Company Number: 03882621

ULTIMATE SPORTS GROUP Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

Directors

R L Owen	*Executive chairman*
G Simmonds FCA	*Chief executive*
D Hillel FCA	*Finance director*
J Zucker	*Non executive director*
D J Coldbeck	*Non executive director*

Secretary

D Hillel FCA

Registered office

30 City Road
London EC1Y 2AB

Company number

03882621

Company website

www.ultimatesportsgroup.me

Bankers

Barclays Bank Plc
27 Soho Square
London
W1D 3QR

Nominated advisor

Cantor Fitzgerald Europe
One Churchill Place
London
E14 5RB

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

Brokers

Cantor Fitzgerald Europe
One Churchill Place
London
E14 5RB

Legal advisors

Howard Kennedy LLP
No 1. London Bridge
London
SE1 9AJ

Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham, Surrey GU9 7DR

Ultimate Sports Group Plc (“USG” or the “Company”)

We are reporting a total comprehensive loss from continuing activities of £144,485 before tax against a total comprehensive loss before tax and discontinued activities for the prior year of £780,192. There were no discontinued activities in the year ended 31 December 2018, whilst in the prior year there was a profit from discontinued activities after tax of £53,567. USG‘s consolidated cash balances as at 31 December 2018 were £535,329 (2017- £129,611) The directors are not recommending the payment of a dividend.

FUNDRAISE

As set out in the circular to shareholders issued in February 2018, the Company raised £537,500 (before legal and other professional expenses) by the issue of 10,750,000 new shares at 5p per share following approval obtained from shareholders at the General Meeting in March 2018.

SUBSTANTIAL SHAREHOLDERS

The Company welcomes the involvement of Mr Richard Bernstein as a strategic shareholder following on from the fundraising concluded in March 2018. The Company also entered into an agreement with Mr Bernstein pursuant to which he will seek to introduce the Company to potential investment or acquisition opportunities. To date Mr Bernstein has carried out and continues to undertake initial due diligence on potential introductions at his own expense with follow up work undertaken by the Company.

PANTHEON LEISURE PLC (“PANTHEON “)

USG holds 85.87% of the issued share capital of Pantheon which in turn owns 100% of the operating business of a Sport and Leisure division which trades as Sport in Schools Ltd and The Elms Sport in Schools (“ESS”).

Pantheon as a group made a profit of £32,817 for the year ended 31 December 2018 (2017 (profit - £2,950).

SPORT IN SCHOOLS LIMITED

On a turnover of £1,546,733 (2017- £1,368,710) ESS contributed a much- improved divisional profit of £100,754 (2017 - £28,255). The improved result is a combination of increased turnover by virtue of additional schools engaged, increased income from existing schools due to an increase in government subsidies, improved weather conditions resulting in less working days lost in 2018 and tighter control of overheads.

CORPORATE GOVERNANCE CODE

In accordance with changes to AIM Rules regarding corporate governance our Annual Report & Accounts and Company website reflect compliance with (and any departures from) the Guidance set out in the QCA Corporate Governance Code.

PROSPECTS

We continue to pursue, from a firm financial base, a strategy of developing the business of ESS and to carefully appraise all acquisition opportunities, including those proposed by Mr Bernstein.

R L Owen (Chairman)

G M Simmonds (Chief Executive)

26 June 2019

Richard Owen - Executive Chairman

Richard is a non-executive director of Aeorema Communications Plc, a company traded on AIM. Richard has extensive experience and involvement in corporate and strategic planning, acquisitions and finance. Richard holds various company directorships.

Geoffrey Simmonds - Chief Executive Officer

Geoffrey qualified as a chartered accountant in 1966. He has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Geoffrey holds various other company directorships.

David Hillel - Finance Director

David is a chartered accountant, having qualified in 1966 and has extensive experience in the affairs of family run businesses of varying sizes and specialises in property dealing, development and investment companies. He is a fellow of the Institute of Chartered Accountants in England and Wales.

John Zucker - Non-Executive Director

John is a solicitor with considerable company and commercial experience. He is a consultant in the corporate department at law firm, Veale Wasbrough Vizards LLP.

David Coldbeck - Non-Executive Director

David worked for HSBC Bank plc for 32 years during which time he undertook various managerial roles in Retail and Corporate Banking, ultimately being appointed Area Director in London, a position he held for nine years prior to his retirement in 1999. David holds various other company directorships.

Company Number 03882621

The directors present their report and financial statements for the group and parent company for the year ended 31 December 2018.

Results and dividends

The loss of the group before and after tax is given on page 17. The directors do not recommend the payment of a dividend.

Directors

The directors holding office during the year were:

R L Owen
G Simmonds
D Hillel
J Zucker
D Coldbeck

Directors' interests

At the date of this report the directors held the following beneficial interests in the ordinary share capital:

	Ordinary shares No.	Share options & warrants
R L Owen	2,444,672	250,000
G Simmonds	2,557,092	250,000
D Hillel	109,607	-
J Zucker	449,373	-
D Coldbeck	100,000	-

Details of directors' remuneration are given in note 10 in the notes to the accounts.

Substantial Interests

At the date of this report, the following had an interest of 3% or more in the ordinary share capital of the company:

	Ordinary shares	Percentage
R Bernstein	9,068,354	27.02
G Simmonds	2,557,092	7.62
R L Owen	2,444,672	7.28
R Rowan	2,000,000	5.96
D Kyte	1,700,000	5.07
N Slater	1,271,986	3.79
J Shulman	1,250,000	3.72

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Hazlewoods LLP be re-appointed as auditors of the company will be put forward at the forthcoming Annual General Meeting.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board.

D Hillel
Company secretary
26 June 2019

Principal activities, fair review of the business and future developments

The principal activity of Ultimate Sports Group Plc ("the company") is to make investments in or to acquire early stage companies operating in the sectors of sport, technology and general investment.

The trading subsidiaries during 2018 were Reverse Take-Over Investments Limited, Ultimate Player Limited and Sport in Schools Limited.

Reverse Take-Over Investments Limited specialises in the formation and development of shell companies. Following the company's disposal of its remaining interests in investments for re-sale in 2017, new opportunities identified subsequently have not resulted in new investment transactions in the year ended 31 December 2018.

Ultimate Player Limited continued to operate the UltimatePlayer.me platform during the year. As a result of the decision taken by the Board in 2017 to delay future plans for further website development, the company has restricted its expenditure to recurring website maintenance, ongoing marketing and company administration costs. The company's loss for the year was £32,399 (2017: loss £587,536) after having fully impaired website development costs of £462,073).

Sport in Schools Limited continued providing sports coaching in schools, camps and after school clubs and continues to expand its operations. The company's turnover for the year was £1,546,733 with a profit for the year of £100,754 (2017 turnover £1,368,710 and profit of £28,255). The improved result is a combination of increased turnover by virtue of additional schools engaged, increased income from existing schools due to an increase in government subsidies, improved weather conditions resulting in less working days lost in 2018 and tighter control of overheads.

The group's key performance indicators are measured by reference to growth in turnover and profit of its trading subsidiaries, details of which are also given in note 6 of the notes to the group financial statements.

Principal risks and uncertainties

The main business risks to the group's trading operations are:

The group's sports coaching activities in schools rely on the continuation of government policy regarding preparation, planning and assessment time for teachers and compliance with the government recommended amount of time to be devoted to sports and physical education.

The main financial risks to the group are market, credit and liquidity risks.

Credit risks arise from trade receivables where the party fails to discharge their obligation in relation to the financial instrument. To minimise this risk, management has appropriate credit assessment methods to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports. There is no concentration of credit risk.

Liquidity risk arises in relation to the group's management of working capital and the risk that the company or any of its subsidiary undertakings will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk the liquidity position and working capital requirements are regularly reviewed by management. Further explanation of these risks is set out in note 31 to the financial statements.

The directors do not consider changes in interest rates have a significant impact on the group's cost of finance or operating performance.

Environmental policy

The group recognises the importance of environmental responsibilities and where practicable has an environmental policy in place, which includes the recycling of paper and all office material. The directors believe the nature of its activities has a minimal effect on the environment.

Health and safety

The company recognises the importance of safeguarding the health, safety and welfare of all employees in the group and the relevant subsidiary undertakings have health and safety policies in place.

