

Registered number: 04432080

BRIGHTTALK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



BRIGHTTALK LIMITED

CONTENTS

	Page (s)
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report to the members of BrightTALK Limited	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15 - 31

BRIGHTTALK LIMITED

COMPANY INFORMATION

Directors

R Dridi
G A Elliot
B Goffman
P S Heald
R B Heald
R Pyle
A Wait

Company secretary

P S Heald

Registered number

04432080

Registered office

The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House
Central Business Exchange
Midsummer Boulevard
Milton Keynes
MK9 2DF

BRIGHTTALK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report and the audited financial statements of BrightTALK Limited (the "Group") for the year ending 31 December 2016.

BUSINESS REVIEW

The principle activity of the Company is a digital content publishing and demand generation platform that leverages webinars and videos to bring over 6 million professionals together to learn and grow, while helping B2B Marketers inspire and acquire their target audiences through its cutting-edge machine learning and attribution tools.

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at 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.

	2016	2015	2014
Turnover (£'000)	16,916	14,163	13,690
Turnover growth	20%	3%	24%
EBIT (£'000)	(971)	(2,230)	(2,058)
Net liabilities (£'000)	(27,255)	(20,536)	(16,498)

At 31 December 2016, the net liabilities of the Group totalled £27,255,000 (2015: £20,536,000), with a total of £27,850,000 (2015: £22,410,000) 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 increased 20% during the period ending 31 December 2016 which reflects a stable revenue stream.

The Group's loss before interest, taxes and foreign currency fluctuation of £971,000 for 2016 (loss of £2,230,000 for 2015) excludes £4,673,000 of foreign exchange fluctuation related to Preferred Shares and accrued dividends but includes £471,000 of operating foreign currency fluctuations.

Principal risk and uncertainties

As with 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 future development of the business may be subject to unforeseen future events outside of our control. However, we continue to be flexible to market conditions and opportunities as they arise and to invest for growth.

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

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 business has pursued a strategy of 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 whenever possible; otherwise, it invoices and collects upon services being rendered.

BRIGHTTALK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Group research and development activities

The Company continues to invest in Research and Development in order to improve its platform and build robust information on the professional communities / users on BrightTALK providing them a compelling learning experience. As well, the Company continues to improve and expand the services and tools offered to its paying customers. 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.

This report was approved by the board on **29 SEPTEMBER 2017.** and signed on its behalf by:



P S Heald
Director

BRIGHTTALK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report and the audited consolidated financial statements for BrightTALK Limited (the "Group") for the year ended 31 December 2016.

Results and dividends

The loss for the financial year amounted to £5,963,000 (2015: £3,955,000).

The directors do not recommend the payment of a dividend (2015: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R Dridi
G A Elliot
B Goffman
P S Heald
R B Heald
R Pyle
A Wait (appointed 23 March 2016)

Future developments

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

Financial risk management

The directors have discussed financial risk management within the strategic report.

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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulation.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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 to 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.

Disclosure of information to auditors

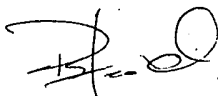
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware; and
- the 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 2017** and signed on its behalf by:



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 2016 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 within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2016;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statements 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" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

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 other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of an 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 Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTTALK LIMITED

Directors' remuneration

Under the Companies Act 2006 we are required to report to you 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.

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 5, 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 opinions, 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.

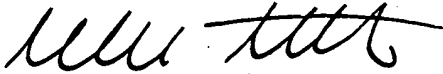
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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.

BRIGHTTALK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHTTALK LIMITED

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

Milton Keynes

Date: 29 SEPTEMBER 2017

1990

BRIGHTTALK LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	4	16,916	14,163
Cost of sales		(4,780)	(4,810)
Gross profit		12,136	9,353
Administrative expenses		(13,565)	(11,859)
Other operating income	5	458	276
Operating loss	6	(971)	(2,230)
Interest receivable and similar income	11	6	-
Interest payable and similar expenses	12	(5,440)	(1,725)
Loss before taxation		(6,405)	(3,955)
Tax on loss	13	442	-
Loss for the financial year		(5,963)	(3,955)
Other comprehensive expense:			
Foreign currency translation differences		(882)	(215)
Other comprehensive expense for the financial year		(882)	(215)
Total comprehensive expense for the financial year		(6,845)	(4,170)

The notes on pages 15 to 31 form part of these financial statements.

