For Immediate Release **16 April 2014**

Rightster Group plc
("Rightster" or the "Group" or the "Company")

Final Audited Results

Rightster Group plc (AIM: RSTR), the online video syndication and monetization service provider announces its preliminary results for the twelve months ended 31 December 2013.

Key Highlights
The company has seen significant growth in its global business during the financial year and in November 2013, the company was successfully admitted to trading on AIM.

Financial growth
- Net revenue of £6.2 million (£1.9 million for 9 months ended 31 December 2012 contrasted with 12 months ended 31 December 2013)
- After adjusting for terminated contracts, Net revenue up from £0.3 million to £3.0 million (9 months ended 31 December 2012 contrasted with 12 months ended 31 December 2013)

Successful IPO
- Raised £20.4 million before expenses on admission
- A market capitalisation of £69.8 million at admission
- Provides the access to capital to support strategic objectives

Mergers & acquisitions
- Acquisition of Preview Networks, a European distributor of film trailers and branded content
- The Preview Networks acquisition brings a continuing relationship with Hollywood studios, including the likes of Warner Bros, Paramount and 20th Century Fox
- Acquisition of the assets of Sportsyndicator, a UK display advertising sales agency
- The above acquisitions have enabled Rightster to grow its geographic reach, range of capabilities and talent pool

New deals across all verticals
- A four year deal for Australian Football League's International Live Streaming Subscription Service
- Streaming live fashion runway shows for IMG from New York to Sydney
- Managing Barcroft Media's YouTube channel and enhancing their audience development
- UK and Ireland's national news agency, Press Association, joined Rightster's YouTube Multi-Channel Network

KPI's
- Revenue: £6.2m
- Total Transaction Value: £11.0m
- 55% increase in average monthly video views in H2 over H1
- Gross profit: £0.6m

Charlie Muirhead, Founder and CEO, of Rightster commented:

"2013 was a significant year for Rightster, including the Company's successful admission to AIM in November, raising £20.4 million. We have continued to add prestige clients such as the Press Association, the AFL and AOL to our already impressive portfolio and have demonstrated strong growth in all of our KPI's."

"With its 'upload once, commercialise everywhere' approach we believe that Rightster has the ideal solution for content owners and publishers to maximise and that we are well placed to take advantage of the enormous growth forecast in the on-line video market."

Locations:

- London
- New York
- Bangalore
- Gurgaon
- Copenhagen
- Berlin
- Madrid
- Milan
- Paris
- Stockholm
- Melbourne

Key statistics:

- 183+ staff across 10 countries
- 65+ staff in our R&D team
- 7,500+ Publishers in our pre-connected network
- 850+ Content Owners on our pre-connected network

For further information please contact:

Rightster Group plc
via Newgate Threadneedle
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Josh Royston/ Heather Armstrong

CEO's report

2013 was a significant year for Rightster. Building on the cornerstone deals won in 2012, we set out to scale our network of content owners and publishers and were thrilled to add premium clients such as AFL, IMG, Barcroft, Press Association, Daily Mail, The Evening Standard and AOL. Tactical acquisitions enabled us to scale the business even more rapidly with Preview Networks (Europe's leading distributor of film trailers) bringing us pan-European reach and the assets of Sportsyndicator (a UK media sales organisation) securing us a larger network of sports publishers. Improving the platform experience for our growing base of clients was also a key focus and I'm pleased with how the team have captured client requirements and enhanced the feature set of the existing platform whilst evolving the design and architecture of the forthcoming second generation platform in line with client needs.

The acceleration in our average monthly view figures throughout 2013 is testament to the scale that we've achieved to date. H1 2013 saw a 30% increase on H2 2012 (with average monthly video views growing from 123.3 million to 160.7 million) and H2 2013 saw a further 55% increase on H1 2013 (with average monthly video views growing from 160.7 million to 249.5 million). The total amount of business being facilitated through Rightster (in the form of total exchange of revenue between Rightster partners) is also showing impressive growth. We monitor this as Total Transaction Value and I'm very pleased to report that this has risen from £4.0 million in 2012 to £11.0 million in 2013.

Identifying the potential for a surge in growth in the online video market was one of the primary factors that drew me to this sector. I also noticed the challenges brought about by an ever expanding amount of content owners, most of whom were trying to reach the right audience across diverse geographies, timezones and multiple devices whilst a growing number of publishers and platforms tried to locate the optimum content for their audiences. In May 2011, I founded Rightster with the vision of enabling media companies to overcome this huge fragmentation in the online video market and build successful businesses online where TV- scale audiences could be engaged and monetised effectively. We implemented a 3 phase approach in order to achieve this.

The first phase saw us focus on key charter customers to achieve proof of concept on the Rightster offering. In the fashion vertical, Rightster engaged the British Fashion Council ("BFC"). BFC had no in-house digital video capability but possessed premium live and on demand rights (London Fashion Week). Through Rightster's platform, network and services, the BFC was able to reach over 200 publishers in 130 countries, unlocking new revenue streams with little upfront investment or risk. Through BFC's live rights, Rightster recruited hundreds of key publishers with an interest in fashion content and used this connection to recruit hundreds more content owners and publishers both in and outside the fashion industry. Rightster was then able to use this 'audience network' model to enter multiple content genres, including sports (where we secured SNTV) news (winning ITN), and entertainment and viral content (partnering with Viral Spiral Group). By finding premium 'must have' rights from blue chip clients, we were able to recruit publishers, which in turn drove further recruitment of content owners. Feedback from clients was invaluable during this period, ensuring Rightster offered the precise "minimum viable product" to the market.

The goal of the second phase of growth in 2013 was to further automate the platform, drive network effect and achieve scale. Key content owners we secured during this period included AFL, Barcroft, IMG, Press Association and the International Hockey Federation and key publisher wins included Daily Mail, The Evening Standard, The Independent, Muzu TV, AOL and Daily Motion. These client wins helped broaden our scale across all of the vertical content streams. We seized the opportunity to further increase our scale through the acquisition of Preview Networks which brought pan-European reach and the assets of Sportsyndicator which expanded our network of sports publishers. Throughout 2013, we cultivated new ways to further automate our platform, improving features and usability for our clients as well as scoping, designing and specifying the architecture for our second generation platform. Our flotation on AIM in November 2013 enabled us to raise

Rightster's profile, fully finance the business and solidify our position to further capitalise on the substantial market opportunity.

In our third phase of growth, post-IPO, we are focused on becoming the dominant player in this rapidly evolving market. We're excited about the forthcoming release of our second generation platform which will bring a step-change in self-service functionality, benefitting all of our clients. Further efficiencies to Rightster's operations will also result and we expect it to enable us to deliver new revenue streams. We are also keen to utilise our data capabilities to further enhance the audience insight service that we can offer to our clients during this phase. In order to further accelerate our growth, we will continue to consider strategic acquisition opportunities if they could add customers to our network, provide additional expertise and monetisation potential or expand our geographic footprint.

The market opportunity in this sector is huge and growing quickly, and Rightster is well configured to take advantage. The board of directors considers that the leading players in this sector are likely to reach hundreds of millions of pounds sterling revenue, with the dominant player likely to reach billions. We have a strong track record to date, as evidenced by our ability to recruit and retain premium clients, and consistently grow our scale year on year. The continuous improvement of the software platform, combined with expansion of the breadth and depth of the pre-connected network and release of new value-added advanced services provide significant upside potential.

The outlook for 2014 is promising. I'm delighted that Rightster continues to demonstrate acceleration in its video traffic with average monthly video views for Q1 2014 estimated at 355 million per month, a 28% increase on Q4 2013 and a 147% increase on Q1 2013. We have also proven our ability to successfully integrate – I'm thrilled to report that, in March 2014, Rightster's network ranked No.1 in Comscore's UK sports advertising category for unique users, reaching 8.3 million unique users in the UK, a direct result of the success of our integration of the assets of Sports Syndicator. Exciting client wins continue to grow Rightster's scale with Agence France-Presse ("AFP"), one of the world's leading global news agencies and the India Today Group, a significant win in the growing Indian market, being recently added to the Rightster network. I'm confident that we will continue to build and expand upon our recent successes over the coming year, maintain the exceptional value that we deliver to our clients and maximise potential returns to our shareholders.