D Hillel
Company secretary
26 June 2019

The corporate governance framework which the Company operates is based upon practices which the Board believes are appropriate and proportional to the size and complexity of the Company and its business. The Board has chosen to adhere to the Quoted Companies Alliance Corporate Governance Code for small and mid-size quoted companies ("QCA code").

The QCA code identifies 10 principles that they consider to be appropriate and asks companies to provide an explanation on how they meet those principles. The Board has considered these principles and how the Company meets them given the size of the Company. The results of our review are set our below. Over the period under review, the Company has not changed its strategic focus of developing the business of ESS and continuing to carefully appraise all acquisition opportunities. The Company has not yet progressed the latter and as such, does not propose to make amendments to the corporate governance framework it is operating.

These disclosures are set out on the basis of the current Company and the Board highlights where it has departed from the Code presently. The Board will continue to develop its governance processes in the coming year where appropriate.

1. Establish a strategy and business model which promotes long-term value for shareholders:

Ultimate Sports Group Plc has a long-established reputation in the field of school sports coaching for children and related activities. It continues to seek ways of growing this business activity in and around London.

The Board has established a strategy which seeks to promote long-term value for shareholders and has identified the following key areas of operation to focus on improving on the Group's performance going forward;

- Enter into new agreements with schools in the London area
- Generate operational efficiencies and synergies within ESS
- Growth by expansion of business activities and acquisition

The Company's strategy is to make investments in or to acquire early stage companies operating in the sectors of sport, technology and general investment, attracting businesses through our network of contacts (including current shareholders). Given the size of the Company and the historic limited cash resources, we believe the strategy and business model we have adopted is consistent with our goal of promoting long term value for shareholders, however expansion of business and assessments of acquisition opportunities can be time consuming, present challenges and can be costly.

2. Seek to understand and meet shareholder needs and expectations:

The Company recognises the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. The Chairman and Chief Executive Officer present the results to existing shareholders, potential investors, brokers and the media, where appropriate. The Non-Executive Directors are also available to discuss any matter with shareholders. There is no analyst coverage.

Meetings with these different groups are reported on at monthly board meetings by either the Chairman or the Chief Executive Officer to ensure that shareholders' views are communicated to the Board as a whole. This process enables the Board to be kept aware of shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

Shareholders are encouraged to attend the annual general meeting at which the Group's activities and results are considered, and questions answered by the Directors. General information about the Group is also available on the Company's website www.ultimatesportsgroup.me.

The Group has not historically announced the detailed results of shareholder voting to the market, however, the Board intends to do so going forward.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success:

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups, which include the Group's employees, customers, suppliers, and regulatory authorities. The Group also encourages feedback from schools, pupils and parents of pupils through ongoing dialogue.

The Group's operations take account of the need to balance the needs of all these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its shareholders.

The Group endeavours to take account of feedback received from stakeholder groups, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's long-term strategy.

The Group considers its actions and likely impact that they may have on the environment and seeks to mitigate any negative impact wherever practicable. Through the various procedures and operating systems, the Group complies with health and safety and environmental legislation relevant to its activities.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation:

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

The directors are responsible for the Group's system of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key procedures that have been established and which are designed to provide effective internal control are as follows:

- management structure – the Board meets regularly and minutes of its meetings are maintained;
- financial reporting – budgets are prepared and then presented to and, if appropriate, approved by, the Board. Any material variances from budgeted to actual results are investigated; and
- investment appraisal – the Company has a clearly defined framework for capital expenditure requiring approval the Board where appropriate.

Further details of the business risks and how they are mitigated as far as possible are contained in The Strategic Report in these financial statements. Both the Board and senior management are responsible for reviewing and evaluating risk on an ongoing basis and the Executive Directors regularly review trading performance, discuss budgets and forecasts and any new risks associated with trading, the outcome of which is reported to the Board.

Staff (including those of the subsidiary) are also reminded on an annual basis that they should seek approval from the Chairman or Chief Executive Officer if they, or their families, plan to trade in the Company's shares

5. Maintain the Board as a well-functioning, balanced team led by the Chair:

The members of the Board have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the Chairman of the Board.

The QCA Code requires that the Boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent. The Board has considered its current establishment – being two non-executive directors (both independent), and three executive directors – and is satisfied it meets this requirement. The Board is supported by one committee, the Audit committee.

The Chairman, Richard Owen, is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-Executive Directors. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders.

Non-executive directors are required to attend all Board and Board Committee meetings convened each year and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board and Committee meetings. All Directors have access to the advice and services of David Hillel who is both the Finance Director and the Company Secretary and is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Meetings held during the period under review (year ended 31 December 2018) and the attendance of Directors is summarised below:

	Richard Owen	Geoffrey Simmonds	David Hillel	John Zucker	David Coldbeck
Board meetings (10 held in a year)	8/10	10/10	10/10	8/10	8/10
Audit Committee (1 held in a year)	N/A	N/A	N/A	1	1
Time commitment	Full time	Full time	Part time:-three to four days per month	One to two days per month	One to two days per month

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. Further details of the composition of the Board is given in the Directors Report.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities:

The Board currently comprises three Executive and two Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and to scrutinise performance. The Board also has access to external advisors where necessary.

Richard Owen, Chairman

Term of office: Appointed as Chairman on 19 November 1999;

Background and suitability for the role: Richard is a non-executive director of Aeorema Communications Plc, a company traded on AIM. Richard has extensive experience and involvement in corporate and strategic planning, acquisitions and finance.

With his long experience of public markets, Richard is able to balance the sometimes differing views of investors and executive directors. He has negotiated a number of commercial transactions, both for the Company and externally.

Time commitment: full time

Geoffrey Simmonds, Chief Executive Officer

Term of office: Appointed as Chief Executive Officer on 19 November 1999;

Background and suitability for the role: Geoffrey qualified as a chartered accountant. He has extensive involvement and experience in corporate and strategic planning, acquisitions and finance. Geoffrey holds various other company directorships.

Time commitment: full time

David Hillel, Finance Director

Term of office: Appointed as Finance Director on 31 December 2006;

David is a chartered accountant, having qualified in 1966 and has extensive experience in the affairs of family run businesses of varying sizes and specialises in property dealing, development and investment companies. He is a fellow of the Institute of Chartered Accountants in England and Wales.

Time commitment: three to four days per month

John Zucker - Non-Executive Director

Term of office: Appointed as non-executive Director on 26 November 1999; a member of the Audit Committee,

Time commitment: one to two days per month

John is a solicitor with considerable company and commercial experience. He is a consultant in the corporate department at law firm, Veale Wasbrough Vizards LLP.

David Coldbeck - Non-Executive Director

Term of office: Appointed as non-executive director on 26 November 1999; a member of the Audit Committee,

Time commitment: one to two days per month

David worked for HSBC Bank plc for 32 years during which time he undertook various managerial roles in Retail and Corporate Banking, ultimately being appointed Area Director in London, a position he held for nine years prior to his retirement in 1999. David holds various other company directorships.

Throughout their period in office the Directors are continually updated on the Group’s business environment in which it operates, corporate social responsibility matters and other changes affecting the Group by briefings and meetings with senior personnel. They are reminded by the Company Secretary of these duties and are also updated on changes to the legal and governance requirements of the Group, and upon themselves as Directors, on an ongoing and timely basis.

The Company's Nominated Adviser (“NOMAD”) assists with AIM matters and ensures that all Directors are aware of their responsibilities. The Directors also have access to the Company’s lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary.

Board composition is always a factor for contemplation in relation to succession planning. The Board will seek to take into account any Board imbalances for future nominations, with areas taken into account including board independence. The Company considers that at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position, however, is reviewed on a regular basis by the Board.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement:

Given the small size and complexity of the Company and the limited resources, the Board has not appointed external consultants to evaluate the performance of the directors and board overall. The Board acknowledges that it is non-compliant with its processes to evaluate the performance of the Board.

In view of the size of the Group, decisions that would fall within the scope of Nomination or Remuneration Committees are dealt with by the full Board.

8. Promote a corporate culture that is based on ethical values and behaviours:

The Board seeks to maintain the highest standards of integrity in the conduct of the Group's operations. An open culture is encouraged within the Group, with communications to staff regarding the Group's progress when appropriate.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board:

The Chairman also ensures effective communication with shareholders. Geoffrey Simmonds is the group's Chief Executive Officer and is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

The appropriateness of the Board's composition and corporate governance structures is reviewed on an ad hoc basis by the Chairman together with the other Directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Board Committees

The Board has established an Audit Committee. Functions that would otherwise be carried out by Nomination and Remuneration Committees are dealt with by the Board as a whole.