BRIGHTTALK LIMITED
REGISTERED NUMBER: 04432080

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	15	252	323
		<u>252</u>	<u>323</u>
Current assets			
Debtors	17	4,965	3,606
Cash at bank and in hand	18	2,930	3,053
		<u>7,895</u>	<u>6,659</u>
Creditors: amounts falling due within one year	19	(7,552)	(5,108)
Net current assets		<u>343</u>	<u>1,551</u>
Total assets less current liabilities		<u>595</u>	<u>1,874</u>
Creditors: amounts falling due after more than one year	20	(27,850)	(22,410)
Net liabilities		<u>(27,255)</u>	<u>(20,536)</u>
Capital and reserves			
Called up share capital	23	70	69
Share premium account	24	935	888
Other reserves	24	(11,333)	(10,529)
Profit and loss account	24	(16,927)	(10,964)
Total shareholders' deficit		<u>(27,255)</u>	<u>(20,536)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 SEPTEMBER 2017 by:


P S Heald
 Director

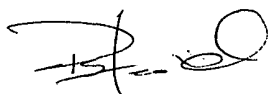
The notes on pages 15 to 31 form part of these financial statements.

BRIGHTTALK LIMITED
REGISTERED NUMBER: 04432080

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	15	142	180
Investments	16	27	27
		<u>169</u>	<u>207</u>
Current assets			
Debtors	17	9,173	8,580
Cash at bank and in hand	18	154	367
		<u>9,327</u>	<u>8,947</u>
Creditors: amounts falling due within one year	19	(3,252)	(2,684)
Net current assets		<u>6,075</u>	<u>6,263</u>
Total assets less current liabilities		<u>6,244</u>	<u>6,470</u>
Creditors: amounts falling due after more than one year	20	(27,850)	(22,410)
Net liabilities		<u>(21,606)</u>	<u>(15,940)</u>
Capital and reserves			
Called up share capital	23	70	69
Share premium account	24	935	888
Other reserves	24	(10,165)	(10,243)
Profit and loss account brought forward		(6,654)	(3,843)
Loss for the financial year		(5,792)	(2,811)
Profit and loss account carried forward		<u>(12,446)</u>	<u>(6,654)</u>
Total shareholders' deficit		<u>(21,606)</u>	<u>(15,940)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 SEPTEMBER 2017 by:



P S Heald
Director

BRIGHTTALK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2015	68	831	(10,388)	(7,009)	(16,498)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(3,955)	(3,955)
Foreign currency translation differences	-	-	(215)	-	(215)
Total comprehensive expense for the financial year	-	-	(215)	(3,955)	(4,170)
Contributions by and distributions to owners					
Shares issued during the year	1	57	-	-	58
Share based payments	-	-	74	-	74
Total transactions with owners	1	57	74	-	132
At 1 January 2016	69	888	(10,529)	(10,964)	(20,536)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(5,963)	(5,963)
Other comprehensive expense for the financial year	-	-	(882)	-	(882)
Total comprehensive expense for the financial year	-	-	(882)	(5,963)	(6,845)
Contributions by and distributions to owners					
Shares issued during the year	1	47	-	-	48
Share based payment charge	-	-	78	-	78
Total transactions with owners	1	47	78	-	126
At 31 December 2016	70	935	(11,333)	(16,927)	(27,255)

BRIGHTTALK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2015	68	831	(10,317)	(3,843)	(13,261)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(2,811)	(2,811)
Total comprehensive expense for the financial year	-	-	-	(2,811)	(2,811)
Contributions by and distributions to owners					
Shares issued during the year	1	57	-	-	58
Share based payments	-	-	74	-	74
Total transactions with owners	1	57	74	-	132
At 1 January 2016	69	888	(10,243)	(6,654)	(15,940)
Comprehensive expense for the financial year					
Loss for the financial year	-	-	-	(5,792)	(5,792)
Total comprehensive expense for the financial year	-	-	-	(5,792)	(5,792)
Contributions by and distributions to owners					
Shares issued during the year	1	47	-	-	48
Share based payment charge	-	-	78	-	78
Total transactions with owners	1	47	78	-	126
At 31 December 2016	70	935	(10,165)	(12,446)	(21,606)

