For Immediate Release **7 May 2015**

Rightster Group PLC
("Rightster" or the "Group" or the "Company")
Final Audited Results

Rightster Group PLC (AIM: RSTR), the online video distribution and monetisation network, announces its preliminary results for the twelve months ended 31 December 2014.

Key Highlights

The Company has shown significant growth over the course of the year including the completion of two strategic acquisitions and noteworthy additions to its client roster.

- Total Transaction Value* has risen from £11.0m in 2013 to£16.9m in 2014
- Net Revenue has increased from £6.2m in 2013** to £8.7m in 2014
- Gross Profit has grown from £0.6m in 2013 to £3.9m in 2014
- Average monthly video views have risen to 1.2bn in H2 2014 (369% growth from H2 2013)
- Content Owners have increased from 850+ to 2,500+. Publishers have grown from 7,500+ to 10,500+

* Total Transaction Value shows the total amount of business facilitated through Rightster. It sums the total exchange of revenue between Rightster partners before revenue shares are distributed.
** after adjusting for a key contract terminated during 2013, net revenue in 2013 was £3.0m

Post period update

Rightster has had a good start to 2015. Highlights in the first quarter of 2015 include the following:

- Average monthly video views for Q1 2015 estimated at 1.6 billion
- By the end of Q1 2015, the Company surpassed 72 million subscribers and reached 124 million unique users worldwide across its YouTube Network (the latter being a 125% increase from the end of Q1 2014)
- Secured a partnership with Microsoft Lumia and extended its global partnership with 20th Century Fox, to include 10 additional international territories
- Further growth in Asia Pacific including:
    - a partnership with Bauer Media Australia to boost its online video viewership and grow its revenue on and off YouTube;
    - a deal with Seoul-based studio, ROI Visual, to boost the online presence of its pre-school safety based series, Robocar POLI, in France;
    - a partnership with Coconuts Media (a Hong Kong and Singapore based web production company) to manage its Coconuts TV YouTube channel and support wider syndication of its online video content; and
    - deals with some of the leading publishers in APAC, including Yahoo! AUNZ and Summit Media Philippines;
- Charles Muirhead has ceased to be a Director of the Company with immediate effect;
- Further to the announcement on 30 April 2015 regarding a proposed placing to raise approximately £5

million through the issue of new ordinary shares, the Company confirms it will be posting a circular to shareholders today containing a notice of general meeting.

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Chairman's Report

Overview
2014 marked Rightster's first full year on the AIM market and the online video marketplace is growing rapidly. We had some significant changes with the acquisition of Base 79 and Viral Spiral, moving into new offices in Covent Garden and, more recently, the transition to a new CEO. We also saw some substantial growth across the business. Our average monthly video views grew an impressive 404% year on year, with Q4 bringing in, on average, 1.4 billion monthly video views. Our net revenues also demonstrated significant scale over that timeframe, increasing from £6.2 million in 2013 (which, after adjusting for the terminated Serie A contract, were £3.0 million), to £8.7 million in 2014. Our network both on and off YouTube also scaled significantly with Content Owners growing from 850 to over 2,500 and Publishers growing from 7,500 to over 10,500.

The Market
The online video market continues to evolve at a rapid pace and the size of the online video advertising opportunity in 2017 is expected to be $17bn in the US alone, 33% Compound Annual Growth Rate (CAGR) on 2014. Against this backdrop, YouTube still plays an important part, accounting for $26 - $40bn of Google's revenues and appealing to an international audience - approximately 80% of YouTube traffic is from outside the US (Source: Jefferies: The Future of Online Video Advertising (v2.0)).

The influence of YouTube stars has gained traction. In a recent survey in the US, it was found that, amongst the teenage population, YouTube stars were more popular than mainstream celebrities (Source: Variety.com 5th August 2014). With their loyal subscribers, YouTubers have the power to connect brands with huge, incredibly engaged online audiences. This arena has led to the emergence of Multi- Channel Networks (MCNs) who affiliate with multiple YouTube channels in order to assist YouTubers in the areas of monetisation, channel management and cross-promotion.

The significance of MCNs has led to many high profile industry deals being completed in the last year, including Disney acquiring Maker Studios and the Chernin Group with AT&T buying Fullscreen, to name but a few. Rightster prides itself on being one of the few remaining independent MCNs and is well regarded in the industry, with Robert Kyncl (Google's VP and Global Head of Business at YouTube) recently commenting at a YouTube brandcast event that "Rightster is our biggest partner in Europe, the first YT MCN to go public and now one of the largest MCNs in the world".

However, we have also noticed a trend towards Content Owners, Creators and Brands wanting to have a presence off YouTube, on new emerging platforms. These include Vine, Snapchat and Instagram amongst others, as well as more specific Publisher sites and blogs. This stems from a need to reach and engage their desired audience in the most effective and cost efficient manner.

Rightster's strategy
Rightster is much more than an MCN: Rightster is a Multi-Platform Network (MPN) with a remit that allows it to maximise opportunities for clients both on and off YouTube as YouTube is just one piece of the online video puzzle.

There are a myriad of platforms through which Rightster can distribute content, ranging from Facebook and Twitter to Brightcove and Ooyala. Rightster is able to work with all these platforms as well as manage content on Vine, Instagram and Snapchat. We also have a network of publishers we can distribute content to including The Independent, the Evening Standard and publications managed by Hearst, Bauer Media and Northern and Shell, as well as numerous blogs. In addition, Rightster's software has the capability to distribute content to a Content

Owner's own site, if preferred. This flexibility appeals to Content Owners, Creators and Brands who are increasingly exploring alternative ways to showcase content and maximise commercial value.

All this gives Rightster a competitive advantage. It is platform neutral, enabling Content Owners, Creators and Brands to reach the right audience through the right place at the right time. As it is independent, Rightster is also content neutral, attracting Publishers with its diverse array of premium and wide-ranging genre of content. Our recent M&A activity has enabled Rightster to achieve greater scale and has provided an enhanced brand proposition that has attracted more high value briefs. The resulting geographical enhancement has further developed Rightster's local knowledge in every major market and builds upon our existing global footprint.

Mergers & Acquisitions

To further accelerate Rightster's growth, we previously stated that we would consider strategic acquisition opportunities. Our influence in the online video space was bolstered in 2014 by two significant acquisitions - namely Base79 and Viral Spiral. Base79 brought with it a specialism in YouTube rights management, talent expertise and brand partnerships, whilst Viral Spiral brought expertise in licensing, social video management and brand engagement. Both also provided world-class executives that have enhanced Rightster's management team. Following the acquisitions, Rightster is now positioned as a global leader in the rapidly expanding online video market and is one of the largest MCNs outside North America.

The combined offering has brought significant scale benefits with Media Agencies and Brands. Rightster now regularly receives brand briefs of £500k and upwards. Rightster has also been able to improve the service it offers Content Owners, Creators and Publishers with its ability to grow bigger audiences and increase monetisation capabilities.

The integration of the two businesses into Rightster is now almost complete and, as expected, cost synergies have been identified that will be realised in 2015. A recent strategic review of its global operations has led to the Company deciding to close its technology centre in Bangalore and consolidate its development activities in London to better align the Company's technology organisation. A number of roles across Europe have also been identified as no longer required. Overall, I am pleased to report that this will result in an annualised cost saving of approximately £3m in 2015.

Performance

The board are pleased with the Company's performance in 2014, in particular the net revenues of £8.7 million which were achieved, an increase of £2.5 million compared to prior year (and, if allowing for the terminated Serie A contract in 2013, an increase of £5.7 million) - an encouraging growth story.

Despite Rightster's ongoing success throughout the year, we believe this has not been reflected in the Company's share price performance. The new management team aim to communicate the market opportunity and Rightster's strategy more clearly in 2015 and have already indicated their expectations for net revenues, anticipated to grow 80 – 100% in 2015, continuing Rightster's growth story.

Whilst it is expected that a tiered pricing model powered by the new software platform will contribute to these revenue streams, we consider that these benefits will be realised towards the end of 2015/early 2016, with cash flow breakeven expected in 2016.

Board & Management Changes
Throughout 2014, the board continued their strong working relationship and combined their various areas of expertise to good effect. In September, the Company announced that Charl de Beer had given the board notice of his intention to step down as CFO in order to return to his home in South Africa. Charl continued to direct Rightster's finance activities until his departure date in December and, in order to facilitate a smooth transition, David Mathewson, non-executive director (previously CFO of Playtech Limited), took on a more hands-on-role leading the search for Mr De Beer's successor.