Chairman's report

My career to date has been focussed on the intersection between media and technology, with a particular focus on the monetisation of video in recent years. When the opportunity arose to become interim Chairman of Rightster in November 2013, it was a natural fit.

Rightster has achieved an extraordinary amount since it was founded, from a tiny team winning its first charter customers in 2011, to reaching over 2.5 billion cumulative views and flotation on the public market in 2013. The proposition for investors and clients is clear - Rightster has demonstrated its ability to provide compelling offers to the marketplace with impressive traction to date, and, with a natural network effect and further planned releases of software and services, is poised to continue this trajectory.

The online video market is growing rapidly. Global revenues totalled £9 billion in 2012 and are predicted to rise to £24 billion by 2017 (Informa "OTT Video Revenue Forecasts, 2011 – 2017", November 2012). There is no more better content format than video for engaging audiences, and its usage and popularity are set to increase quickly in the coming years. As global internet usage and speeds continue to grow, online video is fast becoming the medium of choice to communicate news and events across a variety of sectors. Indeed, over-the-Top (OTT) video currently accounts for the majority of all consumer internet traffic (60%) and is expected to further increase its share in the next few years ("Cisco Visual Networking Index: Forecast and Methodology, 2012 –

2017", May 2013) . Advertisers are hot on the heels of this trend - according to the Internet Advertising Bureau, there was a 24% increase in global internet advertising spend on digital video from H1 2012 to H1 2013 on millions of websites across the globe. I'm all too aware of the fragmentation that makes accessing this opportunity difficult for media businesses. However, Rightster enables content owners, publishers and brands to overcome this fragmentation, and access the huge promise of online video.

For the company, the highlight of the year was our flotation on AIM in November 2013. £20.4m was raised and the proceeds have been and will continue to fund working capital for operations and completion of Rightster's second generation platform and possible monetary advances for clients. The credibility and profile resulting from the IPO is sure to propel the business forward over the coming years.

Our board was strengthened ahead of the IPO with the addition of two new Non-Executive Directors - David Mathewson (previously the CFO of Playtech Limited) and Michael Broughton (currently Managing Partner at Sports Investment Partners LLP). David brings a wealth of experience in both the financial sector and software industries (having served on the board of Rodime plc, Macromac plc and 24/7 Gaming Group plc) and Michael brings extensive knowledge and expertise to our sports vertical. They join our other Non-Executive Director Jack Barnett and our Executive Directors Charlie Muirhead (Rightster CEO) and Charl de Beer (Rightster CFO). Our Board has developed a very strong working relationship over the past few months.

Rightster continues to bolster its management team, ensuring it has the capabilities and experience on board to execute on its strategy and capitalise on forthcoming opportunities. Notable hires this year include: Simon Walker as Chief Commercial Officer (previously Global Strategy and Business Development at BBC, EMI, EMAP); Greg Prosl as VP Publisher Solutions US (previously Video Publisher Development & Partnerships at AOL 5min), and Sanjay Mohan as VP Engineering (previously Senior Director at Yahoo! and CTO at Enterprise Nube). These executives join an already strong team of executives and employees in 10 countries.

On behalf of the Board, I would like to thank all the investors, customers and employees that have supported and formed an integral part of Rightster's successes to date. Rightster's journey continues to be an exciting one, and I look forward to the opportunities that lie ahead.

Mark Lieberman
Non-executive Chairman
16 April 2014

Charles Muirhead
Chief Executive Officer
16 April 2014

Strategic report

We are very pleased to present this first set of annual results since our admission to AIM on 12 November 2013. The Group has achieved tremendous growth during the period across all business aspects but most notably growth in our network of rights holders and publishers, growth in revenue and continued investment in the growth of our software platform.

The Rightster network of pre-connected partners ended the year with over 850 rights holders and over 7,500 publishers, delivering an average of 249million video views per month in the second half of the year. This excludes the impact of live content which is not captured in this metric.

The online video industry is evolving rapidly with almost all media companies focused on migrating their existing business lines to digital revenue streams or on growing new digital-only revenue streams. We at Rightster believe this can only be economically viable to achieve if the distribution and monetisation ecosystem is one of scale; to achieve this scale the solution must be strongly enabled by software automation, and such automation lies at the heart of our business.

Trading results

Revenue invoiced by Rightster less commission share to our partners rose by £4.1 million (versus the 12 month prior period ended 31 December 2012*), a growth rate of 205%. When adjusted for the revenue generated by a major contract which was terminated in May 2013, Revenue less commission share to our partners rose by £2.6 million, a growth rate of 782% (versus the 12 month prior period ended 31 December 2012*).

Due to the nature of our "upload once, commercialise everywhere" policy, coupled with a predominantly revenue share based commercial model, a key KPI, which we track very closely, is "Total Transaction Value" or TTV. This reflects the total value of the business being enabled by the Rightster software system and network of partners and not just the value that Rightster itself invoices. Our TTV for the 12 months ended December 2013 was £11.0 million, up from £4.0 million for the prior 12 month period ended 31 December 2012*.

Operating costs comprising R&D expenses and administration and sales expenses rose by £9.5 million compared to the 12 month prior period ended 31 December 2012*, a reflection on the continued investment by the Group in software and geographic reach of our client facing teams. At the end of the year the Group had 183 employees in 11 locations, up from 161 in 4 locations at the end of the prior period. Our continued investment in automation saw our R&D expenditure grow commensurately from £2.2 million for the 12 months ended December 2012* to £4.3 million for the 12 months ended December 2013.

Operating losses for the 12 month period ended December 2013 totalled £17.3 million versus £12.9 million for the 12 month prior period ended 31 December 2012*. These losses are generated primarily by costs of employees and related expenses and the rental of office premises.

As a technology start up employee stock options are a key staff acquisition and retention tool with the Group awarding stock options to all staff members regardless of role, seniority or geography. The costs of equity settled share based payments totalled £0.5 million for the period and will continue to be a key charge to the Group's P&L.

Finance costs related to shareholder loan financing totalled £1.7 million for the year, although at year end the Group had zero loans as all debt excluding bank overdraft as at the date of admission was either converted into equity (£19.7 million) or repaid out of the proceeds of admission (£2.5 million).

**Comparative 12 month information for the year to 31 December 2012 is based on full year figures from management accounts*

Acquisitions

As a growth focused leveraged software business, Rightster has a stated view that acquisitions can bring significant benefits over purely organic driven growth. Rightster completed two acquisitions during the period: the 100% acquisition of Preview Networks with offices in Denmark, Sweden, Germany, France, Spain and Italy and the acquisition from administrators of the assets of Sportsyndicator, a UK based sports display advertising business. Both these acquisitions brought immediate benefits to our revenue base and product line, and once fully integrated will deliver synergistic value to the group.

Statement of financial position

Rightster is a growth business and cash flow is thus negative. Costs are mostly operating related with use of cloud services requiring very little investment in capital infrastructure. Cash utilised by operating activities was £16.0 million for the period, compared to £11.5 million for the 12 month prior period ended 31 December 2012*. Including the monies raised on admission to AIM, the Group successfully raised £30.6 million in debt and equity financing during the period to fund this operating cash requirement.

The Group ended the year with just over £12.7 million in cash and cash equivalents and zero loans. As a business which utilises cloud infrastructure we expect our debt/equity gearing to remain strong in the future.

Intangible assets which comprise goodwill and intangibles that arose on the acquisition of Preview Networks, and goodwill that arose on a 25% investment in the prior period in Viral Management Limited, are reviewed each year end for impairment. The intangibles are amortised over their useful lives.

The Group has historically not capitalised R&D, writing it all off to the P&L as incurred, as it did not meet the criteria for capitalisation under IFRS. With the Group's admission to AIM the Group believes it does now meet the capitalisation criteria and has capitalised £0.2 million at the end of the current year.

The creation of a holding Group which was the vehicle admitted to AIM, and the resulting share swap by investors in the operating Group into the plc resulted in a net reserve position (consisting of share premium and merger reserves) of £39.9 million at year end.

