Company No. 08754680

BRAVE BISON GROUP PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2016

For the year ended 31 December 2016

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COMPANY INFORMATION

For the year ended 31 December 2016

The board of Directors	Sir Robin Miller Mark Cranmer Kevin Deeley Ashley MacKenzie Paul Marshall
Company secretary	Alex Davids
Registered office	3rd Floor 1 Neal Street London WC2H 9QL
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Solicitors	Covington & Burling LLP 265 Strand London WC2R 1BH

Key Highlights

- Net Revenue has increased by 22% to £17.7 million (2015: £14.6 million). Growth was focussed in H1 2016 (38% growth versus the same period in 2015), centred around the Euro 2016 football tournament, and slipped in H2 2016 (7% growth versus the same period in 2015)
- Gross Profit has risen by 26% to £7.7 million (2015: £6.1 million)
- A material share of the revenue growth versus 2015, £4.1 million (128% growth) was from a low margin revenue stream, earning less than 10% Gross Profit. This activity is expected to cease in 2017
- EBITDA loss has reduced by 74% to £3.5 million (2015: £13.6 million). This includes the benefit of a £1.4 million foreign exchange gain (2015: £0.2 million loss)
- Cash outflow from operating activities has reduced by 46% to £4.5 million (2015: £8.3 million)
- The Group now has offices in 3 locations (2015: 9)
- The Group completed a £10 million fundraise (before expenses) on 6 January 2016
- The Group continues its commitment to the APAC region with increased headcount and the formation of a legal entity, Brave Bison Asia Pacific Pte.
- Headcount at year-end including contractors has reduced by 44% to 81 (2015: 144)
- On 9 May 2016 the Group changed its name from Rightster Group plc to Brave Bison Group plc.

Post Period

- On 8 January 2017, Ashley MacKenzie resigned from his role as Chief Executive Officer, he remains on the board as a Director
- On 30 January 2017 Kevin Deeley, Chief Finance Officer, additionally assumed the responsibilities of Chief Executive Officer. It is intended that he will carry out these responsibilities until the Group appoints a new Chief Executive Officer, the search for which is well underway
- In February 2017, the Group's flagship owned and operated brand "SlashFootball" was opened up to commercial opportunities
- In March 2017, the Group opened a dedicated studio space, Yellowstone Studios, to create more content, at a faster pace and at a lower cost

Chairman's Report

Last year's Chairman's report contained the statement "Turning a company around is not an easy task." This has indeed been the case, as is obvious from our recent announcements, and we are still some way from achieving that objective.

It has not been made easier by the departure of two senior executives on whom the promise was largely based, the loss of two large contracts which are not easily replaced and the conclusion that a third contract, representing a major slice of stated revenue, enjoyed terms which, unless improved, were unacceptable in terms of margin and cash flow – a position still under review. Therefore assumptions made for 2017 show a considerable reduction in revenue but improvements in margin and cash flow.

But much was achieved in terms of cost reduction by the management team as the results for 2016 show. An EBITDA Loss of £3.5 million (2015: £13.6 million), not in itself something to boast about, illustrates the success in reducing a bloated structure to something more manageable relative to the 2015 results and with some £7.1 million in cash at the end of the year the Group has no immediate liquidity concerns.

But the question shareholders will be asking is: "Where do we go from here?" The strategy of developing new intellectual property and reducing reliance on low margin legacy business, outlined during the raising of capital 18 months ago, remains. Considerable effort is being put into this area including the hire of a key executive. Our football channel launched in 2016 is gaining momentum and new opportunities are being explored. However launching new products into consumer markets is not without risk and the stop/go button is an essential part of the wiring.

The ever-expanding world of online video continues to present opportunities and with Facebook becoming increasingly interested in this space, there are likely to be new revenue streams available to those able to take advantage.

The departures of Ashley MacKenzie after little more than a year as CEO and, earlier, that of COO Richard Mansell for private family reasons is not to be under-estimated. This, together with the additional departure of our Asia Pacific commercial leader from Singapore, stretched our sales effort and impacted revenues in the final part of the year. The latter position has been filled and the search for a replacement CEO is well underway.

It is both gratifying and reassuring that business is still being done and new contracts being won. CFO Kevin Deeley has assumed the role of interim CEO, and others have taken on larger responsibilities as we evaluate our strategy going forward.

Your Board is very conscious of the need to restore value in this business by whatever means are most appropriate. We and the staff of Brave Bison are working hard to do so. We see opportunities ahead and look forward to making progress with a more focussed and tightly knit Group.

Sir Robin Miller
Chairman, Brave Bison Group plc

Strategic Report

Trading Results

2016 saw the execution of the strategy outlined by the new management team when they arrived in late 2015. In particular the drive to simplify the business and reduce costs, whilst simultaneously investing in the creation of new intellectual property rights, which will in future allow the Group to monetise its own content, have been the dominant themes.

Net Revenue increased by 22% to £17.7 million (2015: £14.6 million). After strong revenue growth of 38% in the first half of 2016 versus the first half of 2015, centred around the Euro 2016 football tournament, the second half of the year was challenging, with growth slowing to 7% versus the second half of 2015.

The Group continues to carry out as its primary activity, the monetisation of online video content which, can be sub-divided into two main underlying revenue streams, namely Advertising and Fee Based Services.

Advertising revenue rose 39% to £13.6 million (2015: £9.8 million). We have continued to see success in the world of high value brand deals, and amongst others have delivered six-figure campaigns with Procter & Gamble, Ford, Universal Pictures and Morrisons. Our ability to match popular influencers, sourced via Brave Talent our international social talent management business, to relevant brands and then successfully promote those campaigns across multiple platforms continues to be a successful formula. Where advertising revenue is concerned, it is clear that the APAC region merits a continuing presence and indeed further investment. We have grown headcount to eight in APAC in 2016 and opened a local company, Brave Bison Asia Pacific Pte. Limited, to demonstrate our commitment to the region, and we plan to develop the business and add further resources in the future. Other revenue streams include the viral video licensing business, where revenues were materially flat. This is an important segment strategically as user-generated content is very effective at driving viewing, and the Group has recently revamped its offering and committed to investing further resources, for example in the launch of a new product, the "Viral Vault".

Fee Based Services revenue fell 14% to £4.1 million (2015: £4.7 million). This is largely due to the long term decline of the old Rightster Theatrical business, acquired with the Preview Networks acquisition in April 2013, where revenues fell to £0.2 million (2015: £0.8 million). This operation was finally shut down in late 2016. Other fee based service revenues overall were relatively stable, indeed live streaming revenues increased from £1.1 million to £1.3 million. This revenue stream was largely a result of the long-term partnership with the Australian Football League. This four year contract, originally signed in 2012, came to its natural end in Q4 2016 and aside from a short-term extension it was not renewed for a further season. The Group had anticipated this and the directly affected cost base was quickly reduced in early 2017. The other material part of this revenue line, managing the online video presence of major corporates was materially unchanged year on year. However, a major part of this revenue is the contract with a major Hollywood movie studio which ended in Q4 2016 and was not renewed. There is much work to do to rebuild this product line, and there is some cause for optimism having signed a low six-figure contract with a major multi-national in early 2017. The Group remains committed to this segment as it represents stable high-margin earnings over longer periods as compared to the more transactional advertising revenue stream, albeit that when individual contracts end the impact upon revenue and profits is more pronounced.

After several years of anticipation, in 2016 Facebook began to more publically embrace advertising around video on its platform. Whilst it is still too early to see how this will develop and how fast, the potential growth from leveraging Facebook's scale is huge, which can only be a good thing for content owners and advertisers moving forward. The Group continues to position its activities to take advantage of any future developments.

With large audience and revenue growth available to owners of intellectual property rights in the social video space, we are focused on delivering on this valuable strategic goal. To that end in Q3 2016 we appointed a proven entrepreneur and creative leader, Will Pyne, to lead our growing creative team and oversee our continued investment in our flagship brand "SlashFootball" where we have now developed several formats that are attracting large audiences on advertiser friendly platforms like Facebook and YouTube. We expect to begin monetising these properties in 2017. This owned and operated content fits in well with our exclusive right to manage aspects of the video monetisation of 60+ official club sites on behalf of the English Football League. Football is the largest global sport and a huge commercial platform that aligns well to our territorial focus of Europe and Asia-Pacific, particularly in the run-up to the 2018 World Cup. In early 2017 we have opened our dedicated studio space, Yellowstone Studios, which will enable us to create more content, quicker and much more cost-effectively. The studio, and the key learnings from our SlashFootball launch, will support us as we seek to rapidly develop additional owned and operated properties alongside football, where we see gaps in the market.

Gross Profit has risen in absolute terms, by 26% to £7.7 million (2015: £6.1 million) and as a share of revenue, the gross profit percentage has risen from 42% in 2015 to 43% in 2016. Profit margins have now begun to grow as we invest more in products that have higher margin potential and phase out those delivering little or no margin. However there is still much to do. With respect to the 2015 to 2016 revenue growth, whilst strong overall, the revenue growth has been the result of a £4.1 million (128%) rise in sales of a product yielding 10% gross margin or less, whilst sales of all other products, yielding 68% overall, fell £0.9 million (8%). In turn historically this lower margin activity has required the deployment of very material, and unsustainable, amounts of capital.

Curtailing these activities is the right thing to do even if the consequence is lower headline revenues. As the Group continues its journey from being a third party technology provider to being a social video broadcaster owning Intellectual Property rights, it will continue to move up the value chain, and gross profit margin should stabilise and rise.

