

28 June 2018

Ultimate Sports Group PLC
(“USG” or the “Company” or the “Group”)
Final Results and Notice of AGM

Ultimate Sports Group PLC, the AIM listed investment vehicle, is pleased to announce its results for the year ended 31 December 2017. The Company also gives notice that its Annual General Meeting (‘AGM’) will be held at the Hellenic Centre 16/18 Paddington Street, London W1U 5AS on 29 August 2018 at 11.30am. Copies of the Notice of AGM together with the Annual Report for the year ended 31 December 2017 will be posted to shareholders and be available to view on the Company’s website www.ultimatesportsgroup.me.

Chairman's Statement and Chief Executive's Review

Our continuing trading activities - primarily through our subsidiary Sport in Schools Limited (also known as The Elms Sport in Schools) - resulted in a combined turnover of £1,369,193 (2016 - £1,248,490) and an operating loss, before non-recurring and exceptional items, of £233,650 (2016 - £287,433).

The UltimatePlayer.me online platform is fully functional and operating satisfactorily. Whilst Ultimate Player took steps last year to expand the reach of its online platform, it became clear that it would require a substantial budget to cover marketing, promotion and advertising to secure its commercial viability. With that in mind, your directors decided that it was appropriate to write off non-recurring and exceptional items relating to the development costs of the platform amounting to £563,325.

During the second half of 2017 your directors concluded that further funding was required for the company to promote its activities and seek to expand its horizons. Due to the limited marketability of the company's shares, any further fund raising for the company was unlikely to be achieved by share placings with private investors. Accordingly, your directors decided that any requirement for additional funds would need to be sourced by a party taking a strategic stake.

In December 2017, an initial meeting was held with Mr Richard Bernstein. There followed in rapid succession a series of meetings, which, despite turbulent market conditions, resulted in a successfully negotiated transaction. Mr Bernstein offered and the company accepted (with shareholder approval) Mr Bernstein's proposal to take a strategic stake in the company. In addition, the company entered into an agreement with Mr Bernstein pursuant to which Mr Bernstein will seek to introduce the company to potential investment or acquisition opportunities.

The details of the entire transaction - which raised new funds of £537,500 before expenses – were announced in February 2018 and approved by shareholders at a General Meeting in March 2018.

Going forward your directors will continue to focus on the development of Sport in Schools Limited and carefully look for and appraise any and all acquisition opportunities, including those proposed by

Mr Bernstein. In addition, Ultimate Player will explore new avenues designed to make its online platform commercially viable.

We are pleased that this strategy can be conducted from a firm financial base.

R L Owen (Chairman)

G M Simmonds (Managing Director)

27 June 2018

Consolidated statement of comprehensive income for the year ended 31 December 2017

	Notes	2017 £	2016 £
Continued activities			
Revenue	6	1,369,193	1,248,490
Cost of sales		<u>(769,310)</u>	<u>(717,020)</u>
Gross profit		599,883	531,470
Administrative expenses		<u>(833,533)</u>	<u>(818,903)</u>
Operating Loss before exceptional items		(233,650)	(287,433)
Exceptional item and non- recurring costs	8	<u>(563,325)</u>	<u>(141,763)</u>
Operating loss	9	(796,975)	(429,196)
Finance income	11	-	1,602
Finance costs	12	(3,714)	(3,972)
Other gains and losses	13	<u>20,497</u>	<u>-</u>
Loss before taxation		(780,192)	(431,566)
Taxation	14	<u>17,572</u>	<u>6,836</u>
Loss after taxation from continuing activities		(762,620)	(424,730)
Profit/((loss) for the year from discontinued activities	7	<u>53,567</u>	<u>(158,747)</u>
		<u>(709,053)</u>	<u>(583,477)</u>
Attributable to:			
Equity holders of the parent company		(709,470)	(566,581)
Non-controlling interests		<u>417</u>	<u>(16,896)</u>
		<u>(709,053)</u>	<u>(583,477)</u>
Other comprehensive loss			

Losses on available-for-sale investments taken to equity		(1,838)	(3,275)
Taxation on items taken directly to equity	14	331	618
Other comprehensive loss		<u>(1,507)</u>	<u>(2,657)</u>
Comprehensive loss attributable to:			
Equity holders of the parent company		(710,977)	(569,238)
Minority interest		417	(16,896)
Total comprehensive loss		<u>(710,560)</u>	<u>(586,134)</u>
Loss per share (basic and diluted)			
Loss from operations per share	15	(0.0319)p	(0.0318)p
Other comprehensive loss per share		<u>(0.0001)p</u>	<u>(0.0001)p</u>
Total comprehensive loss per share		<u>(0.0320)p</u>	<u>(0.0319)p</u>

The notes below form part of these financial statements.