Key performance indicators

The Group monitors a number of KPIs that allow it to track performance against targets as follows:

- **Video view growth**: the average monthly video views in H2 2013 were up 55% from H1 2013 (249.5 million up from 160.7 million) and up 102% from H2 2012 (249.5 million up from 123.3 million).
- **Total video views** for the year was 2.461 billion, up from 875 million over the prior 12 month period.
- **Total revenues including commission share** for the period ended 31 December 2013 was £8.5 million, an increase of £5.6 million from the 12 month period to 31 December 2012*.
- **Revenue** for the period ended 31 December 2013 was £6.2 million, an increase of £4.2 million from the 12 month period to 31 December 2012*.
- **After allowing for terminated contracts,** Revenue has increased from £0.3 million for the 12 month period ended 31 December 2012* to £3.0 million for the 12 month period ended 31 December 2013.
- **Total Transaction Value ("TTV"):** this represents the total amount of business that is facilitated through the Group. It sums the total exchange of revenue between Rightster partners before revenue shares are distributed. For the 12 month period ended 2013, the TTV was £11.0 million, up from £4.0 million for the 12 month period ended 2012*.

**Comparative 12 month information for the year to 31 December 2012 is based on full year figures from management accounts*

- **Gross Profit** increased to £0.6 million for the 12 month period ended 31 December 2013, from a Gross Loss of £3.4 million for the prior 12 month period ended 31 December 2012*.

By order of the Board

Charl de Beer
Chief Financial Officer
16 April 2014

**Comparative 12 month information for the year to 31 December 2012 is based on full year figures from management accounts*

	Note	12 Months ended 31 December 2013 £	9 Months ended 31 December 2012 £
Total revenues including commission share		8,533,394	2,771,479
Less commission share		(2,369,842)	(919,907)
Revenue		**6,163,552**	**1,851,572**
Cost of sales		(5,529,929)	(5,328,408)
Gross profit / (loss)		633,623	(3,476,836)
Research and development expenses		(4,314,342)	(2,219,034)
Administration		(13,665,038)	(6,244,507)
Share of result in associates		27,191	5,837
Operating loss	7	(17,318,566)	(11,934,540)
Exceptional items	8	(492,618)	-
Finance income		1,464	225
Finance costs	9	(1,537,900)	(175,281)
Loss before tax	7	(19,347,620)	(12,109,596)
Analysed as			
Loss before tax adjusted for non-cash charges & R&D costs		(13,841,687)	(9,768,799)
Research & development		(4,340,850)	(2,219,035)
Equity settled share based payments		(560,587)	-
Depreciation		(244,019)	(80,095)
Amortisation		(360,477)	(41,667)
Loss before tax		(19,347,620)	(12,109,596)
Income tax expense	10	(42,314)	(4,026)
Loss attributable to equity holders of the parent		(19,389,934)	(12,113,622)
Statement of Comprehensive Income			
Loss for the year / period		(19,389,934)	(12,113,622)
Items that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign subsidiaries		(26,508)	-
Total comprehensive income for the year / period attributable to owners of the parent		(19,416,442)	(12,113,622)
Loss per share (basic and diluted)			
Basic and diluted loss per ordinary share (pence)	11	34.4p	30.7p

All transactions arise from continuing operations.

	Note	At 31 December 2013 £	At 31 December 2012 £
Non-current assets			
Intangible Assets	13	2,666,844	487,374
Property, plant and equipment	14	436,798	623,406
Investments accounted for using the equity method	26	45,154	18,383
Deferred tax asset	16	29,097	14,877
		3,177,893	1,144,040
Current assets			
Trade and other receivables	17	2,172,246	2,475,702
Cash and cash equivalents		12,719,074	1,212,585
		14,891,320	3,688,287
Current liabilities			
Trade and other payables	18	(4,709,903)	(4,083,386)
Borrowings and other financial liabilities	19	(229,559)	(7,500,000)
		(4,939,462)	(11,583,386)
Non-current Liabilities			
Deferred tax	16	(107,164)	-
Net Assets / (Liabilities)		13,022,587	(6,751,059)
Equity			
Share capital	21	116,372	3,353
Share premium	23	23,563,470	8,256,230
Deferred share capital	22	6,660,000	-
Merger reserve	23	(24,059,625)	-
Merger relief reserve	23	40,410,393	-
Retained deficit		(33,641,515)	(15,010,642)
Translation reserve		(26,508)	-
Total equity		13,022,587	(6,751,059)

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Operating activities		
Loss before tax	(19,347,620)	(12,109,596)
Adjustments :		
Depreciation and amortisation	604,496	121,762
Finance income	-	(225)
Finance costs	1,651,916	175,281
Movement in foreign exchange	420	-
Share based payment charges	560,587	-
Share of profit from associates	(27,191)	(5,837)
Decrease / (increase) in trade and other receivables	978,476	(2,103,551)
(Decrease) / increase in trade and other payables	(427,931)	3,290,125
Cash outflow from operating activities	(16,006,847)	(10,632,041)
Investing activities		
Purchase of property plant and equipment	(57,411)	(667,223)
Purchase of intangible assets	(265,382)	(60,000)
Investment in associate	-	(243,750)
Purchase of subsidiary undertaking	(224,378)	-
Interest received	-	225
Interest paid	(28,450)	-
Cash outflow from investing activities	(575,621)	(970,748)
Cash flows from financing activities		
Issue of share capital	20,499,998	7,256,340
Loan finance raised	11,799,136	5,403,950
Loans to associates	(100,000)	-
Share issue costs	(1,789,837)	-
Repayment of loan notes	(2,549,899)	-
Net cash inflow from financing	27,859,398	12,660,290
Net change in cash and cash equivalents	11,276,930	1,057,501
Movement in net cash		
Cash	1,212,585	155,084
Bank overdraft	-	-
Cash and cash equivalents, beginning of period	1,212,585	155,084
Increase in cash and cash equivalents	11,276,930	1,057,501
Cash and cash equivalents, end of period	12,489,515	1,212,585
Cash	12,719,074	1,212,585
Bank overdraft	(229,559)	-
Cash and cash equivalents, end of period	12,489,515	1,212,585

RIGHTSTER GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year 31 December 2013

	Share capital £	Share premium £	Merger Reserve £	Deferred share capital £	Merger relief Reserve £	Translation Reserve £	Retained earnings £	**Total Equity £**
At 31 March 2012	3,343	999,900	-	-	-	-	(2,897,020)	(1,893,777)
Shares issued during the period	10	7,256,330	-	-	-	-	-	7,256,340
Transactions with owners	10	7,256,330	-	-	-	-	-	7,256,340
Other Comprehensive income								
Loss and total comprehensive income for the period	-	-	-	-	-	-	(12,113,622)	(12,113,622)
At 31 December 2012	3,353	8,256,230	-	-	-	-	(15,010,642)	(6,751,059)
Shares issued during the year	113,019	17,097,077	-	6,660,000	-	-	-	23,870,096
Reserve arising on Merger	-	-	(24,059,625)	-	40,410,393	-	-	16,350,768
Share issue costs	-	(1,789,837)	-	-	-	-	-	(1,789,837)
Equity settled share based payments	-	-	-	-	-	-	560,587	560,587
Loss for the year	-	-	-	-	-	-	(19,389,934)	(19,389,934)
Conversion of embedded derivatives	-	-	-	-	-	-	198,474	198,474
Transactions with owners	113,019	15,307,240	(24,059,625)	6,660,000	40,410,393	-	(18,630,873)	19,800,154
Other Comprehensive income								
Exchange loss on translation of foreign subsidiaries	-	-	-	-	-	(26,508)	-	(26,508)
At 31 December 2013	116,372	23,563,470	(24,059,625)	6,660,000	40,410,393	(26,508)	(33,641,515)	13,022,587

1 Rightster Limited

Rightster Group plc ("the Company") was incorporated in England and Wales on 30 October 2013 under the Companies Act 2006 (registration number 08754680) and its registered address is 5th Floor, 33 Cavendish Square, London, W1G 0PW. On 12 November 2013 the Company entered into share exchange agreements to acquire 100% of the issued share capital of Rightster Limited, a company incorporated in England and Wales on 16 May 2011 and registered at the same address. On 12 November 2013 the Company was admitted to the Alternative Investment Market (AIM) where its ordinary shares are traded.
The consolidated financial statements of the group for the year ended 31 December 2013 comprise the Company and its subsidiary (together referred to as the "Group"). The Group provides an online video distribution and marketing network, providing rights holders, online publishers and advertisers with the tools and expertise required to engage audiences and optimize digital revenues. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review, in addition, note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

This preliminary announcement does not constitute the Group's full financial statements for the year ended 31 December 2013. The auditors have reported on the Group's statutory accounts for the year ended 31 December 2013 under s495 of the Companies Act 2006, which do not contain statements under s498(2) or s498(3) of the Companies Act 2006 and are unqualified. The statutory accounts for the year ended 31 December 20123 will be filed with the Registrar of companies in due course.