Operating loss has decreased to £6.4 million in 2016 from £14.5 million in 2015, due to the revenue growth previously described and a significant reduction in the cost base. During 2016 the Group decided to close its small offices in Paris, Madrid, Los Angeles, Gurgaon, Milan, Melbourne and Copenhagen and consolidate its operations in two hubs, being Europe centred in a smaller London office and APAC centred in Singapore. As a result, the Group ended the year with 81 FTE's (including contractors), compared to 144 FTE's (including contractors) at the end of the prior period. Any future new headcount will be invested in key territories and products where we see potential for profitable growth.

The Group continues to invest small amounts in proprietorial technology tools like Totem and Viral Vault, to drive internal productivity and enhance the customer experience.

As a direct result of the fall in the value of sterling in mid-2016, following the result of the UK referendum on membership of the EU, a material gain on foreign exchange was generated from the revaluation of long-standing material inter-company balances denominated in non-UK currencies. Whilst this has no operational or cash impact, it is not helpful to have exposure to this level of potential volatility in Operating Profit. As a result the Group has, together with its professional advisors, conducted a territory by territory review of such amounts and where appropriate and tax efficient they have been reduced or eliminated. At the time of the referendum the Group held the GBP equivalent of £8.4 million in net inter-company balances denominated in foreign currencies, the equivalent at 31 December 2016 is £0.05 million. All gains and losses on re-translation of foreign currency monetary balances are recognised in profit or loss on translation at the reporting date. For the year these amounted to a £0.9 million gain (2015: £0.1 million loss).

The Group stock option charge for the year was £0.5 million (2015: £1.1 million). The Group will continue to use stock options as a means of incentivising and retaining key talent going forward, and the board is in the process of reviewing the current arrangements to make this more effective.

Restructuring costs associated with headcount decreases, property rationalisation and associated legal costs have fallen slightly to £1.2 million (2015: £1.6 million).

The Loss before tax for the year was £6.5 million versus £54.4 million for the prior year. This consists of the following main items:

- The Operating loss analysed above
- Exceptional costs totalled £nil million, in 2015 these amounts totalled £2.2 million and comprised acquisition-related items.
- Impairment charge of £nil million (2015: £36.0 million).
- Financing costs totalling £nil million (2015: £1.7 million). The 2015 amount relates to the discount on deferred consideration on the acquisitions made in prior years and is a non-cash charge, and
- Depreciation and Amortisation of Tangible and Intangible Assets of £2.9 million (2015: £3.0 million)

Acquisitions

There were no acquisitions in the year, and all outstanding matters related to previous acquisitions were concluded in 2015.

Fundraising activity

The Group raised £10 million of new funding (before expenses) on 6 January 2016. This is further described in the Significant Events section of the Director's Report.

In October 2016 the Group obtained agreement from Barclays Bank to provide up to £2 million overdraft facility on market terms. This is further described in Note 2.1 to the Financial Statements.

Statement of Financial Position

The Group ended the year with £7.1 million in cash and cash equivalents (2015: £3.1 million) and £0.4 million of Convertible Loan debt (2015: £0.3 million). Brave Bison is a growth business and operating cash flow is currently negative. Cash utilised by operating activities was reduced to £4.5 million in 2016 from £8.3 million in 2015. We anticipate that this will continue to improve as the Group moves towards profitability under its current strategy.

The Group is carrying Intangible Assets of £17.0 million (2015: £19.1 million). The Group capitalised R&D spend of £0.8 million (2015: £nil million) on the development of Owned and Operated intellectual property in 2016, and £nil million on the legacy Rightster technology platform (2015: £1.3 million). The Intangibles continue to be amortised over their useful lives.

Principal risks and uncertainties

The Group cannot be certain that it will achieve profitability
Any adverse events relating to the Group's business, or a significant delay in the introduction of anticipated new revenue streams, or a shortfall in such revenue streams in relation to the Group's expectations, would have an immediate adverse effect on the Group's business, operating results and financial condition. There can be no assurance that the Group will be able to introduce identified cost savings or become profitable in any future period. The Group is subject to the risks inherent in the operation of a small and evolving business. It may not be able to successfully address these risks.

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 operates within competitive markets. The board believes that it has adopted a competitive business strategy. However, the Group's business, results, operations and financial condition could be materially adversely affected by the actions of its competitors and suppliers. The Group's competitors could bring superior scale, better known brands, 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 the payment of advances ahead of commercial deals. If the Group is not able to compete successfully against existing or future competitors, its competitive position, business, financial condition and results of operations may be adversely affected. The Group operates its business using large international technology platforms that it does not own and which are subject to external factors beyond its control. An example of this includes the announcement from Google in March 2017 that it acknowledged advertising was appearing alongside YouTube content linked to terrorism and extremist views. Such things happen from time to time in the sectors in which the Group operates and could therefore impact indirectly upon the Group.

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. 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 proposition may become obsolete, which would materially adversely affect the Group's business, financial condition and/or operating results.

Failure to retain key executives, officers, managers and technical personnel could adversely affect the Group's operating and financial performance

Retaining and motivating technical and managerial personnel is a critical component of the future success of the Group's business. The departure of, or inability to replace quickly, any of the Group's relatively small number of executive officers or other key employees could have a negative impact on its operations. In the event that future departures of employees occur, the Group's ability to execute its business strategy successfully, or to continue to provide services to its customers and users or attract new customers and users, could be adversely affected. The performance of the Group depends, to a significant extent, upon the abilities and continued efforts of its senior management. The loss of the services of any of the key management personnel or the failure to retain key employees could adversely affect the Group's ability to maintain and/or improve its operating and financial performance.

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. Brave Bison 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 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.

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.

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 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, the Australian Dollar, the Euro and the 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 reporting date.

Credit risk
The Group's principal financial assets are cash and cash equivalents and trade and other receivables. During 2016 the Group had one client whose revenue accounted for 41% of total net revenue (2015: 21%). The Group, by policy, routinely assesses the financial strength of its clients. The Group has no significant concentration of credit risk at the balance sheet date and continues to monitor and manage its exposure. 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 the Group. The Group is primarily funded through equity finance provided by the shareholders. For further information refer to Note 23 of the financial statements.

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

Brave Bison 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

At 31 December 2016, the Group had 81 FTE's (including contractors) of whom 53 were male and 28 were female. Of the senior members of management, 6 were male and 1 was female.

On behalf of the board

Kevin Deeley
Chief Operating and Finance Officer, Brave Bison Group plc

Report of the Directors

The directors are pleased to present their report to shareholders and the audited financial statements for the year 2016.

Brave Bison Group plc was incorporated on 30 October 2013 (initially as "Rightster Group plc"). On 9 May 2016 the Group changed its name from Rightster Group plc to Brave Bison Group plc.

On 28 October 2016, the Group established an entity in Singapore, and the entire share capital of Brave Bison Asia Pacific Pte. Limited is owned by the Group.

The preparation of the Group's financial statements is in compliance with IFRS as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and loss of the Group. The Group financial statements consolidate the financial statements of Brave Bison Group plc and its subsidiaries.

Principal activity and business model

The principal activity of the Group is monetising online video content.

Brave Bison aims to become a leading global player in online video content marketing with particular emphasis on social media talent. The Group brings together Content Owners, Creators, Brands and Publishers and helps them build and engage online audiences with optimal impact and efficiency. It enables clients to commercialise their content to audiences worldwide, utilising some of the most popular online video platforms, including YouTube and Facebook.

Results and dividends

The results for 2016 are set out in the consolidated income statement.

The directors do not propose payment of a dividend for 2016.

Review of the period

A comprehensive analysis of the Group's progress and development is set out in the Chairman's statement and Strategic Report. This analysis includes comments on the position of the Group at the end of the financial period.

Significant events

Following the appointment of new management in late 2015, and the resulting change of strategy, the Group raised £10 million of new funding (before expenses) on 6 January 2016. The net proceeds of this Placing have allowed the Group to invest in Owned and Operated content and channels and have provided working capital to fund the continued operations of, and improvements in, the business.

There have been various changes to the management team and board during the year. On 20 May 2016, Niall Dore resigned his employment and his position as Director and Company Secretary and was succeeded by Kevin Deeley. Patrick Walker and John Barnett resigned their positions as Non-Executive Directors on 26 May 2016 and 23 September 2016 respectively. John Barnett was succeeded by Paul Marshall as nominee Non-Executive

Director of Vesuvius Limited. Richard Mansell resigned his employment and his position as Director on 24 October 2016.

On 8 January 2017, Ashley MacKenzie resigned from his role as Chief Executive Officer, he remains on the board as a Director. On 30 January 2017 Kevin Deeley was appointed Chief Operating Officer and assumed the responsibilities of the Chief Executive Officer. It is intended that he will continue to carry out these responsibilities until the Group appoints a new Chief Executive Officer.

Significant shareholdings

As at 31 December 2016, the following investors held more than 3% of the issued shares in the capital of Brave Bison:

Shareholder	Number of Shares	% of Total Issued Share Capital
Woodford Investment Management	113,205,556	19.80%
Invesco Asset Management Limited	110,893,101	19.40%
Vesuvius Limited	56,014,648	9.80%
TCG LLC	31,610,503	5.53%
James Russell DeLeon	30,000,000	5.25%
Ashley MacKenzie	23,159,543	4.05%
Kelvin MacKenzie	22,797,766	3.99%
Herald Investment Management	20,000,000	3.50%
MMC GP Limited	18,960,698	3.32%

The directors' interests are shown in the remuneration report.

