
LIMELIGHT NETWORKS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



LIMELIGHT NETWORKS UK LIMITED

COMPANY INFORMATION

Directors	Mr J R Todd Mr D R Boncel
Registered number	05875594
Registered office	Highlands House Basingstoke Road Spencers Wood Reading Berkshire RG7 1NT
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP

LIMELIGHT NETWORKS UK LIMITED

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LIMELIGHT NETWORKS UK LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

Introduction

The directors present their strategic report for the year ended 31 December 2016.

Business review

We compete in markets that are intensely competitive, rapidly changing and characterized by constantly declining prices and vendors offering a wide range of content delivery solutions.

Many of our current competitors, as well as a number of our potential competitors, have longer operating histories, greater name recognition, broader customer relationships and industry alliances and substantially greater financial, technical and marketing resources than we do.

However, we believe that we are able to compete strongly given the core focus of our parent company on the challenges facing the markets in which we compete, including innovation, performance and cost containment.

Principal risks and uncertainties

The purpose of Limelight Networks (UK) Limited is to service Limelight Networks, Inc. on a cost plus basis. As such, the key risk for the organisation is ensuring continued support from the Group.

Key performance indicators

Given the purpose of Limelight Networks (UK) Limited is to service Limelight Networks, Inc. on a cost plus basis, the company is not independently scrutinised and therefore has no KPIs, financial or otherwise, that are monitored by management.

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



.....
Mr D R Boncel
Director

Date: 12 Oct '17

LIMELIGHT NETWORKS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £91,438 (2015 - £141,110).

No dividend was paid in respect of the current financial year.

Directors

The directors who served during the year were:

Mr J R Todd
Mr D R Boncel

Future developments

The directors expect the general level of activity in 2017 to remain consistent with 2016.

LIMELIGHT NETWORKS UK LIMITED

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

Disclosure of information to auditor

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's auditor is 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's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Daniel R Boncel

.....
Mr D R Boncel
Director

Date: 12 Oct '17

LIMELIGHT NETWORKS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIMELIGHT NETWORKS UK LIMITED

We have audited the financial statements of Limelight Networks UK Limited for the year ended 31 December 2016, set out on pages 6 to 20. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the directors' responsibilities statement on page 2, 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 and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the strategic report and the directors' 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit 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.

LIMELIGHT NETWORKS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIMELIGHT NETWORKS UK LIMITED
(CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Malone ACA (senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

16 October 2017

LIMELIGHT NETWORKS UK LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	8,340,746	9,483,407
Cost of sales		(1,770,994)	(2,690,081)
Gross profit		6,569,752	6,793,326
Administrative expenses		(6,423,543)	(6,566,519)
Operating profit	5	146,209	226,807
Interest receivable and similar income	8	18	5
Profit before tax		146,227	226,812
Tax on profit	9	(54,789)	(85,702)
Profit after tax		91,438	141,110
Retained earnings at the beginning of the year		1,047,495	906,385
		1,047,495	906,385
Profit for the year		91,438	141,110
Retained earnings at the end of the year		1,138,933	1,047,495

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 20 form part of these financial statements.

LIMELIGHT NETWORKS UK LIMITED
REGISTERED NUMBER: 05875594

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible Fixed Assets	10	3,017,085	1,831,379
Current assets			
Debtors: amounts falling due after more than one year	11	120,360	132,900
Debtors: amounts falling due within one year	11	984,446	1,006,042
Cash at bank and in hand	12	581,059	377,816
		<u>1,685,865</u>	<u>1,516,758</u>
Creditors: amounts falling due within one year	13	(2,544,620)	(1,256,284)
Net current (liabilities)/assets		<u>(858,755)</u>	<u>260,474</u>
Total assets less current liabilities		<u>2,158,330</u>	<u>2,091,853</u>
Creditors: amounts falling due after more than one year	14	(9,295)	(34,256)
Net assets		<u>2,149,035</u>	<u>2,057,597</u>
Capital and reserves			
Called up share capital	16	10,002	10,002
Share premium account	17	1,000,100	1,000,100
Profit and loss account	17	1,138,933	1,047,495
		<u>2,149,035</u>	<u>2,057,597</u>

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



.....
Mr D R Boncel
 Director

Date: 12 Oct 17
 The notes on pages 8 to 20 form part of these financial statements.