2 Basis of preparation

The financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future. The Group is dependent for its working capital requirements on cash generated from operations, cash holdings, bank and other loan facilities, of equity markets. The cash holdings of the Group at 31 December 2013 were £12,719,074.

The directors have prepared detailed cash flow projections for the year to 31 December 2017 ("the Projections") which are based on their current expectations of trading prospects. The Projections indicate that the Group is capable of operating within the financing facilities noted above and of meeting its liabilities as they fall due for a period of not less than 12 months from the date of these financial statements. Whilst there is uncertainty over the future levels of event income, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Group reconstruction
The merger method of accounting has been used to consolidate the results of the subsidiary undertaking because the transaction was a Group reconstruction with no changes in the ultimate ownership of the company and shareholdings transferred via a share for share transfer. The legal parent company did not actively trade at the time. The merger of the two companies took place on 12 November 2013. Under merger accounting the shares issued were recorded in the consolidated balance sheet at the nominal value of the shares issued plus the fair value of any additional consideration. The difference between the nominal value of the shares issued and the nominal value of the shares acquired, if any, is taken to a merger reserve in the Group accounts. The assets and liabilities of the subsidiary are consolidated at book value. In the Group accounts the subsidiary undertaking is treated as if it had always been a member of the Group and therefore comparative information is provided for the Group from the date the subsidiary was formed.

2.1. Going concern

Rightster Limited was incorporated in May 2011 and has incurred significant losses since incorporation. In the opinion of the Group's Board of Directors ("BOD") these losses are consistent with the financial profile of the early life of a "Software as a Service" technology company: upfront investment is made in scoping, designing and building the technology platform along with investment in client facing staff who take the platform to market. This investment outstrips revenues for a substantial period but in time the investment in R&D is expected to stabilise, whilst new revenues are expected to contribute to an increasing operating margin. The consequence of developing a single technology platform is that additional revenues deliver a very high gross margin as the investment in the platform has already been made.
On a monthly basis, and at the end of each reporting year, the Group's board of directors reviews the cash facilities of the company and assesses its ability to continue to fund its ongoing operations in order to confirm that the Group continues to be a going concern.

2.2. Adoption of new and revised standards

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

- IFRS 9 Financial instruments: Classification and measurement
- IFRS 10 Consolidated Financial Statements 1 January 2014
- IFRS 11 Joint Arrangements 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities 1 January 2014
- IFRS 13 Fair Value Measurement 1 January 2013
- IAS 28 (Revised) Investments in Associates and Joint Ventures 1 January 2014
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income 1 July 2012
- Amendments to IAS 32* Offsetting Financial Assets and Financial Liabilities 1 January 2014
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)

3 Statement of compliance

The financial statements have been prepared in accordance with the accounting policies and presentation required by International Financial Reporting Standards (IFRS), and International Financial Reporting Interpretations Committee ("IFRIC") Interpretations as endorsed by the European Union. They are presented in pounds sterling.

4 Summary of accounting policies

The Company's presentation and functional currency is £ (Sterling).

4.1. Investments in associates

Associates are those entities over which the Group is able to exert significant influence. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

All subsequent changes to the Group's share of interest in the equity of the associate are recognised in the carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported within 'Share of results in associates' in profit or loss. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities.

Changes resulting from other comprehensive income of the associate or items recognised directly in the associate's equity are recognised in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognised.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment losses from a group perspective.

Amounts reported in the financial statements of associates have been adjusted where necessary to ensure consistency with the accounting policies of the Group.

4.2. Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably and when the criteria for each of the Group's different activities have been met.

Gross versus net revenue recognition
The Group's primary market offering is a network or exchange whereby owners and licensors of video rights (rights holder/content owner) monetise these rights by loading the videos onto the network and allowing Publishers, through access to the network, to embed the video in their websites. The ultimate source of revenue is from a third party, either an advertiser (media agency or brand) or a consumer who pays a subscription fee for access to the video.

In the normal course of business, the Group therefore acts as an agent in executing transactions between these third parties.

In connection with these arrangements, the Group must determine whether to report revenue based on the gross amount billed to the ultimate customer or on the net amount received from the customer after commissions and other payments to third parties. To the extent revenues are recorded on a gross basis, any commissions or other payments to third parties are recorded as expense so that the net amount (gross revenues less expense) is reflected in operating profit or loss. Accordingly, the impact on operating profit or loss is the same whether the Group records revenue on a gross or net basis.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of each arrangement.

For contracts where an agent relationship exists, the aggregate revenue received by the Group is presented as Total revenues including commission share. The net revenue, which is presented as Revenue, represents Total revenues including commission share less revenue shares payable to publishers and content owners.

Revenue share
Revenue share agreements are in place on contracts with publishers and content owners. For these contracts, revenue is recognised in line with services performed under the respective contracts and over the period over which the services are performed. The Gross revenues are received by the Company and represent Total revenues including commission share. The revenue share payable to the publishers and content owners is recognized as a deduction to Total revenues including commission share in order to derive net revenue.

License fees
License fees are recognised over the period of the licensing agreement.

Direct to consumer
Services or content are provided direct to the consumer. For these contracts, revenue is recognised over the subscription period. Where the subscription period is a month or a week, the full subscription fee received is recognized in the month of receipt. For subscriptions longer than a month, revenue is recognized evenly over the subscription period.

Usage fees
Usage fees are chargeable to clients in accordance with the services consumed or accessed over a given period. Services include the provision of bandwidth, storage and Ad server fees. Revenue is recognized when the services are provided, based on contracted rates.

Professional services
A range of professional services are provided to clients including YouTube channel management and live streaming services. Revenue is recognised when the Company has performed the obligations necessary under the contract to fulfil those contractual obligations.

4.3. Interest and dividend income

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than from investments in associates, is recognised at the time the right to receive payment is established.

4.4. Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries and related goodwill are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the actual rate. The exchange differences arising from the retranslation of the opening net investment in subsidiaries and on income and expenses during the year are recognised in other comprehensive income and taken to the "translation reserve" in equity. On disposal of a foreign operation the cumulative translation differences (including, if applicable, gains and losses on related hedges) are transferred to the income statement as part of the gain or loss on disposal.

4.5. Segment reporting

IFRS 8 requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Group Chief Executive (chief operating decision maker – CODM).

The Board has reviewed the group and all revenues are functional activities of monetising content on-line and these activities take place on an integrated basis. The senior executive team review the financial information on an integrated basis for the Group as a whole, with respective heads of business who are geographically located and in accordance with IFRS 8, the Company will be providing only a geographical split as it considers that all activities fall within one segment of business which is monetising content on-line.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated.

Segmental information is presented in accordance with IFRS 8 for all periods presented.

4.6. Leasing

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

4.7. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the straight line method. The rates generally applicable are:

Fixtures & Fittings	3	years straight line basis
Computer equipment	3	years straight line basis

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The asset's residual value and useful lives are reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

4.8. Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9. Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets acquired as part of a business combination, are shown at fair value at the date of the acquisition less accumulated amortisation. Amortisation is charged on a straight line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Customer relationships – 5 years
- Technology - 1-2 years
- Software – 3 years

4.10. Impairment of intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Goodwill
Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment. Impairment losses in respect of goodwill cannot be subsequently reversed.

4.11. Development costs

Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- Completion of the asset is technically feasible so that it will be available for use or sale
- The group intends to complete the asset and use or sell it
- The group has the ability to use or sell the asset and the asset will generate probable future economic benefits (over and above cost)
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset, and
- The expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than director) costs incurred along with third party costs.

Judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new projects are continuously monitored by the directors.

4.12. Taxation

Tax expense recognised in profit or loss comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

4.13. Financial Instruments

Financial Assets
Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Loans and receivables
Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured using the effective interest method less provision for any impairment.