I would like to thank Charl for his significant contribution to the business over the last three years and welcome his successor, Niall Dore, to the Company. Niall joined in January 2015 from Experian Consumer Services where he was Interim Finance Director for UK & Ireland. He previously held the position of Finance Director at Betfair Group plc for over 5 years (including a year as Interim Group CFO). Niall not only brings public market experience to the Company but also a proven ability to execute different business models across the digital and technology sectors on a global scale, with a strong focus on creating shareholder value.

More recently, in January 2015, the Company announced the transition to a new CEO, Patrick Walker. As we enter the next stage of Rightster's growth, with a strong focus on multi-national operational efficiency and getting to profitability, Charlie Muirhead and the board decided it was the right time to appoint a successor. I would like to thank Charlie for his dedication to the Company and welcome Patrick, who, since the acquisition of Base79, has served as the Group Chief Commercial Officer. Patrick has held a number of senior roles in the sector including Chief Content Officer at Base79 and Senior Director of Content Partnerships at YouTube, where he was responsible for launching and managing YouTube in EMEA. The board are delighted that someone of Patrick's stature in the online video industry will succeed Charlie and lead the next phase of growth. Charlie Muirhead ceased to be a Director of the Company with immediate effect on 6 May 2015.

Patrick will be supported by a top-class management team, strengthened through the addition of new members from the recently acquired companies. These include Daniel Fisher and Damian Collier from Viral Spiral, and Nick Savage, Ian Samuel and Ben Lister from Base79. I am pleased to report that this very capable team has integrated well and are already driving new combined opportunities to clients.

Looking ahead
On behalf of the board, I would like to extend my thanks to the investors who have supported us over the course of 2014, the partners who have utilised our services and to all the employees for their hard work and dedication. I look forward to Rightster's next phase of growth in 2015, when we will roll out our proven combined offering to a broader range of international clients whilst ensuring a renewed focus on operational efficiency across the entire business.

Mark Lieberman
Non-executive Chairman

CEO's Statement

Introduction

I have been fortunate in my career to witness first hand how technology can enhance and amplify storytelling, and how great content can lead people around the world to adopt new technology. From being a young producer on the world's first Hi-Definition TV broadcasts in Tokyo, to leading YouTube's maiden launches outside the US, the excitement, disruption and opportunity found at the crossroads of technology and content has thrilled and inspired me. And today, as the CEO of Rightster, I'm honoured to lead a company that is truly at the forefront of this ongoing digital video (r)evolution, and more enthusiastic about the opportunity than ever.

We started 2014 with a promise to become the Upload Once, Commercialise Everywhere online video network and I am pleased to say that we are continuing to deliver on our vision with a deeper emphasis on operational efficiency and execution. With the work of our exceptionally talented team, we will focus on three main areas in 2015 - creating an invigorating work environment, building and delivering the best products, and generating great results for our clients.

2014 was a year of transition for Rightster, expanding on the successes of 2013 and capitalising on the opportunities presented by the acquisitions of Base79 and Viral Spiral. With this newly formed organisation, we cemented our commitment to creating a Multi-Platform Network that delivers real value and insights to Content Owners, Creators and Brands. There have been challenges merging three companies with unique cultures and products in a short amount of time, but we have experienced many positives too. Revenue is increasing by delivering on cross-company synergies, new and existing clients are tapping into our combined knowledge base, and new territories are opening through our local presence in the most important global media centres. We have scale and clear differentiation now.

Technology

At Rightster, we believe that technology is the difference that enables us to outperform the competition and unlock new opportunities. To scale our service offering to all of our constituents globally, cost effectively and at pace with the expanding and constantly changing online video market, we must deliver a powerful, reliable product. And if eight years as a senior executive at Google taught me anything, we must also be nimble: launching, learning, adapting and trying again.

In Q4 2014, we successfully launched live trials of our second-generation Rightster platform, which provides clients with a more self-service-oriented feature set. In 2015, we began integrating our existing and acquired technology into this one platform for greater cost efficiency and impact with a unique common data set. We continue to transition existing clients onto the Rightster platform, and are inducting new clients as we sign them. We will introduce a new, tiered pricing model as the software platform evolves, enabling users to unlock additional features and support. We will realise the benefits from additional revenue streams toward late 2015/early 2016.

Partnerships

2014 began with a focus on adding content creators and expanding internationally. In addition to a growing roster of YouTube and social video stars such as Wrotetoshaw with 4 million subscribers, we secured noteworthy wins by adding premium content to our news network in the form of Agence France-Press whilst securing deals with the International Boxing Association, and the International Table Tennis Federation in sport. We also entered into a partnership with Europe's largest privately owned magazine group, Bauer Media, and the lifestyle programmers Scripps Networks International. Our film vertical is perhaps the most comprehensive, including the world's largest studios, Warner Bros, Paramount, 20th Century Fox, Universal, and Walt Disney.

In focusing on international expansion, we've witnessed significant growth in the Asia Pacific region led by our GM APAC, Richard North, who joined us from Google/YouTube. Noteworthy deals include the publishers Bauer Media Australia and Unscriptd, a content sourcing deal with News Corp Australia, and a YouTube deal with the smash hit kids phenomenon The Wiggles. In India, significant deals included a YouTube and content syndication deal with Lehren Networks and a content sourcing partnership with the popular news site, India.com. The focus of the APAC region in 2015 will be on winning new deals across an expanded footprint in Asia as well as collaborating with media agencies and brands.

In the US, we've added significant deals to our client base including an international partnership with 20th Century Fox, now expanded to 17 territories, and with the popular children's content provider the Jim Henson Company. Our team is also actively signing YouTube creators, adding upcoming stars such as Jesse La Flair (a parkour athlete), Hollywood TV, and Kaitlin Witcher to our roster. Other deals include an off-YouTube distribution deal for Fox Sports and a deal to manage Legends Football League's YouTube channel.

As advertisers begin to shift spending from TV to online video, we have been actively responding to an increasing number of briefs from brands that need technical and creative guidance engaging with online audiences. In October 2014, Rightster won the high profile client Turkish Airlines and helped facilitate its innovative global YouTube campaign involving some of the world's biggest YouTube stars (such as Devin Supertramp and Damian Walters). By utilising Rightster's expertise in creating branded content, Turkish Airlines was able to reach a global audience. More recently, we have gained further momentum from a partnership with Microsoft Lumia, using our relationship with high-profile YouTube video bloggers to help promote the #lumiamusic campaign in conjunction with Warner Music, the Dentsu Aegis Network, and the award-winning band Clean Bandit.

We also pride ourselves on breaking new ground with first-of-a-kind deals. Most notably, Rightster succeeded in winning a bid to enter into a 3.5 year deal with the Arts Council England, worth £1.8 million, to establish and manage their multi-channel online video network for the arts. Rightster also become the first ever online video partner for Formula E, the world's first fully electric racing series, and entered into a partnership with Sony Music Entertainment, utilising the popularity of YouTube beauty video bloggers such as Nikkie Tutorials (with more than 600,000 subscribers) to promote the release of Paloma Faith's new album.

Strategy
Rightcasting is as a natural evolution of the digital age. First there was broadcasting - namely television, satellite, and cable companies distributing entertainment. Then came narrow-casting, where technology was used to build niche destinations and personalized content. In 2014, we introduced what we call 'Rightcasting'- using software, data, and networks to put the right video in front of the right audience in the right place at the right time. This provides clarity to prospective clients on the nature of our comprehensive services.

Our main stakeholders benefit from this overarching approach:

- Content Owners: Rightster provides the technology to distribute their content through a selection of platforms by using our network's global scale, enabling them to establish the most effective route to their target audience.
- Publishers: Rightster has the tools to source and discover the perfect match of content on our network to fit their audiences' desires.
- Content Creators: Rightster provides technology and expertise to broadcast and monetise content more effectively on YouTube and other global and local platforms and explore cross-promotional and brand opportunities.

- Global Brands: Rightster guides brands to key influencers in the online video space, and enhances their online performance with tools and expertise in audience development and channel management, enabling them to engage audiences in a contextual environment.

Our aim is to unlock the true potential of online video in the most efficient and cost-effective way for both our clients and Rightster itself.

Conclusion

I follow a simple management philosophy - we take care of the people, the product, and the profits.
Our team was dedicated and resilient throughout the transition in 2014. Through difficult times, we maintained a high level of customer service, we continued to sign exciting clients, and we effectively collaborated across our international offices.

