Goals Soccer Centres plc

Final Results for the year ended 31st December 2017

Goals Soccer Centres plc ("Goals", the "Company" or the "Group") a leading operator of outdoor small-sided soccer centres with 49 sites, including three in California, USA, announces its final results for the period ended 31st December 2017.

Statutory measures

	2017	2016	Change
Sales	£33.1m	£33.5m	(1.4%)
Operating Profit/(loss)	£6.0m	£4.2m	43.1%
Profit/(loss) Before Tax	£8.2m	£3.7m	122.7%
Diluted Earnings Per Share	9.2p	4.1p	124.3%
Net Cash Flow from Operating Activities	£6.2m	£8.0m	(22.7%)

Underlying performance

Statutory measures have been adjusted to reflect like-for-like ownership of Goals Soccer Centers Inc:

- Underlying Sales[1] of £33.1m (2016: £33.0m)
- Underlying Like-for-like sales[1] decline of 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] of £33.8m (2016: £33.5m)
- Underlying EBITDA[2] of £10.0m (2016: £11.2m) impacted by £1.1m of continued investment to support our strategic initiatives and cost headwinds
- Underlying Profit Before Tax[3] of £6.2m (2016: £7.7m)
- Underlying Diluted Earnings Per Share[4] of 6.3p (2016: 9.7p)
- No final dividend is proposed

Strategic Highlights

Significant progress in 2017 in delivering our strategic plan:

- Investment and upgrading of the UK estate is delivering improvement and remains ongoing:
  - 248 of our 460 arenas have now been fully modernised and are delivering good returns at clubs where five or more arenas have been upgraded. Declines reduced at clubs with between one and four upgraded arenas
  - First five "Clubhouse 2020" pilot sites opened during the year with encouraging results
  - Further UK investment to be financed from existing cash flow until indebtedness ratio reduces

- Continued expansion in the US:
  - Entered a strategic 50:50, self-financing, Joint Venture (the "Joint Venture") with City Football Group ("CFG"), the global football group that owns Manchester City and New York City Football Clubs amongst others, to rollout the Goals brand in North America:
    - CFG has invested $16 million cash immediately and granted a licence to use its brands in North America
    - This will fully finance the planned rollout of the Goals brand in North America
  - US trading continues to improve and the rollout of new clubs has been accelerated
    - Second US club in Pomona, California was opened in February 2017
    - Third US club in Rancho Cucamonga, California was opened in January 2018

    - Construction of a fourth US club in Covina, California is expected to commence during Q2 2018

- Andy Anson will join the Company as Chief Executive Officer with effect from 23 April 2018

Current Trading

For the 8 weeks to 24 February trading has been encouraging with like-for like sales up by 4.0%, benefitting from the investments last year. In common with many businesses Goals was impacted by the challenging weather conditions in weeks 9 and 10 and consequently like-for like sales for the first 10 weeks of our year to 10 March were -3.0%. It is anticipated that with more normal weather patterns sales will revert to positive territory.

Goals is a cash generative business and it is clear that where major investments have been made to more than five arenas at a club positive sales trends follow. We will only utilise existing cash resources to make further investments in the current year.

Michael Bolingbroke, Interim Chairman said:

"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."

13th March 2018

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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 Feb 17, 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 Dec 2017 was in place at 31 Dec 2016 i.e. that sales from Goals USA are included from Jan - Jul 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 Dec 2017 was in place at 31 Dec 2016 i.e. that sales from Goals USA are included from Jan - Jul 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 Feb 17, 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 Aug 2017 to 31 Dec 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 Aug 2016 to 31 Dec 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	2016
	£000	£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	2016
	£000	£000
Profit Before Tax	**8,642**	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 Aug 2016 to 31 Dec 2016	**-**	(14)
Underlying Profit Before Tax	**6,152**	7,740

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	2016
	£000	£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 Aug 2016 to 31 Dec 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	2016
	£000	£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 Aug 2016 to 31 Dec 2016	**-**	(19)
Underlying Operating Profit	**6,519**	8,282

Chairman's Statement

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[5] 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.

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[2] 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[6] 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[2] 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[3] 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[4] declined by 34.8% to 6.3p (2016: 9.7p) due to the decline in Underlying profit[3] 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[2] 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.