The Audit Committee comprises the two non- executive directors John Zucker and David Coldbeck. Its primary responsibility is to monitor the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders.

The Audit Committee meets at least once a year to review the Group's interim and final results and liaises with the Group's Auditors.

In view of the size of the Group, decisions that would fall within the scope of a Remuneration Committee are dealt with by the full Board which includes setting the level of remuneration for both Directors and Key management personnel, determine terms and conditions of service, including the grant of share options, having due regard to the interests of shareholders.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders:

Aside from the distribution to shareholders of an Annual Report and an Interim Report at the half year, shareholders are invited to attend an annual general meeting each year and other meetings where their input and approval is required. The company website is regularly updated for announcements and information and is easily accessible on-line www.ultimatesportsgroup.me. Comments and written communications from Shareholders and other stakeholders are welcome.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Financial Statements and it has considered and endorsed the arrangements for their preparation, under the guidance of its Audit Committee. The directors confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Audit Committee Report

The Audit Committee consists of John Zucker and David Coldbeck. The Committee meets at least once a year and more frequently if required. The Committee is responsible for monitoring the quality of internal controls, ensuring the financial performance of the Company is being properly measured and reported on, meeting with the auditors and reviewing reports from the auditors relating to accounting and internal controls.

Aside from the distribution to shareholders of an Annual Report and an Interim Report at the half year, shareholders are invited to attend an annual general meeting each year and other meetings where their input and approval is required.

The company website is regularly updated for announcements and information and is easily accessible on- line.

Comments and written communications from Shareholders and other stakeholders are welcome.

Richard Owen

Geoffrey Simmonds

26 June 2019

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 financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS's as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of any 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.

Opinion

We have audited the financial statements of Ultimate Sports Group plc (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

• the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information, would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we use to determine the extent of testing needed, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the group's financial statements as a whole to be £15,000, which is 1% of the value of the group's turnover and 10% of the group's operating loss. The parent company does not trade and has no external sources of finance and hence materiality is assessed in the context of its balance sheet, we considered that the same level of materiality could be applied to the parent company, representing 2% of the net assets of the parent company.

An overview of the scope of our audit

Our audit approach was based on obtaining a thorough understanding of the group's business and is risk-based. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks. In arriving at our opinions set out in this report, we highlight the following risks that in our judgement had the greatest effect on the financial statements.

Audit risk	**How we responded to the risk**
Carrying value of investments in subsidiary companies	
The parent company's statement of financial position includes investments in subsidiary companies with a carrying value of £505,755. In the light of the trading performance of the group there is a risk that the carrying value of this investment could be impaired.	Our work included obtaining an understanding of the results of the trading subsidiary for the year and the basis of forecast trading results. We then considered from this analysis whether there was a reasonable expectation that the carrying value of the investments could be recovered from the higher of: future cash flows generated from the trading entities from continuing trading operations; and the sale of the underlying business.
Going concern	
Trading conditions of the group have previously indicated the existence of material uncertainty, which may cast significant doubt about the company and the group's ability to continue as a going concern.	Our audit work included, but was not limited to: • considering new funds available from capital raised during the year; and • review of forecasts prepared by management to support the going concern assumption. The directors' considerations in preparing the accounts on a going concern basis are set out in note 5.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

………………………………………………..

David Main (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

26 June 2019

	Notes	2018 £	2017 £
Continued activities			
Revenue	**6**	1,547,006	1,369,193
Cost of sales		(725,638)	(769,310)
Gross profit		821,368	599,883
Administrative expenses		(965,943)	(833,533)
Operating Loss before exceptional items		**(144,575)**	**(233,650)**
Exceptional item and non- recurring costs	**8**	-	(563,325)
Operating loss	**9**	(144,575)	(796,975)
Finance income	**11**	718	-
Finance costs	**12**	(628)	(3,714)
Other gains and losses	**13**	-	20,497
Loss before taxation		(144,485)	(780,192)
Taxation	**14**	-	17,572
Loss after taxation from continuing activities		(144,485)	(762,620)
Profit for the year from discontinued activities	**7**	-	53,567
		(144,485)	(709,053)
Attributable to:			
Equity holders of the parent company		(149,121)	(709,470)
Non-controlling interests		4,636	417
		(144,485)	(709,053)
Other comprehensive loss			
Losses on available-for-sale investments taken to equity		-	(1,838)
Taxation on items taken directly to equity	**14**	-	331
Other comprehensive loss		-	(1,507)
Comprehensive loss attributable to:			
Equity holders of the parent company		(149,121)	(710,977)
Non-controlling interests		4,636	417
Total comprehensive loss		(144,485)	(710,560)
Loss per share (basic and diluted)			
Loss from operations per share	**15**	(0.0051)p	(0.0319)p
Other comprehensive loss per share		-	(0.0001)p
Total comprehensive loss per share		(0.0051)p	(0.0320)p

The notes on pages 24 to 42 form part of these financial statements.

	Notes	2018	2017
		£	£
Non-current assets			
Goodwill and other intangibles	**17**	59,954	60,054
Property, plant and equipment	**19**	13,168	12,923
Total non-current assets		73,122	72,977
Current assets			
Trade and other receivables	**20**	89,760	68,981
Cash and cash equivalents		535,329	129,611
Total current assets		625,089	198,592
Total assets		**698,211**	**271,569**
Current liabilities			
Trade and other payables	**21**	239,911	173,661
Borrowings	**24**	-	2,000
Total current liabilities		239,911	175,661
Total liabilities		**239,911**	**175,661**
Net assets		**458,300**	**95,908**
Equity			
Share capital	**25**	2,388,664	2,281,164
Share premium account		782,031	393,454
Merger reserve		325,584	325,584
Retained earnings		(2,979,116)	(2,840,795)
Equity attributable to shareholders of the parent company		**517,163**	**159,407**
Non- controlling interests		(58,863)	(63,499)
Total Equity		**458,300**	**95,908**

The financial statements were approved and authorised for issue by the board on 26 June 2019 and signed on its behalf by:

R L Owen
Director

G Simmonds
Director

Company registration number 03882621

The notes on pages 24 to 42 form part of these financial statements.

	Share capital £	Share premium £	Merger reserve £	Fair value reserve £	Retained earnings £	To equity holders of the parent company £	Non-controlling interest £	Total £
Balance at 1 January 2017	2,048,664	393,454	325,584	(1,507)	(2,123,512)	**642,683**	(63,916)	578,767
Issue of new shares	232,500	-	-	-	-	**232,500**	-	232,500
Share issue costs	-	-	-	-	(7,813)	**(7,813)**	-	(7,813)
Released on sale of available for sale investments	-	-	-	1,838	-	**1,838**	-	1,838
Deferred tax on items taken directly to equity	-	-	-	(331)	-	**(331)**	-	(331)
Loss for the year	-	-	-	-	(709,470)	**(709,470)**	417	(709,053)
Reserves at 1 January 2018	2,281,164	393,454	325,584	-	(2,840,795)	**159,407**	(63,499)	95,908
Issue of new shares	107,500	430,000	-	-	-	**537,500**	-	537,500
Share issue costs	-	(41,423)	-	-	-	**(41,423)**	-	(41,423)
Share based payments	-	-	-	-	10,800	**10,800**	-	10,800
Loss for the year	-	-	-	-	(149,121)	**(149,121)**	4,636	(144,485)
At 31 December 2018	**2,388,664**	**782,031**	**325,584**	**-**	**(2,979,116)**	**517,163**	**(58,863)**	**458,300**

The notes on pages 24 to 42 form part of these financial statements.

	Notes	2018 £	2017 £
Non-current assets			
Investment in subsidiaries	**18**	505,755	516,468
Property, plant and equipment	**19**	-	1
Total non-current assets		505,755	516,469
Current assets			
Trade and other receivables	**20**	361,793	342,203
Cash and cash equivalents		413,656	81,459
Total current assets		775,449	423,662
Total assets		**1,281,204**	**940,131**
Current liabilities			
Trade and other payables	**21**	319,715	284,317
Total current liabilities		319,715	284,317
Total liabilities		**319,715**	**284,317**
Net assets		**961,489**	**655,814**
Equity			
Share capital	**25**	2,388,664	2,281,164
Share premium account		782,031	393,454
Merger reserve		325,584	325,584
Retained earnings		(2,534,790)	(2,344,388)
Total equity		**961,489**	**655,814**

The financial statements were approved and authorised for issue by the board on 26 June 2019 and signed on its behalf by:

R L Owen
Director

G Simmonds
Director

Company registration number 03882621

The notes on pages 24 to 42 form part of these financial statements.