However, when organisations grow rapidly, as Rightster did in 2014, important work can go unnoticed, the hardest workers can get passed over, and bureaucracy can choke out creativity and remove all the gains. My goal for 2015 is to build an organisation where people can focus on their work and have confidence that if they do good work, good things will happen for both the Company and for them personally.

Having proven that our combined offering is resonating with new and existing clients, 2015 will be about building a great culture and strengthening the product to help us build on the early wins and capitalise on even greater opportunities in 2015. We are thought leaders and disruptors in the fast changing and fragmenting world of online video. We are in the right place at the right time and I'm thrilled to be leading the charge.

Patrick Walker
Chief Executive Officer

Strategic report

The 2014 year has been one of continued growth and progression. There have been significant achievements across the group including growth in revenue, continued investment in our scalable software powered solution and the successful integration of two significant acquisitions.

Trading results

Revenue rose by £2.5 million against the prior year, a growth rate of 41%. When adjusted for the revenue generated by the Serie A contract which was terminated in May 2013, revenue grew by £5.7 million, a growth rate of 192%.

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 year ended December 2014 was £16.9 million, up from £11.0 million for the prior year. The increase is driven by the rise in Brand deals which have generated additional advertising revenue for the Group. The business has grown significantly over the past 12 months and our enhanced network of Content Owners and Publishers, which is generating over 1.4 billion views per month enables the Group to provide a greater offering to major brands.

The group operates one operating segment being the monetisation of online content. The performance of the underlying revenue streams in Advertising, Subscription and Theatrical are detailed below.

Advertising revenue rose £2.2 million to £6.3 million in 2014 due primarily to the impact of the acquisition of Base79 and Viral Spiral.

Subscription revenues rose £0.2 million to £1.2 million due to continued growth in our live streaming of the Australian Football League.

Theatrical revenues rose £0.1 million to £1.2 million compared to prior year. The increase is due to 2014 results including a full year of revenues compared to 9 months in 2013. Like for like sales are down £0.2 million compared to prior year due to challenging market conditions in Europe.

Operating costs comprising R&D expenses and administration and sales expenses rose by £1.6 million compared to the prior year ended 31 December 2013, a reflection on the continued investment by the Group in software and people. At the end of the year the Group had 231 employees in 13 offices in 11 locations, up from 183 employees in 10 offices in 10 locations at the end of the prior period.

Operating losses for the year ended 31 December 2014 totalled £16.2 million versus £17.3 million for the prior year. These losses are generated primarily by investment in people, infrastructure costs and the rental of office premises. Restructuring costs of £0.5 million were included in operating expenses (2013: £nil).

Exceptional costs in 2014 were £1.0 million which comprised acquisition related items.

The Company continues to operate employee stock option plans and the costs for the period totalled £1.3 million. This will continue to be an employee acquisition and retention tool going forward.

Finance costs totalled £1.6 million for the year (2013: £1.5 million). This related to the discount on deferred consideration on the acquisitions made in the year and is a non-cash charge.

The loss for the year ended 31 December 2014 totalled £18.0 million versus £19.4 million for the prior year. The current year losses were impacted by non-cash charges including the unwinding of a £1.6 million discount on deferred consideration (2013: £nil) and amortisation of £1.7 million (2013: £0.4 million).

The Group generated an operating cash outflow of £16.0 million in 2014, (2013:£16.0 million). Rightster is an early stage business and the negative cash flow is reflective of the investment in people and software required during this period of growth. We believe that revenue and margins will improve as the Group achieves scale following the integration of the new acquisitions and the release of our new platform in 2015.

Acquisitions

Rightster completed two acquisitions during the period: the 100% acquisition of Base 79 for a consideration of up to £50 million payable through a mixture of cash and shares and the remaining 75% of Viral Spiral for a consideration of up to £4.1m. These businesses have brought immediate benefits including scale, increased revenue opportunities and management expertise to the group.

Statement of financial position

Rightster is a growth business and cash flow is thus negative. Cash utilised by operating activities was £16.0 million for the period, compared to £16.0 million for the 12 month prior period ended 31 December 2013. The Group successfully raised £42 million in equity financing during the period to fund a proportion of the acquisitions and the working capital requirement.

The Group ended the year with £8.5 million in cash and cash equivalents and no debt (2013: £12.7 million and no debt). The Group has also announced today a proposed placing to raise approximately £5 million through the issue of new ordinary shares.

Intangible assets comprise goodwill and intangibles. Goodwill that arose on the acquisition of Base79, Viral Spiral and Preview Networks, are reviewed each year end for impairment. The intangibles are amortised over their useful lives.

The Group capitalised R&D spend of £3.1 million on the development of the software platform. The beta release of the platform took place in December 2014 and a selection of clients have been invited to use the product as we prepare for general release in 2015.

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 2014 were up 212% from H1 2014 (1.2 billion up from 375.3 million) and up 369% from H2 2013 (1.2 billion up from 249.5 million)
- Total video views for the year was 9.277 billion, up from 2.461 billion over the prior 12 month period
- Revenue for the year ended 31 December 2014 was £8.7 million, an increase of £2.5 million versus prior year
- After allowing for a key contract terminated during 2013, Revenue has increased from £3.0 million for the year ended 31 December 2013 to £8.7 million for the year ended 31 December 2014
- 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 year ended 2014, the TTV was £16.9 million, up from £11.0 million for the year ended 2013
- Gross Profit increased to £3.9 million for the year ended 31 December 2014, from £0.6 million for the year ended 31 December 2013

- Headcount increased from an average of 193 employees during the year ended 31 December 2013, to an average of 202 employees during the year ended 31 December 2014.

Principal risks and uncertainties

Industry risk
The digital rights and media industry is relatively new and changing rapidly and, as such, it is difficult to predict the prospects for and direction of growth in the industry. The Group may fail to adapt successfully. The Group derives its revenues from the commercialisation of digital rights through content distribution and monetisation and the provision of technology and professional services to various stakeholders in the media industry.

The Group operates within competitive markets. The Group's competitors could bring superior scale, better known brand, deeper experience or more compelling products to bear against the Group's existing and potential business. Intense competition could increase pricing pressure in the market, manifested, for example, through declining revenue shares, or increased reliance on paying advances ahead of commercial deals.

Mitigation: Rightster strives to offer a software and services platform to rights holders, publishers and advertisers that is more cost effective than running such a platform themselves. The Group's level of investment in R&D means it can deliver continuous innovation and when coupled with continuous investment in the network of rights holders and publishers means it can use technology to reduce costs and remain competitive.

Technology risk
Technological innovation is progressing quickly and the Group may fail to keep pace or make the wrong choices. Customer preferences across the breadth of the Group's platform and commercial offerings are subject to fast and relatively unpredictable change, as advances in technology progress. Recent changes have included proliferation of device types, operating systems, video formats and delivery methods and further changes are difficult to predict. If the Group fails to adapt sufficiently quickly to any changes, there is a risk that revenue will be lost and ultimately that its proposition will become less competitive in the market. Technology may progress to the point that in-house bespoke solutions become so efficient to build and adapt that the Group's outsource proposition may become obsolete which could materially affect the Group's business and its reputation, financial condition and operating results.

As Rightster's profile grows and it expands into new markets (including emerging markets), there is an increasing risk of malicious attacks on its system. If premium content managed by the Group is used or made available by the Group or its customers other than in accordance with the terms of its licences, the Group may face contractual liability to its licensors in connection with a failure to adequately protect the rights granted under the Group's licences, which could have a material effect on the business, reputation, financial condition or results of operations.

Mitigation: Rightster has numerous paths for collecting business requirements and industry trends and regularly discusses business requirements with both customers and prospective customers. The Group's sales team is the most effective conduit for customer needs and has direct involvement in setting the platform roadmap. The Group believes its pool of talented staff operating across all aspects of the business means it can innovate and deliver quality technology features and services that set it apart from competition and ensures it is meeting customer need. Agile technology development sprints means it can react quickly to industry change and adapt as necessary. The Group partners with enterprise-quality industry partners who are proven and reliable in the areas of cloud computing, content hosting and delivery, and content protection.