Financial liabilities and equity instruments
Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Other financial liabilities (including borrowing and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Financial liability instruments
Convertible loan notes denominated in currencies other than Sterling are accounted for as financial liabilities. The instruments are split between:

- The "host" debt instrument being a non-convertible debt. The host contract is recognised at amortised cost using the effective interest rate.
- The embedded derivative reflecting the conversion feature, which is carried at fair value through the profit or loss.

The valuation of the embedded derivatives are performed at inception of the loan and at each reporting date thereafter. On conversion the embedded derivative is extinguished directly through equity.

4.14. Group reconstruction

Group reconstruction accounting has been applied in accounting for the acquisition of Rightster Limited by Rightster Group plc through a share for share exchange on 12 November 2013. Rightster Group plc's investment in Rightster Limited was recognised at the fair value of the Rightster Group plc shares issued in consideration on 12 November 2013. On consolidation the difference between the carrying value of Rightster

Group plc's investment and the carrying value of Rightster Limited's share capital has been recorded in a merger reserve.

4.15. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits or losses. It also includes charges related to share-based employee remuneration.

Translation reserve – this represents the differences arising from translation of investments in overseas subsidiaries.

Merger reserve – where group reconstruction accounting is applied the difference between the cost of investment and the nominal value of the share capital acquired is recognised in a merger reserve.

Merger relief reserve – Where the following conditions are met any excess consideration received over the nominal value of the shares issued is recognised in the merger relief reserve:

- the consideration for shares in another company includes issued shares;
- on completion of the transaction, the company issuing the shares will have secured at least a 90% equity holding in the other company.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

4.16. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.17. Employee benefits

The Group operates a defined contribution pension plan on behalf of its employees, amounts due are expensed as they fall due.

4.18. Share based payments

Employees (including Directors) of the Group received remuneration in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions'). The Group has applied the requirements of IFRS 2 share-based payments to all grants of equity instruments. The transactions have been treated as equity settled.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instrument granted. The fair value is determined by using the Black-Scholes method. The cost of equity-settled transactions are recognised, together with a corresponding charge to equity, over the period between the date of grant and the end of a vesting period, where relevant employees become fully entitled to the award. The total value of the options has been pro-rated and allocated on a weighted average basis.

4.19. Settlement discounts

Where discounts are negotiated for early settlement of liabilities these are recognised within the income statement.

4.20. Exceptional items

The Group separately discloses items which it determines are non-recurring exceptional items. These are non-recurring items or annual items that are material and unrelated to the principal operating activities of the Group and the normal working capital financing of the Group.

5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statement under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill
The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows attributable to the acquired cash-generating unit and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Intangible assets and impairment
The Group recognises the intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's and the directors' judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate discount rate. Furthermore management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly.

Derivative financial instruments

The group is required to measure the fair value of its derivative financial instruments. The fair value is determined using the Black-Scholes method which requires assumptions regarding exchange rate volatility, the risk free rate, share price volatility and the expected life of the derivative financial instrument. Exchange rate volatility is calculated using historic data over the past three years. The volatility of the company's share price has been calculated as the average of similar listed companies over the preceding periods. The risk-free rate used is 0.4% and management, including the directors, have estimated the expected life of the derivative financial instrument as 6 months.

Deferred taxation
Deferred tax assets and liabilities have been recognised which are contingent and dependent upon future trading performance.

Development costs
Development costs incurred on specific projects are capitalised when certain conditions are satisfied. Careful judgement by the directors has been applied when deciding whether the recognition requirements for development costs are met. Judgements are based on the information available at each balance sheet date.

6 Segment reporting

As explained in the summary of Accounting Policies, management identify only one operating segment in the business, being monetising content on-line. This single operating segment is monitored and strategic decisions are made on the basis of this segment alone.

As a result only the geographic reporting of turnover analysis has been included in this note.

No customer accounted for more than 10% of the Group's revenues. The breakdown of net assets and capital expenditure for geographic reporting has not been shown as it can only be provided as an arbitrary breakdown. Non-current assets held in Denmark were £535,819 at 31 December 2013 (December 2012:£Nil) all other non-current assets were held in the United Kingdom.

Geographic reporting
Rightster has identified four geographic areas (UK, United States of America, Europe and rest of the world) and the information is presented based on the customers' location.

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Revenue		
United Kingdom & Ireland	4,604,059	2,678,276
United States of America	284,891	44,031
Europe	2,661,401	49,172
Rest of the world	983,043	-
Total Revenue	**8,533,394**	**2,771,479**
Less commission share	(2,369,842)	(919,907)
Revenue	**6,163,552**	**1,851,572**
Cost of sales	(5,529,929)	(5,328,408)
Gross profit / (loss)	633,623	(3,476,836)
Administration	(17,979,380)	(8,463,541)
Share of result in associates	27,191	5,837
Operating loss	(17,318,566)	(11,934,540)

The Group identified three revenue streams, Advertising, Subscriptions and Theatrical. The analysis of revenue by each stream is detailed below.

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Advertising	4,149,526	1,851,572
Subscriptions	927,435	-
Theatrical	1,086,591	-
	6,163,552	1,851,572

7 Operating loss and loss before taxation

The operating loss and the loss before taxation are stated after:

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Auditor's remuneration:		
- Audit services	52,500	85,500
- Tax advisory services	-	50,000
- Other services	287,454	100,500
Operating lease rentals – land and buildings	1,410,820	566,210
Depreciation: property, plant and equipment	244,019	80,095
Amortisation	360,477	41,667
Foreign exchange loss	35,401	38,599

8 Exceptional items

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
IPO costs	492,618	-
	492,618	-

9 Finance costs

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Interest payable	1,600,672	175,281
Movement in fair value of derivative instruments	51,244	-
Discount on early settlement of loan notes	(114,016)	-
	1,537,900	175,281

10 Tax expense

Major components of tax expense	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Current tax:		
UK corporation tax at 23.25% (2012:24%)	-	-
Foreign Tax		
Overseas tax	128,629	-
Total current tax	128,629	-
Deferred Tax:		
Originations and reversal of temporary differences	(86,315)	(4,026)
Tax on profit on ordinary activities	42,314	(4,026)

UK corporation tax is calculated at 23.25% (2012: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions. The charge for the year can be reconciled to the loss per the income statement as follows:

Reconciliation of effective tax rate:

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Loss on ordinary activities before tax	(19,347,620)	(12,109,596)
Income tax using the Company's domestic tax rate 23.25% (2012: 24%)	(4,498,322)	(2,906,303)
Effect of:		
Expenses not deductible for tax purposes	226,114	94,057
Amortisation of intangible assets	83,810	10,000
Overseas subsidiaries taxed at different rates	37,518	-
Difference in capital allowances & depreciation/amortisation	14,220	4,026
Unutilised tax losses carried forward	4,178,974	2,802,246
Total tax charge for period	42,314	4,026

11 Loss per share

Both the basic and diluted loss per share have been calculated using the loss after tax attributable to shareholders of Rightster Limited as the numerator, i.e. no adjustments to losses were necessary in 2012 or 2013. The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. All share options and warrants have been excluded when calculating the diluted EPS as they were anti dilutive.

	12 Months ended 31 December 2013	9 Months ended 31 December 2012
	£	£
Loss for the year attributable to ordinary shareholders (£)	(19,389,934)	(12,113,622)
Research and development costs charged to income	4,340,850	2,219,035
Equity settled share based payments	560,587	-
Amortisation and depreciation	604,496	121,762
Adjusted loss for the period attributable to the equity shareholders	(13,884,001)	(9,772,825)
Rightster Limited		
Weighted average number of ordinary shares	56,425,434	39,459,714
Basic and diluted loss per ordinary share (pence)	34.4p	30.7p
Adjusted basic and diluted loss per ordinary share (pence)	24.6p	24.8p

The weighted average number of shares has been calculated based on the weighted average number of Rightster Limited shares in issue prior to the share for share exchange with Rightster Group plc on 12 November 2013 and the weighted average number of Rightster Group plc shares in issue subsequent to this date, weighted accordingly. Adjustments have been made to reflect the bonus issue and share consolidation during the year such that the weighted average number of shares is expressed in a format consistent with the share capital of Rightster Group at the balance sheet date. The weighted average number of ordinary shares includes the A and B preferred shares because the rights attached to these were similar to the ordinary shares and the preferred shares were converted into ordinary shares during 2013.