Michael Bolingbroke
Interim Chairman
13th March 2018

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2017

	Note	Before Exceptional items	Exceptional items (note 5)		Before Exceptional items	Exceptional items (note 5)	
		2017 £000	2017 £000	**2017 £000**	2016 £000	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	**4**	(344)	-	**(344)**	(547)	-	(547)
Share of loss of equity-accounted investees		(361)	-	**(361)**	-	-	-
Gain on sale of investment		-	2,838	**2,838**	-	-	-
Profit before tax		5,320	2,838	**8,158**	7,180	(3,516)	3,664
Taxation	**6**	(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	**8**	4.9p	4.4p	**9.3p**	9.1p	(5.0p)	**4.1p**
Diluted	**8**	4.8p	4.4p	**9.2p**	9.0p	(4.9p)	**4.1p**

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

Balance sheets

at 31 December 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
Assets		**£000**	£000	**£000**	£000
Non-current assets					
Property, plant and equipment	**9**	**117,059**	115,285	**117,059**	108,880
Intangible assets	**10**	**5,503**	5,089	**5,503**	5,017
Investments in subsidiaries	**11**	**-**	-	**-**	2,691
Other non-current receivables		**58**	708	**58**	708
Equity-accounted investee		**11,810**	-	**9,320**	-
Total non-current assets		**134,430**	121,082	**131,940**	117,296
Current assets					
Inventories		**1,830**	1,441	**1,830**	1,433
Trade and other receivables		**3,559**	5,721	**3,559**	9,818
Cash and cash equivalents		**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
Current liabilities					
Bank overdraft		**(1,955)**	(1,924)	**(1,955)**	(1,924)
Trade and other payables		**(2,979)**	(4,516)	**(2,979)**	(4,438)
Current tax payable		**(646)**	(388)	**(646)**	(475)
Total current liabilities		**(5,580)**	(6,828)	**(5,580)**	(6,837)
Non-current liabilities					
Other interest-bearing loans and borrowings		**(30,410)**	(23,998)	**(30,410)**	(23,998)
Deferred tax liabilities	**12**	**(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	**13**	**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*		Company	
		2017	2016	**2017**	2016
		£000	£000	**£000**	£000
Cash flows from operating activities					
Profit/(loss) for the year		**7,011**	2,785	**4,035**	2,644
Adjustments for:					
Depreciation	9	**3,300**	2,729	**3,182**	2,602
Amortisation	10	**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	4	**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
(Increase)/decrease in trade and other receivables		**393**	(1,088)	**(1,740)**	(3,874)
(Increase) in inventory		**(397)**	(60)	**(397)**	(60)
Increase/(decrease) 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	13	**-**	16,750	**-**	16,750
Share related costs		**50**	(1,040)	**50**	(1,040)
Loan movement		**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 (decrease)/increase in cash and cash equivalents		**646**	(38)	**778**	(90)
Cash and cash equivalents at start of year		**5**	43	**(127)**	(37)
Cash and cash equivalents at year end		**651**	5	**651**	(127)

Notes

(forming part of the financial statements)

1 Accounting policies

Goals Soccer Centres plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements for the year ended 31 December 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.

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

Notes *(continued)*

3 Operating profit

	2017	2016
	£000	£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:

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

4 Financial expense

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

5 Exceptional items

	2017	2016
	£000	£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	2016
	£000	£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 *(continued)*

6 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 12)		
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

Reconciliation of Effective Tax Rate	**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.

Notes *(continued)*

7 Dividends

	2017	2016
	£000	£000
Dividends paid	**-**	-
	-	-

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

8 Earnings per share

Basic earnings per ordinary share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year which was 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 *(continued)*

9 Property, plant and equipment

Group	Leasehold property	Fixtures and fittings	Assets in course of construction	Total
	£000	£000	£000	£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
Cost				
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	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
Depreciation				
At 1 January 2017	27,981	7,741	2,050	37,772
Charge for year	2,085	1,215	-	3,300
Impairment	-	-	-	-
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

9 Property, plant and equipment *(continued)*

Company	**Leasehold property**	**Fixtures and fittings**	**Assets in course of construction**	**Total**
	£000	£000	£000	£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
Cost				
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
Depreciation				
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.

9 Property, plant and equipment *(continued)*

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 *(continued)*

10 Intangible assets

	Goodwill	Software development	Total
	£000	£000	£000
Group			
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	-	262	262
Disposal	-	(16)	(16)
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

Notes *(continued)*

10 Intangible assets *(continued)*

	Goodwill	Software development	Total
	£000	£000	£000
Company			
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

10 Intangible assets *(continued)*

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 *(continued)*

11 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

	£000
Company	
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.

12 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	2016	**2017**	2016	**2017**	2016
	£000	£000	**£000**	£000	**£000**	£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)

Notes *(continued)*

13 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.