

Registered number: 04432080

BRIGHTTALK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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BRIGHTTALK LIMITED

COMPANY INFORMATION

Directors	P S Heald R B Heald R Pyle G Elliott B Goffman R Dridi A Wait
Company secretary	P S Heald
Registered number	04432080
Registered office	The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1 BP
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF
Business address	16 St Martin's Le Grand London EC1A 4NA

BRIGHTTALK LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 6
Consolidated Statement of Comprehensive Income	7
Consolidated and Company Balance Sheets	8
Consolidated Statement of Changes in Equity	9
Company Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12 - 27

BRIGHTTALK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report and financial statements of the group for the year ending 31 December 2015.

Review of business

The principle activity of the company is provisioning web-based hosted software and services for communications and providing marketing services to its clients.

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties we face.

Development and performance of the group

	<i>Year to 31 December 2015</i>	<i>Year to 31 December 2014</i>	<i>Year to 31 December 2013</i>
Turnover (£'000)	14,163	13,690	11,055
Turnover growth	3%	24%	60%
EBIT (£'000)	(2,230)	(2,058)	(1,708)
Net liabilities (£'000)	(20,536)	(16,498)	(10,854)

At 31 December 2015, the net liabilities of the group totalled £20,536k (2014: £16,498k), with a total of £22,410k (2014: £20,701k) Preferred Shares and associated accrued dividends being classified as long term liabilities.

Analysis of key performance indicators

Turnover and Earnings before Interest and Tax (EBIT) are our key KPI's and these give an overall indication of the financial performance and strength of the group.

Group revenue has increased by 3% during the period 31 December 2015. This reflects a stable revenue stream while the company continues its program of investment. This continued investment ahead of forecast growth is reflected in a loss before interest and tax of £2,230k for the year (2014: £2,058k).

Principle risk and uncertainties

As for many groups of our size, the business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However we will continue to retain the flexibility to respond to market conditions and opportunities as they arise and to invest for growth.

Slowed growth in revenue is one of the main risks faced by the company. A change in sales and marketing leadership in 2015 addressed these challenges. The Board continues to monitor the performance of these teams closely.

Cash is carefully managed to ensure that receivables are collected in a timely fashion.

BRIGHTTALK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Financial risk management objectives and policies

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements and to manage its cash flows to enable the optimal rate of investment for future growth.

The group's cash balance is invested at maturities to match forecast cash requirements and to achieve competitive rates of interest although current investment options with the appropriate risk profile are very limited.

The business has pursued a strategy of minimising risk by diversifying its client base and as a result carries limited risk from the failure of a single client. The company also collects payment at the start of a contract in one line of its business; the other invoices and collects after services are provided.

Group research and development activities

The company continues to invest in Research and Development in order to build the professional communities on BrightTALK and to provide them with a compelling learning experience while providing its paying customers with the tools that need. The Directors consider ongoing investment vital to the company's growth.

Future developments

The Directors will consider further funding requirements in light of the ongoing investment in Research and Development and business growth.

On behalf of the board



P S Heald

Director

29 September 2016

BRIGHTTALK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2015.

Future developments

The directors have included an assessment of the future developments within the strategic report.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the Group and Parent Company financial statements (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 prepared the financial statements in accordance with United Kingdom Accounting Standards comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who served during the year and up to the date of approval of the financial statements were:

P S Heald
R B Heald
R Pyle
G Elliott
B Goffman
R Dridi (appointed 16 September 2015)
A Wait (appointed 23 March 2016)

Qualifying third party indemnity provisions

The company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

BRIGHTTALK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

Disclosure of information to auditors

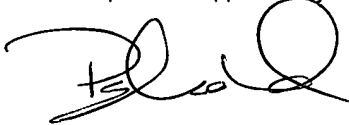
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 29 September 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P S Heald', with a large circular flourish at the end.

P S Heald
Director

BRIGHTTALK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTTALK LIMITED

Report on the financial statements

Our opinion

In our opinion BrightTALK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's loss and cash flows for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included in the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2015;
- the Consolidated Statement of Comprehensive Income for the year ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

BRIGHTTALK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTTALK LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

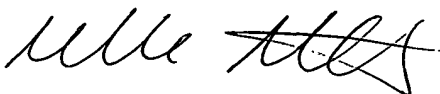
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

29 September 2016

BRIGHTTALK LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Turnover	4	14,163	13,690
Cost of sales		(4,810)	(1,732)
Gross profit	5	9,353	11,958
Administrative expenses		(11,859)	(14,289)
Other operating income		276	273
Operating loss		(2,230)	(2,058)
Interest payable and similar charges	10	(1,725)	(1,836)
Profit on ordinary activities before taxation		(3,955)	(3,894)
Tax on profit on ordinary activities	11	-	294
Profit for the financial year		<u>(3,955)</u>	<u>(3,600)</u>
Currency translation differences		(215)	(120)
Total other comprehensive income / (expense) for the year		(215)	(120)
Total comprehensive income for the year		<u>(4,170)</u>	<u>(3,720)</u>

The notes on pages 12 to 27 form part of these financial statements.