Related party transactions

Details of all related party transactions are set out in Note 25 to the Financial Statements.

Corporate governance

The Director's statement on Corporate Governance is set out on pages 15 to 18 and forms part of this report.

Going concern assessment

The consolidated financial statements have been prepared on the going concern basis on the assumption that the Group continues in operational existence for the foreseeable future.

The Directors have prepared detailed cash flow projections ("the Projections") which are based on their current expectations of trading prospects, and accordingly the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements. Further information is provided in Note 2.1 of these Financial Statements.

The Directors are confident that the Group's forecasts are achievable, and are committed to taking any actions available to them to ensure that any shortfall in forecast revenues is mitigated by cost savings. Accordingly the going concern basis of accounting has been adopted in preparing these consolidated financial statements.

Future outlook

The board believes that that the continuing roll out of the strategic plan, which includes simplifying the business and focusing on organic revenue growth, will support the Group's path to profitability. Management continues to work to transform the business from a third party technology provider to a business creating and capturing advertising spend, using its expertise in online video content and audience management. The directors believe this will enable Brave Bison to become a leading social video manager and producer with significant global reach amongst millennials as well as the younger generations.

Annual General Meeting

Brave Bison's Annual General Meeting is scheduled to take place on 21 June 2017.

Directors

The directors, who served during the year, were as follows:

J A Barnett	Ceased on 23 September 2016
N Dore	Ceased on 20 May 2016
P Walker	Ceased on 26 May 2016
R Mansell	Ceased on 24 October 2016
A MacKenzie	
Sir R Miller	
M Cranmer	
K Deeley	Appointed 20 May 2016
P Marshall	Appointed 21 September 2016

All 9 of the above directors are male.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors

Grant Thornton UK LLP were reappointed as auditors on 9 May 2016 and, having expressed their willingness to continue in office, will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with section 489 of the Companies Act 2006.

On behalf of the board

Sir Robin Miller
Chairman, Brave Bison Group plc

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards IFRS as adopted by the European Union and elected to prepare the parent Group financial statements in accordance with the UK Generally Accepted Accounting Practice (UK accounting standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS/UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement on Corporate Governance

As a company listed on AIM, Brave Bison Group plc ("Brave Bison", or the "Company") is not required to comply with the UK Corporate Governance Code. However, we have reported on the corporate governance arrangements that we consider to be relevant to the Group and best practice. The board is committed to the regular review of Brave Bison's governance structures, its practices and procedures and the composition and performance of the board itself to ensure the highest standard of corporate governance, having regard to available resources. In view of this commitment in 2016 the Group joined the Quoted Companies Alliance.

The statement set out below describes the corporate governance principles applied by the Group.

The Board constitution and procedures

As at 31 December 2016, the board comprised the following: (I) the Non-Executive Chairman, Sir Robin Miller who was appointed on 16 November 2015 and served as Non-Executive Chairman throughout the year; (ii) the Chief Executive Officer, Ashley Mackenzie, who was appointed on 16 November 2015, served as Chief Executive Officer throughout the year, resigned as Chief Executive Officer on 8 January 2017 and continues to serve as a Director; (iii) the Chief Financial Officer, Kevin Deeley, who was appointed on 20 May 2016 and was subsequently appointed as Chief Operating Officer on 30 January 2017, assuming the responsibilities of Chief Executive Officer until such time as a new Chief Executive Officer is appointed; and (iv) two Non-Executive Directors, Mark Cranmer and Paul Marshall. Mr Cranmer was appointed on 16 November 2015 and served as a Non-Executive Director throughout the year and Mr Marshall was appointed on 21 September 2016, replacing John Barnett as nominee Non-Executive Director of Vesuvius Limited.

The Non-Executive Directors are all considered by the board to be independent of management and free of any relationship, which could materially interfere with the exercise of their independent judgment.

Niall Dore served as Company secretary until he stepped down in 20 May 2016, and was replaced by the Group's Head of Legal, Alex Davids.

Board operation

The roles of the Chairman and the Chief Executive Officer are separated, clearly defined and their respective responsibilities are summarised below.

Chairman

The Chairman provides leadership to the board. He is responsible for setting the agenda for board meetings, ensuring that the board receives the information that it needs to properly participate in board meetings in a timely and user-friendly fashion and that the board has sufficient time to discuss issues on the agenda.

Chief Executive Officer

The Chief Executive Officer is responsible for leadership of the Brave Bison's management and its employees on a day to day basis. In conjunction with senior management, he is responsible for the execution of strategy approved by the board and the implementation of board decisions.

How the Board functions

The board is collectively responsible for the long-term success of the Group. The board provides entrepreneurial leadership for Brave Bison within a framework of prudent and effective controls which enables risk to be assessed and managed. The board considers the management team's proposals for strategy and, following a consideration of those proposals, determines Brave Bison's strategy and ensures that the necessary resources are in place for management to execute that strategy. An important part of the board's role is the review of management performance.

The board met on 13 occasions during 2016. Board meetings are usually held at Brave Bison's registered office. Directors are provided with comprehensive background information for each meeting and all directors have been able to participate fully and on an informed basis in the board decisions. In addition, certain members of the senior management team have been invited to attend the whole or parts of the meetings to deliver reports on the business. Any specific actions arising during meetings are agreed by the board and followed up and reviewed at subsequent board meetings to ensure their completion.

Responsibility and delegation

The board has specifically reserved a number of matters for its consideration and approval. These include:

- Overall leadership of Brave Bison and setting Brave Bison's values and standards
- Approval of Brave Bison's long-term objectives and commercial strategy
- Approval of the annual operating and capital expenditure budgets and any changes to them
- Major investments or capital projects
- The extension of Brave Bison's activities into any new business or geographic areas
- Any decision to cease any material operations
- Changes in Brave Bison's capital structure or management and control structure
- Approval of the annual report and accounts and preliminary and half-yearly financial statements
- Approval of treasury policies, including foreign currency exposures and use of financial derivatives
- Ensuring the maintenance of a sound system of internal control and risk management
- The entering into of agreements that are not in the ordinary course of business or material strategically or by reason of their size
- Changes to the size, composition or structure of the board and its committees

The board has delegated certain of its responsibilities to committees. These committees comprise the Audit Committee, the Remuneration Committee, Nomination Committee and the AIM Compliance Committee. The Terms of Reference for each of the committees are available to view on Brave Bison's website: www.bravebison.io.

Board tenure

Kevin Deeley and Paul Marshall were each appointed as directors of Brave Bison Group plc by the board following the 2016 AGM. They are therefore retiring in accordance with article 30.2 of the Company's articles of association and, being eligible, are offering themselves for reappointment as Directors at the AGM to be held on 21 June 2017.

The board has collectively agreed that the directors proposed for re-election have made significant contributions to the business and each has a key role to play in determining Brave Bison's future strategy.

Insurance and indemnity

In accordance with Article 54 of the Brave Bison's articles of association, Brave Bison's directors and officers are entitled to an indemnity from Brave Bison against liabilities incurred by them in the actual or purported exercise of their duties, or exercise of their powers including liability incurred in defending any proceedings (whether civil or criminal) which relate to anything done or omitted to be done and in which judgment is given in his favour, or in which he is acquitted, or which are otherwise disposed of.

In addition, Brave Bison has purchased and maintains directors' and officers' liability insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties and which has been in place throughout the year.

Board balance

The board comprises individuals with wide business experience gained in various industry sectors related to Brave Bison's business and it is the intention of the board to ensure that the balance of the directors reflects the changing needs of that business. The board considers that it is of a size and has the balance of skills, knowledge, experience and independence that is appropriate for Brave Bison's business. While not having a specific policy regarding the constitution and balance of the board, potential new directors are considered on their own merits with regards to their skills, knowledge, experience and credentials. Female candidates or candidates from any particular ethnic or national background would each be considered equally.

The Non-Executive Directors contribute their considerable collective experience and wide-ranging skills to the board and provide a valuable independent perspective; where necessary constructively challenging proposals, policy and practices of executive management. In addition, they helped formulate Brave Bison's strategy.

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all Brave Bison's directors are available to meet with shareholders throughout the year. The Chief Executive Officer and Chief Financial Officer have been active in meeting with and preparing presentations for analysts and institutional investors. Brave Bison endeavours to answer all queries raised by shareholders promptly.

Investor relations (IR) and communications

Brave Bison's Chairman, Chief Executive Officer and Chief Financial Officer have attended a number of industry conferences and regularly meet or are in contact with existing and potential institutional investors.

Whenever required, the Executive Directors and the Chairman communicate with Brave Bison's brokers to confirm shareholder sentiment and to consult on particular governance issues.

In the period since Brave Bison's admission to AIM, regulatory announcements have been released informing the market of certain matters relating to the Company's shares, directorate changes, new content deals in sports, news and celebrity entertainment and providing trading updates. Copies of these announcements, together with other IR information and documents, are available on Brave Bison's website www.bravebison.io.

Summary

In presenting this report, and having monitored, reviewed or approved all shareholder communications since the date of Brave Bison's admission to AIM, the board is confident that it has presented a balanced and understandable assessment of Brave Bison's position and prospects.

By order of the board

Alex Davids
Company Secretary, Brave Bison Group plc
30 March 2017

Directors' Remuneration Report

The Remuneration Committee considers and evaluates remuneration arrangements for senior managers and other key employees and makes recommendations to the board. The purpose is to support the strategic aims of the business and shareholder interest, by enabling the recruitment, motivation and retention of key employees while complying with the requirements of regulatory and governance bodies.