12 Directors and employees

The average number of persons (including directors) employed by the Group during the years were:

	12 Months ended 31 December 2013 Number	9 Months ended 31 December 2012 Number
Finance and Administration	24	11
Technology and solution delivery	110	106
Sales, account management & audience development	59	44
	193	161

The aggregate cost of these employees was:

	12 Months ended 31 December 2013 £	9 Months ended 31 December 2012 £
Wages and salaries	9,728,897	3,671,621
Payroll taxes	932,381	304,272
Pension contributions	166,781	83,915
	10,828,059	4,059,808

Directors emoluments paid during the period and included in the above figures were:

	12 Months ended 31 December 2013 £	9 Months ended 31 December 2012 £
Emoluments	617,439	229,100

The highest paid director received emoluments totalling £490,383 (2012 £220,100). The Group considers that the Directors are the key management personnel. The amount of share based payments charge (see Note 24) which relates to the Directors was £35,509.

13 Intangible assets

	Goodwill	Software	Technology	Customer Relation-ships	Total
	£	£	£	£	£
Cost					
At 31 March 2012	-	250,000	-	-	250,000
Additions	487,374	-	-	-	487,374
Disposals	-	-	-	-	-
At 31 December 2012	487,374	250,000	-	-	737,374
Additions	-	-	265,382	-	265,382
Acquired with subsidiary	1,378,269	-	490,962	405,334	2,274,565
Disposals	-	-	-	-	-
At 31 December 2013	1,865,643	250,000	756,344	405,334	3,277,321
Amortisation					
At 31 March 2012	-	208,333	-	-	208,333
Charge for the period	-	41,667	-	-	41,667
Disposals	-	-	-	-	-
At 31 December 2012	-	250,000	-	-	250,000
Charge for the year	-	-	303,619	56,858	360,477
Disposals	-	-	-	-	-
At 31 December 2013	-	250,000	303,619	56,858	610,477
Net Book Value					
At 31 March 2012	-	41,667	-	-	41,667
At 31 December 2012	487,374	-	-	-	487,374
At 31 December 2013	1,865,643	-	452,725	348,476	2,666,844

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value in use calculations.

As at 31 December 2013 goodwill has been assessed for impairment at the Group level as revenues are generated from a single cash generating unit, the monetisation of online content. This represents the lowest level at which the goodwill is monitored for internal management purposes.

13 Intangible assets - continued

The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As at 31 December 2013, goodwill and other intangible assets were assessed for impairment, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 15 %. The cash flows beyond 5 years have been extrapolated assuming zero growth rates. The key assumptions are based on new customers and forecasts, which are determined through a combination of management's views, market estimates and forecasts and other sector information.

14 Property, plant and equipment

	Computer Equipment	Fixtures & fittings	Total
	£	£	£
At 31 March 2012	30,411	9,974	40,385
Additions	658,976	8,247	667,223
At 31 December 2012	689,387	18,221	707,608
Additions	49,541	7,870	57,411
At 31 December 2013	738,928	26,091	765,019
Depreciation			
At 31 March 2012	1,559	2,548	4,107
Charge for the period	79,877	218	80,095
At 31 December 2012	81,436	2,766	84,202
Charge for the year	236,197	7,822	244,019
At 31 December 2013	317,633	10,588	328,221
Net Book Value			
At 31 March 2012	28,852	7,426	36,278
At 31 December 2012	607,951	15,455	623,406
At 31 December 2013	421,295	15,503	436,798

15 Acquisitions

Viral Management Limited

On 18 October 2012 the company purchased 25% of the issued share capital of Viral Management Limited for consideration of £500,000, of which £243,750 was paid in cash and the balance in shares. The investment has been accounted for as an associate as detailed in note 26 and goodwill of £487,376 was recognised on acquisition representing expected synergies and other benefits from the combination.

Preview Networks ApS

On 19 April 2013 Rightster Limited acquired the whole issued share capital of Preview Networks ApS. The consideration consisted of €1,443,000 unsecured convertible loan notes which convert into fully paid shares at a conversion price on a qualifying fundraising and €661,000 loan notes repayable by 31 May 2013. The primary reason for the acquisition was due to expected synergies when the businesses were combined.

The details of the acquisition are as follows:

	Consolidated Assets & Liabilities acquired		
	Book Value	Fair Value Adjustments	Fair Value
ASSETS	£	£	£
Other intangible assets	-	896,296	896,296
Deferred tax assets	735,221	(735,221)	-
Trade and other receivables	575,019	-	575,019
Cash and cash equivalents	4,512	-	4,512
Trade and other payables	(899,308)	-	(899,308)
Deferred tax liabilities	-	(179,259)	(179,259)
Net assets acquired	415,444	(18,184)	397,260
Goodwill capitalised			1,378,269
Consideration given in the form of loan notes			**1,775,529**

Goodwill relating to the acquisition amounted to £1,378,269. Goodwill represents the fair value of the expected synergies and other benefits from combining the net assets of Preview Networks ApS with those of Rightster Limited. Transaction expenses charged to the income statement were £142,634.

The Group's results for the year reflect post acquisition revenue from Preview Networks ApS of £1,086,591 and a loss before tax of £444,756. Had Preview Networks ApS been acquired on 1 January 2013, it would have contributed revenue of £1,854,304 and a loss before tax of £641,773.

Gross contractual amounts receivable on acquisition were £575,019 and these were expected to be received in full.

16 Deferred taxation assets and liabilities

Deferred tax recognised:

Deferred tax assets	At 31 December 2013 £	At 31 December 2012 £
Difference in depreciation and capital allowances	29,097	14,877
Deferred tax liabilities		
Intangible assets	(107,164)	
	(78,067)	14,877

Unutilised tax losses carried forward which have not been recognised as a deferred tax asset at 31 December 2013 were £18,272,980.

Reconciliation of movement in deferred tax

	Other temporary differences £	Depreciation in excess of capital allowances £	Total £
As at 31 March 2012	-	18,903	18,903
Recognised in the income statement	-	(4,026)	(4,026)
As at 31 December 2012	-	14,877	14,877
Acquired on acquisition	(179,259)	-	(179,259)
Recognised in the income statement	72,095	14,220	86,315
As at 31 December 2013	(107,164)	29,097	78,067

17 Trade and other receivables

	At 31 December 2013 £	At 31 December 2012 £
Trade receivables	1,182,516	738,920
Less provision for impairment	(262,633)	(15,913)
Net trade receivables	919,883	723,007
Other receivables	1,252,363	1,752,695
	2,172,246	2,475,702

17 Trade and other receivables - continued

All trade receivable amounts are short term. All of the Group's trade and other receivables have been reviewed for indicators of impairment and where necessary, a provision for impairment provided. The carrying value is considered a fair approximation of their fair value. The Group's management considers that all the above financial assets that are not impaired or past due are of good credit quality.

In addition, some of the unimpaired trade receivables of the Group are past due as at the reporting date. The age of financial assets past due, but not impaired, is as follows:

	At 31 December 2013 £	At 31 December 2012 £
Not more than three months	322,384	31,814
More than three months but not more than six months	258,791	511,594
More than six months but not more than one year	97,183	1,440
More than one year	19,936	130
	698,294	544,978

18 Trade and other payables

	At 31 December 2013 £	At 31 December 2012 £
Trade payables	2,394,788	1,756,193
Other payables	173,622	12,082
Other taxation and social security	281,236	484,504
Deferred income	54,167	550,402
Accruals	1,806,090	1,280,205
	4,709,903	4,083,386

All amounts are short term and the directors consider that the carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

The average credit period taken for trade purchases was 56 days (December 2012 – 57 days).

19 Borrowings and other financial liabilities

	At 31 December 2013 £	At 31 December 2012 £
Bank loans and overdrafts	229,559	-
Loans and other borrowings	-	7,500,000
	229,559	7,500,000

Preview Networks ApS has a bank facility with Jyske Bank up to 2.4 million DKK (£271,000) and the bank holds a charge over the assets of Preview Networks ApS.

Loans outstanding at 31 December 2012 of £7,500,000 provided investors with a first right of conversion to shares during an approved financing of the business, during the year to 31 December 2013 the loans were converted into shares in Rightster Limited prior to the share for share exchange with Rightster Group plc.

