Company Number: 03882621

ULTIMATE SPORTS GROUP Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017

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 9BG

Registrars

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

Ultimate Sports Group Plc ("USG" or the "Company")

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

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 2017.

Results and dividends

The loss of the group before and after tax is given on page 13. 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	Share options & warrants
	No.	
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	-

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	1,500,000	4.47
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
27 June 2018

Principal activities, review 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 2017 were Reverse Take-Over Investments Plc, Ultimate Player Ltd and Sport in Schools Limited.

Reverse Take-Over Investments Limited specialises in the formation and development of shell companies. During the year, the company disposed of its remaining interests in investments for re-sale making gains of £20,667. There were no new opportunities identified and no new investment transactions in the year ended 31 December 2017.

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 (detailed on page 2), unamortised development costs of £462,073 incurred to date have been fully impaired and included as an exceptional item which together with other non - recurring website costs, marketing costs and amortisation written off in the year total £563,325 (2016 - £141,763).

Sport in Schools Limited continued providing sports coaching in schools, camps and after school clubs and continues to expand its operations. The company's profit for the year was £28,255 (2016 - £122,535). The fall in profitability in 2017 resulted from a decision to reorganise coaching staff with more emphasis on recruiting and employing more reliable full time coaching staff which is believed to be key to expanding this activity. In addition, the company has absorbed costs previously incurred as part of the overheads of Football Partners Limited.

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

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 sport in schools activities 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 32 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
27 June 2018

The board of Ultimate Sports Group Plc is accountable to the company's shareholders for good corporate governance. The directors are committed to proper standards of good governance and will continue to keep procedures under review. The following provides an outline of the principal policies and procedures established by the board.

Board and board committees
Board meetings are held on a monthly basis throughout the year which, with few exceptions, has been fully attended. In view of the small size of the board, matters otherwise dealt with by the remuneration committee have been dealt with by the board as a whole.

The audit committee is composed of the two non-executive directors and meetings are held twice a year to review the company's interim and final results.

The company's shares are traded on AIM and, as such under AIM Rule 31, the company is required to:

- have in place sufficient procedures, resources and controls to enable its compliance with the AIM rules;
- seek advice from its nominated adviser ("nomad") regarding its compliance with the AIM Rules whenever appropriate and take that advice into account;
- provide the company's nomad with any information it requests in order that the nomad can carry out its responsibilities under the AIM Rules for companies and the AIM rules for nominated advisers;
- ensure that each of the company's directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- ensure that each director discloses without delay all information which the company needs in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the director or could with reasonable diligence be ascertained by the director.

The board as a whole has considered its obligations under AIM Rule 31 and is satisfied that the objectives set out above are being met.

Relationships and shareholders
The board places considerable importance on creating and maintaining a strong relationship with its shareholders.

Accountability and financial control
The board has overall responsibility for the systems of financial controls which reflect the current scale of the group's activities, the key features of which are as follows:

(i) **Control environment**
There are clearly defined organisational responsibilities and the board is committed to employing suitably qualified staff so that the appropriate level of authority can be delegated with regard to accountability and acceptable levels of risk.

(ii) **Information systems**
The group prepares monthly financial information which is discussed at the monthly board meetings.

(iii) **Identification and evaluation of business risks and controls**
Management control is exercised at all levels of the group and is regulated by appropriate limits of authority. The directors have considered various areas of business risks and take decisions whenever there are perceived changes to the risks.

(iv) Q**uality and integration of personnel**
The group attaches high importance to the values of trust, honesty and integrity of personnel in positions of responsibility and operates a policy of recruiting suitably experienced personnel with defined duties. The Board has considered the need for an internal audit function but does not consider that the size of the business justifies a full-time appointment. The board continues to monitor this appointment and will act accordingly.

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 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 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of cash flows, the consolidated statement 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 2017 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 company 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 as applied to listed entities, 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 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.