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
At 1 January 2017	**2,048,664**	**393,454**	**325,584**	**(1,316,258)**	**1,451,444**
Issue of new shares	232,500	-	-	-	232,500
Share issue costs	-	-	-	(7,813)	(7,813)
Loss for the year	-	-	-	(1,020,317)	(1,020,317)
At 1 January 2018	**2,281,164**	**393,454**	**325,584**	**(2,344,388)**	**655,814**
Issue of new shares	107,500	430,000	-	-	537,500
Share issue costs	-	(41,423)	-	-	(41,423)
Share based payments	-	-	-	10,800	10,800
Loss for the year	-	-	-	(201,202)	(201,202)
At 31 December 2018	**2,388,664**	**782,031**	**325,584**	**(2,534,790)**	**961,489**

The notes on pages 24 to 42 form part of these financial statements.

	Note	2018 £	2017 £
Cash flow from all operating activities			
Loss before taxation from continuing activities		(144,485)	(780,192)
Profit before taxation from discontinued activities	32c	-	53,567
		(144,485)	(726,625)
Adjustments for:			
Finance income		(718)	-
Finance expense		628	3,714
Impairment and amortisation of intangible assets		100	520,792
Share based payments		10,800	-
Other gains and losses		-	(103,097)
Depreciation		7,507	26,145
Loss/ (profit) on disposed tangible assets		1	(30,865)
Operating cash flow before working capital movements		(126,167)	(309,936)
(Increase)/decrease in receivables		(20,779)	28,720
Increase/(decrease) in payables		66,250	(48,886)
Net cash absorbed by operations		**(80,696)**	**(330,102)**
Taxation		**-**	**17,241**
Cash flow from investing activities			
Finance income		718	-
Property, plant and equipment acquired		(7,753)	(9,820)
Intangible asset development costs		-	(16,300)
Proceeds on sale of property, plant and equipment		-	33,187
Net proceeds on sale of business		-	82,600
Proceeds on disposal of available for sale investments		-	48,334
Net cash (absorbed)/from investing activities		**(7,035)**	**138,001**
Cash flow from financing activities			
Finance expense		(628)	(3,714)
Funds from share issue		496,077	224,687
Repayment of borrowings		(2,000)	(45,939)
Net cash from financing activities		**493,449**	**175,034**
Net increase in cash and cash equivalents in the year	**32b**	**405,718**	**174**
Cash and cash equivalents at the beginning of the year		129,611	129,437
Cash and cash equivalents at the end of the year		**535,329**	**129,611**

A statement of cash flows from discontinued activities is set out in note 32c.

The notes on pages 24 to 42 form part of these financial statements.

	Notes	2018 £	2017 £
Cash flow from operating activities			
Loss before tax		(201,202)	(1,020,317)
Adjustments for:			
Finance income		(17,218)	(16,500)
Finance expense		-	3,714
Share based payments		10,800	-
Other gains		-	(1,034)
Provision for impairment in value of investments in subsidiaries		10,713	90,103
Provision for intra group indebtedness		78,765	889,245
Depreciation and write offs		-	18,592
Loss/(profit) on disposed tangible assets		1	(30,865)
Operating cash flow before working capital movements		(118,141)	(67,062)
Increase in receivables		(81,855)	(242,954)
Increase in payables		35,398	1,244
Net cash absorbed by operations		**(164,598)**	**(308,772)**
Cash flow from investing activities			
Finance income		718	-
Proceeds on sale of property, plant & equipment		-	33,187
Proceeds on sale of investments for resale		-	2,721
Net cash inflow from investing activities		**718**	**35,908**
Cash flow from financing activities			
Funds from share issue		496,077	224,687
Finance expense		-	(3,714)
Hire purchase repayments		-	(42,439)
Net cash from financing activities		**496,077**	**178,534**
Net increase /(decrease) in cash and cash equivalents in the year	**32b**	**332,197**	**(94,330)**
Cash and cash equivalents at the beginning of the year		81,459	175,789
Cash and cash equivalents at the end of the year		**413,656**	**81,459**

The notes on pages 24 to 42 form part of these financial statements

1. General information

Ultimate Sports Group Plc is a public company limited by shares, domiciled and incorporated in England and Wales and its activities are as described in the strategic report on pages 5 to 7.

These financial statements are prepared in pounds sterling being the currency of the primary economic environment in which the group operates.

2. Basis of Accounting

The consolidated financial statements of the group and the financial statements of the parent company for the year ended 31 December 2018 have been prepared under the historical cost convention and are in accordance with International Financial Reporting standards ("IFRS") as adopted by the EU. These policies have been applied consistently except where otherwise stated.

For the purpose of the preparation of these consolidated financial statements, the group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2018. The adoption of new standards and interpretations in the year has not had a material impact of the group's financial statements.

IFRS 15
The group has adopted IFRS 15 retrospectively in its consolidated financial statements for the year ended 31 December 2018. IFRS 15 replaces all existing revenue requirements in IFRS and sets out principles for recognising revenue that must be applied using a 5-step model. Revenue should only be recognised when (or as) control of goods or services is passed to the customer, when distinct 'performance obligations' are met, at the amount to which the entity expects to be entitled. The group has completed its assessment of IFRS and has not identified any material differences between the group's current revenue recognition policy and the requirements of IFRS 15.

Future standards in place but not yet effective.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2019, or later periods, have been adopted early. The following standards and amendments are not yet applied at the date of authorisation of these financial statements:

- IFRS 16 – Leases (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015 - 2017 Cycle (effective 1 January 2019)
- IAS 12 – Income taxes (effective 1 January 2019)
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020)
- Definition of a Business (Amendments to IFRS 3) (effective 1 January 2020)

Except for IFRS 16, see below, the group does not believe that there will be a material impact on the financial statements from the adoption of these standards / interpretations.

IFRS 16 requires the recognition of an asset and liability by introducing a lessee accounting model. As at 31 December 2018, the group would recognise an asset and liability in respect of leases of approximately £79,000.

There were no material changes in the financial statements as a result of adopting new or revised accounting standards during the year.

3. Significant accounting policies

(a) **Basis of consolidation**

The financial statements of the group incorporate the financial statements of the company and entities controlled by the company, which are its subsidiary undertakings. Control is achieved where the company has the power to govern the financial and operating policies of its subsidiary undertakings so as to benefit from their activities.

Details of subsidiary undertakings are set out in note 18.

All intra-group transactions and balances have been eliminated in preparing the consolidated financial statements.

(b) **Revenue**

Revenue arises from the disposal of available-for-sale investments and income from sports and leisure activities undertaken by the company and its subsidiary undertakings. In the case of sports and leisure activities it represents invoiced and accrued amounts for services supplied in the year, exclusive of value added tax and trade discounts.

(c) **Intangible assets**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of subsidiary entities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units expected to benefit from synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS's has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Development costs are expensed in arriving at the operating profit or loss for the year unless the directors are satisfied as to the technical, commercial and financial viability of individual project. In this situation, the expenditure is recognised as an asset and is reviewed for impairment on an annual basis.
Any impairment is recognised immediately in the income statement in administrative expenses and is not subsequently reversed.

3. Significant accounting policies

(d) Plant and equipment

Plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less their estimated residual value over their expected useful lives.

The rates applied to these assets are as follows:

Plant & equipment	25% & 10% straight line
Motor vehicles	33.3% - straight line

(e) Operating leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against revenue as and when incurred.

(f) Deferred taxation

Deferred taxation is provided in full in respect of timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance is not discounted.

The recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

(g) Trade receivables

Trade receivables are recognised at fair value. A provision for impairment of trade receivables is established where there is objective evidence that the company or group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or liquidation and default or delinquency of payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable it is written off against the allowance account for trade receivables.

(h) Investments

Investments are classified as available for sale, are measured at fair value. Gains or losses in changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss are not subsequently reversed through profit or loss.