Consolidated statement of financial position as at 31 December 2017

	Notes	2017	2016
		£	£
Non current assets			
Goodwill and other intangibles	17	60,054	564,546
Property, plant and equipment	19	<u>12,923</u>	<u>31,570</u>
Total non-current assets		<u>72,977</u>	<u>596,116</u>
Current assets			
Available-for-sale investments	20	-	25,998
Trade and other receivables	21	68,981	97,702
Cash and cash equivalents		<u>129,611</u>	<u>129,437</u>
Total current assets		<u>198,592</u>	<u>253,137</u>
Total assets		271,569	849,253
Current liabilities			
Trade and other payables	22	173,661	222,547
Borrowings	25	<u>2,000</u>	<u>17,377</u>
Total current liabilities		<u>175,661</u>	<u>239,924</u>
Non-current liabilities			
Borrowings	25	<u>-</u>	<u>30,562</u>
Total non-current liabilities		<u>-</u>	<u>30,562</u>
Total liabilities		<u>175,661</u>	<u>270,486</u>

Net assets		95,908	578,767
Equity			
Share capital	26	2,281,164	2,048,664
Share premium account		393,454	393,454
Merger reserve		325,584	325,584
Fair value reserve		-	(1,507)
Retained earnings		(2,840,795)	(2,123,512)
Equity attributable to shareholders' of the parent company		159,407	642,683
Non- controlling interests		(63,499)	(63,916)
Total Equity		95,908	578,767

The financial statements were approved and authorised for issue by the board on 27 June 2018 and signed on its behalf by:

R L Owen
Director

G Simmonds
Director

Company registration number 03882621

The notes below form part of these financial statements.

Consolidated statements of changes in equity

	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 2016	1,526,164	401,039	325,584	1,150	(1,569,380)	684,557	951	685,508
Issue of new shares	522,500	18,000	-	-	-	540,500	-	540,500
Share issue costs	-	(25,585)	-	-	-	(25,585)	-	(25,585)
Released on sale of available for sale investments	-	-	-	(3,275)	-	(3,275)	-	(3,275)
Deferred tax on items taken directly to equity	-	-	-	618	-	618	-	618
Adjustment for non-controlling interest	-	-	-	-	-	-	(47,971)	(47,971)
Share based payment	-	-	-	-	12,449	12,449	-	12,449
Loss for the year	-	-	-	-	(566,581)	(566,581)	(16,896)	(583,477)
Reserves 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)
At 31 December 2017	2,281,164	393,454	325,584	-	(2,840,795)	159,407	(63,499)	95,908

Company statement of financial position as at 31 December 2017

	Notes	2017 £	2016 £
Non current assets			
Investment in subsidiaries	18	516,468	606,571
Property, plant and equipment	19	1	20,915
Total non-current assets		<u>516,469</u>	<u>627,486</u>
Current assets			
Available-for-sale investments	20	-	1,688
Trade and other receivables	21	342,203	971,993
Cash and cash equivalents		81,459	175,789
Total current assets		<u>423,662</u>	<u>1,149,470</u>
Total assets		940,131	1,776,956
Current liabilities			
Trade and other payables	22	284,317	283,073
Borrowings	25	-	13,877
Total current liabilities		<u>284,317</u>	<u>296,950</u>
Non-current liabilities			
Borrowings	25	-	28,562
Total non-current liabilities		<u>-</u>	<u>28,562</u>
Total liabilities		284,317	325,512
Net assets		<u>655,814</u>	<u>1,451,444</u>
Equity			
Share capital	26	2,281,164	2,048,664
Share premium account		393,454	393,454
Merger reserve		325,584	325,584
Retained earnings		(2,344,388)	(1,316,258)
Total equity		<u>655,814</u>	<u>1,451,444</u>

The financial statements were approved and authorised for issue by the board on 27 June 2018 and signed on its behalf by:

R L Owen
Director

G Simmonds
Director

Company registration number 03882621

The notes below form part of these financial statements.