20 Derivative financial instruments

Financial liabilities
On 19 April 2013, the group issued a €1,443,000 unsecured convertible loan note. The loan note converted into fully paid shares at a conversion price on a qualifying fundraising. In November 2013 the loan note was converted into shares and therefore is not a liability at 31 December 2013.

The Euro convertible loan note was treated as a financial liability, while the equity conversion feature being an embedded derivative which was not closely related to the "host" debt instrument. The combined instrument was, therefore, split between:

- The "host" debt instrument being a non-convertible debt, which was recognised at amortised cost using the effective interest rate.
- The embedded derivative reflecting the conversion feature, which was carried at fair value through profit or loss.

The embedded derivative was defined as the value of a derivative liability (written option) to issue own shares in exchange for the cancellation of the €1,443,000 debt. The valuation took into account the time value of the option as restricted by the issuer's ability to repay the loan note (at principal) at any time.

The valuation of the embedded derivative was performed at inception of the loan (April 2013) and at each reporting date thereafter. At 30 June 2013 the embedded derivative was valued at £198,474 resulting in a change to the income statement of £51,244 representing the movement in the fair value of the embedded derivative between initial recognition and 30 June 2013.

The loan was converted on 12 November 2013 and subsequently on conversion the embedded derivative was recycled though equity.

21 Share capital

Ordinary share capital

	At 31 December 2013	
	Number	**£**
Ordinary shares of £0.001	116,372,334	116,372
Total ordinary share capital of the company		**116,372**

Rights attributable to ordinary shares
The holders of ordinary shares are entitled to receive notice of and attend and vote at any general meeting of the company.

A reconciliation of the movement in share capital during the year is detailed in note 23.

22 Deferred share capital

	At 31 December 2013	
	Number	**£**
Deferred ordinary shares of £0.0000001	66,599,999,334,000	6,660,000

Rights attributable to the deferred ordinary shares
The holders of Deferred Shares carry no rights to participate in the profits of the company. On a return of capital on a winding up or dissolution (but not otherwise) the holders of the Deferred Shares shall be entitled to participate in the distribution of the assets of the Company pari passu with the holders of the Ordinary Shares but only in respect of any excess of those assets above £1,000,000,000,000.

The holders of the Deferred Shares shall not be entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company or to attend, speak or vote at any such meeting. The Deferred Shares shall not be listed on any stock exchange nor shall any share certificates be issued in respect of such shares. The Deferred Shares shall not be transferable, save as referred to below or with the written consent of the Directors.

23 Reconciliation of share capital

	Ordinary share capital			Preferred	Preferred B	Deferred
	£0.0001	£0.0000001	£0.001	A Shares	Shares	Shares
	Number	Number	Number	Number	Number	Number
Issue of ordinary shares	500,000,000	-	-	-	-	-
Issue of shares upon share for share exchange with Rightster Limited	66,166,666,000	-	-	200,000,000,000	473,796,205,347	-
Conversion of 1 ordinary share for 999 deferred shares and 1 ordinary share of £0.0000001	(66,666,666,000)	66,666,666,000	-	-	-	66,599,999,334,000
Conversion of A and B Preferred to ordinary shares	-	673,796,205,347	-	(200,000,000,000)	(473,796,205,347)	
Subdivision of ordinary shares of £0.0000001 to ordinary shares of £0.001	-	(740,462,871,347)	74,046,287	-	-	-
Conversion of debt to equity	-	-	8,242,722	-	-	-
Issue of shares at IPO	-	-	34,083,325	-	-	-
Closing balance	-	-	116,372,334	-	-	66,599,999,334,000

	Ordinary share capital			Preferred	Preferred B	Deferred
	£0.0001	£0.0000001	£0.001	A Shares	Shares	Shares
	£	£	£	£	£	£
Issue Ordinary shares	50,000	-	-	-	-	6,660,000
Issue of shares upon share for share exchange with Rightster Limited	6,616,667	-	-	20,000	47,380	-
Conversion of 1 ordinary share for 999 deferred shares and 1 ordinary share of £0.0000001	(6,666,667)	6,666	-	-	-	-
Conversion of A and B Preferred to ordinary shares	-	67,380	-	(20,000)	(47,380)	-
Conversion of ordinary shares of £0.0000001 to ordinary shares of £0.001	-	(74,046)	74,046	-	-	-
Conversion of debt to equity	-	-	8,243	-	-	-
Issue of shares at IPO	-	-	34,083	-	-	-
Closing balance - Rightster Group Plc	-	-	116,372	-	-	6,660,000

	Share premium	Merger reserve	Merger relief reserve
	£	£	£
Issue of shares upon share for share exchange with Rightster Limited	-	(24,059,625)	40,410,393
Conversion of debt to equity	4,937,390	-	-
Issue of shares at IPO	20,415,917	-	-
Share issue costs	(1,789,837)		
Closing balance - Rightster Group Plc	23,563,470	(24,059,625)	40,410,393

24 Share options

During the year to 31 December 2013 Rightster Limited operated an unapproved share option scheme. The options were granted on 30 May 2013 and the company used the Black-Scholes valuation model for estimating the grant date fair value of employee share options granted using the following assumptions

	Options
Expected option life	4 years
Expected volatility	50%
Weighted average volatility	50%
Risk-free interest rate	2.9%
Expected dividend yield	0%

This share scheme was cancelled in July 2013. The share options charge included in the financial statements for the above scheme was £59,032 for the year ended 31 December 2013. The details of the scheme being:

	Number	**Weighted average exercise price**
Outstanding at the beginning of the year	-	-
Granted during the year	21,700,000	1p
Exercised during the year	-	-
Cancelled during the year	(21,700,000)	1p
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

In September 2013 Rightster Limited introduced an approved EMI share option scheme for employees. The options were granted in September and October 2013, however vesting periods were deemed to have commenced at the same point as the original options in the unapproved scheme above. On 12 November 2013 all share options granted in the Rightster Limited share scheme were exchanged for options in Rightster Group plc. The replacement share options issued by Rightster Group plc have been treated as modification of the original scheme, in accordance with IFRS2.28. The options were valued using the Black-Scholes valuation model, using the following assumptions.

	Options
Expected option life	4 years
Expected volatility	50%
Weighted average volatility	50%
Risk-free interest rate	2.9%
Expected dividend yield	0%

24 Share options – continued

Options vest as follows:

September 2013 Grant
- 25% 12 months from grant date
- 2.08% each month commencing 13 months from grant date until the options are fully vested at the end of the four year vesting period.

October 2013 Grant -unconditional
- 25% 12 months from grant date
- 2.08% each month commencing 13 months from grant date until the options are fully vested at the end of the four year vesting period.

October 2013 Grant –performance based
- Performance conditions attached to the grants
- 25% 24 months from grant date
- 2.08% each month commencing 25 months from grant date until the options are fully vested at the end of the four year vesting period.

Note - Options granted in October 2013 have performance conditions attached to 50% of the grant.

Details of the options issued under the approved scheme are as follows:

	Number	**Weighted average exercise price**
Outstanding at the beginning of the year	-	-
Granted during the year	13,702,537	44.8p
Exercised during the year	-	-
Cancelled during the year	-	-
Outstanding at the end of the year	13,702,537	44.8p
Exercisable at the end of the year	1,737,488	0.05p

In addition to the above 2,326,031 warrants were issued. The warrants were issued at an exercise price of 60p and vest on 12 November 2017. The warrants have been valued using the Black Scholes model and the charge included within the financial statement at 31 December 2013 is £13,002.

25 Undertakings included in the financial statements

The consolidated financial statements include:

	Class of share held	**Country of incorporation**	**Proportion held**	**Nature of business**
Rightster Limited	Ordinary	UK	100%	On-line video distribution
Rightster INC	Ordinary	USA	100%	Marketing & development
Rightster India LLP		India	100%	Software development
Rightster Gibraltar		Gibraltar	100%	On-line video distribution
Preview Networks ApS	Ordinary	Denmark	100%	On-line video distribution
Viral Management Limited	Ordinary	UK	25%	On-line video distribution

26 Investments in Associates

The Group's 25% share of the aggregated financial information of equity accounted associates is set out below.