BRIGHTTALK LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £000	2015 £000
Cash flows from operating activities		
Loss for the financial year	(5,963)	(3,955)
Adjustments for:		
Depreciation of tangible assets	281	186
Interest payable	5,440	1,725
Interest receivable	(6)	-
Taxation credit	(442)	-
(Increase)/decrease in debtors	(1,089)	517
Increase in creditors	2,450	877
Corporation tax received	218	-
Share based payment	78	74
Net effect of foreign exchange differences	(882)	(215)
Net cash generated/(used) in operating activities	85	(791)
Cash flows from investing activities		
Purchase of tangible assets	(210)	(174)
Net cash used in investing activities	(210)	(174)
Cash flows from financing activities		
Issue of ordinary shares	2	58
Repayment of/new finance leases	-	(81)
Net cash generated from/(used in) financing activities	2	(23)
Net decrease in cash and cash equivalents	(123)	(988)
Cash and cash equivalents at beginning of year	3,053	4,041
Cash and cash equivalents at the end of year	2,930	3,053
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,930	3,053

The notes on pages 15 to 31 form part of these financial statements.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

BrightTALK Limited (the "Company") and its subsidiaries (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 on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 Group's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries (the "Group") as if they form 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 Statement of Comprehensive Income.

Where a subsidiary is translated into Sterling, the Balance Sheet is translated using the year end exchange rate and the Statement of Comprehensive Income 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 £343,000 (2015: £1,551,000) including £2,930,000 (2015: £3,053,000) of cash balances. The largest component of long term debt is preference shares classified as financial liabilities of £27,850,000 (2015: £22,410,000), 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 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Turnover

Turnover consists of license, audience and content income. Turnover 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. Turnover 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. Turnover 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. Turnover is recognised when the work is completed.

2.5 Research and development

All research and development costs are written off to the Statement of Comprehensive Income as they are incurred.

2.6 Interest payable and similar expenses

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Interest receivables and similar income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Current and deferred taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge 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.

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.

2.10 Tangible assets

Tangible 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 the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation 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 in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income, 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.

2.12 Investments - Company

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.13 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 Statement of Comprehensive Income 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.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash at bank and in hand

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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.

(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:

	2016 £000	2015 £000
United Kingdom	6,782	6,212
United States of America	10,134	7,951
	<u>16,916</u>	<u>14,163</u>

5. OTHER OPERATING INCOME

	2016 £000	2015 £000
Other operating income	<u>458</u>	<u>276</u>

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

6. OPERATING LOSS

The operating loss is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible assets	281	186
Operating lease charges	1,338	1,203
Foreign exchange losses	471	215
Impairment of trade receivables	48	-
	<u>2,138</u>	<u>1,604</u>

7. AUDITORS' REMUNERATION

	2016 £000	2015 £000
Fees payable to the Group's auditors for the audit of the Group and parent company's annual financial statements	88	85
Fees payable to the Group's auditors' in respect of:		
Audit-related assurance services	-	10
Tax-related services	22	8
	<u>22</u>	<u>18</u>

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	12,056	10,089
Social security costs	1,086	990
Other pension costs	161	189
Share-based payments	78	74
	<u>13,381</u>	<u>11,342</u>

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

	2016 Number	2015 Number
Technical and product development staff	77	76
Operations staff	64	68
Management staff	4	4
	<u>145</u>	<u>148</u>

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. DIRECTORS' REMUNERATION

	2016 £000	2015 £000
Aggregate directors' emoluments	427	346
Company pension contributions to money purchase pension schemes	7	5
	<u>434</u>	<u>351</u>

During the year retirement benefits were accruing to 1 director (2015: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £354,000 (2015: £291,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2015: £5,000).

The number of directors who hold share options under the Company's share option scheme is 4 (2015: 4).

10. 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.

The reconciliation of share option movements over the year to 31 December 2016 is shown below:

	Weighted average exercise price £ 2016	Number 2016	Weighted average exercise price £ 2015	Number 2015
Outstanding at 1 January	0.45	3,769,745	0.41	2,789,148
Granted	0.54	875,186	0.54	2,046,464
Cancelled	0.53	450,186		890,532
Expired		-	0.48	890,532
Exercised	0.34	(144,000)	0.33	(175,335)
Outstanding at 31 December	0.46	4,050,745	0.45	3,769,745

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 £78,383 (2015: £74,114).

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****11. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2016 £000	2015 £000
Other interest receivable	6	-

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £000	2015 £000
Foreign exchange losses on retranslation of debt	4,673	1,063
Other interest payable	767	662
	5,440	1,725

Other interest of £767,000 (2015: £662,000) above relates to fixed cumulative dividends on preference shares classified as debt.