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 £516,468. 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 either future cash flows generated from the trading entities from continuing trading operations or from the sale of the underlying business.
Intangible assets	
In the prior year, capitalised development costs was a significant, material intangible asset included in the consolidated statement of financial position.	Our audit work included, but was not limited to, review of the revenue streams generated by the intangible asset and assessing whether it was appropriate to reflect an impairment in the carrying value of this asset in the financial statements. The group's accounting policy in respect of development costs is set out in note 3.
Going concern	
Trading performance 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 after the end of the financial year; • review of forecasts prepared by management to support the going concern assumption • and reviewing the directors' considerations in preparing the accounts on a going concern basis as set out in note 5.

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 an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. 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 £14,000, which is 1% of the value of the group's turnover and 6% of the group's operating loss before the exceptional loss arising from the impairment of intangible fixed assets. The parent company only trades with other group companies and has no external sources of finance hence materiality is assessed in the context of its statement of financial position. 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.

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 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 8, 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 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

27 June 2018

	Notes	2017 £	2016 £
Continued activities			
Revenue	**6**	1,369,193	1,248,490
Cost of sales		(769,310)	(717,020)
Gross profit		599,883	531,470
Administrative expenses		(833,533)	(818,903)
Operating Loss before exceptional items		**(233,650)**	**(287,433)**
Exceptional item and non- recurring costs	**8**	(563,325)	(141,763)
Operating loss	**9**	(796,975)	(429,196)
Finance income	**11**	-	1,602
Finance costs	**12**	(3,714)	(3,972)
Other gains and losses	**13**	20,497	-
Loss before taxation		(780,192)	(431,566)
Taxation	**14**	17,572	6,836
Loss after taxation from continuing activities		(762,620)	(424,730)
Profit/((loss) for the year from discontinued activities	**7**	53,567	(158,747)
		(709,053)	(583,477)
Attributable to:			
Equity holders of the parent company		(709,470)	(566,581)
Non-controlling interests		417	(16,896)
		(709,053)	(583,477)
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		(1,507)	(2,657)
Comprehensive loss attributable to:			
Equity holders of the parent company		(710,977)	(569,238)
Minority interest		417	(16,896)
Total comprehensive loss		(710,560)	(586,134)
Loss per share (basic and diluted)			
Loss from operations per share	**15**	(0.0319)p	(0.0318)p
Other comprehensive loss per share		(0.0001)p	(0.0001)p
Total comprehensive loss per share		(0.0320)p	(0.0319)p

The notes on pages 20 to 40 form part of these financial statements.

	Notes	2017	2016
		£	£
Non current assets			
Goodwill and other intangibles	**17**	60,054	564,546
Property, plant and equipment	**19**	12,923	31,570
Total non-current assets		72,977	596,116
Current assets			
Available-for-sale investments	**20**	-	25,998
Trade and other receivables	**21**	68,981	97,702
Cash and cash equivalents		129,611	129,437
Total current assets		198,592	253,137
Total assets		**271,569**	**849,253**
Current liabilities			
Trade and other payables	**22**	173,661	222,547
Borrowings	**25**	2,000	17,377
Total current liabilities		175,661	239,924
Non-current liabilities			
Borrowings	**25**	-	30,562
Total non-current liabilities		-	30,562
Total liabilities		**175,661**	**270,486**
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 on pages 20 to 40 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 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**

	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		516,469	627,486
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		423,662	1,149,470
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		284,317	296,950
Non-current liabilities			
Borrowings	**25**	-	28,562
Total non-current liabilities		-	28,562
Total liabilities		**284,317**	**325,512**
Net assets		**655,814**	**1,451,444**
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		**655,814**	**1,451,444**

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 on pages 20 to 40 form part of these financial statements.

	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**

	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)
		(726,625)	(590,313)
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
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)
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 on pages 20 to 40 form part of these financial statements.

	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 on pages 20 to 40 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 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.

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.

3. Significant accounting policies (continued)

(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

3. Significant accounting policies (continued)

(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.