The Committee's report, which is unaudited, except where indicated, is set out below.

The Committee

The Committee held three meetings during the year, the first two of which were chaired by Sir Robin Miller. Paul Marshall joined the Committee on 21 September 2016 and was subsequently appointed Chairman on 18 October 2016. Mark Cranmer continued to be a member of the Committee following his appointment in 2015. John Barnett left the committee on 21 September 2016 upon leaving the Board. The members of the Committee have no personal interest in the outcome of their decisions and give due regard to the interests of shareholders and to the continuing financial and commercial health of the business.

Remuneration policy

The policy of the board is to attract, retain and motivate the best managers by rewarding them with competitive compensation packages linked to the Group's financial and strategic objectives. The components of remuneration for Executive Directors currently comprise base salary, benefits, bonus and participation in the Group's Share Option Plan.

Base salary

The Group aims to provide salaries which are fair and reasonable in comparison with companies of a similar size, industry, complexity and international scope. When making salary determinations, the Committee takes into account not only competitive performance but also each executive's individual performance and overall contribution to the business during the year.

Annual bonus

Bonuses are currently based on performance against the Group's strategic and financial objectives and provide for an on-target bonus opportunity subject to the achievement of financial performance targets.

Service contracts

Ashley MacKenzie

Ashley MacKenzie entered into a service agreement with the Company on 17 November 2015. The terms of the agreement provide for, amongst other things, (I) salary of £200,000 per annum, payable in monthly instalments in arrears (such salary to be reviewed annually); (ii) termination upon 12 months' written notice by the Company; and (iii) surrender by Ashley MacKenzie of certain rights to intellectual property created or developed by Ashley Mackenzie whilst an employee of the Company. Ashley MacKenzie is also permitted (a) a bonus of 50 per cent of his base salary, upon achievement by the Group of Net Revenue and EBITDA targets for the year; and (b) a bonus up to a maximum of 50 per cent of his base salary if and to the extent that the remuneration committee (in its absolute discretion) agrees that other pre-agreed targets have been met. Ashley MacKenzie is also subject to certain restrictive covenants, which, among other things prevent him from using or disclosing confidential information otherwise than in the proper course of employment, soliciting or inducing any customers or suppliers of the Company, persuading or attempting to persuade any employee to terminate their employment with any member of the Group or being engaged, concerned or interested in any business which is in competition with the Group.

Ashley MacKenzie resigned his employment on 8 January 2017 and he remains on the board as a Director.

Patrick Walker

Patrick Walker resigned his employment on 17 November 2015 and he left the Board on 26 May 2016. In the period Patrick Walker received £230,100 in relation to compensation for loss of office and £5,833 in relation to his services as Non-Executive Director.

Niall Dore

Niall Dore entered into a service agreement with the Company on 15 December 2014 (and commenced work on 5 January 2015). The terms of the agreement provide for, amongst other things, (I) salary of £190,000 per annum, payable in monthly instalments in arrears (such salary to be reviewed annually); (ii) termination upon six months' written notice by the Company; and (iii) surrender by Niall Dore of certain rights to intellectual property created or developed by Niall Dore whilst an employee of the Company. Niall Dore is also entitled to a bonus on a sliding scale of up to a maximum of 50 per cent of his base salary, upon achieving certain targets in respect of, inter alia, net revenue, operating profit and total operating costs. Niall Dore is also subject to certain restrictive covenants, which, among other things prevent him from using or disclosing confidential information otherwise than in the proper course of employment, soliciting or inducing any customers or suppliers of the Company, persuading or attempting to persuade any employee to terminate their employment with any member of the Group or being engaged, concerned or interested in any business which is in competition with the Group.

Niall Dore resigned his employment and his position as Director and Company Secretary on 20 May 2016.

Kevin Deeley

Kevin Deeley entered into a service agreement with the Company on 9 May 2016. The terms of the agreement provide for, amongst other things, (I) salary of £140,000 per annum, payable in monthly instalments in arrears (such salary to be reviewed annually); (ii) termination upon 6 months' written notice by the Company; and (iii) surrender by Kevin Deeley of certain rights to intellectual property created or developed by Kevin Deeley whilst an employee of the Company. Kevin Deeley is also entitled to a bonus on a sliding scale of up to a maximum of 50 per cent of his base salary, upon achieving certain targets as agreed with the Committee including net revenue, operating profit and total operating costs. Kevin Deeley is also subject to certain restrictive covenants, which, among other things prevent him from using or disclosing confidential information otherwise than in the proper course of employment, soliciting or inducing any customers or suppliers of the Company, persuading or attempting to persuade any employee to terminate their employment with any member of the Group or being engaged, concerned or interested in any business which is in competition with the Group.

Richard Mansell

Richard Mansell entered into a service agreement with the Company on 17 November 2015. The terms of the agreement provide for, amongst other things, (I) salary of £166,500 per annum, payable in monthly instalments in arrears (such salary to be reviewed annually); (ii) termination upon 12 months' written notice by the Company;

and (iii) surrender by Richard Mansell of certain rights to intellectual property created or developed by Richard Mansell whilst an employee of the Company. Richard Mansell is also permitted (a) a bonus of 50 per cent of his base salary, upon achievement by the Group of Net Revenue and EBITDA targets for the year; and (b) a bonus up to a maximum of 50 per cent of his base salary if and to the extent that the remuneration committee (in its absolute discretion) agrees that pre-agreed targets have been met. Richard Mansell is also subject to certain restrictive covenants, which, among other things prevent him from using or disclosing confidential information otherwise than in the proper course of employment, soliciting or inducing any customers or suppliers of the Company, persuading or attempting to persuade any employee to terminate their employment with any member of the Group or being engaged, concerned or interested in any business which is in competition with the Group.

Richard Mansell resigned his employment and his position as Director on 24 October 2016.

Non-Executive Director Appointment Letter

Each Non-Executive Director entered into a letter of appointment with the Company on substantially the same terms. Non-Executive Directors are paid fees and the Company shall reimburse their reasonable, authorised and properly documented expenses that are incurred in the performance of their duties. The initial term of appointment is four years, unless terminated earlier by either the Company or the Non-Executive Director giving the other one month's prior written notice. The Non-Executive Director may be removed as a Director at any time in accordance with the New Articles or the Companies Act (for example, by a valid resolution of the Shareholders). The Company may terminate the appointment immediately in certain circumstances, such as if a material breach of obligations is committed by the Non-Executive Director.

Sir Robin Miller continued as Chairman in 2016 and was paid an annual fee of £55,000 for his services in satisfaction of this role during the period.

Mark Cranmer continued as Non-Executive Director in 2016 and was paid an annual fee of £35,000 for his services in satisfaction of this role during the period.

Paul Marshall was appointed as Non-Executive Director on 21 September 2016 and was paid £7,000 for his services in satisfaction of this role during the period.

Patrick Walker stepped down as Non-Executive Director on 26 May 2016 and was paid £6,000 for his services in satisfaction of this role during the period.

John Barnett stepped down as Non-Executive Director on 21 September 2016 and was paid £26,000 for his services in satisfaction of this role during the period.

Audited information

	Salary and pension £000's	Compensation for loss of office £000's	Bonus £000's	Aggregate Emoluments £000's
A MacKenzie	210	-	100	310
K Deeley	90	-	70	160
P Walker	-	230	-	230
N Dore	83	95	-	178
R Mansell	117	-	-	117
C S Muirhead	-	25	-	25

Non-Executive Directors

The Non-Executive Directors serve under Contracts, and have received fees in 2016, as detailed in the table below:

	Fees £000's
R Miller	55
M Cranmer	35
P Marshall	7
P Walker	6
J Barnett	26

Share options

Under the group's share option scheme that was introduced in September 2013, executives may be awarded share options. The vesting of the award is between three and four years from the date of grant, depending on the agreement.

The interests of the Executive Directors in Ordinary Shares subject to awards under this plan as at 31 December 2016 were as follows:

	Granted during the year	Exercised during the year	Lapsed in the year	Outstanding as at 31 December 2016	Exercise prices	Vesting Dates
Ashley MacKenzie	17,074,309	-	-	17,074,309	£0.05	Feb 2016–Feb 2019
Kevin Deeley	7,114,295	-	-	8,493,684	£0.001 - £0.05	May 2016–May 2019

Kevin Deeley is the holder of 1,379,389 options included above which were granted in previous years in relation to the acquisition of Base79 Group and which are fully vested.

The interests of the Non-Executive Directors in Ordinary Shares subject to awards under this plan as at 31 December 2016, were as follows:

	Granted during the year	Exercised during the year	Lapsed in the year	Outstanding as at 31 December 2016	Exercise prices	Vesting Dates
Robin Miller	1,172,859	-	-	1,172,859	£0.05	Feb 2016–Feb 2019
Mark Cranmer	1,422,859	-	-	1,422,859	£0.05	Feb 2016–Feb 2019

Directors' interests

The interests of the Directors in the issued Ordinary Shares as at 31 December 2016 are as follows:

Director	Number of Ordinary Shares
A MacKenzie	23,159,543
K Deeley	1,988,859
R Miller	1,693,243
M Cranmer	800,000

Other transactions that occurred with Directors during the year are detailed in Note 25 of the accounts under Related Party Transactions.

Paul Marshall
Chairman of the Remuneration Committee, Brave Bison Group plc

Independent auditor's report to the members of Brave Bison Group plc

We have audited the group financial statements of Brave Bison Group plc for the year ended 31 December 2016 which comprise the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the group financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Brave Bison Group plc for the year ended 31 December 2016.