Company statement of changes in equity

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
At 1 January 2016	1,526,164	401,039	325,584	(1,034,493)	1,218,294
Issue of new shares	522,500	18,000	-	-	540,500
Share issue costs	-	(25,585)	-	-	(25,585)
Loss for the year	-	-	-	(294,214)	(294,214)
Share based payment	-	-	-	12,449	12,449
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 31 December 2017	2,281,164	393,454	325,584	(2,344,388)	655,814

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flow from all operating activities			
Loss before taxation from continuing activities		(780,192)	(431,566)
Profit/(loss) before taxation from discontinued activities	33c	53,567	(158,747)
		<u>(726,625)</u>	<u>(590,313)</u>
Adjustments for:			
Finance income		-	(1,602)
Finance expense		3,714	3,972
Impairment and amortisation of intangible assets		520,792	57,089
Other gains and losses		(103,097)	-
Depreciation		26,145	53,406
Profit on sale of tangible assets		(30,865)	-
Share based payments		-	12,448
		<u>(309,936)</u>	<u>(465,000)</u>
Operating cash flow before working capital movements		(309,936)	(465,000)
Increase in receivables		28,720	84,552
Decrease in payables		(48,886)	(162,567)
		<u>(330,102)</u>	<u>(543,015)</u>
Net cash absorbed by operations		(330,102)	(543,015)

Taxation		17,241	7,454
Cash flow from investing activities			
Finance income		-	1,602
Property, plant and equipment acquired		(9,820)	(4,001)
Intangible asset development costs		(16,300)	(134,614)
Acquisition of non- controlling interest		-	(47,970)
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 from investing activities		138,001	(184,983)
Cash flow from financing activities			
Finance expense		(3,714)	(3,972)
Funds from share issue		224,687	514,915
Repayment of borrowings		(45,939)	(18,877)
Net cash from financing activities		175,034	492,066
Net increase/(decrease) in cash and cash equivalents in the year	33b	174	(228,478)
Cash and cash equivalents at the beginning of the year		129,437	357,915
Cash and cash equivalents at the end of the year		129,611	129,437

A statement of cash flows from discontinued activities is set out in note 33c.

The notes below form part of these financial statements.

Company statement of cash flows for the year ended 31 December 2017

	Notes	2017 £	2016 £
Cash flow from operating activities			
Loss before tax		(1,020,317)	(294,213)
Adjustments for:			
Finance income		(16,500)	(16,500)
Finance expense		3,714	3,972
Other gains		(1,034)	-
Provision for impairment in value of investments in subsidiaries		90,103	10,765
Provision for intra group indebtedness		889,245	-
Depreciation		18,592	27,888
Profit on sale of tangible assets		(30,865)	-
Share based payments		-	12,448
Operating cash flow before working capital movements		(67,062)	(255,640)
Decrease/(increase) in receivables		(242,954)	(269,926)

Increase in payables		1,244	41,993
Net cash absorbed by operations		(308,772)	(483,573)
Cash flow from investing activities			
Investment acquired		-	(47,000)
Proceeds on sale of property, plant & equipment		33,187	-
Proceeds on sale of investments for resale		2,721	-
Net cash inflow/(outflow) from investing activities		35,908	(47,000)
Cash flow from financing activities			
Funds from share issue		224,687	514,915
Finance expense		(3,714)	(3,972)
Hire purchase repayments		(42,439)	(13,877)
Net cash from financing activities		178,534	497,066
Net decrease in cash and cash equivalents in the year	33b	(94,330)	(33,507)
Cash and cash equivalents at the beginning of the year		175,789	209,296
Cash and cash equivalents at the end of the year		81,459	175,789

The notes below form part of these financial statements

Notes to the group and parent company 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 chairman's statement and directors' report on page 2 and page 4 respectively.

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

Basis of Preparation

The condensed Group financial statements for the year ended 31 December 2017 included in this report do not constitute statutory accounts. The condensed Group financial statements are extracted from the Group's statutory financial statements for the year ended 31 December 2017. The auditor has reported on those statutory financial statements; their report was unqualified and did not contain statements under s498(2) or (3) Companies Act 2006 or equivalent preceding legislation.

While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

The condensed Group financial statements have been prepared on a basis consistent with that adopted in the previous year's published financial statements and in accordance with IFRSs.

The Group expects to publish statutory financial statements for the year ended 31 December 2017 that comply with both IFRSs as adopted for use in the European Union and IFRSs as compliant with the Companies Act 2006 and Article 4 of the EU IAS Regulations based on the information presented in this announcement.

The condensed financial statements were approved by the Board on 27 June 2018.

Audited statutory accounts for the year ended 31 December 2016 have been delivered to the registrar of companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2016 was unqualified, did not contain a statement under 498(2) or 498(3) of the Companies Act 2006, but did contain a paragraph of emphasis of matter relating to going concern without qualifying their report.

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 2017 have been prepared under the historical cost convention except for the revaluation of available-for-sale investments to fair value 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.