3. Significant accounting policies (continued)

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	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)

Year ended 31 December 2016	**Sports and leisure £**	**Social media website £**	**Consolidated £**
Revenue	1,246,888	1,602	1,248,490
Segment operating profit/(loss)	122,535	(164,256)	(41,721)
Group operating expenses*			(387,475)
Operating loss			(429,196)
Other gains and losses			-
Finance revenues less finance costs			(2,370)
Loss before taxation			(431,566)
Taxation relating to the social media website			6,836
Loss after taxation from continuing activities			(424,730)
Discontinued activities	(158,747)		(158,747)
	(158,747)		(583,477)

* ‘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	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	7,552	520,792	

Financial position at 31 December 2016

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

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	(40,048)	(532,682)
Operating loss	(29,033)	(158,747)
Net proceeds on disposal	82,600	-
	53,567	(158,747)

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	101,252	141,763
	563,325	141,763

9. Operating loss

The operating loss is stated after charging /(crediting):	2017 £	2016 £
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	462,073	-

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
	1,203,305	1,287,305

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

	No.	No.
Administration, sales and coaching staff	91	80

(b) Directors' remuneration

An analysis of directors' remuneration (who are the key management personnel) is set out below:	2017 £	2016 £
Salary and consultancy fees	32,859	106,951
Executive directors:		
Salaries	15,000	40,000
Car benefits	17,859	23,951
Consultancy fees	-	30,500
	32,859	94,451
Non-executive directors:		
Salaries and benefits	-	8,750
Consultancy fees	-	3,750
	-	12,500

Directors consultancy fees comprise:	2017 £	2016 £
G Simmonds and Simmonds & Co	-	22,500
D Hillel	-	8,000
D J Coldbeck	-	3,750
	-	34,250

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 £ Salaries and benefits	2017 £ Total	2016 £ 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
	32,859	32,859	106,951

11. Finance income

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

12. Finance costs

	2017 £	2016 £
Interest on obligations under hire purchase agreements	3,714	3,972

13. Other gains and losses

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

14. Taxation

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

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	(724,787)	(590,313)
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	(17,241)	(7,454)
Tax credit	(17,572)	(6,836)

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).

15. Loss per share (cont.)

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 £ Website development	2017 £ Goodwill and other intangibles	2017 £ Total	2016 £ 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	2,167,932	2,167,932
Impairment		
At 1 January	1,561,361	1,550,596
Increase of provision in year	90,103	10,765
At 31 December	1,651,464	1,561,361
Carrying value at 31 December	516,468	606,571

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
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

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 £
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

19. Property, plant and equipment (cont.)

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
	68,981	97,702	342,203	971,993

21. Receivables and loan notes (cont.)

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	41,763

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
	173,661	222,547	284,317	283,073

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	(331)	331	-
Credited in the income statement	331	-	331
Charged directly to equity	-	(331)	(331)
At 31 December 2017	-	-	-

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).

32. Capital management and financial instruments (continued)

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	-	-
	162,182	209,050	399,512	1,133,144
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	-	-
	4,198	125,304	273,573	316,012

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.

32. Capital management and financial instruments (continued)

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	**81,498**	46,113	**127,611**
Company			
Cash and cash equivalents	**175,789**	(94,330)	**81,459**
Borrowings	**(42,439)**	42,439	**-**
Net funds	**133,350**	(51,891)	**81,459**

33. Notes to statements of cash flows (cont.

(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
Movement in net funds/(debt)	46,113	(51,891)

(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
Cash (absorbed)/generated from operations	(72,031)	5,605
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)	(2,000)
Net cash used in financing activities	(2,000)	(2,000)
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)**

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 29 August 2018 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 2017 with the Directors' and auditors' report thereon.

2. To re-appoint D Coldbeck 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

27 June 2018

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, 7 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 29 August 2018 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 29 August 2018, 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 2017 with the Directors' and auditors' report thereon.			
2. To re-appoint D Coldbeck 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.