13. TAX ON LOSS

	2016 £000	2015 £000
Corporation tax		
Current tax on loss for the year	(224)	-
Adjustments in respect of prior years	(218)	-
Total current tax	(442)	-

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****13. TAX ON LOSS (CONTINUED)****Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
Loss before taxation	(6,405)	(3,955)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(1,281)	(801)
Effects of:		
Expenses not deductible for tax purposes	1,269	244
Unrelieved tax losses	-	557
Enhanced R&D relief	(373)	-
R&D expenditure credit	85	-
Deferred tax not recognised	76	-
Adjustment from previous period	(218)	-
Total tax credit for the year	(442)	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

14. 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 taxation of the parent company was £5,792,000 (2015: £2,811,000).

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****15. TANGIBLE ASSETS****Group**

	Fixtures and fittings £000
Cost	
At 1 January 2016	2,070
Additions	210
At 31 December 2016	<u>2,280</u>
Accumulated depreciation	
At 1 January 2016	1,747
Charge for the year on owned assets	281
At 31 December 2016	<u>2,028</u>
Net book value	
At 31 December 2016	<u>252</u>
At 31 December 2015	<u>323</u>

BRIGHTTALK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****15. TANGIBLE ASSETS (CONTINUED)****Company**

	Fixtures and fittings £000
Cost	
At 1 January 2016	1,549
Additions	63
At 31 December 2016	1,612
Accumulated depreciation	
At 1 January 2016	1,368
Charge for the year on owned assets	102
At 31 December 2016	1,470
Net book value	
At 31 December 2016	142
At 31 December 2015	180

16. INVESTMENTS**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

Registered Office: 501 Folsom Street, San Francisco, CA 94105

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

16. INVESTMENTS (CONTINUED)

Company

	Investments in subsidiary companies £000
Cost	
At 1 January 2016	27
At 31 December 2016	27
Net book value	
At 31 December 2016	27
At 31 December 2015	27

17. DEBTORS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade debtors	3,626	2,673	1,688	1,353
Amounts owed by group undertakings	-	-	6,704	6,760
Other debtors	707	424	576	248
Prepayments and accrued income	408	509	205	219
Tax recoverable	224	-	-	-
	4,965	3,606	9,173	8,580

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

Trade debtors are stated after provisions for impairment of £22,388 (2015: £11,873).

18. CASH AT BANK AND IN HAND

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Cash at bank and in hand	2,930	3,053	154	367

BRIGHTTALK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. CREDITORS: Amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade creditors	863	543	525	328
Taxation and social security	359	280	359	280
Other creditors	62	-	32	-
Accruals and deferred income	6,268	4,285	2,336	2,076
	7,552	5,108	3,252	2,684

20. CREDITORS: Amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Preference shares classed as a financial liability	23,470	19,676	23,470	19,676
Accrued dividend on preference shares classed as a financial liability	4,380	2,734	4,380	2,734
	27,850	22,410	27,850	22,410

21. FINANCIAL INSTRUMENTS

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,333	3,097	8,922	8,361
Financial liabilities				
Financial liabilities measured at amortised cost	(30,175)	(24,298)	(28,971)	(22,438)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings (parent company only), other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings (parent company only), other creditors and accruals.

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

22. DEFERRED TAXATION

For the Group and the Company, a deferred tax asset of £1,179k (2015: £2,012k) 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.

23. CALLED UP SHARE CAPITAL

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
12,595,686 (2015: 12,367,109) 12,400,000 Ordinary shares of 0.5p each	63	62
1,334,206 (2015: 1,334,206) Deferred shares of 0.5p each	7	7
	<u>70</u>	<u>69</u>

Throughout the period, 144,000 shares (2015: 175,335) were issued to employees as they exercised their share options under the BrightTALK 2012 share option scheme. Proceeds of £48,140 (2015: £58,671) were received from the employees.

24. 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 £263,000 (2015: £185,000), translation reserve of (£1,168,000) (2015: (£286,000)) and other reserves of (£10,428,000) (2015: (£10,428,000)), relating to the conversion of ordinary shares to preference shares.

Other reserves - company

Other reserves consists of the share option reserve of £263,000 (2015: £185,000) and other reserves of (£10,428,000) (2015: (£10,428,000)), relating to the conversion of ordinary shares to preference shares.

Profit and loss account

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

BRIGHTTALK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

25. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £161,000 (2015: £189,000).

26. COMMITMENTS UNDER OPERATING LEASES

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

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Not later than 1 year	1,562	1,274	668	668
Later than 1 year and not later than 5 years	1,079	768	112	112
	<u>2,641</u>	<u>2,042</u>	<u>780</u>	<u>780</u>

27. 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 £6,704,000 (2015: £6,760,000). Interest is charged on this loan at a rate of 3.25% p.a. on the outstanding loan balance.

28. 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.