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30 March 2017

For the year ended 31 December 2016

	Note	31 December 2016 £000's	31 December 2015 £000's
Total revenues including commission share		26,536	24,249
Less commission share		(8,817)	(9,694)
Revenue	6	**17,719**	**14,555**
Cost of sales		(10,040)	(8,447)
Gross profit		7,679	6,108
Administration expenses		(12,913)	(18,974)
Restructuring costs		(1,209)	(1,599)
Operating loss	7	(6,443)	(14,465)
Exceptional items	8	-	(2,226)
Impairment charge		-	(36,038)
Finance income		13	15
Finance costs	9	(55)	(1,713)
Loss before tax	7	(6,485)	(54,427)
Analysed as			
Operating loss before tax adjusted for exceptional items, non-cash and restructuring costs		(1,812)	(8,686)
Restructuring costs		(1,209)	(1,599)
Exceptional items		-	(2,226)
Equity settled share based payments		(511)	(1,138)
EBITDA		**(3,532)**	**(13,649)**
Finance costs		(55)	(1,713)
Finance income		13	15
Impairment charge		-	(36,038)
Depreciation		(75)	(269)
Amortisation		(2,836)	(2,773)
Loss before tax		(6,485)	(54,427)
Income tax credit	10	589	2,130
Loss attributable to equity holders of the parent		(5,896)	(52,297)
Statement of Comprehensive Income			
Loss for the year		(5,896)	(52,297)
Items that may be reclassified subsequently to profit or loss			
Exchange loss on translation of foreign subsidiaries		(511)	(62)
Total comprehensive loss for the year attributable to owners of the parent		(6,407)	(52,359)
Loss per share (basic and diluted)			
Basic and diluted loss per ordinary share (pence)	11	(1.04p)	(19.4p)

All transactions arise from continuing operations.

As at 31 December 2016

	Note	At 31 December 2016 £000's	At 31 December 2015 £000's
Non-current assets			
Intangible assets	13	17,019	19,062
Property, plant and equipment	14	123	79
		17,142	19,141
Current assets			
Trade and other receivables	16	6,457	7,445
Cash and cash equivalents		7,051	3,134
		13,508	10,579
Current liabilities			
Trade and other payables	17	(7,847)	(9,769)
Borrowings and other financial liabilities	18	(389)	-
		(8,236)	(9,769)
Non-current Liabilities			
Borrowings and other financial liabilities	18	-	(334)
Deferred tax	15	(2,544)	(3,139)
		(2,544)	(3,473)
Net Assets		19,870	16,478
Equity			
Share capital	19	572	369
Share premium		78,312	69,227
Capital redemption reserve		6,660	6,660
Merger reserve		(24,060)	(24,060)
Convertible loan note	18	68	68
Merger relief reserve		62,624	62,624
Retained deficit		(103,583)	(98,198)
Translation reserve		(723)	(212)
Total equity		19,870	16,478

The financial statements on pages 26 to 58 were authorised for issue by the Board of Directors on 30 March 2017 and were signed on its behalf by

. . . .

Kevin Deeley
Director

For the year ended 31 December 2016

	2016 £000's	2015 £000's
Operating activities		
Loss before tax	(6,485)	(54,427)
Adjustments:		
Depreciation, amortisation and impairment	2,911	39,081
Finance income	(13)	(15)
Finance costs	55	1,713
Share based payment charges	511	1,138
Increase in deferred consideration	-	1,732
Movement in foreign exchange	(550)	-
Deferred consideration classified as remuneration	-	366
Decrease /(Increase) in trade and other receivables	988	(794)
(Decrease) /Increase in trade and other payables	(1,922)	1,128
Movement in provisions	-	(214)
Tax (paid) / received	(6)	2,040
Cash outflow from operating activities	(4,511)	(8,252)
Investing activities		
Purchase of property plant and equipment	(119)	(12)
Purchase of intangible assets	(793)	(1,332)
Payment of deferred consideration	-	(851)
Interest received	13	15
Cash outflow from investing activities	(899)	(2,180)
Cash flows from financing activities		
Issue of share capital	10,002	5,185
Share issue costs	(714)	(399)
Loan finance raised	-	384
Cash inflow from financing activities	9,288	5,170
Net change in cash and cash equivalents	3,878	(5,262)
Movement in net cash		
Cash and cash equivalents, beginning of year	3,134	8,458
Increase / (Decrease) in cash and cash equivalents	3,878	(5,262)
Movement in foreign exchange	39	(62)
Cash and cash equivalents, end of year	7,051	3,134

For the year ended 31 December 2016

	Share Capital £000's	Share premium £000's	Capital redemption Reserve £000's	Convertible Loan Note £000's	Merger Reserve £000's	Merger relief Reserve £000's	Translation Reserve £000's	Retained deficit £000's	Total Equity £000's
At 1 January 2015	194	64,471	6,660	-	(24,060)	41,009	(150)	(50,414)	37,710
Shares issued during the year	175	5,160	-	-	-	21,615	-	-	26,950
Share issue costs	-	(404)	-	-	-	-	-	-	(404)
Equity settled share based payments	-	-	-	-	-	-	-	4,513	4,513
Issue of convertible loan notes	-	-	-	68	-	-	-	-	68
Transactions with owners	175	4,756	-	68	-	21,615	-	4,513	31,127
Other Comprehensive income									
Loss and total comprehensive income for the year	-	-	-	-	-	-	(62)	(52,297)	(52,359)
At 31 December 2015	369	69,227	6,660	68	(24,060)	62,624	(212)	(98,198)	16,478
Shares issued during the year	200	9,799	-	-	-	-	-	-	9,999
Share issue costs	-	(714)	-	-	-	-	-	-	(714)
Equity settled share based payments	-	-	-	-	-	-	-	511	511
Exercise of share options	3	-	-	-	-	-	-	-	3
Transactions with owners	203	9,085	-	-	-	-	-	511	9,799
Other Comprehensive income									
Loss and total comprehensive income for the year	-	-	-	-	-	-	(511)	(5,896)	(6,407)
At 31 December 2016	572	78,312	6,660	68	(24,060)	62,624	(723)	(103,583)	19,870

1 Brave Bison

BRAVE BISON GROUP PLC ("the Company") (formerly Rightster Group plc) 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 Brave Bison 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 2016 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 optimise 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 Strategic Report on page 4, in addition, Note 23 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 2016 were £7.1 million (2015: £3.1 million).

The Group made a loss before tax of £6.5 million for the year ended 31 December 2016 (2015: £54.4 million).

The Directors have prepared detailed cash flow projections ("the Projections") which are based on their current expectations of trading prospects. The board forecasts that the Group will achieve a positive cash inflow in 2018 and has sufficient cash on hand to reach that goal. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

The Directors are confident that the Group's forecasts are achievable, and are committed to taking any actions available to them to ensure that any shortfall in forecast revenues is mitigated by cost savings. Accordingly the going concern basis of accounting has been adopted in preparing these consolidated financial statements.

In October 2016 the Group obtained agreement from Barclays Bank to provide up to £2.0 million overdraft facility on market terms, secured on the assets of the Group. This is intended to provide occasional short-term working capital support. The facility has not yet been drawn down and there is no forecast need to do so.

2.2. Basis of consolidation

The consolidated financial statements consolidate the financial statements of Brave Bison Group plc and all its subsidiary undertakings up to 31 December 2016, with comparative information presented for the year ended 31 December 2015. No profit and loss account is presented for Brave Bison Group plc as permitted by section 408 of the Companies Act 2006.

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. Brave Bison 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 Brave Bison Group plc.

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 all intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

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.

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 and adopted by the EU 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.

- Classification and measurement of share based payments transactions (Amendments to IFRS 2) (effective 1 January 2018);

- Amendments resulting from September 2014 Annual Improvements to IFRSs (Amendments to IFRS 1, IFRS 12 and IAS 28) (effective 1 January 2018 for IFRS 1 and IAS 28; effective 1 January 2017 for IFRS 12);
- IFRS 15, 'Revenue from Contracts with Customers' (effective 1 January 2018);
- Clarifications to IFRS 15 'Revenue from Contracts with Customers' (effective 1 January 2018);
- Disclosure initiative (Amendment to IAS 7) (effective 1 January 2017);
- IFRS 9, 'Financial Instruments' (effective 1 January 2018);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) (effective 1 January 2017); and
- IFRS 16 'Leases' (effective 1 January 2019).

The Group is yet to assess the full impact of the above new standards and amendments to standards and interpretations.

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 Group's presentation and functional currency is £ (Sterling). The financial statements are presented in thousands of pounds (£000's) unless otherwise stated.

4.1. 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 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 Group records revenue on a gross or net basis.

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

- The Group serves as the principal in transactions in which it has substantial risks and rewards of ownership. In the context of Brave Bison's business we take this to be where we have agreed a "buy out" of content which means the Group acts as the principal and pays an agreed 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 Brave Bison;
- The Group serves as an agent in transactions in which the Group 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.

When an agency relationship exists, the costs associated with the revenue derived are reported within commission share expense. Costs associated with revenue in which Brave Bison is the principal are reported within cost of sales.

The accounting policies specific to the Group's key operating revenue categories are outlined below:

Advertising revenue:

- Monetisation of content owners' videos via platforms and other third party publishers such as YouTube and Facebook through revenue share or licensing agreements. The Group is acting as an agent and recognises only its proportion of the revenue share agreement.

In the instances above, Brave Bison'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. The Group therefore acts as an agent in executing transactions between these third parties.