Fair value of quoted investments is based on current bid prices. If an investment is suspended from trading, fair value is based on quoted bid prices on the first day that trading recommences following suspension.

Investments in subsidiary undertakings are stated at cost less provision for impairment in the parent company balance sheet.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. Bank overdrafts are shown as borrowings within current liabilities.

3. Significant accounting policies (continued)

(j) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs directly attributable to new shares are shown in equity as a deduction from the proceeds.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the group's financial statements requires the directors to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on the director's best knowledge of the relevant facts and circumstances. Information about such judgements and estimation is contained in the accounting policies and/or notes to the financial statements.

Deferred tax asset

At the present time the directors' do not consider that there is sufficient certainty regarding the utilisation of tax losses available in the group. As a result, no deferred tax asset has been recognised.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill is the deemed cost on first time application of IFRS.

Details of the impairment review calculation are given in note 17.

Impairment of intangible assets

The carrying value of intangible assets comprising unamortised website costs are determined by reference to an assessment of future income generated by the UltimatePlayer.me platform. Having regard to the Board's decision to delay future plans for further website development, all unamortised costs have been fully impaired as an exceptional item in 2017 (note 8).

5. Going concern

The directors have prepared financial forecasts covering the 12 months following approval of these financial statements, which show the Group can continue to carry on trading within its existing finance facilities over that period.

In view of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

6. Business segment analysis

Segmental information with regard to continuing and non- continuing activities is disclosed below and is based on the different business activities in the group.

All turnover, profits, losses, assets and liabilities relate to operations undertaken in the UK.

Year ended 31 December 2018	**Sports and leisure £**	**Social media website £**	**Consolidated £**
Revenue	1,546,733	273	1,547,006
Segment operating profit/(loss)*	100,754	(32,399)	68,355
Group operating expenses**			(212,930)
Operating loss			(144,575)
Finance revenues less finance costs			90
Loss before taxation			(144,485)
Taxation			-
Loss after taxation from continuing activities			(144,485)

Year ended 31 December 2017	**Sports and leisure £**	**Social media website £**	**Consolidated £**
Revenue	1,368,710	483	1,369,193
Segment operating profit/(loss)*	28,255	(587,536)	(559,281)
Group operating expenses**			(237,694)
Operating loss			(796,975)
Other gains and losses			20,497
Finance revenues less finance costs			(3,714)
Loss before taxation			(780,192)
Taxation relating to the social media website			17,572
Loss after taxation from continuing activities			(762,620)
Discontinued activities	53,567		53,567
	(53,567)		(709,053)

*Segment operating profit in relation to Sports and Leisure is after charges for depreciation of £7,507 (2017: £7,553). Segment operating losses in relation to the social media website is after charges for amortisation and impairment of £Nil (2017: £520,792).

** 'Group operating expenses' represent the costs of running the group as a whole. The directors consider that the costs of running Pantheon Leisure Plc of £68,824 (2017: £53,370) form part of these costs as opposed to forming part of the segmental costs of the sports and leisure division.

Financial position at 31 December 2018	**Sports and leisure**	**Social media website**	**Consolidated**
	£	**£**	**£**
Segment assets	86,555	1,388	87,943
Non segmental assets			610,268
Consolidated total assets			698,211
Segmental liabilities	203,071	-	203,071
Non segmental corporate liabilities			36,840
			239,911
Capital additions	7,753	-	
Depreciation/amortisation and impairment	7,507	-	

Financial position at 31 December 2017

	Sports and leisure	**Social media website**	**Consolidated**
	£	**£**	**£**
Segment assets	55,714	1,846	57,560
Non segmental assets			214,009
Consolidated total assets			271,569
Segment liabilities	158,457	4,162	162,619
Non segmental corporate liabilities			13,042
			175,661
Capital additions	9,820	16,300	
Depreciation/amortisation and impairment	7,553	520,792	

Non segmental assets include group cash balances of £535,329 (2017: £129,611), goodwill of £59,954 (2017: £59,954), other assets and receivables of £14,985 (2017: £24,444). Non segmental liabilities include trade and other payables of £36,840 (2017: £13,042).

Sports and leisure segment assets include £nil (2017: £2,727) from discontinued activities. Segment liabilities include £nil (2017: £8,638) from discontinued activities.

7. Discontinued activities

	2018	**2017**
	£	**£**
Revenue	-	11,015
Cost of sales and expenses	-	(40,048)
Operating loss	-	(29,033)
Net proceeds on disposal	-	82,600
	-	53,567

Football Partners Limited ceased small-sided football league activities in December 2016 and disposed of its trade for £100,000 in 2017.

8. Exceptional item and non- recurring costs

	2018 £	2017 £
Exceptional item:		
Development cost - full impairment	-	462,073
Non- recurring costs:		
Website expenditure and amortisation	-	101,252
	-	563,325

9. Operating loss

The operating loss is stated after charging /(crediting):	**2018 £**	**2017 £**
Auditors' remuneration – audit services	18,900	20,875
Operating lease rentals – land and buildings	17,635	13,507
Depreciation of property, plant and equipment	7,753	26,145
Amortisation – Website development	-	58,719
Impairment – Website development	-	462,073

Included in the audit fee for the group is an amount of £7,000 (2017: £6,700) in respect of the Company.
The auditors received fees of £1,630 (2017: £1,250) in respect of the provision of services in connection with advice relating to the group's interim results, and general advice.

10. (a) Staff Costs

Employee benefit costs were as follows:	**Group**	
	2018 £	**2017 £**
Wages and salaries	1,152,825	1,128,737
Social security costs	58,061	67,549
Pension contributions	12,634	7,019
Share based payment	10,800	-
	1,234,320	1,203,305

The average numbers of employees, including directors during the year, were as follows:-

	No.	No.
Administration, sales and coaching staff	94	115

(b) Directors' remuneration

An analysis of directors' remuneration (who are the key management personnel) is set out below:	**2018 £**	**2017 £**
Salary and consultancy fees	21,250	32,859
Executive directors	16,250	32,859
Non-executive directors	5,000	-
	21,250	32,859

The total cost of key management personnel being the executive directors and including employers' national insurance was £21,250 (2017: £32,859).

The following amounts were paid for the services of the directors in the year:

	2018	2017
	£	£
	Salaries and benefits	Salaries and benefits
R L Owen	13,750	15,996
G Simmonds	-	16,863
D Hillel	2,500	-
J Zucker	2,500	-
D J Coldbeck	2,500	-
	21,250	32,859

There were no directors' benefits (2017- £17,859).

11. Finance income

	2018	2017
	£	£
Interest revenue – bank deposits	718	-

12. Finance costs

	2018	2017
	£	£
Bank overdraft interest	628	-
Interest on obligations under hire purchase agreements	-	3,714
	628	3,714

13. Other gains and losses

	2018	2017
	£	£
Profit on disposal of available for sale investments	-	20,497

Investments in AIM listed companies were disposed of in 2017 giving rise to gains of £20,497 before fair value adjustments of £1,838 recognised in the Statement of Other Comprehensive Income in that year.

14. Taxation

	2018	2017
	£	£
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	-	(331)
Total deferred tax (credit)/(charge	-	(331)
Research and development tax credits	-	(17,241)
Tax credit in income statement	-	(17,572)

No income tax charge arises based on the loss for the year (2017: nil).

The group has unutilised tax losses of £6,443,000 (2017: £6,311,000) which includes £2,380,000 (2017: £2,364,000) in relation to the company's subsidiary undertakings. Where it is anticipated that future taxable profits will be available to utilise these losses a deferred tax asset or a reduction in deferred tax liability is recognised as appropriate.

Factors affecting the tax charge in the year

	2018	2017
	£	£
Loss on ordinary activities before taxation	(144,485)	(724,787)
Loss on ordinary activities before taxation at the standard rate of UK corporation tax of 19% (2017: 19.25%)	(27,452)	(139,521)
Effects of:		
Expenses not deductible for tax purposes	5,370	-
Share based payments	2,052	-
Dividend income	3,943	-
Temporary differences in respect of depreciation and capital allowances not reflected in deferred tax	(79)	97,121
Unutilised tax losses not recognised as a deferred tax asset	16,166	42,400
Adjustment on available-for-sale investments	-	(331)
Research and development tax credits	-	(17,241)
Tax credit	-	(17,572)

In 2017 claims for tax credits in relation to research and development costs were made giving rise to cash credits of £17,241.