Intellectual property risk
The Group's ability to compete effectively is highly dependent on its ability to protect its software, commercial offerings and trade secrets from unauthorised use. Rightster believes that it has taken appropriate measures to protect itself to date (including copyrights, trademarks, non-disclosure agreements etc.). However, the protection provided by these intellectual property rights, confidentiality and contractual restrictions is limited and varies between the UK and other countries. There can be no guarantee that these protections may be adequate to prevent competitors from taking commercial advantage of unauthorised disclosure of the Group's sensitive business information. Similarly, these protections may not prevent competitors from copying, reverse engineering or independently re-creating the Group's products, services and technologies to create similar offerings.

In addition, as the number of products and services offered in the Group's markets, as well as the volume of content that the Group distributes, increases, claims relating to ownership of content may increase. Any claims, regardless of their merit, could be expensive and time-consuming to defend.

Mitigation: Since its inception the Group has prioritised protection of its Intellectual Property, primarily that generated by its staff. Robust employment contracts protect internally generated IP whilst commercial contracts as well as non-disclosure contracts protect the Group's IP from external parties. The Group does not sell or distribute its software, thereby making reverse engineering more difficult, because the Software as a Service nature of the Rightster.com platform means all customer activity utilises the same instance of the securely hosted platform.

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 below.

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 the US dollar, Euro and Indian rupee.

The Group does not use derivatives to hedge translation exposures. All gains and losses are recognised in the income statement on translation at the transaction date.

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
Liquidity risk is the risk that a Group may be unable to meet short term financial demands. 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 the Group. The Group has been funded through a combination of equity and debt finance provided by the shareholders. The Directors review the cash

flow requirements of the business regularly and ensure that a sufficient mix of funding is in place to ensure the Group can meet its obligations as they fall due.

Interest rate risk
The Group held 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. The Group has zero debt and has no interest rate risk at the current time.

Environmental matters
As far as the Directors of the Group are aware the Group's business does not cause an adverse impact on the environment.

Social, community and human rights issues
The Company has held internal fund-raising events amongst its employees in order to raise money for the Digital Pipeline Charity (who provide access to communications technology in developing countries for educational and welfare purposes) and for Womankind Worldwide (who are dedicated to ensuring that women's organisations in Africa, Asia and Latin America get the information, resources and platforms they need to create change with, and improve the lives of, women and girls).

Rightster has adopted a formal equal opportunities policy which is contained in its employee handbook. The aim of the policy is to ensure no job applicant, employee or worker is discriminated against either directly or indirectly on the grounds of race, sex, disability, sexual orientation, gender reassignment; marriage or civil partnership; pregnancy or maternity; religion or belief or age.

Employees
As at 31 December 2014, the Group employed 231 staff across 13 offices in 11 locations, 174 of which were male and 57 were female. Of the 13 senior members of management, 1 was female.

On behalf of the Board

Niall Dore
Chief Financial Officer

For the year ended 31 December 2014

	Note	31 December 2014 £	31 December 2013 £
Total revenues including commission share		13,876,508	8,533,394
Less commission share		(5,172,100)	(2,369,842)
Revenue		**8,704,408**	**6,163,552**
Cost of sales		(4,777,729)	(5,529,929)
Gross profit		3,926,679	633,623
Research and development expenses		(1,015,387)	(4,314,342)
Administration expenses		(18,605,816)	(13,665,038)
Share of result in associates		807	27,191
Restructuring costs		(554,261)	-
Operating loss	7	(16,247,978)	(17,318,566)
Exceptional items	8	(991,688)	(492,618)
Finance income		29,292	1,464
Finance costs	9	(1,558,572)	(1,537,900)
Loss before tax	7	(18,768,946)	(19,347,620)

Analysed as		
Operating loss before tax adjusted for exceptional items and non-cash charges	(12,452,841)	(16,153,483)
Restructuring costs	(554,261)	-
Exceptional items	(991,688)	(492,618)
Equity settled share based payments	(1,272,002)	(560,587)
EBITDA	**(15,270,792)**	**(17,206,688)**
Finance costs	(1,558,572)	(1,537,900)
Finance income	29,292	1,464
Depreciation	(306,212)	(244,019)
Amortisation	(1,662,662)	(360,477)
Loss before tax	(18,768,946)	(19,347,620)

	Note	31 December 2014 £	31 December 2013 £
Income tax credit / (expense)	10	723,874	(42,314)
Loss attributable to equity holders of the parent		(18,045,072)	(19,389,934)

Statement of Comprehensive Income

	Note	31 December 2014 £	31 December 2013 £
Loss for the year		(18,045,072)	(19,389,934)
Items that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign subsidiaries		(123,861)	(26,508)
Total comprehensive loss for the year / period attributable to owners of the parent		(18,168,933)	(19,416,442)
Loss per share (basic and diluted)			
Basic and diluted loss per ordinary share (pence)	11	12.1p	34.4p

All transactions arise from continuing operations.

As at 31 December 2014

	Note	At 31 December 2014	At 31 December 2013
		£	£
Non-current assets			
Intangible assets	13	56,538,210	2,666,844
Property, plant and equipment	14	340,201	436,798
Investments accounted for using the equity method	15	-	45,154
Deferred tax asset	16	103,863	29,097
		56,982,274	3,177,893
Current assets			
Trade and other receivables	17	7,117,330	2,172,246
Cash and cash equivalents		8,458,247	12,719,074
		15,575,577	14,891,320
Current liabilities			
Trade and other payables	18	(8,744,964)	(4,709,903)
Deferred consideration	15	(22,163,229)	-
Borrowings and other financial liabilities	19	-	(229,559)
Reorganisation provision		(214,047)	-
		(31,122,240)	(4,939,462)
Non-current Liabilities			
Deferred tax	16	(3,726,524)	(107,164)
Net Assets		37,709,087	13,022,587
Equity			
Share capital	20	193,714	116,372
Share premium	22	64,470,509	23,563,470
Deferred share capital	21	-	6,660,000
Capital redemption reserve	22	6,660,000	-
Merger reserve	22	(24,059,625)	(24,059,625)
Merger relief reserve	22	41,009,443	40,410,393
Retained deficit		(50,414,585)	(33,641,515)
Translation reserve		(150,369)	(26,508)
Total equity		37,709,087	13,022,587

For the year 31 December 2014

	12 Months ended 31 December 2014	12 Months ended 31 December 2013
Operating activities	£	£
Loss before tax	(18,768,946)	(19,347,620)
Adjustments :		
Depreciation and amortisation	1,968,874	604,496
Finance income	(29,292)	-
Finance costs	1,558,572	1,651,916
Share based payment charges	1,272,002	560,587
Share of profit from associates	807	(27,191)
Profit arising on deemed disposal of associate	(743,736)	-
Deferred consideration classified as remuneration	362,938	-
(Increase) / Decrease in trade and other receivables	(2,293,602)	978,896
Increase / (Decrease) in trade and other payables	479,794	(427,931)
Movement in provisions	214,047	-
Tax paid	(38,477)	-
Cash outflow from operating activities	(16,017,019)	(16,006,847)
Investing activities		
Purchase of property plant and equipment	(89,685)	(57,411)
Purchase of intangible assets	(3,125,254)	(265,382)
Payment of deferred consideration	(152,665)	-
Purchase of subsidiary undertakings	(26,947,312)	(224,378)
Cash acquired with subsidiary undertakings	1,165,363	-
Loans to associates	100,000	(100,000)
Interest received	29,292	-
Cash outflow from investing activities	(29,020,261)	(647,171)
Cash flows from financing activities		
Interest paid	(8,218)	(28,450)
Issue of share capital	42,083,168	20,499,998
Share issue costs	(1,099,737)	(1,789,837)
Loan finance raised	-	11,799,136
Repayment of loan notes	-	(2,549,899)
Net cash inflow from financing	40,975,213	27,930,948
Net change in cash and cash equivalents	(4,062,067)	11,276,930
Movement in net cash		
Cash	12,719,074	1,212,585
Bank overdraft	(229,559)	-
Cash and cash equivalents, beginning of period	12,489,515	1,212,585
(Decrease) / increase in cash and cash equivalents	(4,062,067)	11,276,930
Movement in foreign exchange	30,799	-
Cash and cash equivalents, end of period	8,458,247	12,489,515
Cash	8,458,247	12,719,074
Bank overdraft	-	(229,559)
Cash and cash equivalents, end of period	8,458,247	12,489,515

RIGHTSTER GROUP PLC (COMPANY NUMBER 08754680)