- Managing the creation of branded content and being responsible for procuring the talent and the associated production costs. The Group recognises revenue on a gross revenue basis as it is acting as principal;
- Delivering a target level of website views within the boundaries of the budget allocated by the customer. The Group recognises revenue on a gross revenue basis as it is acting as principal.

In the instances above, Brave Bison has taken on the risks and rewards of ownership as the Group will incur costs associated with fulfilling the agreements regardless of the level of revenue recognised i.e. there is a risk that fulfilling the contract may result in a much lower gross margin than was expected.

Fee Based Service revenue:

- Managing customer content on YouTube. The Group recognises revenue on a gross revenue basis as it is acting as principal;
- Providing agencies with requested content. The Group recognises revenue on a gross revenue basis as it is acting as principal;

- Providing content direct to the consumer on a subscription basis. Revenue is recognised evenly over the subscription period. The Group recognises revenue on a gross revenue basis as it is acting as principal;
- Services relating to the placement and distribution of theatrical trailers in the film industry. The Group recognises revenue on a gross revenue basis as it is acting as principal.

In all instances above, Brave Bison has taken on the risks and rewards of ownership as the Group will incur costs associated with fulfilling the contracts for services regardless of the level of revenue recognised i.e. there is a risk that the service may be completed for much higher costs than expected or that the level of revenue to be billed is lower than expected.

4.2. 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.

4.3. 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.

4.4. Segment reporting

IFRS 8 *Operating Segments* 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 online video content 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 *Operating Segments*, the Group will be providing only a geographical split as it considers that all activities fall within one segment of business which is monetising online video content.

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

4.5. 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.

4.6. Property, plant and equipment

Property, plant and equipment are 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
- Computer Equipment – 3 years

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 assets' 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.

4.7. 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.

4.8. 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 to 10 years
- Technology - 1 to 5 years
- Brands - 3 years
- Online channel content - 3 years

4.9. 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. Impairments are charged to goodwill first and then on a pro-rata basis across other intangible assets once goodwill has been reduced to Nil.

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.

4.10. 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 is continuously monitored by the Directors.

4.11. 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.

4.12. 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 recognised 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 instruments 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 recognised 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 Group's 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.

4.13. Equity, reserves and dividend payments

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

Share premium
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 arising on those shares, net of any related income tax benefits.

Retained deficits
Retained deficits include all current and prior period retained profits or losses. It also includes credits arising from share based payment charges.

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

Merger reserve
The merger reserve is utilised when 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.

Capital contribution reserve
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.

4.14. Convertible loan note

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. On conversion of the compound instrument to equity, the shares are issued by the Company in line with the terms of the instrument agreement. Any difference between the nominal value of the shares issued and the conversion price is credited to the share premium account.

4.15. 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.

4.16. Employee benefits

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

4.17. 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.

4.18. Settlement discounts

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

4.19. 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.

4.20. Restructuring Costs

Restructuring costs relate to corporate re-organisation activities previously undertaken or announced.

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.

Included within intangible assets are capitalised customer relationships. These were acquired as part of the acquisitions of Viral Management Limited and Base79 Limited. The Group continues to recognise revenue from these customer relationships through revenue share and licensing agreements. These assets are amortised over a period between 5 to 10 years on a straight line basis.

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

Development of Online Channel Content
Costs associated with the development of SlashFootball, a network of social media channels and content that is owned and operated by Brave Bison, that are directly attributable to the design and building of the channel controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the online channel content so that it will be available for use;
- Management intends to complete the online channel content and use or sell it;
- There is an ability to use or sell the online channel content;
- It can be demonstrated how the online channel content will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the online channel content are available;
- The expenditure attributable to the online channel content during its development can be reliably measured.

Furthermore management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly.

5.1. Critical accounting judgements - continued

Development of multichannel network for the Arts Council
Brave Bison has entered into an agreement to develop a Multichannel Network for the Arts Council. Brave Bison provides channel management activities to the client based on an agreed schedule of expenditure and mark up. The income from this agreement relates to channel management activities which are in line with the ordinary activities of the Group. As such, the income is treated as revenue under IAS 18 *Revenue* and does not fall within the scope of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

Treatment of revenue as agent or principal
The determination of whether the Group is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of an arrangement. The Group 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

Share based payment charges
The Group is required to measure the fair value of its share based payments. 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 share based payment. Exchange rate volatility is calculated using historic data over the past three years. The volatility of the Group's share price has been calculated as the average of similar listed companies over the preceding periods. The risk-free rate range used is between 0.67% to 2.74% and management, including the Directors, have estimated the expected life of most share based payments to be 4 years.

Bad debt provision
Recoverability of some receivables may be doubtful although not definitely irrecoverable. Where management feel recoverability is in doubt an appropriate provision is made for the possibility that the amounts may not be recovered in full. Provisions are made using past experience however subjectivity is involved when assessing the level of provision required.

6 Segment reporting

As explained in the summary of Accounting Policies, management identify only one operating segment in the business, being monetising online video content. 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. One customer accounted for £7.3 million or 41% of total revenue (2015: £3.2 million or 22%). This revenue relates to a product currently yielding 10% gross margin or less. In 2016, £0.6 million of gross margin was recognised (2015: £0.7 million).

Geographic reporting
Brave Bison has identified four geographic areas (United Kingdom & Ireland, United States of America, Europe and Rest of the world) and the information is presented based on the customers' location. In line with comments in the Strategic Report, we anticipate that in future our geographic reporting will focus on the new operational hubs following the organisational changes made at the end of 2016.

	2016 £000's	2015 £000's
Revenue		
United Kingdom & Ireland	15,274	12,264
United States of America	4,699	4,221
Europe	1,662	3,405
Rest of the world	4,901	4,359
Total Revenues including commission share	**26,536**	**24,249**
Less commission share	(8,817)	(9,694)
Revenue	**17,719**	**14,555**

The Group identifies two revenue streams, Advertising and Fee based services. The analysis of revenue by each stream is detailed below, a detailed overview can be found in the Strategic Report.

	2016 £000's	2015 £000's
Advertising	13,647	9,820
Fee based services	4,072	4,735
	17,719	14,555

The revenue categories have been re-classified since 2015 due to a change in how management analyses revenue. The total revenue for 2015 is unchanged.

7 Operating loss and loss before taxation

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

	2016 £000's	2015 £000's
Auditor's remuneration:		
- Audit services	94	94
- Tax advisory services	41	24
- Other services	30	12
Operating lease rentals – land and buildings	728	1,424
Depreciation: property, plant and equipment	75	269
Impairment of intangible assets	-	36,039
Amortisation	2,836	2,773
Foreign exchange (gain) / loss on trading items	(493)	130
Foreign exchange (gain) / loss on balance sheet monetary items	(883)	100

8 Exceptional items

	2016 £000's	2015 £000's
Acquisition costs	-	493
Increase in deferred consideration payable	-	1,733
	-	2,226

9 Finance costs

	2016 £000's	2015 £000's
Interest payable	55	19
Unwinding of discount on deferred consideration	-	1,694
	55	1,713

10 Tax expense

Major components of tax credit:

	2016 £000's	2015 £000's
Current tax:		
UK corporation tax at 20.00% (2015: 20.25%)	-	(1,647)
Overseas tax	6	-
Total current tax	6	(1,647)
Deferred Tax:		
Originations and reversal of temporary differences (Note 15)	(595)	(483)
Tax credit on loss on ordinary activities	(589)	(2,130)

UK corporation tax is calculated at 20.00% (2015: 20.25%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

The credit for the year can be reconciled to the loss per the income statement as follows:

Reconciliation of effective tax rate:

	2016 £000's	2015 £000's
Loss on ordinary activities before tax	(6,485)	(54,427)
Income tax using the Company's domestic tax rate 20.00% (2015: 20.25%)	(1,297)	(11,021)
Effect of:		
Expenses not deductible for tax purposes	152	1,200
Amortisation and impairment of intangible assets	567	7,774
Difference in capital allowances & depreciation/amortisation	(509)	179
Tax credit on research and development	-	(1,590)
Unutilised tax losses carried forward	498	1,328
Total tax credit for period	(589)	(2,130)

11 Loss per share

Both the basic and diluted loss per share have been calculated using the loss after tax attributable to shareholders of Brave Bison Group plc as the numerator, i.e. no adjustments to losses were necessary in 2015 or 2016. 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.