BRIGHTTALK LIMITED
REGISTERED NUMBER: 04432080

CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Tangible assets	13	323	336	180	139
Investments	14	-	-	27	27
		<u>323</u>	<u>336</u>	<u>207</u>	<u>166</u>
Current assets					
Debtors	15	3,606	4,123	8,580	7,067
Cash at bank and in hand		3,053	4,041	367	2,581
		<u>6,659</u>	<u>8,164</u>	<u>8,947</u>	<u>9,648</u>
Creditors: amounts falling due within one year	16	(5,108)	(4,297)	(2,684)	(2,374)
		<u>1,551</u>	<u>3,867</u>	<u>6,263</u>	<u>7,274</u>
Net current assets					
		<u>1,874</u>	<u>4,203</u>	<u>6,470</u>	<u>7,440</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	17	(22,410)	(20,701)	(22,410)	(20,701)
Provisions for liabilities					
Deferred taxation	19	-	-	-	-
		<u>(20,536)</u>	<u>(16,498)</u>	<u>(15,940)</u>	<u>(13,261)</u>
Net liabilities					
Capital and reserves					
Called up share capital	20	69	68	69	68
Share premium account		888	831	888	831
Other reserves		(10,529)	(10,388)	(10,243)	(10,317)
Profit and loss account		(10,964)	(7,009)	(6,654)	(3,843)
		<u>(20,536)</u>	<u>(16,498)</u>	<u>(15,940)</u>	<u>(13,261)</u>
Total equity					

The financial statements on pages 7 to 27 were approved and authorised for issue by the board and were signed on its behalf on 29 September 2016.


P S Heald
 Director

The notes on pages 12 to 27 form part of these financial statements.

BRIGHTTALK LIMITED
REGISTERED NUMBER: 04432080

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2015	68	831	(10,388)	(7,009)	(16,498)
Comprehensive income for the year					
Issue of share capital	1	-	-	-	1
Loss for the financial year	-	-	-	(3,955)	(3,955)
Premium on shares issued	-	57	-	-	57
Share based payment charge	-	-	74	-	74
Foreign currency translation differences	-	-	(215)	-	(215)
At 31 December 2015	69	888	(10,529)	(10,964)	(20,536)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2014	67	758	(8,270)	(3,409)	(10,854)
Comprehensive income for the year					
Issue of share capital	1	-	-	-	1
Loss for the financial year	-	-	-	(3,600)	(3,600)
Premium on shares issued	-	73	-	-	73
Foreign currency translation differences	-	-	(120)	-	(120)
Conversion of ordinary shares to preference shares	-	-	(2,079)	-	(2,079)
Share based payment charge	-	-	81	-	81
At 31 December 2014	68	831	(10,388)	(7,009)	(16,498)

BRIGHTTALK LIMITED
REGISTERED NUMBER: 04432080

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2015	68	831	(10,317)	(3,843)	(13,261)
Comprehensive income for the year					
Issue of share capital	1	-	-	-	1
Loss for the financial year	-	-	-	(2,811)	(2,811)
Premium on shares issued	-	57	-	-	57
Share based payment charge	-	-	74	-	74
At 31 December 2015	69	888	(10,243)	(6,654)	(15,940)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2014	67	758	(8,319)	(1,052)	(8,546)
Comprehensive income for the year					
Issue of share capital	1	-	-	-	1
Loss for the financial year	-	-	-	(2,791)	(2,791)
Premium on shares issued	-	73	-	-	73
Conversion of ordinary shares to preference shares	-	-	(2,079)	-	(2,079)
Share based payment charge	-	-	81	-	81
At 31 December 2014	68	831	(10,317)	(3,843)	(13,261)