15. Loss per share

Basic loss per share has been calculated on the group's loss attributable to equity holders of the parent company of £149,121 (2017: £709,470) and on the weighted average number of shares in issue during the year, which was 29,174,996 (2017:22,211,434).

Comprehensive loss per share is based on the same number of shares and on the comprehensive loss for the year attributable to the equity holders in the parent company of £149,121 (2017: £710,977).

In view of the group loss for the year, share warrants and options to subscribe for ordinary shares in the company are anti-dilutive and therefore diluted earnings per share information is not presented. There are options outstanding at 31 December 2018 on 307,500 ordinary shares and on 1,500,000 share warrants.

16. Loss for the financial year

As permitted by Section 400 of the Companies Act 2006, the profit and loss account for the company is not presented as part of these financial statements.

The consolidated loss for the year of £144,485 (2017-loss: £709,053) includes a loss of £201,202 (2017-loss: £1,020,317) dealt with in the accounts of the company.

17. Goodwill, intangibles and development costs

	2018 £ Website development	2018 £ Goodwill and other intangibles	2018 £ Total	2017 £ Total
Cost at 1 January	587,187	60,054	647,241	630,941
Additions in the year	-	-	-	16,300
Cost at 31 December	587,187	60,054	647,241	647,241
Amortisation at 1 January	587,187	-	587,187	66,395
Charged in the year	-	-	-	58,719
Impairment write off	-	100	100	462,073
Amortisation at 31 December	587,187	100	587,287	587,187
Carrying value at 31 December	-	59,954	59,954	60,054

Goodwill of £59,954 included above relates to the acquisition of Pantheon Leisure Plc which is included at its deemed cost on first time application of IFRS.

The Group acquired intangible assets costing £100 in 2013 following the acquisition of a subsidiary. The asset has been fully impaired and written off in 2018.

Goodwill acquired in a business combination is allocated, at acquisition, to cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill relates wholly to the leisure activities business segment.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding forecast revenues and operating costs. Management have taken into account the following two elements:

(i) Based on current assessments of the Sport in Schools activities made by the directors, they consider that revenues will continue to grow in 2019 and 2020; and

(ii) Operational costs are monitored and controlled

Development costs

Ultimate Player Limited continued to operate the UltimatePlayer.me platform during the year. As a result of the decision taken by the Board in 2017, to delay future plans for further website development, unamortised development costs were fully impaired and written off as an exceptional item in the prior year (see note 8).

18. Investments in Subsidiaries

Company	2018	2017
Cost	**£**	**£**
Shares	1,947,932	1,947,932
Loan notes	220,000	220,000
Total cost at beginning and end of year	2,167,932	2,167,932
Provision for impairment		
At 1 January	1,651,464	1,561,361
Increase of provision in year	10,713	90,103
At 31 December	1,662,177	1,651,464
Carrying value at 31 December	505,755	516,468

Included in investments is £220,000 of loan notes which carry an interest coupon of 7.5% and are repayable on demand at par.

The following companies were subsidiaries at the balance sheet date and the results and year end position of these companies has been included in these consolidated financial statements. The registered office for all the companies listed below is at 30 City Road, London EC1Y 2AB.

Subsidiary undertakings	Description and proportion of share capital owned	Country of incorporation or registration	Nature of business
Westside Acquisitions Limited	Ordinary 100%	England & Wales	Holding company
Reverse Take-Over Investments Limited *	Ordinary 100%	England & Wales	Acquisition and development of shell companies
Westsidetech Limited	Ordinary 100%	England & Wales	Dormant
Westside Mining Plc	Ordinary 100%	England & Wales	Investment - inactive
Westside Sports Limited	Ordinary 100%	England & Wales	Holding company
Ultimate Player Limited	Ordinary 100%	England & Wales	Social media website
Football Data Services Limited	Ordinary 100%	England & Wales	Website data services - inactive
FootballFanatix Limited	Ordinary 100%	England & Wales	Social media website - inactive
Pantheon Leisure Plc **	Ordinary 85.87%	England & Wales	Holding company
Sport in Schools Limited ***	Ordinary 85.87%	England & Wales	Sports coaching in schools
Football Partners Limited ***	Ordinary 85.87%	England & Wales	Dormant
The Elms Group Limited ***	Ordinary 85.87%	England & Wales	Inactive
Footballdirectory.co.uk Limited ****	Ordinary 85.87%	England & Wales	Dormant

* $33^{1}/_{3}$% held indirectly through Westside Acquisitions Limited
** held indirectly through Westside Sports Limited
*** held indirectly through Pantheon Leisure Plc
**** held indirectly through The Elms Group Limited

19. Property, plant and equipment

Group	Plant and equipment £	Motor Vehicles £	Total £
Cost			
At 1 January 2017	148,443	83,662	232,105
Additions	9,820	-	9,820
Disposals	(63,691)	(83,662)	(147,353)
Cost at 31 December 2017	94,572	-	94,572
Additions	7,753	-	7,753
Disposals	(1,848)	-	(1,848)
At 31 December 2018	100,477	-	100,477
Depreciation			
At 1 January 2017	137,787	62,748	200,535
Charge for the year	7,553	18,592	26,145
Disposals	(63,691)	(81,340)	(145,031)
At 31 December 2017	81,649	-	81,649
Charge for the year	7,507	-	7,507
Disposals	(1,847)		(1,847)
At 31 December 2018	87,309	-	87,309
Carrying value			
At 31 December 2018	13,168	-	13,168
At 31 December 2017	12,923	-	12,923

Company	Plant and equipment £	Motor Vehicles £	Total £
Cost			
At 1 January 2017	1,848	83,662	85,510
Disposals	-	(83,662)	(83,662)
Cost at 31 December 2017	1,848	-	1,848
Disposals	(1,848)	-	(1,848)
At 31 December 2018	-	-	-
Depreciation			
At 1 January 2017	1,847	62,748	64,595
Disposals	-	(81,340)	(81,340)
Charge for year	-	18,592	18,592
At 31 December 2016	1,847	-	1,847
Disposals	(1,847)	-	(1,847)
At 31 December 2017	-	-	-
Carrying value			
At 31 December 2018	-	-	-
At 31 December 2017	1	-	1

The company was party to hire purchase agreements in respect of its motor vehicles during the prior year. Depreciation charged on assets subject to hire purchase agreements in the year was £Nil. (2017: £18,592). The net book value of these assets at the end of the year and at the end of last year was £Nil.

20. Receivables and loan notes

Non-current assets

Company

In 2018, amounts due within one year included £220,000 of loan notes (2017 - £220,000). The loan notes are convertible into 50 million new shares in Pantheon Leisure Plc (the borrower) at any time before redemption. The loan notes carry an interest coupon of 7.5% and are repayable on demand at par.

Pantheon Leisure Plc is a subsidiary undertaking of Ultimate Sports Group Plc.

The loan notes are included in investments.

Group

The group has no receivables and loan notes classified as non-current assets.

Current assets

	Group		Company	
	2018	**2017**	**2018**	**2017**
	£	**£**	**£**	**£**
Trade receivables	62,768	24,371	-	-
Other receivables	18,681	17,375	10,166	
Amounts due from subsidiary undertakings	-	-	347,102	318,053
Prepayments and deferred expenditure	8,311	27,235	4,525	24,150
	89,760	68,981	361,793	342,203

The average credit period given for trade receivables at the end of the year is 15 days (2017:6 days). Trade receivables are stated net of a provision for irrecoverable amounts of £Nil (2017: £Nil).

Amounts due from subsidiary undertakings are stated net of provisions for irrecoverable amounts which total £1,454,629 (2017: £1,375,864).

The total charge in the year in respect of irrecoverable receivables in the group accounts was £Nil (2017: £Nil).
As at 31 December, the ageing analysis of trade receivables, all of which are due and not impaired is as follows:

	£
	<3 months
2018	62,768
2017	24,371

21. Trade and other payables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	£	**£**	**£**	**£**
Trade payables	9,760	982	-	-
Other payables	24,672	1,216	-	-
Taxes and social security	99,459	74,981	-	-
Amounts due to subsidiary undertakings	-	-	287,793	273,573
Accruals and deferred income	106,020	96,482	31,922	10,744
	239,911	173,661	319,715	284,317

The average credit period taken for trade payables at the end of the year is 8 days (2017: 1 day).