LIMELIGHT NETWORKS UK LIMITED

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

1. General information

Limelight Networks UK Limited is a company incorporated and domiciled in the England & Wales. Details of the company's registered office can be found on the company information page of these accounts.

The principal activity of the company is to provide sales services for Limelight Network Inc's global rich media content network.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Limelight Networks Inc as at 31 December 2016 and these financial statements may be obtained from Limelight Networks Inc's website.

LIMELIGHT NETWORKS UK LIMITED

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

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 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.

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:

S/Term Leasehold Property	- over the period of the lease
Plant & machinery	- 3 years
Fixtures & fittings	- 5 years
Computer equipment	- 3 years

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 statement of income and retained earnings.

2.5 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.

LIMELIGHT NETWORKS UK LIMITED

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

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 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.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of income and retained earnings over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to statement of income and retained earnings over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of income and retained earnings is charged with fair value of goods and services received.

LIMELIGHT NETWORKS UK LIMITED

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

2. Accounting policies (continued)

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

LIMELIGHT NETWORKS UK LIMITED

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

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Depreciation and residual values

The directors have reviewed the asset lives and associated the residual values of all fixed assets and have concluded the asset lives and the residual values are appropriate.

Valuation of share based payments

The Directors estimate the expected value of equity settled share based payments and this is charged to the Statement of Income and Retained Earnings over the vesting periods of the relevant payments. The cost is estimated using the Black-Scholes valuation model. The Black-Scholes model is based on a number of assumptions, and is amended to take account of estimated levels of share vesting and exercise.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the rest of the world.

LIMELIGHT NETWORKS UK LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	1,321,083	992,966
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,750	5,350
Exchange differences	41,059	(5,344)
Other operating lease rentals	193,133	171,200
Defined contribution pension cost	55,249	61,217
	<u>1,616,474</u>	<u>1,275,429</u>

6. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	5,750	5,350
	<u>5,750</u>	<u>5,350</u>

7. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,315,795	3,451,238
Social security costs	399,391	408,151
Cost of defined contribution scheme	55,249	61,217
	<u>3,770,435</u>	<u>3,920,606</u>

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

	2016 No.	2015 No.
	30	29
	<u>30</u>	<u>29</u>

LIMELIGHT NETWORKS UK LIMITED

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

8. Interest receivable

	2016	2015
	£	£
Other interest receivable	18	5
	<u><u>18</u></u>	<u><u>5</u></u>

9. Taxation

	2016	2015
	£	£
Corporation tax		
Current tax on profits for the year	76,048	8,180
Adjustments in respect of previous periods	(4,233)	-
Total current tax	<u><u>71,815</u></u>	<u><u>8,180</u></u>
Deferred tax		
Origination and reversal of timing differences	(17,026)	77,522
Total deferred tax	<u><u>(17,026)</u></u>	<u><u>77,522</u></u>
Taxation on profit on ordinary activities	<u><u>54,789</u></u>	<u><u>85,702</u></u>

LIMELIGHT NETWORKS UK LIMITED

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

9. Taxation (continued)

Factors affecting tax charge 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 £	2015 £
Profit on ordinary activities before tax	146,227	226,812
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	29,245	45,929
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,880	14,197
Capital allowances for year in excess of depreciation	17,923	(51,946)
Adjustments to tax charge in respect of prior periods	(4,233)	-
Short term timing difference leading to an increase (decrease) in taxation	(17,026)	77,522
Total tax charge for the year	54,789	85,702