BRIGHTTALK LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £000	2014 £000
Cash flows from operating activities		
Profit for the financial year	(3,955)	(3,600)
Adjustments for:		
Tax on loss on ordinary activities	-	(294)
Net interest expense	1,725	1,836
Operating loss	(2,230)	(2,058)
Depreciation of tangible assets	186	267
Share based payment charge	74	81
Decrease/(increase) in debtors	517	(1,660)
Increase in creditors	877	1,595
Net effect of foreign exchange differences	(215)	(120)
Loss on disposal of intangibles assets	-	3
Net cash from operating activities	(791)	(1,892)
Taxation received	-	291
Net cash generated from operating activities	(791)	(1,601)
Cash flows from investing activities		
Purchase of tangible fixed assets	(174)	(224)
Net cash from investing activities	(174)	(224)
Cash flows from financing activities		
Repayment of obligations under finance leases	(81)	(112)
Proceeds from issue of preference shares	-	2,973
Proceeds from issue of ordinary shares	58	75
Interest paid	-	(22)
Net cash used in financing activities	(23)	2,914
Net increase / (decrease) in cash and cash equivalents	(988)	1,089
Cash and cash equivalents at beginning of year	4,041	2,952
Cash and cash equivalents at the end of year	3,053	4,041
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,053	4,041
	3,053	4,041

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General information

BrightTALK Limited (the "Company") and its subsidiary's (together the "Group") principal activity is provisioning web-based hosted software and services for communications and providing marketing services to its clients.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is: The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Buckinghamshire, MK9 1BP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been consistently applied, unless otherwise stated:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In accordance with Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

Where a subsidiary is translated into Sterling, the balance sheet is translated using the year end exchange rate and the profit and loss account is translated using the annual average exchange rate for the year. All differences on exchange are recognised in the statement of comprehensive income and are taken to the translation reserve included within other reserves.

2.3 Going concern

At the balance sheet date, the Group has net current assets of £1,551k including £3,053k of cash balances. The largest component of long term debt is preference shares classified as financial liabilities of £22,410k, which is not due for repayment until February 2019.

The directors have reviewed the financing requirements of the Company for the foreseeable future and are confident following review of financial forecasts that they have sufficient facilities in place to pay liabilities as they fall due and to ensure the continuing operation of the Company for at least one year from the date of approval of these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.4 Revenue

Revenue consists of license, audience and content income. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

License income is a subscription, which is typically for 12 months, where the customer pays in advance. Revenue is recognised evenly over the period of the subscription.

Audience income is where a customer will purchase sets of information on individuals known as leads. Revenue is recognised when the leads have been delivered to the customer.

Content income is the sale of video production or live event management to customers. Revenue is recognised when the work is completed.

2.5 Research and development

All research and development costs are written off to the profit and loss account as they are incurred.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures, fitting and equipment - 10% - 33.3% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Consolidated Statement of Comprehensive Income.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2.7 Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

2.8 Investments - Company

Investments in a subsidiary company is measured at cost less accumulated impairment.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2.9 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a defined contribution plan for its employees. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

(iv) Share-based payments

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

2.10 Cash and cash equivalents

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2.11 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2.12 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

4. Turnover

The total turnover of the group for the year has been derived from its principal activity.

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	6,212	5,009
United States of America	7,951	8,681
	<u>14,163</u>	<u>13,690</u>

5. Operating profit

The operating profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	186	155
Operating lease charges	1,203	1,155
Foreign exchange (gains)/losses	<u>215</u>	<u>120</u>

6. Auditors' remuneration

	2015 £000	2014 £000
Fees payable to the Group's auditors and its subsidiary for the audit of the Group and parent Company's annual financial statements	85	45
Audit related assurance services	10	-
Tax related services	<u>8</u>	<u>-</u>

7. Employees

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	13,492	9,809
Social security costs	1,210	859
Other pension costs	189	287
Share-based payments	74	81
	<u>14,965</u>	<u>11,036</u>

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****7. Employees (continued)**

The average monthly number of employees, including the Directors, during the year was as follows:

	2015 No.	2014 No.
Technical and product development staff	76	60
Operations staff	68	93
Management staff	4	4
	<u>148</u>	<u>157</u>

8. Directors' remuneration

	2015 £000	2014 £000
Aggregate emoluments	346	345
Company pension contributions to money purchase pension schemes	5	1
	<u>351</u>	<u>346</u>

During the year retirement benefits were accruing to 1 Directors (2014: 1) in respect of defined contribution pension schemes.

The number of directors who hold share options under the company's share option scheme is 4 (2014: 2).