Future standards in place but not yet effective:

At the date of authorisation of these financial statements, the following Standards were effective for annual periods beginning on or after 1 January 2018:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers

At the date of authorisation of these financial statements, the following Standards were effective for annual periods beginning on or after 1 January 2019:

- IFRS 16 – Leases

The following amendments to Standards are all effective for annual periods beginning on or after 1 January 2018:

- IFRS 2 - Classification and measurement of share-based payment transactions
- IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

Except for IFRS 16, see below, the directors do 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 2017, the group has an asset and liability in respect of leases accounted for on the basis of IFRS 16 of approximately £80,000.

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 and is not subsequently reversed. Development costs recognised as an asset are amortised over a 10 year life, which commenced in September 2015 with the initial launch of the website.

(d) Plant and equipment

Plant and equipment are 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, and 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.

(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 require 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 investment in subsidiary undertakings

The company holds listed investments through various subsidiary undertakings. The values of these investments have been assessed based on their current quoted market value. These values have been used to estimate the recoverable value of the subsidiary undertakings. Where the estimated recoverable value of the company's investments in these subsidiary undertakings is less than the carrying value, the investment has been written down to the estimated recoverable value.

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 be fully impaired in the year as an exceptional item (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, following the issue of new shares raising £537,500, 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 2017	Sports and leisure £	Social media website £	Consolidated £
Revenue	<u>1,368,710</u>	<u>483</u>	<u>1,369,193</u>
Segment operating profit/(loss)	<u>28,255</u>	<u>(587,536)</u>	(559,281)
Group operating expenses*			<u>(237,694)</u>
Operating loss			(796,975)
Other gains and losses			20,497
Finance revenues less finance costs			<u>(3,714)</u>
Loss before taxation			(780,192)
Taxation relating to the social media website			<u>17,572</u>
Loss after taxation from continuing activities			(762,620)
Discontinued activities	<u>53,567</u>		<u>53,567</u>
	<u>(53,567)</u>		<u>(709,053)</u>
Year ended 31 December 2016	Sports and leisure £	Social media website £	Consolidated £
Revenue	<u>1,246,888</u>	<u>1,602</u>	<u>1,248,490</u>
Segment operating profit/(loss)	<u>122,535</u>	<u>(164,256)</u>	(41,721)
Group operating expenses*			<u>(387,475)</u>
Operating loss			<u>(429,196)</u>
Other gains and losses			-

Finance revenues less finance costs		<u>(2,370)</u>
Loss before taxation		(431,566)
Taxation relating to the social media website		<u>6,836</u>
Loss after taxation from continuing activities		(424,730)
Discontinued activities	<u>(158,747)</u>	<u>(158,747)</u>
	<u>(158,747)</u>	<u>(583,477)</u>

* '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 £53,370 (2016: £54,677) 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 2017

	Sports and leisure	Social media website	Consolidated
	£	£	£
Segment assets	<u>55,714</u>	<u>1,846</u>	57,560
Non segmental assets			<u>214,009</u>
Consolidated total assets			<u>271,569</u>
Segment liabilities	<u>158,457</u>	<u>4,162</u>	162,619
Non segmental corporate liabilities			<u>13,042</u>
			<u>175,661</u>
Capital additions	9,820	16,300	
Depreciation/amortisation and impairment	<u>7,552</u>	<u>520,792</u>	

Financial position at 31 December 2016

	£	£	Consolidated
	£	£	£
Segment assets	<u>77,264</u>	<u>519,065</u>	596,329
Non segmental assets			<u>252,924</u>
Consolidated total assets			<u>849,253</u>
Segment liabilities	<u>197,053</u>	<u>19,168</u>	216,221
Non segmental corporate liabilities			<u>54,265</u>
			<u>270,486</u>
Capital additions	4,001	134,614	
Depreciation charge	<u>53,406</u>	<u>57,089</u>	

Non segmental assets include group cash balances of £129,611 (2016: £129,437), plant and equipment of £Nil (2016: £20,915), goodwill of £59,954 (2016: £59,954), other assets and receivables of £24,444 (2016: £42,618). Non segmental liabilities include trade and other payables of £13,042 (2016: £54,265), hire purchase liabilities attributable to the parent company of £Nil (2016: £42,439).

Segment assets include £2,727 (2016: £6,013) from discontinued activities. Segment liabilities include £8,638 (2016: £65,937) from discontinued activities.