For the year 31 December 2014

	Share capital £	Share premium £	Deferred share capital £	Capital redemption Reserve £	Merger Reserve £	Merger relief Reserve £	Translation Reserve £	Retained earnings £	**Total Equity £**
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
Conversion of embedded derivatives	-	-	-	-	-	-	-	198,474	198,474
Transactions with owners	113,019	15,307,240	6,660,000	-	(24,059,625)	40,410,393	-	759,061	39,190,088
Other Comprehensive income									
Loss and total comprehensive income for the period	-	-	-	-	-	-	(26,508)	(19,389,934)	(19,416,442)
At 31 December 2013	116,372	23,563,470	6,660,000	-	(24,059,625)	40,410,393	(26,508)	(33,641,515)	13,022,587
Shares issued during the year	77,342	42,006,776	-	-	-	599,050	-	-	42,683,168
Share issue costs	-	(1,099,737)	-	-	-	-	-	-	(1,099,737)
Equity settled share based payments	-	-	-	-	-	-	-	1,272,002	1,272,002
Repurchased during the year	-	-	(6,660,000)	6,660,000	-	-	-	-	-
Transactions with owners	77,342	40,907,039	(6,660,000)	6,660,000	-	599,050	-	1,272,002	42,855,433
Other Comprehensive income									
Loss and total comprehensive income for the period	-	-	-	-	-	-	(123,861)	(18,045,072)	(18,168,933)
At 31 December 2014	193,714	64,470,509	-	6,660,000	(24,059,625)	41,009,443	(150,369)	(50,414,585)	37,709,087

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 3rd Floor, 1 Neal Street, London, WC2H 9QL. 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 2014 comprise the Company and its subsidiaries (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 26 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.

2 Basis of preparation

2.1. Going Concern

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 and from equity markets. The cash holdings of the Group at 31 December 2014 were £8,458,247.

The Group made a loss of £18,045,072 for the year ended 31 December 2014 (2013: £19,389,934). These loses are consistent with the financial profile of an early stage technology company as the Group continues to invest in the growth of the business and the development of its software platform.

The Directors have prepared detailed cash flow projections ("the Projections") which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 5 years. In order to fund the existing growth plans and working capital requirement the group required additional financing to meet its obligations. The Directors have approached existing shareholders and have received a funding commitment of £5 million on 6 May 2015. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

2.2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of Rightster Group plc and all its subsidiary undertakings up to 31 December 2014, with comparative information presented for the year ended 31 December 2013. No profit and loss account is presented for Rightster Group plc as permitted by section 408 of the Companies Act 2006.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Entities other than subsidiaries or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises significant influence, are treated as associates. The results of associate undertakings are consolidated under the equity method of accounting. The Group applies uniform accounting policies and any profits or losses arising on intra-group transactions have been eliminated.

Group reconstruction
The merger method of accounting was used to consolidate the results of Rightster Limited 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 Rightster Limited 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.

2.3. Adoption of new and revised standards

New and amended standards issued in the year have not had a significant impact on the financial statements. 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.

- Annual Improvements to IFRSs 2010-2012 Cycle (IASB effective date generally 1 July 2014)
- Annual Improvements to IFRSs 2011-2013 Cycle (IASB effective date 1 July 2014)

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. The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 that are relevant to companies that prepare financial statements in accordance with IFRS.

4 Summary of accounting policies

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

4.1. Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies and is exposed to or has rights over variable returns from its involvements with the investee and has the power to affect returns. Rightster Group plc obtains and exercises control through more than half of the voting rights for all its subsidiaries. All subsidiaries have a reporting date of 31 December and are consolidated from the acquisition date, which is the date from which control passes to Rightster Group plc.

Unrealised gains and losses on transactions between Group companies are eliminated. Where recognised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

4.2. 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, impairment or 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.

4.3. 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 has 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 the consumer themselves who pay a subscription fee for access to the video.

Rightster's fee is a revenue share in the transaction, which is either a share of the gross receipts or a share of the net amount accruing to the rights holder (in this instance, Publishers fees are taken off first). The Publisher fee is set by the Rights Holder, either by way of a maximum percentage payable, or by the setting of a fixed percentage payable. In the former case, where the publisher agrees a lower fee, the benefit of this lower fee is passed on to the Rights Holder i.e. Rightster does not retain the full value of the lower fee but passes the value to the Rights Holder.

Save for the instances, detailed below, where the Company agrees a minimum fee to the Rights Holder, the Company does not guarantee a level of revenue that will be generated by the Rights Holder. In addition it does not modify or alter the video received from the Rights Holder other than what is required for the fulfilment of the contractual obligations agreed with the customer (such as encoding).

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

In connection with these arrangements, the Company 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. Accordingly, the impact on Operating Profit is the same whether the Company 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 Company is acting as the principal or an agent in the transaction. If the Company is acting as a principal in a transaction, the Company reports revenue on a gross basis. If the Company is acting as an agent in a transaction, the Company reports revenue on a net basis. The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement.

The Company serves as the principal in transactions in which it has substantial risks and rewards of ownership. In the context of Rightster's business we take this to be where we have agreed a "buy out" of content which means the Company acts as the principal and pays a fixed fee to the rights holder but then retains all revenues associated with the monetisation of the rights. Both risk and reward are hence taken on by Rightster.

The Company may also agree a Revenue Advance or a Minimum Revenue Guarantee ("MRG"), coupled in both cases with a revenue share. A deal would only be agreed where the revenues forecast from the deal are likely to be in excess of the Advance or MRG. In this case the rewards do not wholly accrue to Rightster as the customer would also receive higher revenue in excess of the Advance or MRG if achieved. We account for these deals as an agent.

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 in line with the work performed on the contract.

The licensing of viral video content is recognised when an agreement has been reached with the customer for use of the clip and the clip has been made available to the customer.

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.

Direct to consumer (Subscription)
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.

Theatrical
Theatrical revenue relates to the placement and distribution of theatrical trailers in the film industry. Revenue is recognised when delivery is made and the risk has passed to the buyer.

4.4. 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.

4.5. 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 on the date of transaction. 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.

4.6. 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.

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

4.7. 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.

4.8. 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.

4.9. 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 of disposal 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.

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.

4.10. 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 – 10 years
- Technology - 1 – 5 years
- Brand – 3 years
- Software – 3 years

4.11. 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 of disposal 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 the cash-generating units that are expected to benefit from the synergies of the combination and is not amortised but tested annually for impairment. Impairment losses in respect of goodwill cannot be subsequently reversed.

4.12. 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 the time when costs are incurred. In addition, all internal activities related to the research and development of new projects are continuously monitored by the Directors.

4.13. Taxation

Tax expenses 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.

4.14. 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 initially recognized at fair value and are subsequently 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 initially recognized at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liability instruments
Deferred consideration is measured at fair value discounted using the groups average cost of capital.

Contingent consideration is determined using a combination of management forecasts and projections for relevant scenarios in order to estimate the most likely outcome for a given transaction.

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 profit or loss.

The valuation of the embedded derivatives is performed at inception of the loan and at each reporting date thereafter.

4.15. 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.

4.16. 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.

Deferred share capital represents the nominal value of the deferred shares that have been issued

Where the company purchases its own equity share capital, on cancellation the nominal value of the shares cancelled is deducted from share capital and the amount is transferred to the capital redemption reserve.

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.

4.17. 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 having maturities of 3 months or less from inception and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.18. Employee benefits

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

4.19. 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.

4.20. Settlement discounts

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

4.21. Exceptional items

The Group separately discloses items which it determines are non-recurring exceptional items. These are non-recurring items or 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 statements 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.

5.1. Critical accounting judgements

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 determined by experts engaged by management and 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.

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 the time of incurring the costs.

Development of multichannel network for the Arts
Rightster has entered into an agreement to develop a Multi-Channel Network for the Arts. The income from this agreement relates to channel management activities which are in line with the ordinary activities of the company. As such, the income is treated as revenue under IAS18.

Treatment of revenue as agent or principal
The determination of whether the Company is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement. The Company serves as the principal in transactions in which it has substantial risks and rewards of ownership. The difference in treatment between principal and agent will impact gross and net revenue and cost of sales.

5.2. Estimates

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.

Base79 deferred contingent consideration
The calculation of the Base79 deferred contingent consideration requires significant estimates of both the value and the timing of the earnout conditions implicit in the agreement. The value of the consideration is contingent on performance criteria and staff retention both of which require estimation in order to quantify the consideration.

The deferred consideration also requires an estimate of the settlement date of the earnout. Changes to the settlement date can have a material impact on the discount charged to income statement.