Highest paid director

The highest paid director's emoluments were as follows:

	2015 £000	2014 £000
Aggregate emoluments	291	184
Company pension contributions to money purchase pension schemes	5	-
	<u>296</u>	<u>184</u>

9. Share-based payments**Equity-settled share-based payments**

The Group has issued shared options for all employees including directors. The options are exercisable at a price which is based on the fair value at the grant date of the options. This fair value is determined by independent valuation experts. The vesting period of the options is usually 3 to 4 years and are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the grant date, the options expire. Options are forfeited if the employee leaves the company before the options vest.

BRIGHTTALK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. Share-based payments (continued)

The reconciliation of share option movements over the year to 31 December 2015 is shown below:

	Number of options 2015	Weighted average exercise price 2015 £	Number of options 2014	Weighted average exercise price 2014 £
Outstanding at 1 January	2,789,148	0.41	3,211,013	0.40
Granted	1,949,464	0.54	207,000	0.54
Expired	(890,532)	0.48	(550,532)	0.40
Exercised	(175,335)	0.33	(78,333)	0.35
Outstanding at 31 December	3,672,745	0.45	2,789,148	0.41
Exercisable at 31 December	<u>1,988,330</u>	<u>0.37</u>	<u>2,099,787</u>	<u>0.40</u>

The fair value of the share options granted during the year is determined using the Black-Scholes model.

The total charge for the year was £74,114 (2014: £80,596).

10. Interest payable and similar charges

	2015 £000	2014 £000
Hire purchase interest	-	21
Foreign exchange losses on retranslation of debt	1,063	1,156
Other interest payable	662	659
	<u>1,725</u>	<u>1,836</u>

Other interest of £662,000 (2014: £659,000) above relates to fixed cumulative dividends on preference shares classified as debt.

BRIGHTTALK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tax on profit on ordinary activities

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	(292)
Foreign tax		
Foreign tax on income for the year	-	1
Total current tax	<u>-</u>	<u>(291)</u>
Deferred tax		
Origination and reversal of timing differences	-	(3)
Adjustments in respect of previous periods	-	-
Total deferred tax	<u>-</u>	<u>(3)</u>
Tax on profit on ordinary activities	<u>-</u>	<u>(294)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>(3,955)</u>	<u>(3,894)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(801)	(837)
Effects of:		
Expenses not deductible for tax purposes	244	328
Unrelieved tax losses	557	507
Adjustments to tax charge in respect of prior periods	-	(292)
Total tax charge for the year	<u>-</u>	<u>(294)</u>

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****Factors that may affect future tax charges**

The July 2015 Budget Statement announced changes to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax rate 17% from 1 April 2020. As the change has not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

12. Parent Company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss before tax of the parent Company for the financial year was £2,811,000 (2014 - £2,791,000).

13. Tangible fixed assets

Group	Fixtures, fittings and equipment
	£000
Cost or valuation	
At 1 January 2015	1,897
Additions	173
	<hr/>
At 31 December 2015	2,070
	<hr/>
Accumulated depreciation	
At 1 January 2015	1,561
Charge for the year	186
	<hr/>
At 31 December 2015	1,747
	<hr/>
Net book value	
At 31 December 2015	<u>323</u>
At 31 December 2014	<u>336</u>

BRIGHTTALK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Company	Fixtures, fittings and equipment
	£000
Cost or valuation	
At 1 January 2015	1,407
Additions	142
At 31 December 2015	<u>1,549</u>
Accumulated depreciation	
At 1 January 2015	1,268
Charge for the year	101
At 31 December 2015	<u>1,369</u>
Net book value	
At 31 December 2015	<u>180</u>
At 31 December 2014	<u>139</u>

14. Investments

Company	Investment in subsidiary companies
	£000
Cost or valuation	
At 1 January 2015 & at 31 December 2015	<u>27</u>
Net book value	
At 31 December 2015	<u>27</u>
At 31 December 2014	<u>27</u>

The following was a subsidiary undertaking of the Company:

Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
BrightTALK Inc.	United States of America	Ordinary shares	100 %	Web-hosted software and services for communication

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****15. Debtors**

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Amounts due within one year				
Trade debtors	2,673	3,228	1,353	1,123
Amounts owed by group undertakings	-	-	6,760	5,464
Other debtors	424	429	248	262
Prepayments and accrued income	509	466	219	218
	<u>3,606</u>	<u>4,123</u>	<u>8,580</u>	<u>7,067</u>

Amounts owed by group undertakings are unsecured, incur interest at a rate of 3.25% p.a. and repayable on demand.