22. Bank overdraft

Sport in Schools Limited has a bank overdraft facility secured by a guarantee of up to £50,000 by Ultimate Sports Group Plc. The overdraft is repayable on demand.

23. Deferred tax

The following are the deferred tax liabilities and assets recognised by the group and movements during the current and previous year:

Deferred tax liabilities	Fair value gains £	Tax losses offset £	Total £
At 1 January 2017	(331)	331	-
Credited in the income statement	331	-	331
Charged directly to equity	-	(331)	(331)
At 31 December 2018 and 31 December 2017	-	-	-

24. Borrowings

There were no borrowings outstanding at 31 December 2018 (2017- £2,000)

25. Issued and fully paid share capital

Ordinary shares	Number of ordinary 10p shares	Number of ordinary 1p shares	Number of deferred 9p shares	£
At 1 January 2017	20,486,638	-	-	2,048,664
Shares issued in the year	2,325,000	-	-	232,500
At 1 January 2018	22,811,638	-	-	2,281,164
Subdivision of ordinary shares	(22,811,638)	22,811,638	22,811,638	-
New shares issued in the year	-	10,750,000	-	107,500
At 31 December 2018	-	33,561,638	22,811,638	2,388,664

Following a capital reorganisation in March 2018 in which each existing share of 10p each was subdivided into one new ordinary share of 1p each and 1 deferred share of 9p each, the company raised £537,500 before costs from a placing at a price of 5p per share resulting in the issue of a further 10,750,000 ordinary shares of 1p each.

Ordinary shares of 1p each:
Shareholders are entitled to receive dividends or distributions in the event of a winding up with rights to attend and vote at general meetings.

Deferred shares of 9p each:
Shareholders are entitled to receive 0.1p for each £999,999 of dividends or other distributions in the event of a winding up with no rights to attend and vote at general meetings.

At 31 December 2018 the company's issued shares carry no rights to fixed income.

The market price of the company's shares at 31 December 2018 was 20.00p and the price range during the financial year was 8.50p and 20.88p.

26. Share warrants and options

Warrants
In March 2018, the company issued new warrants to subscribe for shares. 750,000 A Warrants and 750,000 B Warrants were issued exercisable at a price of 10p and 25p respectively per new ordinary share.
Further details are given in note 30.

Options
In January 2011 the company adopted an unapproved share option scheme details of which are given in note 30

To date the company has granted options to acquire 577,500 ordinary shares to key executives and employees engaged in the development of the social network. At the year end and at the date of this report there are options to acquire 307,500 ordinary shares in issue.

27. Financial commitments

The group is committed to making the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	2017
	£	£
Within one year		
Land and buildings	10,868	16,358
Other	5,636	-
Between two and five years		
Land and buildings	43,472	47,193
Other	6,417	-
After five years		
Land and buildings	24,453	35,321
	90,846	**98,872**

28. Reserves

Retained earnings represent the cumulative retained profit or loss of the group.
Share premium is the amount subscribed for share capital in excess of nominal value and is a capital reserve required by UK company law.
The merger reserve is a non-statutory reserve and represents the difference between the fair value and nominal value of the shares exchanged for shares on acquisition of Reverse Take-Over Investments Plc which took place in 2003.
The fair value reserve represents the cumulative surplus and deficits on recognition of available-for-sale investments at fair value, less tax attributable to the net surplus.

29. Related parties

Details of the remuneration of directors is given in note 10. In addition to the information given in that note, the following provides further details of related party transactions involving the company and its directors.

The directors are the key management personnel of the group.

Simmonds & Co

The group made payments of £26,500 (2017-£38,904) as contributions towards office and secretarial costs to Simmonds & Co, Chartered Accountants, a practice in which G Simmonds is sole proprietor. No amounts were due at 31 December 2018 (2017 – £Nil).

In March 2017, G Simmonds was issued with 125,000 A Warrants and 125,000 B Warrants. Further details relating to these new warrants are given in note 30.

R Owen

The company paid for office facilities to R Owen of £13,611 (2017- £ 23,686). No amounts were due to R Owen at the 31 December 2018 (2017- Nil).

In March 2018, R Owen was issued with 125,000 A Warrants and 125,000 B Warrants. Further details relating to these new warrants are given in note 30.

30. Share-based payment transactions

Warrants

In March 2018, the company issued new warrants to subscribe for shares. 750,000 A Warrants and 750,000 B Warrants were issued exercisable at a price of 10p and 25p respectively per new ordinary share.

Warrants are valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	13 March 2018	13 March 2018
Share price at grant date	15p per share	15p per share
Exercise price	10p per share	25p per share
Shares under warrant	250,000	250,000
Expected volatility	100.0%	100.0%
Option life (years)	3 years	3 years
Expected life (years)	3 years	3 years
Risk-free interest rate	1.25%	1.25%
Fair value per option	3.15p	2.8p

In accordance with IFRS2, the fair value of the warrants issued and recognised as a charge in the accounts for the year is £10,800. In arriving at this amount, the expected volatility is based on historical volatility, the expected life is the average expected period to exercise and the risk-free rate of return is the yield on a zero-coupon UK government bond for a term consistent with the assumed option life.

30. Share-based payment transactions (continued).

Options

At the date of this report, options to acquire 577,500 ordinary shares share have been granted to employees or key executives involved in the group's trading operations. To date options over 270,000 shares have lapsed and there remain options over 307,500 shares that are exercisable.

Grant date	17 January 2011	6 March 2014	30 April 2014
Share price at grant date	25p per share	27.5p per share	27.5p per share
Exercise price	25p per share	27.5p per share	27.5p per share
Shares under option	210,000	167,500	200,000
Expected volatility	17.0%	20.9%	20.9%
Option life (years)	10 years	7 Years	7 Years
Expected life (years)	10 Years	7 Years	7 Years
Risk-free interest rate	2.0%	2.0%	2.0%
Fair value per option	0.4p	0.07p	0.07p

In accordance with IFRS2, the fair value of the share options issued and recognised as a charge in the accounts for the year is £Nil (2017 - £Nil). In arriving at the amount, the expected volatility is based on historical volatility, the expected life is the average expected period to exercise and the risk-free rate of return is the yield on a zero-coupon UK government bond for a term consistent with the assumed option life.

31. Capital management and financial instruments

The group is solely equity funded which represents the group's capital.

The group's objectives when maintaining capital are:

– To safeguard the entity's ability to continue as a going concern, so that it can begin to provide returns for shareholders and benefits for other stakeholders; and
– To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The group sets the amounts of capital it requires in proportion to risk. The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the group comprises all components of equity – share capital of £2,388,664 (2017: £2,281,164), share premium of £782,031 (2017: £393,454), other reserves of £325,584 (2017: £325,584), the retained deficit of £2,979,116 (2017: £2,840,795) and debts which comprises loans of £Nil (2017: £2,000).

During the year ended 31 December 2018 the group's strategy was to preserve net cash resources by limiting cash absorbed from losses and through good cash management.
Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provision of the instrument.
At 31 December 2018 and 31 December 2017, there were no material differences between the fair value and the book value of the group's financial assets and liabilities. All financial assets and liabilities are measured at amortised cost. Relevant financial assets and liabilities are set out below.

31. **Capital management and financial instruments (continued).**

	Group		Company	
	2018	**2017**	**2018**	**2017**
	£	**£**	**£**	**£**
Financial assets				
Cash and cash equivalents	535,329	129,611	413,656	81,459
Due from subsidiary undertakings	-	-	347,102	318,053
Trade and other short- term receivables	70,395	32,571	-	-
	605,724	162,182	760,758	399,512
Financial liabilities (which are included at amortised cost)				
Trade and other short- term payables	34,432	2,198	-	-
Due to subsidiary undertakings	-	-	287,793	273,573
Loans	-	2,000	-	-
	34,432	4,198	287,793	273,573

The group's financial instruments comprise cash and cash equivalents, receivables, payables, loan obligations that arise directly from its operations

Amounts shown in trade and other short term receivables exclude prepayments and deferred expenditure for the group of £8,311 (2017: £27,235) and VAT recoverable of £11,054 (2017: £9,175) for the group and for the company £4,522 (2017: £Nil) of short term receivables and VAT recoverable of £10,166 (2017: £7,430).

Trade and short- term payables exclude deferred income and accruals of £106,020 (2017: £96,482), tax and social security creditors of £99,459 (2017: £74,981). For the company - for tax and accruals of £31,922 (2017: £10,744).