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 10% of more of the Group's revenues. Non-current assets held in Denmark were £284,750 at 31 December 2014 (December 2013:£535,819) 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.

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Revenue		
United Kingdom & Ireland	6,613,570	4,604,059
United States of America	2,070,154	284,891
Europe	2,786,297	2,661,401
Rest of the world	2,406,487	983,043
Total Revenue	**13,876,508**	**8,533,394**
Less commission share	(5,172,100)	(2,369,842)
Revenue	**8,704,408**	**6,163,552**
Cost of sales	(4,777,729)	(5,529,929)
Gross profit	3,926,679	633,623
Administration	(20,175,464)	(17,979,380)
Share of result in associates	807	27,191
Operating loss	(16,247,978)	(17,318,566)

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

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Advertising	6,336,737	4,149,526
Subscriptions	1,211,846	927,435
Theatrical	1,155,825	1,086,591
	8,704,408	6,163,552

7 Operating loss and loss before taxation

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

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Auditor's remuneration:		
- Audit services	100,000	52,500
- Tax advisory services	38,250	-
- Other services	1,500	287,454
Operating lease rentals – land and buildings	1,124,375	1,410,820
Depreciation: property, plant and equipment	306,212	244,019
Amortisation	1,662,662	360,477
Foreign exchange loss	122,463	35,401

8 Exceptional items

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Acquisition costs	1,628,274	-
Aborted acquisition costs	107,150	-
IPO costs	-	492,618
Profit on acquisition (see note 15)	(743,736)	-
	991,688	492,618

9 Finance costs

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Interest payable	8,218	-
Unwinding of discount on deferred consideration	1,550,354	-
Movement in fair value of derivatives	-	51,244
Discount on early settlement of loan notes	-	(114,016)
Interest on shareholder loans	-	1,600,672
	1,558,572	1,537,900

10 Tax expense

Major components of tax (credit) / expense:	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Current tax:		
UK corporation tax at 21.5% (2013: 23.25%)	(467,000)	-
Foreign Tax		
Overseas tax	86,226	128,629
Total current tax	(380,774)	128,629
Deferred Tax:		
Originations and reversal of temporary differences	(343,100)	(86,315)
Tax (credit)/ charge on loss on ordinary activities	(723,874)	42,314

UK corporation tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable loss 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:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Loss on ordinary activities before tax	(18,768,946)	(19,347,620)
Income tax using the Company's domestic tax rate 21.5% (2013: 23.25%)	(4,035,324)	(4,498,322)
Effect of:		
Expenses not deductible for tax purposes	177,638	226,114
Amortisation of intangible assets	361,629	83,810
Overseas subsidiaries taxed at different rates	86,236	37,518
Difference in capital allowances & depreciation/amortisation	13,909	14,220
Tax credit on research and development	(467,000)	-
Unutilised tax losses carried forward	3,139,038	4,178,974
Total (credit) / tax charge for period	(723,874)	42,314

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 Group plc as the numerator, i.e. no adjustments to losses were necessary in 2013 or 2014. 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 antidilutive.

	Year ended 31 December 2014	Year ended 31 December 2013
	£	£
Loss for the year attributable to ordinary shareholders	(18,045,072)	(19,389,934)
Research and development costs charged to income	1,015,387	4,340,850
Equity settled share based payments	1,272,002	560,587
Amortisation and depreciation	1,968,874	604,496
Adjusted loss for the period attributable to the equity shareholders	(13,788,809)	(13,884,001)
Rightster Limited		
Weighted average number of ordinary shares	149,285,293	56,425,434
Basic and diluted loss per ordinary share (pence)	12.1p	34.4p
Adjusted basic and diluted loss per ordinary share (pence)	9.2p	24.6p

The comparative weighted average number of shares for 31 December 2013 was 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:

	Year ended 31 December 2014 Number	Year ended 31 December 2013 Number
Finance and Administration	24	24
Technology and solution delivery	90	110
Sales, account management & audience development	88	59
	202	193

The aggregate cost of these employees was:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Wages and salaries	10,347,917	9,728,897
Payroll taxes	1,082,755	932,381
Pension contributions	208,357	166,781
	11,639,029	10,828,059

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

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Emoluments	875,668	617,439

The highest paid Director received emoluments totalling £305,000 (2013:£490,383). The amount of share based payments charge (see Note 23) which relates to the Directors was £313,715 (2013:£35,509). Key management of the Group are the executive members of Rightster Group plc's Board of Directors. Key management personnel remuneration includes the following expenses:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Salaries including bonuses	815,333	617,439
Social security costs	60,336	83,082
Pensions	2,760	-
Emoluments	878,429	700,521

The 31 December 2015 share based payment charge attributable to the Directors was £151,476 (2013:£32,340).

13 Intangible assets

	Goodwill £	Software £	Technology £	Brands £	Customer Relation-ships £	Total £
Cost						
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
Additions	-	-	3,125,254	-	-	3,125,254
Acquired with subsidiary	33,696,767	-	-	272,666	18,926,715	52,896,148
Disposals	(487,374)	(250,000)	-	-	-	(737,374)
At 31 December 2014	35,075,036	-	3,881,598	272,666	19,332,049	58,561,349
Amortisation						
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
Charge for the year	-	-	730,091	38,968	893,603	1,662,662
Disposals	-	(250,000)	-	-	-	(250,000)
At 31 December 2014	-	-	1,033,710	38,968	950,461	2,023,139
Net Book Value						
At 31 December 2012	487,374	-	-	-	-	487,374
At 31 December 2013	1,865,643	-	452,725	-	348,476	2,666,844
At 31 December 2014	35,075,036	-	2,847,888	233,698	18,381,588	56,538,210

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

As at 31 December 2014 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 2014, 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.

Whilst management are satisfied that the projections are reasonable and prudent, they recognise that the underlying assumptions require judgement and estimation to forecast future income. Key to these would be the industry and technology risk factors set out in the Strategic Report. Based on these sensitivities a fall in projected gross margin of 13% would give rise to an impairment of goodwill and intangibles of £1.18m.

14 Property, plant and equipment

	Computer Equipment £	Fixtures & fittings £	Total £
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
Acquired with subsidiaries	98,013	21,917	119,930
Additions	63,894	25,791	89,685
At 31 December 2014	900,835	73,799	974,634
Depreciation			
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
Charge for the year	282,410	23,802	306,212
At 31 December 2014	600,043	34,390	634,433
Net Book Value			
At 31 December 2012	607,951	15,455	623,406
At 31 December 2013	421,295	15,503	436,798
At 31 December 2014	300,792	39,409	340,201

15 Acquisitions

Base79 Limited
On 1 August 2014 the company purchased 100% of the issued share capital of Base 79 Limited for consideration of up to £50,000,000, of which £25,000,000 was paid in cash and the balance in shares based on a number of performance criteria and £197,437 was paid in respect of working capital. The investment has been accounted for using the acquisition method and goodwill of £31,569,470 was recognised on acquisition.

The details of the acquisition are as follows:

	Assets & Liabilities acquired		
	Book Value	Fair Value Adjustments	Fair Value
ASSETS	£	£	£
Other intangible assets	-	15,594,381	15,594,381
Property, Plant & equipment	113,510	-	113,510
Trade and other receivables	1,825,903	-	1,825,903
Cash and cash equivalents	658,418	-	658,418
Trade and other payables	(2,768,012)	96,124	(2,671,888)
Deferred tax liabilities	-	(3,118,876)	(3,118,876)
Identifiable net assets acquired	(170,181)	12,571,629	12,401,448
Goodwill capitalised			31,569,470
			43,970,918
Cash Consideration			25,197,437
Contingent consideration*			18,773,481
			43,970,918

Goodwill relating to the acquisition amounted to £31,569,470. Goodwill represents the fair value of the expected synergies and other benefits from combining the net assets of Base79 Limited with those of Rightster Group plc. Transaction expenses charged to the income statement were £1,037,050.

*The deferred contingent consideration is based on various performance criteria being met, management currently estimate the total amount payable will be £22,500,000. This amount has been discounted by £2,997,827 to present value using the group's weighted average cost of capital of 15%.

In addition ongoing employees were also the selling shareholders of Base79 Limited, therefore a portion of contingent consideration payable to these employees under a Key employee clause is classified as remuneration, rather than consideration. £728,692 of the contingent consideration is therefore not classified as consideration and is charged as an acquisition cost within exceptional items over the course of the earnout period (note 8).