16. Creditors: Amounts falling due within one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Trade creditors	543	323	328	258
Finance leases	-	81	-	81
Taxation and social security	280	343	280	343
Other creditors	-	36	-	-
Accruals and deferred income	4,285	3,514	2,076	1,692
	<u>5,108</u>	<u>4,297</u>	<u>2,684</u>	<u>2,374</u>

17. Creditors: Amounts falling due after more than one year

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Accruals and deferred income	-	17	-	17
Accrued dividend on preference shares classified as a financial liability	2,734	2,072	2,734	2,072
Preference shares classified as a financial liability	19,676	18,612	19,676	18,612
	<u>22,410</u>	<u>20,701</u>	<u>22,410</u>	<u>20,701</u>

BRIGHTTALK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

18. Financial instruments

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>3,097</u>	<u>3,657</u>	<u>8,361</u>	<u>6,849</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(24,298)</u>	<u>(23,709)</u>	<u>(23,438)</u>	<u>(21,419)</u>

Financial assets measured at amortised cost comprise debtors excluding prepayments and accrued income.

Financial liabilities measured at amortised cost comprise liabilities excluding deferred income.

19. Deferred taxation

	Deferred tax £000
At 1 January 2015	-
Credited to the profit or loss	-
Charged to other comprehensive income	-
At 31 December 2015	<u>-</u>
Company	
	Deferred tax £000
At 1 January 2015	-
Credited to the profit or loss	-
Charged to other comprehensive income	-
At 31 December 2015	<u>-</u>

For the group and the company, a deferred tax asset of £835k (2014: £502k) relating to tax losses has not been recognised as it is unclear whether the company will make sufficient taxable profits in the future upon which to utilise these losses.

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****20. Called up share capital**

	2015 £	2014 £
Allotted, called up and fully paid		
12,367,019 (2014: 12,191,814) Ordinary shares of 0.5p each	61,835	60,959
1,334,206 (2014: 1,334,206) Deferred shares of 0.5p each	6,671	6,671
9,255,242 (2014: 9,255,242) Preferred 'A' shares of 0.5p each	46,276	46,276
3,085,917 (2014: 3,085,917) Preferred 'A1' shares of 0.1p each	3,086	3,086
	117,868	116,992

	2015 £	2014 £
Shares classified as equity		
12,367,019 (2014: 12,191,814) Ordinary shares of 0.5p each	61,835	60,959
1,334,206 (2014: 1,334,206) Deferred shares of 0.5p each	6,671	6,671
	68,506	67,630

	2015 £	2014 £
Shares classified as financial liabilities		
9,255,242 (2014: 9,255,242) Preferred 'A' shares of 0.5p each	46,276	46,276
3,085,917 (2014: 3,085,917) Preferred 'A1' shares of 0.1p each	3,086	3,086
	49,362	49,362

The preferred 'A' shares and the preferred 'A1' shares are redeemable at the option of the holder at any point on or after February 2019.

During the year, 175,205 ordinary shares of 0.5p each were issued and paid for a total cash consideration of £57,861.

21. Reserves**Share premium account**

The share premium account represents the consideration received on the issue of shares in the Group in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

Other reserves - group

Other reserves consists of the share option reserve of £185k (2014: £111k), translation reserve of (£286k) (2014: (£71k)) and other reserves of (£10,428k) (2014: (£10,428k)), relating to the conversion of ordinary shares to preference shares.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Other reserves - company

Other reserves consists of the share option reserve of £185k (2014: £111k) and other reserves of (£10,428k) (2014: (£10,428k)), relating to the conversion of ordinary shared to preference shares.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Group and Company.

22. Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £000	Group 2014 £000	Company 2015 £000	Company 2014 £000
Not later than 1 year	1,274	100	668	100
Later than 1 year and not later than 5 years	768	559	112	-
Later than 5 years	-	-	-	-
Total	<u>2,042</u>	<u>659</u>	<u>780</u>	<u>100</u>

23. Related party transactions

The Company has one related party on the basis of the entities being under common ownership and control. The subsidiary, BrightTALK Inc., has a loan with the Company and the outstanding intercompany debtor balance was £6,760,000 (2014: £5,464,000). Interest is charged on this loan at a rate of 3.25 p.a. on the outstanding loan balance.

24. Controlling party

The Company is owned by a number of private shareholders and companies, none of whom own more than 20% of the issued share capital of the Company. Accordingly there is no parent entity nor ultimate controlling party.

25. Transition to FRS 102

This is the first year the Group and Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. As a result of the transition to FRS 102, there has been no impact on the profit and loss account and equity balances previously reported.