7. Discontinued Operations

	2017	2016
	£	£
Revenue	11,015	373,935
Cost of sales and expenses	<u>(40,048)</u>	<u>(532,682)</u>
Operating loss	(29,033)	(158,747)
Net proceeds on disposal	<u>82,600</u>	<u>-</u>
	<u>53,567</u>	<u>(158,747)</u>

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

8. Exceptional item and non- recurring costs

	2017	2016
	£	£
Exceptional item:		
Development cost - full impairment	462,073	-
Non recurring costs:		
Website expenditure and amortisation	<u>101,252</u>	<u>141,763</u>
	<u>563,325</u>	<u>141,763</u>

9. Operating loss

	2017	2016
	£	£
The operating loss is stated after charging / (crediting):		
Auditors' remuneration – audit services	20,875	25,840
Operating lease rentals – land and buildings	13,507	10,905
Depreciation of property, plant and equipment	26,145	53,406
Amortisation – Website development	58,719	57,089
Impairment – Website development	<u>462,073</u>	<u>-</u>

Included in the audit fee for the group is an amount of £6,700 (2016: £6,000) in respect of the Company.

The auditors received fees of £1,250 (2016: £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	
	2017	2016
	£	£
Wages and salaries	1,128,737	1,185,972
Social security costs	67,549	80,716
Pension contributions	7,019	8,169
Share based payment	-	12,448
	<u>1,203,305</u>	<u>1,287,305</u>

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

	No.	No.
Administration, sales and coaching staff	<u>91</u>	<u>80</u>

(b) Directors' remuneration

	2017	2016
	£	£
An analysis of directors' remuneration (who are the key management personnel) is set out below:		
Salary and consultancy fees	<u>32,859</u>	<u>106,951</u>
Executive directors:		
Salaries	15,000	40,000
Car benefits	17,859	23,951
Consultancy fees	-	30,500
	<u>32,859</u>	<u>94,451</u>
Non-executive directors:		
Salaries and benefits	-	8,750
Consultancy fees	-	3,750
	<u>-</u>	<u>12,500</u>
	2017	2016
	£	£
Directors consultancy fees comprise:		
G Simmonds and Simmonds & Co	-	22,500
D Hillel	-	8,000
D J Coldbeck	-	3,750
	<u>-</u>	<u>34,250</u>

The total cost of key management personnel being the executive directors and including employers' national insurance was £32,859 (2016: £94,451).

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

2017	2017	2016
£	£	£

	Salaries and benefits	Total	Total
R L Owen	15,996	15,996	41,403
G Simmonds	16,863	16,863	45,048
D Hillel	-	-	8,000
J Zucker	-	-	6,250
D J Coldbeck	-	-	6,250
	<u>32,859</u>	<u>32,859</u>	<u>106,951</u>

11. Finance income

	2017 £	2016 £
Interest revenue – bank deposits	-	102
Dividends received	-	1,500
	<u>-</u>	<u>1,602</u>

12. Finance costs

	2017 £	2016 £
Interest on obligations under hire purchase agreements	<u>3,714</u>	<u>3,972</u>

13. Other gains and losses

	2017 £	2016 £
Profit on disposal of available for sale investments (note 20)	<u>20,497</u>	<u>-</u>

14. Taxation

	2016 £	2016 £
Deferred tax (credit)/charge		
Origination and reversal of temporary differences	(331)	618
	<u>(331)</u>	<u>618</u>
Total deferred tax (credit)/(charge)	(331)	618
Research and development tax credits	<u>(17,241)</u>	<u>(7,454)</u>
Tax credit in income statement	<u>(17,572)</u>	<u>(6,836)</u>

No income tax charge arises based on the loss for the year (2016: nil).

The group has unutilised tax losses of £6,311,000 (2016: £7,315,000) which includes £2,364,000 (2016: £2,982,000) 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

	2017	2016
	£	£
Loss on ordinary activities before taxation	<u>(724,787)</u>	<u>(590,313)</u>
Loss on ordinary activities before taxation at the standard rate of UK corporation tax of 19.25% (2016: 20%)	(139,521)	(118,063)
Effects of:		
Expenses not deductible for tax purposes	-	3,016
Dividend income	-	(300)
Temporary differences in respect of depreciation and capital allowances not reflected in deferred tax	97,121	21,140
Unutilised tax losses not recognised as a deferred tax asset	42,400	94,207
Adjustment on available-for-sale investments	(331)	618
Research and development tax credits	<u>(17,241)</u>	<u>(7,454)</u>
Tax credit	<u>(17,572)</u>	<u>(6,836)</u>

In recognition of the effects on taxation arising from the revaluation of the group's available-for-sale investments, a deferred tax adjustment to the provision by £331 (2016: £618) has been made and reflected as an adjustment to equity. During the year claims for tax credits in relation to research and development costs were made giving rise to cash credits of £17,241. These claims related to expenditure incurred to December 2015.