The Group's results for the year reflect post acquisition revenue from Base79 of £3,508,504 and a loss before tax of £105,454. Had Base79 Limited been acquired on 1 January 2014, it would have contributed revenue of £5,349,428 and a loss before tax of £1,901,558.

Gross contractual amounts receivable on acquisition were £1,825,903 and these were expected to be received in full.

15 Acquisitions continued

The Directors believe that the Base79 Acquisition will strengthen the Company's YouTube business by adding a number of dedicated YouTube professionals and a former Director of Partnerships at YouTube, whilst also offering cross-selling opportunities for the Company's off YouTube services. The terms of the Base79 Acquisition incentivise Base79's management team to drive growth in the combined Company and Base79 YouTube business. The Directors believe that the Base79 Acquisition, together with the VML Acquisition, will create a scalable digital distribution solution for content creators and brand owners globally and accelerate the Company's path to profitability.

Viral Management Limited

During the year ended 31 December 2013 the group owned 25% of Viral Management Limited. Viral Management Limited was equity accounted as an associate with the group recognising their share of profits or losses and net assets or liabilities.

On 8 July 2014 the group acquired the remaining 75% of the company for additional consideration of £3,826,331 comprising of an initial cash payment £1,749,875 and a further £600,000 payable in shares in Rightster Group plc. Deferred contingent consideration is payable subject to various performance criteria being met the maximum cash amount payable being £849,938 and the maximum amount payable in shares being £849,938.

Under IFRS 3 where an entity acquires control over another entity within which it formerly had a non-controlling interest the investment carrying value is remeasured to its fair value with the adjustment in carrying value recognised in the income statement as part of the acquisition accounting.

The purchase price allocation is then prepared on the basis of a 100% purchase consideration, grossing-up the purchase consideration using the actual consideration and the estimated fair value of the non-controlling interest. The fair value of the 25% interest has been estimated using the fair value of the consideration paid for the remaining 75%.

Consideration for the acquisition has been calculated as follows:

	£
Cash	1,749,875
950,120 ordinary shares (at 63p per share)	600,000
Fair value of contingent consideration	
- Cash*	738,228
- Shares*	738,228
Fair value consideration for 75%	3,826,331
Implied fair value of 25% interest	1,275,443
Total investment	5,101,774

* The deferred contingent consideration of cash and shares has been discounted by £223,420 to their combined present value of £1,476,456. The group have used their weighted average cost of capital 15%.

15 Acquisitions continued

Consideration for the initial 25% holding therefore being £1,275,443, the resulting gain is calculated as follows:

	£
Implied value of 25% interest	1,275,443
Share of net assets and goodwill at 8 July 2014	(531,707)
Gain recognised in income statement (note 8)	743,736

The details of the acquisition of Viral Management and residual goodwill have been calculated as follows:

	Assets & Liabilities acquired		
	Book Value	Fair Value Adjustments	Fair Value
ASSETS	£	£	£
Other intangible assets	-	3,605,000	3,605,000
Property, Plant & equipment	6,420	-	6,420
Trade and other receivables	358,579	-	358,579
Cash and cash equivalents	506,945	-	506,945
Trade and other payables	(668,933)	(112,534)	(781,467)
Deferred tax liabilities	-	(721,000)	(721,000)
Identifiable net assets acquired	203,011	2,771,466	2,974,477
Goodwill capitalised			2,127,297
Consideration (as detailed above)			5,101,774

Goodwill relating to the acquisition amounted to £2,127,297. Goodwill represents the fair value of the expected synergies and other benefits from combining the net assets of Viral Management Limited with those of Rightster Group plc. Transaction expenses charged to the income statement were £228,286.

The Group's results for the year reflect post acquisition revenue from Viral Management Limited of £507,252 and a loss before tax of £306,248. Had Viral Management been acquired on 1 January 2014, it would have contributed revenue of £901,896 and a profit before tax of £311,994.

Gross contractual amounts receivable on acquisition were £358,579 and these were expected to be received in full.

Rightster Limited acquired approximately 25 per cent of the share capital of VML in October 2012 and acquired the remaining 75 per cent in July 2014. Completion of the VML Acquisition means that VML has become a wholly-owned subsidiary of the Company. The Directors believe that the VML Acquisition will significantly enhance Rightster's expertise in the social video management and licensing sphere as well as enhancing the Company's brand and agency relationships.

16 Deferred taxation assets and liabilities

Deferred tax recognised:

	At 31 December 2014 £	At 31 December 2013 £
Deferred tax assets		
Difference in depreciation and capital allowances	103,863	29,097
Deferred tax liabilities		
Deferred tax on intangible assets	(3,726,524)	(107,164)
	(3,622,661)	(78,067)

Unutilised tax losses carried forward at 31 December 2014 were £39,770,082 (2013:£18,272,980). A deferred tax asset not been recognised as the utilisation of these losses is contingent on the relevant subsidiaries producing taxable profits over a period of time and is subject to compliance with the relevant taxation authority requirements.

Reconciliation of movement in deferred tax

	Deferred tax on intangible assets £	Depreciation in excess of capital allowances £	Total £
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)
Acquired on acquisition	(3,887,694)	-	(3,887,694)
Recognised in the income statement	372,197	(29,097)	343,100
As at 31 December 2014	(3,622,661)	-	(3,622,661)

17 Trade and other receivables

	At 31 December 2014 £	At 31 December 2013 £
Trade receivables	3,714,511	1,182,516
Less provision for impairment	(196,609)	(262,633)
Net trade receivables	3,517,902	919,883
Other receivables	3,599,428	1,252,363
	7,117,330	2,172,246

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.

The movement in provision for impairment of trade receivables can be reconciled as follows:

	At 31 December 2014	At 31 December 2013
	£	£
Opening provision	(262,633)	(15,913)
Receivables provided for during period	-	(229,746)
Reversal or previous provisions	65,000	-
Acquired on acquisition	-	(16,974)
Movement in foreign exchange	1,024	-
	(196,609)	(262,633)

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 2014	At 31 December 2013
	£	£
Not more than three months	1,074,648	322,384
More than three months but not more than six months	182,394	258,791
More than six months but not more than one year	10,909	97,183
More than one year	19,096	19,936
	1,287,047	698,294

18 Trade and other payables

	At 31 December 2014	At 31 December 2013
	£	£
Trade payables	2,084,469	2,394,788
Other payables	173,299	173,622
Other taxation and social security	423,885	281,236
Deferred income	29,167	54,167
Accruals	6,034,144	1,806,090
	8,744,964	4,709,903

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 59 days (December 2013 – 56 days).

19 Borrowings and other financial liabilities

	At 31 December 2014 £	At 31 December 2013 £
Bank loans and overdrafts	-	229,559
	-	229,559

20 Share capital

Ordinary share capital

	At 31 December 2014		At 31 December 2013	
	Number	**£**	**Number**	**£**
Ordinary shares of £0.001	193,714,204	193,714	116,372,334	116,372
Total ordinary share capital of the company		193,714		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.

21 Deferred share capital

The deferred shares were repurchased by the company and cancelled on 31 July 2014.

	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 were 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.

22 Reconciliation of share capital for the year ended 31 December 2013

	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 at 31 December 2013	-	-	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 at 31 December 2013	-	-	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 at 31 December 2013	23,563,470	(24,059,625)	40,410,393

22 Reconciliation of share capital for the year ended 31 December 2014

	Ordinary share capital			Preferred	Preferred B	Deferred
	£0.0001	£0.0000001	£0.001	A Shares	Shares	Shares
	Number	Number	Number	Number	Number	Number
Opening balance at 1 January 2014	-	-	116,372,334	-	-	66,599,999,334,000
Issue of ordinary shares	-	-	77,341,870	-	-	-
Closing balance at 31 December 2014	-	-	193,714,204	-	-	66,599,999,334,000

	Ordinary share capital			Preferred	Preferred B	Deferred
	£0.0001	£0.0000001	£0.001	A Shares	Shares	Shares
	£	£	£	£	£	£
Opening balance at 1 January 2014	-	-	116,372	-	-	6,660,000
Issue of ordinary shares	-	-	77,342	-	-	-
Repurchased during the year	-	-	-	-	-	(6,660,000)
Closing balance – at 31 December 2014	-	-	193,714	-	-	-

	Capital redemption	Share premium	Merger reserve	Merger relief reserve
	£	£	£	£
Opening balance at 1 January 2014	-	23,563,470	(24,059,625)	40,410,393
Issue of ordinary shares	-	40,907,039	-	599,050
Share capital repurchased during the year	6,660,000	-	-	-
Closing balance – at 31 December 2014	6,660,000	64,470,509	(24,059,625)	41,009,443

23 Share options

In September 2013 Rightster Limited introduced an approved EMI share option scheme for employees. The first options were granted in September and October 2013, where options were issued in replacement for options issued under the original Rightster Limited unapproved scheme, vesting periods were deemed to have commenced from 30 May 2013. The replacement share options issued by Rightster Group plc were 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%

The charge included within the financial statements for share options for the year to 31 December 2014 is £914,413 (2013:£495,004).