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

LIMELIGHT NETWORKS UK LIMITED

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

10. Tangible fixed assets

	S/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 January 2016	112,232	108,386	35,474	7,949,738	255,700	8,461,530
Additions	-	2,289	-	2,225,659	-	2,227,948
Transfers intra group	-	-	-	64,449	-	64,449
Disposals	-	(4,430)	-	(3,621,909)	-	(3,626,339)
Transfers between classes	-	-	-	248,406	(248,406)	-
At 31 December 2016	112,232	106,245	35,474	6,866,343	7,294	7,127,588
Depreciation						
At 1 January 2016	45,957	79,618	18,790	6,485,785	-	6,630,150
Charge for the year on owned assets	22,723	17,842	5,808	1,274,710	-	1,321,083
Transfers intra group	-	-	-	(217,580)	-	(217,580)
Disposals	-	(4,430)	-	(3,618,720)	-	(3,623,150)
At 31 December 2016	68,680	93,030	24,598	3,924,195	-	4,110,503
Net book value						
At 31 December 2016	43,552	13,215	10,876	2,942,148	7,294	3,017,085
At 31 December 2015	66,275	28,768	16,684	1,463,953	255,700	1,831,380

The net book value of land and buildings may be further analysed as follows:

	2016 £	2015 £
Short leasehold	43,552	66,275

LIMELIGHT NETWORKS UK LIMITED

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

11. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	120,360	132,900
	<u>120,360</u>	<u>132,900</u>
Due within one year		
Amounts owed by group undertakings	-	86,679
Other debtors	242,712	230,206
Prepayments and accrued income	407,142	368,608
Deferred taxation	334,592	320,549
	<u>984,446</u>	<u>1,006,042</u>

12. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	581,059	377,816
	<u>581,059</u>	<u>377,816</u>

13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	495,109	499,773
Amounts owed to group undertakings	1,406,716	-
Corporation tax	28,585	-
Other taxation and social security	160,619	129,086
Other creditors	146,759	166,701
Accruals and deferred income	306,832	460,724
	<u>2,544,620</u>	<u>1,256,284</u>

LIMELIGHT NETWORKS UK LIMITED

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

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

	2016 £	2015 £
Other creditors	9,295	34,256

Security

£30,000 is held by the bank as a charge over cash deposit.

15. Deferred taxation

	2016 £
At beginning of year	320,549
Charged to the profit or loss	14,043
At end of year	334,592

The deferred tax asset is made up as follows:

	2016 £
Accelerated capital allowances	334,592
	334,592

16. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
10,002 Ordinary shares of £1 each	10,002	10,002

LIMELIGHT NETWORKS UK LIMITED

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

17. Reserves

Share premium account

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit & loss account

Includes all current and prior period retained profits and losses and foreign exchange gains and losses.

18. Share based payments

On 1 March 2016 the company granted equity settled share options to a number of employees. The options allow employees to purchase equity shares in Limelight Networks International Inc., after satisfying the vesting conditions relating to employee service. The options vest after 3 years and expire after 10 years. These options were in addition to those granted in previous financial years with similar terms.

The cost is estimated using the Black-Scholes valuation model. The Black-Scholes model is based on a number of assumptions, and is amended to take account of estimated levels of share vesting and exercise.

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	174	287,486	190	324,500
Granted during the year	124	48,000	229	64,500
Forfeited during the year	219	(36,236)	289	(101,514)
Outstanding at the end of the year	194	299,250	174	287,486

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £55,249 (2015: £61,217). Contributions totalling £nil (2015: £nil) were payable to the fund at the balance sheet date.

LIMELIGHT NETWORKS UK LIMITED

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

20. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	267,558	362,340
Later than 1 year and not later than 5 years	150,600	418,158
	<u>418,158</u>	<u>780,498</u>

21. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company. Copies of the consolidated financial statements are available from the ultimate parent's website.

Key management personnel

All directors are considered to be key management personnel. Total remuneration in respect of these individuals is £nil (2015 - £nil).

22. Controlling party

The company is a wholly owned subsidiary of Limelight Networks International Inc., a company incorporated in the United States of America.

The ultimate parent company is Limelight Networks Inc., a company incorporated in the United States of America and registered on the NASDAQ stock market.