	2016 £000's	2015 £000's
Loss for the year attributable to ordinary shareholders	(5,896)	(52,297)
Equity settled share based payments	511	1,138
Amortisation, depreciation and impairment	2,911	39,080
Adjusted loss for the period attributable to the equity shareholders	(2,474)	(12,079)
Weighted average number of ordinary shares	566,515,406	270,181,450
Basic and diluted loss per ordinary share (pence)	1.04p	19.4p
Adjusted basic and diluted loss per ordinary share (pence)	0.44p	4.5p

12 Directors and employees

The average number of persons (including Director's) employed by the Group during the year was:

	2016 Number	2015 Number
Finance, Legal, HR and senior executives	15	24
Technology and infrastructure	15	136
Sales, account management & audience development	88	38
	118	198

The aggregate cost of these employees was:

	2016 £000's	2015 £000's
Wages and salaries	5,831	7,429
Payroll taxes	729	1,234
Pension contributions	62	180
	6,622	8,843

Director's emoluments paid during the period and included in the above figures were:

	2016 £000's	2015 £000's
Emoluments (including compensation for loss of office)	1,149	1,121

The highest paid Director received emoluments totalling £0.3 million (2015: £0.3 million). The amount of share based payments charge (see Note 21) which relates to the Directors was £0.4 million (2015: £0.3 million). The key management of the Group are the executive members of Brave Bison Group plc's Board of Directors. Key management personnel remuneration includes the following expenses:

	2016 £000's	2015 £000's
Salaries including bonuses	765	705
Social security costs	106	97
Total Emoluments	871	802

13 Intangible assets

	Goodwill £000's	Online Channel Content £000's	Technology £000's	Brands £000's	Customer Relation-ships £000's	Total £000's
Cost						
At 31 December 2014	35,075	-	3,881	273	19,332	58,561
Additions	-	-	1,332	-	-	1,332
At 31 December 2015	35,075	-	5,213	273	19,332	59,893
Additions	-	793	-	-	-	793
At 31 December 2016	35,075	793	5,213	273	19,332	60,686
Amortisation and impairment						
At 31 December 2014	-	-	1,034	39	950	2,023
Charge for the year	-	-	709	91	1,974	2,774
Impairment charge	35,075	-	166	7	786	36,034
At 31 December 2015	35,075	-	1,909	137	3,710	40,831
Charge for the year	-	-	850	91	1,895	2,836
At 31 December 2016	35,075	-	2,759	228	5,605	43,667
Net Book Value						
At 31 December 2014	35,075	-	2,847	234	18,382	56,538
At 31 December 2015	-	-	3,304	136	15,622	19,062
At 31 December 2016	-	793	2,454	45	13,727	17,019

During the year Brave Bison had capitalised costs of £0.8 million relating to the development of SlashFootball, a network of social media channels and content that is owned and operated by Brave Bison.

Brave Bison considers that the capitalised costs fall under IAS 38 as the Company intends to retain all intellectual property relating to the channel and has no intention to sell the content. The Directors consider that the capitalised costs meet the requirements of IAS 38 in that Brave Bison has the intention and the technical knowledge to complete the SlashFootball project and that it demonstrates the potential to derive future economic benefits.

Brave Bison intends to begin amortising this intangible asset in 2017 over three years, once it begins to generate revenue.

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

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 2016, goodwill and other intangible assets were assessed for impairment. Updated forecasts and assumptions have been prepared. Based on this assessment, the value in use is greater than the carrying amount; therefore, no further impairment is necessary (2015: £36.0 million).

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 nil growth rates. The key assumptions are based on growth of existing and new customers and forecasts, which are determined through a combination of management's views, market estimates and forecasts and other sector information.

14 Property, plant and equipment

	Computer Equipment £000's	Fixtures & Fittings £000's	Total £000's
At 31 December 2014	901	73	974
Additions	12	-	12
Disposals	(99)	(31)	(130)
At 31 December 2015	814	42	856
Additions	49	70	119
At 31 December 2016	863	112	975
Depreciation and impairment			
At 31 December 2014	600	34	634
Charge for the year	240	29	269
Disposals	(99)	(31)	(130)
Impairment charge	3	1	4
At 31 December 2015	744	33	777
Charge for the year	61	14	75
At 31 December 2016	805	47	852
Net Book Value			
At 31 December 2014	301	39	340
At 31 December 2015	70	9	79
At 31 December 2016	58	65	123

15 Deferred taxation assets and liabilities

Deferred tax recognised:

	2016 £000's	2015 £000's
Deferred tax liabilities		
Deferred tax on intangible assets	(2,544)	(3,139)
	(2,544)	(3,139)

Unutilised tax losses carried forward which have not been recognised as a deferred tax asset at 31 December 2016 were £52.4 million (2015: £52.3 million).

Reconciliation of movement in deferred tax

	Deferred tax on intangible assets £000's
As at 31 December 2014	(3,622)
Recognised in the income statement	483
As at 31 December 2015	(3,139)
Recognised in the income statement	595
As at 31 December 2016	(2,544)

16 Trade and other receivables

	2016 £000's	2015 £000's
Trade receivables	4,262	3,022
Less provision for impairment	(393)	(145)
Net trade receivables	3,869	2,877
Accrued income	2,052	3,191
Other receivables	536	1,377
	6,457	7,445

16 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 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:

	2016 £000's	2015 £000's
Opening provision	(145)	(197)
Receivables provided for during period	(382)	(126)
Reversal of previous provisions	134	178
	(393)	(145)

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:

	2016 £000's	2015 £000's
Not more than three months	1,034	1,699
More than three months but not more than six months	1,309	358
More than six months but not more than one year	416	374
More than one year	-	96
	2,759	2,527

17 Trade and other payables

	2016 £000's	2015 £000's
Trade payables	3,012	1,907
Other payables	185	324
Other taxation and social security	54	166
Deferred income	31	216
Accruals	4,565	7,156
	7,847	9,769

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 109 days (2015: 73 days).

18 Borrowings and other financial liabilities

	2016 £000's	2015 £000's
Due within one year:		
Debt element of convertible loan notes	389	-
Due in more than one year:		
Debt element of convertible loan notes	-	334
	389	334

On 14 August 2015, the Group issued £0.4 million of unsecured convertible loan notes. Interest of 5% is payable on conversion and the loans are repayable on 14 August 2017. The principle sum outstanding is convertible into new ordinary shares of the Company at a conversion price of £0.18 per share at any time prior to 14 August 2017.

The loan notes above are regarded as compound instruments, consisting of a liability component and an equity component. The fair value of the liability component has been estimated and the fair value assigned to the liability and shown as a non-current liability, whilst the equity component of £0.1 million (2015: £0.1 million) is shown within equity. In valuing the loan notes the likelihood of conversion has not been taken into account given this is under the control of the loan note holder.

19 Share capital

Ordinary share capital

	At 31 December 2016		At 31 December 2015	
	Number	**£000's**	**Number**	**£000's**
Ordinary shares of £0.001	571,628,125	572	369,143,635	369
Total ordinary share capital of the Company		572		369

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 20.

20 Reconciliation of share capital

	2016		2015	
	Ordinary Shares Number £0.0000001	Ordinary Share Capital £000's	Ordinary Shares Number £0.0000001	Ordinary Share Capital £000's
Opening balance	369,143,635	369	193,714,204	194
Issue of ordinary shares	202,484,490	203	175,429,431	175
Closing balance	571,628,125	572	369,143,635	369

21 Share options

In September 2013 Brave Bison 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 Brave Bison Limited unapproved scheme, vesting periods were deemed to have commenced from 30 May 2013. The replacement share options issued by Brave Bison Group plc were treated as modification of the original scheme, in accordance with IFRS 2. 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	0.67% - 2.74%
Expected dividend yield	0%

The charge included within the financial statements for share options for the year to 31 December 2016 is £0.5 million (2015: £1.1 million).

Within the assumptions above 50% share price volatility has been used, the assumption is based on the average volatility for AIM adjusted for Brave Bison Group plc.

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.

21 Share options - continued

Details of the options issued under the approved scheme are as follows:	Number	Weighted average exercise price
Outstanding at the beginning of the year	42,935,470	4.0p
Granted during the year	53,598,890	5.0p
Exercised during the year	(2,484,489)	0.1p
Cancelled during the year	(5,251,557)	23.0p
Outstanding at the end of the year	88,798,314	9.0p
Exercisable at the end of the year	11,444,097	16.0p

The weighted average share price on the date options were exercised was 4p.

Share options expire after 10 years, the options above expiring between March 2021 and December 2025.

In addition to the share options above, 2,326,031 warrants were previously issued in 2013. The warrants were issued at an exercise price of 60p, were due to vest on 12 November 2017 and were due to expire in November 2023. The warrants were cancelled upon the exit of Michael Broughton, a former Director of the Group in November 2015. The charge included within the financial statements at 31 December 2016 was £Nil (2015: £0.4 million).

22 Undertakings included in the financial statements

The consolidated financial statements include:

	Class of share held	Country of incorporation	Proportion held	Nature of business
Brave Bison Limited (formerly Rightster Limited)	Ordinary	UK	100%	Online video distribution
Rightster Inc.	Ordinary	USA	100%	Online video distribution
Rightster India LLP	Ordinary	India	100%	Non-trading
Rightster Gibraltar	Ordinary	Gibraltar	100%	Online video distribution
Preview Networks ApS	Ordinary	Denmark	100%	Online video distribution
Viral Management Limited	Ordinary	UK	100%	Online video distribution
Base 79 Limited	Ordinary	UK	100%	Online video distribution
Base 79 Inc.	Ordinary	USA	100%	Online video distribution
Base 79 SL	Ordinary	Spain	100%	Online video distribution
Base 79 GMBH	Ordinary	Germany	100%	Online video distribution
Base 79 SARL	Ordinary	France	100%	Online video distribution
Brave Bison Asia Pacific Pte	Ordinary	Singapore	100%	Online video distribution

23 Financial Instruments

Categories of financial instruments	As at 31 December 2016 £000's	As at 31 December 2015 £000's
Financial assets		
Loans and receivables	6,457	7,445
Cash and bank balances	7,051	3,134
	13,508	10,579
Financial liabilities at amortised cost		
Trade and other payables	(7,847)	(9,769)
Borrowings	(389)	(334)
	(8,236)	(10,103)

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 the US Dollar, the Australian Dollar, the Euro and the Indian Rupee.