Viral Management Limited

	11 Months to 31 December 2013	9 Months to 31 December 2012
	£	£
Total revenue	1,354,936	326,184
Share of result in associates	27,191	5,837
Non-current assets	30,824	3,464
Current assets	904,164	549,612
Share of total assets	**233,747**	**138,269**
Current liabilities	(754,372)	(479,544)
Share of total liabilities	**(188,593)**	**(119,886)**
Share of equity shareholders' funds in associates	**45,154**	**18,383**

27 Financial Instruments

Categories of financial instruments

	As at 31 December 2013	As at 31 December 2012
	£	£
Financial assets – Loans & receivables		
Loans and receivables	2,172,246	2,475,702
Cash and bank balances	12,719,074	1,212,585
	14,891,320	3,688,287
Financial liabilities at amortised cost		
Trade and other payables	(4,655,736)	(3,532,987)
Borrowings	(229,599)	(7,500,000)
	(4,885,335)	(11,032,987)

27 Financial Instruments - continued

Financial risk management

The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables and trade payables, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The principal financial risks faced by the Group are liquidity, foreign currency, credit and interest rate risks. The policies and strategies for managing these risks are summarised as follows:

Foreign currency risk
Transactional foreign currency exposures arise from both the export of services from the UK to overseas clients, and from the import of services directly sourced from overseas suppliers. The Group is primarily exposed to foreign exchange in relation to movements in sterling against US$ AUS$ and Euro.

The Group does not use derivatives to hedge translation exposures. All gains and losses are recognised in profit or loss on translation at the reporting date. The Group's current exposures in respect of currency risk were as follows:

	Other	AUS Dollar	US Dollar	Euro	Sterling	Total
	£	£	£	£	£	£
Financial assets	8,358	-	37,688	712,425	2,929,816	3,688,287
Financial liabilities	-	-	-	-	(11,032,987)	(11,032,987)
Total exposure 31.12. 2012	8,358	-	37,688	712,425	(8,103,171)	(7,344,700)
Financial assets	-	-	5,370	318,985	14,566,965	14,891,320
Financial liabilities	(229,559)	-	-	(1,000,649)	(3,655,127)	(4,885,335)
Total exposure at 31.12. 2013	(229,559)	-	5,370	(681,664)	10,911,838	10,005,985

Sensitivity analysis
The table below illustrates the estimated impact on profit or loss as a result of market movements in the US Dollar, Euro and Sterling exchange rate.

Impact on profit or loss and equity	10% Increase in favour of AUS Dollars	10% Increase in favour of Rupees	10% Increase in favour of US Dollars	10% Increase in favour of Euro	10% Increase in favour of Sterling
	£	£	£	£	£
For the year to 31.12.2012	-	-	(28,471)	(259,160)	287,631
For the year to 31.12. 2013	(266,360)	(81,375)	(79,030)	(177,452)	624,326

27 Financial Instruments - continued

Credit risk
The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group has no significant concentration of credit risk. The maximum exposure to credit risk is that shown within the balance sheet. All amounts are short term and management consider the amounts to be of good credit quality.

Liquidity/funding risk
The Group's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Group. Operating subsidiaries are financed by retained profits.

Contractual maturities
The Group manages liquidity risk by maintaining adequate reserves and agreed committed banking facilities.

Interest rate risk
The Group holds the majority of its cash and cash equivalents in corporate current accounts. These accounts offer a competitive interest rate with the advantage of quick access to the funds. All loans and borrowings bear a fixed rate of interest.

Capital policy
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that optimises the cost of capital.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes loans, other borrowings and the loan notes disclosed in note 19, cash and cash equivalents as disclosed in the statement of financial position and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

27 Financial Instruments – continued

The Group's gearing decreased as at 31 December 2013 compared with December 2012 which reflects the refinancing of the group. The group target a gearing ratio of 0%.

Debt is defined as long and short-term borrowings (excluding derivatives). Equity includes all capital and reserves of the Group that are managed as capital.

Financial instruments measured at fair value
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There are no financial liabilities measured at fair value in the statement of financial position.

Maturity analysis
Set out below is a maturity analysis for non-derivative and derivative financial liabilities. The amounts disclosed are based on contractual undiscounted cash flows. The table includes both interest and principal cash flows.

	Total £	Less than 1 Year £	1-3 Years £	3-5 Years £
As at 31 December 2012				
Borrowing principal payments	5,183,875	5,183,875	-	-
Non-interest bearing	2,316,125	2,316,125	-	-
As at 31 December 2013				
Borrowing principal payments	229,599	229,599	-	-
Non-interest bearing	-	-	-	-

For details as to how management is planning to manage liquidity risk to ensure debts are paid as due please see note 2.1.

28 Financial commitments

The present value of future minimum rentals payable under non-cancellable operating leases are as follows:

	At 31 December 2013	At 31 December 2012
	£	£
Less than 1 year	787,245	516,022
Between 2 and 5 years	-	-
Over 5 years	-	-
	787,245	516,022

Minimum Guarantees
The Group has entered into contracts committing to the following minimum guarantees

	At 31 December 2013	At 31 December 2012
	£	£
Minimum guarantees		
Less than 1 year	934,966	1,571,043
Between 2 and 5 years	1,022,514	-
	1,957,480	1,571,043

29 Transactions with directors and other related parties

29.1. Directors loans

Included within other receivables was an interest free loan owed to the company by C S Muirhead, a director of the company which is repayable on demand.
The amounts due at each reporting date are detailed below:

	At 31 December 2013	At 31 December 2012
	£	£
Loan outstanding at period end	-	118,982
Repaid during the period	118,982	6,662

29 Transactions with directors and other related parties - continued

29.2. Viral Management Limited

During the periods, the Group entered into transactions, in the ordinary course of business, with Viral Management Limited, an associate undertaking. The Group made purchases from Viral Management Limited during the period and the balances due were as follows:

	31 December 2013	31 December 2012
	£	£
Purchases made during the period	913,285	251,341
Balance due at period end	101,887	16,681

29.3. Vesuvius Limited

Loans include amounts payable to Vesuvius Limited a shareholder of the company. The amounts outstanding and interest payable on the loans to Vesuvius Limited were as follows:

	At 31 December 2013	At 31 December 2012
	£	£
Loan outstanding at period end	-	5,500,000
Interest charged during the period	556,387	257,145

29.4. Tixdaq Limited (through Caught Offside and Fanatix websites)

Tixdaq Ltd is a group of sport sites owned by William Muirhead who is a connected party through his relationship with Charles Muirhead . During the period to 31 December 2013 the Group paid a revenue share to Tixdaq Limited, from advertising generated on the above websites of £108,187 (2012:£12,000) from Tixdaq Ltd. The balance outstanding at 31 December 2013 was £17,142 (2012:£Nil).

29.5. Sports Investment Partners LLP

Fees of £491,300 (2012: £Nil) were paid to Sports Investment Partners LLP who is a connected party through their relationship with M Broughton, a director of the company. The amount outstanding at 31 December 2013 was £178,800 (2012: £Nil).

29.6. M Broughton

Loans included amounts payable to a connected party through their relationship with Martin Broughton, a director of the company. A loan of £1,000,000 was received in the year by Rightster Limited (2012: £Nil) and loan repayments of £1,000,000 were made in the year (£2012: £Nil). Interest charged on the loan during the year was £114,838 (2012: £Nil) and the amount outstanding at 31 December 2013 was £Nil (2012: £Nil).

29 Transactions with directors and other related parties - continued

29.7. J Deleon

Loans included amounts payable to J Deleon a director of Rightster Limited. Interest charged on the loan during the year was £426,741 (2012:£11,242). The balance outstanding at 31 December 2013 was £Nil (2012:£1,132,250).

29.8. Sorbus Holdings SA

Loans included amounts payable to Sorbus Holdings SA which is a related party due to its connection with T Al Swaidi a director of Rightster Limited. Interest charged on the loan during the year was £4,504 (2012:£Nil). The balance outstanding at 31 December 2013 was £Nil (2012:£80,000).

29.9. London Labs Limited

London Labs Limited is owned by William Muirhead who is a connected party through the relationship with Charles Muirhead. During the year purchases of £8,363 (2012:£4,312) were made from the company and the balance outstanding at 31 December 2013 was £10,035. (2012:£Nil).