For Immediate Release

Billing Services Group Limited
("BSG" or the "Company")

Audited results for the year ended December 31, 2015

DEBT FREE BALANCE SHEET ALLOWS RENEWED FOCUS ON GROWTH STRATEGIES

TRADING IN LINE WITH EXPECTATIONS

(March 31, 2016) San Antonio, Texas, USA and Aldermaston, United Kingdom -- BSG, a leading provider of telecommunications clearing and financial settlement products, Wi-Fi data solutions and verification services, today announces its audited results for the year ended December 31, 2015.

Financial Highlights
(*All amounts in US$)*

	Year Ended December 31, 2015			Year Ended December 31, 2014		
Revenues	$	36.4	million	$	42.4	million
EBITDA [(1)]	$	6.4	million	$	8.8	million
Net income	$	8.7	million	$	2.1	million
Net income per basic and diluted share	$	0.03	per share	$	0.01	per share
Debt at end of period	$	0		$	6.3	million

(1) EBITDA (a non-GAAP measure) is computed as earnings before interest, income taxes, depreciation, amortization and other non-cash and nonrecurring expenses

- Generated $6.4 million of EBITDA (2014: $8.8 million)
- Recorded net income of $0.03 per share (2014: $0.01 per share)
- Improved gross margin by 3.0 percentage points (51.0% in 2015 vs. 48.0% in 2014)
- Repaid $6.3 million of debt, resulting in zero debt at year end (December 31, 2014 balance: $6.3 million)

BSG Wireless Operational Highlights

- Extended the 'Find & Connect' feature set to include product usage and user notification capabilities
- Delivered branded versions of our extended hotspot finder and connection product suite to channel partner Deutsche Telekom, as a key component of their recently launched 'Business Wi-Fi' product line

- Extended penetration of the North American Multiple System Operator ("MSO") market by deploying the latest release of our hotspot finder product for iOS and Android at four Tier 1 cable MSOs in North America
- Delivered our new Analytics product to our first customer, a Tier 1 operator, in conjunction with technology partner Tutela Technologies
- Deployed a white label reporting portal for the largest telecommunications provider in the UK. This solution allows us to sell the same white label capabilities to other customers

Current Trading

- Current trading remains in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company
- The Company expects that revenues and EBITDA in 2016 will continue to be affected by the secular decline in the volume of billable long distance and operator service calls initiated on landline phones, partially offset by higher revenues and EBITDA from services to the wireless sector
- For the year ending December 31, 2016, the Company expects revenues to be within a range of \$32.0 million to \$34.0 million and EBITDA to be within a range of \$5.5 million to \$6.0 million

Commenting on the results, Pat Heneghan, Non-Executive Chairman, said:

> *"2015 was another year of success. The repayment of all debt and ongoing resolution of certain litigation-related liabilities has allowed us to focus more attention on operations and strategy as we accelerate our revenue stream diversification from a niche service provider for the U.S. landline sector to an international service provider for wireless market applications."*

INQUIRIES:

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About BSG:

BSG has locations in San Antonio, Texas, USA and Aldermaston, United Kingdom. The Company is traded on the London Stock Exchange (AIM: BILL). For more information on BSG, visit (www.bsgclearing.com).

CHIEF EXECUTIVE'S STATEMENT

2015 was a year of progress for BSG. We generated $6.4 million of EBITDA and, aided by a favorable recalibration of liabilities related to class action litigation, recorded $8.7 million of net income ($0.03 per share).

Our operational results, however, were largely eclipsed by other events. We succeeded in making significant strides in connection with two issues which have required considerable time and attention by management over the past several years.

- **Elimination of all debt**. Our debt, which had peaked at $265 million in 2006, was fully retired in September 2015. Repayment of debt has been one of our highest priorities over the past 10 years.

- **Class action litigation.** The claims administration process related to the previously described class action litigation against two of the largest LECs continues to wind down, and we expect it to conclude in 2016. As required under the terms of our contracts with the LECs, we have indemnified them for consumer refunds, claims administration expenses, legal fees and other costs which they have paid in connection with the litigation. The window for further consumer claims has closed, and accordingly, the related expenses should end this year. Reserves in place at December 31, 2015 are deemed adequate to cover our remaining indemnification obligations.

As previously announced, we have been managing litigation with the Federal Trade Commission. Further updates will be made as additional information becomes available.

Financial Results

Revenues of $36.4 million and EBITDA of $6.4 million are lower when compared to 2014 results. These reductions are largely due to the ongoing decline in transaction volume for landline-based services. Those readers familiar with our history will recall the effects on our business, over the past several years, from the secular decline in the volume of billable calls initiated on landline phones and a regulatory environment which abruptly eliminated a meaningful portion of our revenue base.

Our core billing and clearing business for landline phone transactions continues to generate EBITDA and realize attractive gross margins, even as the secular decline in landline phone usage extends into its second decade. Over time, we have adjusted overhead and other costs to ensure that continuity. To mitigate the decline in revenue from landline-based services, our business plan is focused on strategies to increase revenue from wireless-based services sold by our subsidiary, BSG Wireless.

Our $8.7 million of net income in 2015 included $5.5 million of net nonrecurring income arising from charges to existing and former customers for indemnification obligations incurred in connection with the class action litigation noted above.