Within the assumptions above 50% share price volatility has been used, the assumption is based on the average volatility for AIM adjusted Rightster Group plc being a new listed company. The actual share price volatility since IPO has been comparable with this assumption.

Options vest as follows:

- 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.

Details of the options issued under the approved scheme are as follows:	Number	Weighted average exercise price
Outstanding at the beginning of the year	13,702,537	44.8p
Granted during the year	11,206,679	52.1p
Exercised during the year	(935,984)	6.0p
Cancelled during the year	(1,390,551)	5.5p
Outstanding at the end of the year	22,582,681	53.2p
Exercisable at the end of the year	4,728,715	11.45p

The weighted average share price on the date options were exercised was 61p.

Share options expire after 10 years, the options above expiring between March 2021 and December 2024.

Other share based payments

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 and expire in November 2023. The warrants have been valued using the Black Scholes model using the same assumptions as those stated above for the valuation of the share options. The warrants fair value on grant were £581,908. The charge included within the financial statement at 31 December 2014 is £145,477.

The company entered into an agreement with one of our partners who is entitled to 978,978 shares to be issued over 3 years. The shares are granted evenly over a 3 year period on 31 December each year the first share issue being on 31 December 2014. The shares have been valued using the Black Scholes model and the charge included within the 31 December 2014 accounts was £212,112.

24 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	Ordinary	Gibraltar	100%	On-line video distribution
Preview Networks ApS	Ordinary	Denmark	100%	On-line video distribution
Viral Management Limited	Ordinary	UK	100%	On-line video distribution
Base 79 Limited	Ordinary	UK	100%	On-line video distribution
Base 79 Inc.	Ordinary	USA	100%	On-line video distribution
Base 79 SL	Ordinary	Spain	100%	On-line video distribution
Base 79 GMBH	Ordinary	Germany	100%	On-line video distribution
Base 79 SARL	Ordinary	France	100%	On-line video distribution

25 Investments in Associates

The Group's 25% share of the aggregated financial information of equity accounted associates is set out below. On 8 July 2014 the group purchased the remaining 75% of the company and the acquisition accounting is set out in note 15.

Viral Management Limited

	6 Months to 8 July 2014 £	9 Months to 31 December 2013 £
Total revenue	394,644	1,354,936
Share of result in associates	807	27,191
Non-current assets	6,392	30,824
Current assets	862,627	904,164
Share of total assets	**217,255**	**233,747**
Current liabilities	(691,688)	(754,372)
Share of total liabilities	**(172,922)**	**(188,593)**
Share of equity shareholders' funds in associates	**44,333**	**45,154**

26 Financial Instruments

Categories of financial instruments	As at 31 December 2014	As at 31 December 2013
	£	£
Financial assets		
Loans and receivables	7,117,330	2,172,246
Cash and bank balances	8,458,247	12,719,074
	15,575,577	14,891,320
Financial liabilities at amortised cost		
Trade and other payables	(8,744,964)	(4,655,736)
Borrowings	-	(229,599)
Deferred consideration	(22,163,229)	-
	(30,908,193)	(4,885,335)

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 and credit 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 dollar, Australian dollar 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 are as follows:

	Other	Indian Rupee	US Dollar	Euro	Sterling	Total
	£	£	£	£	£	£
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 31.12. 2013	(229,559)	-	5,370	(681,664)	10,911,838	10,005,985
Financial assets	20,581	520,588	1,350,990	2,620,269	68,045,423	72,557,851
Financial liabilities	(85,447)	(758,322)	(20,502)	(198,262)	(33,786,231)	(34,848,764)
Total exposure at 31.12. 2014	(64,866)	(237,734)	1,330,488	2,422,007	34,259,192	37,709,087

26 Financial Instruments – continued

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

Impact on 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 31.12.2013	(266,360)	(81,375)	(79,030)	(177,452)	624,326
For the year to 31.12. 2014	37,607	(115,394)	122,714	81,186	(126,093)

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.

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.

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 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.

26 Financial Instruments – continued

The Group has no debt.

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).

The estimated fair value of the deferred consideration is categorised within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The fair value is estimated by discounting the liability at 15%. The discount rate has been determined using the groups average cost of capital. The most significant input is the discount rate of 15%.

Contingent consideration is determined using a combination of management forecasts and projections for relevant scenarios in order to estimate the most likely outcome for a given transaction.

Maturity analysis
Set out below is a maturity analysis for non-derivative financial liabilities. The amounts disclosed are based on contractual undiscounted cash flows. The table includes both interest and principal cash flows. The group had no derivative financial liabilities at either reporting date.

	Total £	Less than 1 Year £	1-3 Years £	3-5 Years £
As at 31 December 2013				
Borrowing principal payments	229,599	229,599	-	-
Trade and other payables	4,655,736	4,655,736	-	-
As at 31 December 2014				
Borrowing principal payments	-	-	-	-
Deferred consideration	850,000	850,000	-	-
Trade and other payables	8,715,797	8,715,797	-	-

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

27 Financial commitments

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

	At 31 December 2014	At 31 December 2013
	£	£
Less than 1 year	157,551	787,245
Between 2 and 5 years	1,075,149	-
Over 5 years	-	-
	1,232,700	787,245

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

	At 31 December 2014	At 31 December 2013
Minimum guarantees	£	£
Less than 1 year	1,489,216	934,966
Between 2 and 5 years	1,082,120	1,022,514
	2,571,336	1,957,480

28 Transactions with Directors and other related parties

28.1. Director loans

Included within other receivables at 31 December 2012 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 2014	At 31 December 2013
	£	£
Loan outstanding at period end	-	-
Repaid during the period	-	118,982

28 Transactions with Directors and other related parties

28.2. Viral Management Limited

During the periods, the Group entered into transactions, in the ordinary course of business, with Viral Management Limited, an associated undertaking for part of the year prior to the company becoming a subsidiary (see note 15). Prior to the date where Viral Management Limited became a subsidiary undertaking the group made purchases and the balances due were as follows:

	31 December 2014	31 December 2013
	£	£
Purchases made during the period	517,695	913,285
Balance due at period end	-	101,887

28.3. Vesuvius Limited

Loans at 31 December 2013 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 2014	At 31 December 2013
	£	£
Loan outstanding at period end	-	-
Interest charged during the period	-	556,387

28.4. Tixdaq Limited

Tixdaq Limited 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 2014 the Group paid a revenue share to Tixdaq Limited, from advertising generated on the above websites of £96,431 (2013:£108,187) to Tixdaq Limited. The balance outstanding at 31 December 2014 was £5,860 (2013:£17,142).

28.5. Sports Investment Partners LLP

Fees of £178,800 (2013: £491,300) were paid to Sports Investment Partners LLP which is a connected party through its relationship with Michael Broughton, a director of the company. The amount outstanding at 31 December 2014 was £Nil (2013: £178,800).

28 Transactions with Directors and other related parties – continued

28.6. Michael Broughton

Loans included amounts payable to a connected party through their relationship with Michael Broughton, a director of the company. A loan of £Nil was received in the year by Rightster Limited (2013: £1,000,000) and loan repayments of £Nil were made in the year (2013: £1,000,000). Interest charged on the loan during the year was £Nil (2013: £114,838) and the amount outstanding at 31 December 2014 was £Nil (2013: £Nil).

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 £Nil (2013:£ 426,741). The balance outstanding at 31 December 2014 was £Nil (2013:£Nil).

28.8. 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 in 2013. Interest charged on the loan during the year was £Nil (2013:£4,504). The balance outstanding at 31 December 2014 was £Nil (2013:£Nil).

28.9. 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 £Nil (2013:£8,363) were made from the company and the balance outstanding at 31 December 2014 was £Nil (2013:£10,035).