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 £000's	Indian Rupee £000's	US Dollar £000's	Euro £000's	Sterling £000's	Total £000's
Financial assets	115	-	2,620	567	26,419	29,721
Financial liabilities	(128)	(111)	(1,007)	(1,169)	(10,868)	(13,243)
Total exposure at 31 December 2015	(13)	(111)	1,613	(602)	15,551	16,478
Financial assets	37	201	41	74	30,298	30,651
Financial liabilities	(58)	(79)	(6)	(163)	(10,475)	(10,781)
Total exposure at 31 December 2016	(21)	122	35	(89)	19,823	19,870

23 Financial Instruments – continued

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

Impact on loss and equity	10% Increase in favour of AUS Dollars £000's	10% Increase in favour of Rupees £000's	10% Increase in favour of US Dollars £000's	10% Increase in favour of Euro £000's
For the year to 31 December 2015	(786)	70	949	131
For the year to 31 December 2016	(20)	(12)	2	(70)

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.

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.

23 Financial Instruments – continued

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).

Brave Bison categorises all financial assets and liabilities as level 1.

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 £000's	Less than 1 Year £000's	1-3 Years £000's	3-5 Years £000's
As at 31 December 2015				
Borrowing principal payments	349	-	349	-
Trade and other payables	9,769	9,769	-	-
As at 31 December 2016				
Borrowing principal payments	389	389	-	-
Trade and other payables	7,847	7,847	-	-

For details as to how management is planning to manage liquidity risk to ensure debts are paid as due please refer to Note 23.

24 Financial commitments

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

	At 31 December 2016 £000's	At 31 December 2015 £000's
Less than 1 year	388	616
Between 2 and 5 years	456	548
More than 5 years	-	-
	844	1,164

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

	At 31 December 2016 £000's	At 31 December 2015 £000's
Less than 1 year	66	891
Between 2 and 5 years	-	-
More than 5 years	-	-
	66	891

25 Transactions with Directors and other related parties

25.1. 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 2016 the Group paid a revenue share to Tixdaq Limited, from advertising generated on the above websites of £nil (2015: £0.01 million). The balance outstanding at 31 December 2016 was £nil (2015: £nil).

25.2. Sports Investment Partners LLP

Fees of £nil (2015: £0.1 million) were paid to Sports Investment Partners LLP which is a connected party through its relationship with Michael Broughton, a former director of the Company. The amount outstanding at 31 December 2016 was £nil (2015: £0.1 million).

26 Post balance sheet events

No adjusting or significant events have occurred between the reporting date and the date of authorisation.

Independent auditor's report to the members of Brave Bison Group plc

We have audited the parent company financial statements of Brave Bison Group plc for the year ended 31 December 2016 which comprise the company balance sheet, the company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 14, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the parent company financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

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

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

Other matter

We have reported separately on the group financial statements of Brave Bison Group plc for the year ended 31 December 2016.

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

30 March 2017

As at 31 December 2016

	Note	At 31 December 2016 £000's	At 31 December 2015 £000's
Fixed asset investments			
Investments in subsidiaries	28	19,062	19,062
Current Assets			
Debtors	29	49	334
		49	334
Creditors: amounts falling due within one year	30	(389)	-
		(389)	-
Creditors: amounts falling due after one year	30	-	(334)
		-	(334)
Total assets less current liabilities		18,722	19,062
Capital and reserves			
Called up share capital	31	572	369
Share premium account		78,312	69,227
Capital redemption reserve		6,660	6,660
Merger relief reserve		62,624	62,624
Convertible loan note		68	68
Profit and loss account		(129,514)	(119,886)
		18,722	19,062

The financial statements on pages 61- 67 were authorised for issue by the Board of Directors on 30 March 2017 and were signed on its behalf by

. . . .

Kevin Deeley
Director

For the year ended 31 December 2016

	Share capital £000's	Share premium £000's	Capital redemption Reserve £000's	Convertible Loan Note £000's	Merger relief Reserve £000's	Profit and loss account £000's	Total Equity £000's
At 1 January 2015	194	64,471	6,660	-	41,009	(31,387)	80,947
Shares issued during the year	175	5,160	-	-	21,615	-	26,950
Share issue costs	-	(404)	-	-	-	-	(404)
Equity settled share based payments	-	-	-	-	-	4,513	4,513
Issue of convertible loan notes	-	-	-	68	-	-	68
Transactions with owners	175	4,756	-	68	21,615	4,513	31,127
Other Comprehensive income							
Loss and total comprehensive income for the year		-	-	-	-	(93,012)	(93,012)
At 31 December 2015	369	69,227	6,660	68	62,624	(119,886)	19,062
Shares issued during the year	200	9,799	-	-	-	-	9,999
Share issue costs	-	(714)	-	-	-	-	(714)
Exercise of share options	3	-	-	-	-	-	3
Transactions with owners	203	9,085	-	-	-	-	9,288
Other Comprehensive income							
Loss and total comprehensive income for the year		-	-	-	-	(9,628)	(9,628)
At 31 December 2016	572	78,312	6,660	68	62,624	(129,514)	18,722

27 Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling which is the functional currency of the Company. The figures are presented in thousands of pounds (£000's) unless otherwise stated.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The Company is dependent for its working capital requirements on cash generated from Group operations and cash holdings and from equity markets. The cash holdings of the Group at 31 December 2016 were £7.1 million (2015: £3.1 million).

The Company made a loss of £9.6 million for the year ended 31 December 2016 (2015: loss of £93.0 million).

The Directors have prepared detailed cash flow projections ("the Projections") which are based on their current expectations of trading prospects. The board forecasts that the Group will achieve a positive cash inflow in 2018 and has sufficient cash on hand to reach that goal. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

The Directors are confident that the Group's forecasts are achievable, and are committed to taking any actions available to them to ensure that any shortfall in forecast revenues is mitigated by cost savings. Accordingly the going concern basis of accounting has been adopted in preparing these consolidated financial statements.

In October 2016 the Group obtained agreement from Barclays Bank to provide up to £2.0 million overdraft facility on market terms, secured on the assets of the Group. This is intended to provide occasional short-term working capital support. The facility has not yet been drawn down and there is no forecast need to do so.

Deferred taxation
Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Investments
Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at cost less impairment.

Debtors
Debtors are stated in the balance sheet at estimated net realisable value.

Share based payments
Employees (including Directors) of the Company received remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity settled transactions with employees is recovered 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 credit to equity, over the period between the date of grant and the end of 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.

Exemptions
The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Share capital and reserves
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.

Profit and loss account includes all current and prior period retained profits or losses. It also includes charges related to share-based employee remuneration.

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.

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.

Convertible loan note
Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity

component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. On conversion of the compound instrument to equity, the shares are issued by the Company in line with the terms of the instrument agreement. Any difference between the nominal value of the shares issued and the conversion price is credited to the share premium account.

Significant judgements and estimates
The Group is required to test, at least annually, whether investments have 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.

Where the Company has receivables from other Group entities, the recoverability of the receivables are assessed at the end of each accounting period. Where there is doubt in regards to the recoverability, the receivable is considered to be impaired and written down to its recoverable value. This assessment is made using past experience however subjectivity is involved when assessing the level of recoverability and impairment.

28 Investments in subsidiaries and associates

Investments

	2016 £000's
As at 31 December 2015 & 2016	19,062

As at 31 December 2016, investments were assessed for impairment. Updated forecasts and assumptions have been prepared using the valuation model behind the current strategy. No impairment is necessary for the year ended 31 December 2016 (2015: £56.7 million).

At 31 December 2016 the Company had the following subsidiary undertakings:

	Class of share held	Country of incorporation	Proportion held	Nature of business
Subsidiaries				
Brave Bison Limited (formerly Rightster Limited)	Ordinary	UK	100%	Online video distribution
Indirect subsidiaries				
Rightster Inc.	Ordinary	USA	100%	Online video distribution
Rightster India LLP	Ordinary	India	100%	Non-trading
Rightster Gibraltar	Ordinary	Gibraltar	100%	Online video distribution
Preview Networks ApS	Ordinary	Denmark	100%	Online video distribution
Viral Management Limited	Ordinary	UK	100%	Online video distribution
Base 79 Limited	Ordinary	UK	100%	Online video distribution
Base 79 Inc.	Ordinary	USA	100%	Online video distribution
Base 79 SL	Ordinary	Spain	100%	Online video distribution
Base 79 GMBH	Ordinary	Germany	100%	Online video distribution
Base 79 SARL	Ordinary	France	100%	Online video distribution
Brave Bison Asia Pacific Pte	Ordinary	Singapore	100%	Online video distribution

29 Debtors

	2016 £000's	2015 £000's
Prepayments	4	4
Other debtors	27	27
Other taxes and social security	18	-
Amounts due from Group undertakings	-	303
	49	334

Amounts owed by Group companies are interest free, due on demand and unsecured.

30 Creditors

Amounts falling due within one year	2016 £000's	2015 £000's
Debt elements of convertible loan notes (Note 18)	389	-
	389	-

Amounts falling due after one year		
Debt elements of convertible loan notes (Note 18)	-	334
	-	334

31 Capital and reserves

Ordinary share capital

	At 31 December 2016		At 31 December 2015	
	Number	£000's	Number	£000's
Ordinary shares of £0.001	571,628,125	572	369,143,635	369
Total ordinary share capital of the Company		572		369

Called-up share capital represents the nominal value of shares that have been issued.

The movement in share capital can be reconciled as follows:

	2016		2015	
	Ordinary Shares Number £0.0000001	Ordinary Share Capital £000's	Ordinary Shares Number £0.0000001	Ordinary Share Capital £000's
Opening balance	369,143,635	369	193,714,204	194
Issue of ordinary shares	202,484,490	203	175,429,431	175
Closing balance	571,628,125	572	369,143,635	369