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 £709,470 (2016: £566,581) and on the weighted average number of shares in issue during the year, which was 22,211,434 (2016: 17,809,583).

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 £710,977 (2016: £569,238).

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 2017 on 210,000 ordinary shares.

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 £709,053 (2016: loss: £583,477) includes a loss of £1,020,317 (2016: loss £294,214) dealt with in the accounts of the company.

17. Goodwill, intangibles and development costs

	2017	2017	2017	2016
	£	£	£	£
	Website development	Goodwill and other intangibles	Total	Total
Cost at 1 January	570,887	60,054	630,941	496,327
Additions in the year	16,300	-	16,300	134,614
Cost at 31 December	587,187	60,054	647,241	630,941
Amortisation at 1 January	66,395	-	66,395	9,306
Charged in the year	58,719	-	58,719	57,089
Impairment write off	462,073	-	462,073	-
Amortisation at 31 December	587,187	-	587,187	66,395
Carrying value at 31 December	-	60,054	60,054	564,546

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 £100 of intangible assets in 2013 at the time of acquisition of a subsidiary.

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 2018 and 2019; 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 to delay future plans for further website development, unamortised development costs have been fully impaired and written off as an exceptional item (see note 8).

18. Investments in Subsidiaries

Company	2017	2016
	£	£
Cost of shares	1,947,932	1,947,932
Loan notes	220,000	220,000
At 31 December	<u>2,167,932</u>	<u>2,167,932</u>
Impairment		
At 1 January	1,561,361	1,550,596
Increase of provision in year	90,103	10,765
At 31 December	<u>1,651,464</u>	<u>1,561,361</u>
Carrying value at 31 December	<u>516,468</u>	<u>606,571</u>

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.

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	Non trading
The Elms Group Limited ***	Ordinary 85.87%	England & Wales	Dormant

* 33¹/₃% 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

Pantheon group of companies	2017	2016
	£	£
Net liabilities	(49,529)	(52,479)
Profit/(loss) for the year	2,950	(119,389)

Figures above incorporate the consolidated results of Pantheon Leisure Plc, Sport in Schools Limited, Football partners Limited and the Elms Group Limited for the year ended 31 December 2017.

19. Property, plant and equipment

Group	Plant and equipment £	Motor Vehicles £	Total £
Cost			
At 1 January 2016	144,442	83,662	228,104
Additions	4,001	-	4,001
Disposals	-	-	-
Cost at 31 December 2016	148,443	83,662	232,105
Additions	9,820	-	9,820
Disposals	(63,691)	(83,662)	(147,353)
At 31 December 2017	94,572	-	94,572
Depreciation			
At 1 January 2016	112,269	34,860	147,129
Charge for the year	25,518	27,888	53,406
Disposals	-	-	-
At 31 December 2016	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
Carrying value			
At 31 December 2017	12,923	-	12,923
At 31 December 2016	10,656	20,914	31,570

Company	Plant and equipment	Motor Vehicles	Total
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	£	£	£
Cost			
At 1 January 2016	1,848	83,662	85,510
Additions	-	-	-
Disposals	-	-	-
Cost at 31 December 2016	1,848	83,662	85,510
Additions	-	-	-
Disposals	-	(83,662)	(83,662)
At 31 December 2017	1,848	-	1,848
Depreciation			
At 1 January 2016	1,847	34,860	36,707
Disposals	-	-	-
Charge for year	-	27,888	27,888
At 31 December 2016	1,847	62,748	64,595
Disposals	-	(81,340)	(81,340)
Charge for the year	-	18,592	18,592
At 31 December 2017	1,847	-	1,847
Carrying value			
At 31 December 2017	1	-	1
At 31 December 2016	1	20,914	20,915

The company was party to hire purchase agreements in respect of its motor vehicles during the year. Depreciation charged on assets subject to hire purchase agreements in the year was £18,592 (2016: £27,888). The net book value of these assets at the end of the year was £Nil (2016: £20,914).