The group has not adopted a policy of using financial derivatives and does not rely on the use of interest rate hedges.

In common with other businesses, the group is exposed to risks that arise from its use of financial instruments. There have been no substantive changes to the group's response to financial instrument risk and the methods used to measure them from previous periods.

The main risks arising from the group's financial instruments are market, credit and liquidity risks.

Market risk arises mainly from uncertainty about future prices of available-for-sale investments held by the group. The board monitors movements in the carrying value of its investments on a regular basis. As there are no remaining investments there is no longer any market risk attributable to investments.

Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise this risk, management have appropriate credit assessment methods to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports. There is no concentration of credit risk other than in respect to cash held on deposit at the company's bank as set out above.

The amount exposed to risk in respect of trade receivables at 31 December 2018 was £62,768 (2017: £24,371).

Liquidity risk arises in relation to the group's management of working capital and the risk that the company or any of its subsidiary undertakings will encounter difficulties in meeting financial obligations as and when they fall due. To minimise this risk the liquidity position and working capital requirements are regularly reviewed by management.

The directors do not consider changes in interest rates have a significant impact on the group's cost of finance or operating performance.

As the group's operations are conducted in the United Kingdom, risks associated with foreign currency fluctuations are not relevant.

32. Notes to statement of cash flows

a) Analysis of net funds

	At 1 January 2018 £	Cash Flow £	At 31 December 2018 £
Group			
Cash and cash equivalents	**129,611**	405,718	**535,329**
Borrowings	**(2,000)**	2,000	**-**
Net funds	**127,611**	407,718	**535,329**
Company			
Cash and cash equivalents	**81,459**	332,197	**413,656**
Net funds	**81,459**	332,197	**413,636**

(b) Reconciliation of net cash flow to movement in net funds

	Group £	Company £
Increase in cash and cash equivalents in the year	405,718	332,197
Cash outflow on borrowings repaid in the year	2,000	-
Movement in net funds	407,718	332,197

(c) Statement of cash flows from discontinued activities

	2018 £	2017 £
Cash flow from discontinued activities		
Profit/(loss) before tax	-	53,567
Adjustments for:		
Gain on disposal of trade	-	(82,600)
Movements in working capital		
Increase in debtors	-	(914)
Decrease/(Increase) in creditors	13,865	(42,084)
Cash generated/absorbed from operations	13,865	(72,031)
Investing activities		
Net proceeds on disposal of trade	-	82,600
Net cash used in investing activities	-	82,600
Financing activities		
Repayment of borrowings	-	(2,000)
Net cash used in financing activities		(2,000)
Net cash increase in cash and cash equivalents	13,865	8,569
Cash and cash equivalents at the beginning of the year	(13,865)	(22,434)
Cash and cash equivalents at the end of the year	**-**	**(13,865)**

Ultimate Sports Group Plc
(the "Company")
(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03882621)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Hellenic Centre 16/18 Paddington Street, London W1U 5AS on 24 July 2019 at 11.30am for the transaction of the following business.

Ordinary Business

To consider, and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the financial statements of the Company for the year ended 31 December 2018 with the Directors' and auditors' report thereon.

2. To re-appoint D Hillel as a Director of the Company, who retires by rotation in accordance with Article 23 of the Company's Articles of Association.

3. To re-appoint Hazlewoods LLP Chartered Accountants, as auditors to the Company and to authorise the Directors to agree and fix their remuneration.

Special Business

To consider, and, if thought fit, pass the following resolutions which will be proposed as to Resolution 4 as an Ordinary Resolution and as to Resolution 5 as a Special Resolution:

4. THAT the Directors of the Company be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and/or to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") provided that such power is limited to the allotment of shares in the Company and/or the grant of Rights up to an aggregate nominal amount of £100,000 provided that this authority shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution save that the Company may prior to the expiry of such period make any offer or agreement which would or might require shares in the Company to be allotted and/or Rights to be granted after such expiry and the Directors of the Company shall be entitled to allot shares in the Company and/or to grant Rights pursuant to any such offer or agreement as if this authority had not expired.

5. THAT, subject to the passing of Resolution 4 above, the Directors of the Company be empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 4 above, as if section 561 of the Act did not apply to such allotment provided this power shall be limited to the allotment to any person or persons of equity securities up to an aggregate nominal amount of £100,000 provided that the power given by this Resolution shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this Resolution or, if earlier, fifteen months from the date of the passing of this Resolution, save that the Directors of the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors of the Company shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

D Hillel Company Secretary

26 June 2019

Registered Office:
30 City Road
London EC1Y 2AB

Notes:

1. **A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.**

2. A Form of Proxy is enclosed for your use if desired. The instrument appointing a proxy must reach the Company’s Registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not less than 48 hours (excluding non-working days) before the time of holding of the meeting.

3. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company’s register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you should contact Share Registrars Limited of The Courtyard, 7 West Street, Farnham, Surrey GU9 7DR.

6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. Except as provided above, members who have general queries about the meeting should telephone Share Registrars Limited on 01252-821390 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the chairman's letter and the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

8. A copy of the Register of Directors’ Interests in shares in the Company and copies of the Directors’ service contracts of more than one year’s duration will be available for inspection at the registered office of the Company during business hours only on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this notice until the date of the meeting and at the place of the meeting for at least 15 minutes prior to and during the meeting.

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Form of Proxy

Ultimate Sports Group Plc
(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03882621)
(the "Company")

For use at the Annual General Meeting of the above -named company to be held at the Hellenic Centre 16/18 Paddington Street, London W1U 5AS on 24 July 2019 at 11.30am.

I/We (name(s) in full) ………………………………………………………………………………..
(BLOCK LETTERS)

of ………
being (a) holder(s) of ordinary shares of 5p each in Ultimate Sports Group Plc hereby appoint the Chairman of the meeting/or

*………
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 24 July 2019, and at every adjournment thereof. I/We wish my/our proxy to vote as shown below in respect of the resolutions set out in the notice of the Annual General Meeting.

Ordinary Resolutions	**For**	**Against**	**Vote Withheld****
1. To receive and adopt the financial statements of the Company for the year ended 31 December 2018 with the Directors' and auditors' report thereon.			
2. To re-appoint D Hillel as a Director of the Company, who retires by rotation in accordance with Article 23 of the Company's articles of association.			
3. To re-appoint Hazlewoods LLP, Chartered Accountants, as auditors to the Company and to authorise the Directors to agree and fix their remuneration.			
4. To authorise the Directors generally and unconditionally to allot shares and/or to grant rights to subscribe for or to convert any security into shares in accordance with Section 551 of the Companies Act 2006, subject to certain specified limitations.			
Special Resolution			
5. To authorise the Directors to dis-apply the statutory rights of pre-emption in relation to certain allotments of equity securities, subject to certain limitations.			

*You may, if you wish, in the space provided insert the name(s) of the person(s) of your choice to attend and vote at the meeting on your behalf

**Please note that if the "Vote Withheld" box is marked with a ''X", the Shareholder will not be counted in the calculation of votes "For" and "Against" and the Shareholder will not be taken to have given his/her/their discretion to the Proxy, on how to vote.

Signature………………………………… Date……………………………………..

Notes

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy or proxies to exercise all or any of his rights to attend, speak and vote at the meeting instead of him. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.**

2. Completion and return of the form of proxy will not preclude ordinary shareholders from attending or voting at the meeting, if they so wish.

3. To be effective, this proxy form must be lodged with the Company's Registrars, Share Registrars Limited by post at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not later than 48 hours (excluding non-working days) before the time of the meeting, or any adjournment thereof, together, if appropriate, with the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or, where the proxy form has been signed by an officer on behalf of a corporation, a notarial certified copy of the authority under which it is signed.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior). Any alterations made in this proxy should be initialled.

5. In the case of a member which is a corporation this proxy form must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day. Changes to entries on the relevant register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

7. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares, you may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Please contact Share Registrars Limited for the purpose of requesting additional proxy forms. You will need to state clearly on each proxy form how many shares the proxy was appointed in relation to. A failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member will result in the proxy appointment being invalid.

8. Except as provided above, members who have general queries about the meeting should telephone Share Registrars Limited on 01252-821390 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the chairman's letter and the directors' letter and explanatory note in respect of electronic communications) to communicate with the Company for any purposes other than those expressly stated.