer Centres Inc
– Goals Soccer Centers, 9599 Pinehurst Avenue, South Gate, CA 90280

Glasgow Open Air Leisure Services (GOALS) Limited
– Orbital House, Peel Park, East Kilbride, South Lanarkshire, G74 5PR

Glasgow Open Air Leisure Services (Wembley) Limited
– Orbital House, Peel Park, East Kilbride, South Lanarkshire, G74 5PR

Fortis Leisure Limited
– Orbital House, Peel Park, East Kilbride, South Lanarkshire, G74 5PR

Goals Soccer Centres Bristol Limited (Formerly Pro 5 Soccer Limited)
– The Goals Soccer Centre, Broomhill Road, Brislington, Bristol, BS4 5RG

Deltavon Limited
– The Goals Soccer Centre, Broomhill Road, Brislington, Bristol, BS4 5RG

Notes

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