20. Available-for-sale investments

The group holds the following investments which are stated at fair value:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Investments admitted to trading on AIM:				
Current assets				
Aeorema Communications Plc	-	7,650	-	-
SigmaRoc Plc	-	18,348	-	1,688
Total	-	25,998	-	1,688

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

21. Receivables and loan notes

Non-current assets

Company

In 2017, amounts due within one year included £220,000 of loan notes (2016 - £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	
	2017	2016	2017	2016
	£	£	£	£
Trade receivables	24,371	41,763	-	-
Other receivables	17,375	34,612		5,364
Amounts due from subsidiary undertakings	-	-	318,053	955,667
Prepayments and deferred expenditure	27,235	21,327	24,150	10,962
	<u>68,981</u>	<u>97,702</u>	<u>342,203</u>	<u>971,993</u>

The average credit period given for trade receivables at the end of the year is 6 days (2016:9 days). Trade receivables are stated net of a provision for irrecoverable amounts of £Nil (2016: £Nil).

Amounts due from subsidiary undertakings are stated net of provisions for irrecoverable amounts which total £1,375,864 (2016: £576,722).

The total charge in the year in respect of irrecoverable receivables in the group accounts was £Nil (2016: £Nil).

As at 31 December, the ageing analysis of trade receivables, all of which are due and not impaired is as follows:

	<3 months
2017	24,371
2016	<u>41,763</u>

22. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables	982	29,102	-	-
Other payables	1,216	48,263	-	-
Taxes and social security	74,981	71,960	-	-
Amounts due to subsidiary undertakings	-	-	273,573	273,573
Accruals and deferred income	96,482	73,222	10,744	9,500
	<u>173,661</u>	<u>222,547</u>	<u>284,317</u>	<u>283,073</u>

The average credit period taken for trade payables at the end of the year is 1 day (2016: 12 days).

23. Bank overdraft

Sport in Schools Limited and Football Partners Limited have bank overdraft facilities of £50,000 and £20,000 respectively which are secured by guarantees of up to £50,000 and £20,000 for each company given by Ultimate Sports Group Plc. Both overdrafts are repayable on demand.

24. 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 2016	287	(287)	-
Charged in the income statement	-	618	618
Credited directly to equity	(618)	-	(618)
At 31 December 2016	<u>(331)</u>	<u>331</u>	<u>-</u>
Credited in the income statement	331	-	331
Charged directly to equity	-	(331)	(331)

At 31 December 2017	-	-	-
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25. Borrowings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Due within one year				
Interest free loans	2,000	3,500	-	-
Hire purchase finance	-	13,877	-	13,877
Total due within one year	2,000	17,377	-	13,877
Due after more than one year				
Interest free loans	-	2,000	-	-
Hire purchase finance	-	28,562	-	28,562
Total due after more than one year	-	30,562	-	28,562
Total borrowings	2,000	47,939	-	42,439

26. Issued and fully paid share capital

Shares of 10p each	Number of shares	£
At 1 January 2016	15,261,638	1,526,164
Shares issued in the year	5,225,000	522,500
At 1 January 2017	20,486,638	2,048,664
Shares issued in the year	2,325,000	232,500
At 31 December 2017	22,811,638	2,281,164

In March 2017, the company raised £212,500 before costs from a placing at a price of 10p per share resulting in the issue of a further 2,125,000 shares of 10p each.

In June 2017, the company issued a further 200,000 shares at 10p per share in consideration of £20,000 of professional fees.

At 31 December 2017 the company's issued shares carry no rights to fixed income.

The market price of the company's shares at 31 December 2017 was 8.5p and the price range during the financial year was 8.5p and 15.0p.

Share options and warrants

On 17 January 2011 the company adopted an unapproved share option scheme details of which are given in note 31.

To date the company has granted 577,500 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 210,000 options to acquire ordinary share.

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:

	2017	2016
	£	£
Within one year		
Land and buildings	16,358	14,091
Between two and five years		
Land and buildings	47,193	49,732
After five years		
Land and buildings	35,321	46,189
	98,872	110,012

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. Post balance sheet events

Since the year end, the company raised a further £537,500 in March 2018 by an issue of 10,750,000 ordinary shares of 1p each at 5p per share following a reorganisation of the share capital with the sub-

division of each 10p ordinary share into one new ordinary of 1p each and one deferred share of 9p each. The funds were raised to increase the working capital of the group.

There are no other post balance sheet events to be disclosed by way of note.

30. Related parties

Details of the remuneration of directors are 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 considered to be the key management personnel of the group.

Simmonds & Co

The group made payments of £38,904 [excluding VAT] (2016 - £35,080) 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 2017 (2016 – £Nil).

R Owen

The company paid for office facilities of £23,686 (2016 - £ 22,431). No amounts were due to R Owen at the 31 December 2017 (2016- Nil).

31. Share-based payment transaction

At the date of this report, 577,500 share options have been granted to employees or key executives involved in the group's trading operations.

During 2017 185,000 share options lapsed (2016 – 182,500).

At the date of this report there remained share options to acquire 210,000 shares (2016 - 392,500) that are exercisable.

Details of share options granted are:

Share options to acquire 210,000 shares were originally awarded in 2011 and amended in 2012.

Share options to acquire 367,500 shares were awarded to employees and key executives in 2014.

Options 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	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
Annual charge under IFRS 2	£8,970	£1,586	£1,892

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 (2016 - £12,448).

In arriving at the above:-

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.

32. Capital management and financial instruments

The group is mainly equity funded which together with interest free borrowings of £2,000 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 £2,281,164 (2016: £2,048,664), share premium of £385,641 (2016: £393,454), other reserves of £325,584 (2016: £324,077), the retained deficit of £2,832,982 (2016: £2,123,512) and debts which comprises loans of £2,000 (2016: £5,500) and hire purchase commitments of £Nil (2016: £42,439).

During the year ended 31 December 2016 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 2017 and 31 December 2016, there were no material differences between the fair value and the book value of the group's financial assets and liabilities other than the interest free loan which has a carrying value of £2,000 and a fair value of approximately £1,500. Relevant financial assets and liabilities are set out below.

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets				
Available-for-sale investments	-	25,998	-	1,688
Cash and cash equivalents	129,611	129,437	81,459	175,789
Due from subsidiary undertakings	-	-	318,053	955,667
Trade and other short term receivables	32,571	53,615	-	-
	<u>162,182</u>	<u>209,050</u>	<u>399,512</u>	<u>1,133,144</u>
Financial liabilities				
(which are included at amortised cost)				
Trade and other short term payables	2,198	77,365	-	-
Due to subsidiary undertakings	-	-	273,573	273,573
Hire purchase obligations	-	42,439	-	42,439
Loans	2,000	5,500	-	-
	<u>4,198</u>	<u>125,304</u>	<u>273,573</u>	<u>316,012</u>

The group's financial instruments comprise available-for-sale investments, cash and cash equivalents, receivables, payables, loans and hire purchase 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 £27,235 (2016: £21,327) and VAT recoverable of £9,175 (2016: £22,760) for the group and £16,292 (2016: £10,962) of short term receivables and VAT recoverable of £7,430 (2016: £5,364) for the company.

Trade and short term payables exclude deferred income and accruals of £96,482 (2016: £73,222), tax and social security creditors of £74,981 (2016: £71,960) company for tax and accruals of £10,744 (2016: £9,500).

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 2017 was £24,371 (2016: £41,763).

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.

33. Notes to statements of cash flows

a) Analysis of net funds

	At 1 January 2017 £	Cash Flow £	At 31 December 2017 £
Group			
Cash and cash equivalents	129,437	174	129,611
Borrowings	(47,939)	45,939	(2,000)
Net funds	<u>81,498</u>	<u>46,113</u>	<u>127,611</u>
Company			
Cash and cash equivalents	175,789	(94,330)	81,459
Borrowings	(42,439)	42,439	-

Net funds	133,350	(51,891)	81,459
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(b) Reconciliation of net cash flow to movement in net funds

	Group	Company
	£	£
Increase/(decrease) in cash & cash equivalents in the year	174	(94,330)
Cash outflow on borrowings repaid in the year	45,939	42,439
	<hr/>	<hr/>
Movement in net funds/(debt)	<u>46,113</u>	<u>(51,891)</u>

(c) Statement of cash flows from discontinued activities

	2017	2016
	£	£
Cash flow from discontinued activities		
Profit/(loss) before tax	53,567	(158,747)
Adjustments for:		
Depreciation and impairment of fixed assets	-	15,530
Gain on disposal of trade	(82,600)	-
Movements in working capital		
(Increase)/decrease in debtors	(914)	47,593
(Decrease)/increase in creditors	(42,084)	101,229
	<hr/>	<hr/>
Cash (absorbed)/generated from operations	<u>(72,031)</u>	<u>5,605</u>
Investing activities		
Net proceeds on disposal of trade	82,600	-
	<hr/>	<hr/>
Net cash used in investing activities	<u>82,600</u>	<u>-</u>
Financing activities		
Repayment of borrowings	(2,000)	(2,000)
	<hr/>	<hr/>
Net cash used in financing activities	<u>(2,000)</u>	<u>(2,000)</u>
Net cash increase in cash and cash equivalents	8,569	3,605
Cash and cash equivalents at the beginning of the year	(22,434)	(26,039)

Cash and cash equivalents at the end of the year

(13,865)

(22,434)

**** ENDS ****

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