Current Trading

- Current trading remains in line with the Board's expectations and consistent with the recent trading conditions experienced by the Company
- The Company expects that revenues and EBITDA in 2016 will continue to be affected by the secular decline in the volume of billable long distance and operator service calls initiated on landline phones, partially offset by higher revenues and EBITDA from services to the wireless sector
- For the year ending December 31, 2016, the Company expects revenues to be within a range of $32.0 million to $34.0 million and EBITDA to be within a range of $5.5 million to $6.0 million

Looking Ahead

The elimination of debt and ongoing resolution of litigation frees us from distraction and allows us to focus intently on the growth, profitability and expansion of our businesses.

Our greatest challenge is to diversify our revenue stream so that it is less dependent upon the landline phone industry. It is for that reason that we have focused more attention on services needed by the wireless space. Revenues from services to wireless markets have grown impressively, though the gains to date have been insufficient to offset fully the revenue decline in the landline sector.

Management and the Board of Directors regularly review capital structure and the allocation of cash resources. As of this writing, parties owning more than 55 percent of the Company's outstanding shares have direct representation on the Board, which remains intently focused on maximizing shareholder value and generating returns for all shareholders. We are fortunate to have a highly engaged and talented group of Directors to counsel us on these matters.

Recognition of Employees

Our employees have done a remarkable job in taking the initiative for improvements, minimizing expenses and keeping operations running smoothly. They have continued to strengthen our foundation as we implement our business plan.

Norman M. Phipps
Chief Executive Officer

FINANCIAL REVIEW

Financial Review of the Year Ended December 31, 2015

The Company's audited results for the year ended December 31, 2015 are compared against the year ended December 31, 2014 in the accompanying financial statements. BSG's consolidated financial statements are prepared in conformity with United States generally accepted accounting principles ("GAAP").

Certain Terms

Revenues. Revenues are derived primarily from fees charged to wireline and wireless service providers for data clearing, financial settlement, information management, payment and financial risk management, third-party verification and customer service functions.

Cost of Services and Gross Profit. Cost of services arises primarily in the Company's clearinghouse business. Cost of services in the clearinghouse business includes fees charged by local exchange carriers ("LECs") for billing and collection services. Such fees are assessed for each record submitted and for each bill rendered to end-user customers. BSG charges its customers a negotiated fee for LEC services. Accordingly, gross profit is generally dependent upon transaction volume, processing fees charged per transaction and any differential between the LEC fees charged to customers by BSG and the related fees charged to BSG by LECs.

Cash Operating Expenses. Cash operating expenses include all selling, marketing, customer service, facilities and administrative costs (including payroll and related expenses) incurred in support of operations and settled through the payment of cash.

Depreciation and Amortization. Depreciation expense applies to software, furniture and fixtures, telecommunications and computer equipment. Amortization expense relates to definite-lived intangible assets that are amortized in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*. These assets consist of contracts with customers and LECs. Assets are depreciated or amortized, as applicable, over their respective useful lives. Deferred finance costs are amortized over the term of the related loans.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Earnings before interest, income taxes, depreciation and amortization, a non-GAAP metric, is a measurement of profitability often used by investors and lenders. The computation of EBITDA also excludes other non-cash and nonrecurring items as additions or deductions to earnings.

Third-Party Payables. Third-party payables include amounts owed to customers in the ordinary course of clearinghouse activities and additional amounts maintained as reserves for retrospective charges from LECs. In its clearinghouse business, the Company aggregates call records submitted by its customers and submits them to LECs for billing to end-user customers. The Company collects funds from LECs each day and, approximately ten days later, distributes to customers the collected cash, net of withholdings, under weekly settlement protocols. The Company withholds a portion of the funds received from the LECs to pay certain billing and collection fees of LECs, to pay the Company's processing fees and to serve as a reserve against retrospective charges from LECs. Depending upon the timing of receipts, weekly settlements and reserve releases, both cash and third-party payables can fluctuate materially from day-to-day.

When LECs make payments to the Company, they withhold funds to cover a variety of expenses and potential retrospective charges. As noted above, the Company similarly withholds funds from its clients to cover expenses and retrospective charges. The third-party payable balance is computed as the net excess of funds owed to clients, if any (recorded as a liability) over reserves withheld by LECs (recorded as an asset).

Comparison of Results for the Year Ended December 31, 2015 to the Year Ended December 31, 2014

Total Revenues. Total revenues of $36.4 million in 2015 were $6.0 million, or 14.3%, lower than the $42.4 million of revenues recorded during 2014. The $6.0 million decrease reflects lower transaction volumes across all clearing, settlement and customer service activities provided for landline service providers, partially offset by higher managed service fees from BSG Wireless' offerings.

Cost of Services and Gross Profit. Cost of services in 2015 was $17.8 million, compared to $22.0 million in 2014. The $4.2 million, or 19.0%, decrease in cost of services largely reflects lower LEC fees for billing and collection services related to the lower level of transaction volumes. The Company generated $18.5 million of gross profit in 2015, compared to $20.4 million in 2014. The gross margin of 51.0% in 2015 is 3.0 percentage points higher than the 48.0% margin achieved in 2014. The improved gross margin in 2015 results from a favorable mix of services from the landline business and a larger percentage of revenue from the wireless business, which operates at a higher gross margin level than the landline business.

Cash Operating Expenses. Cash operating expenses were $12.1 million in 2015, compared to $11.6 million in 2014. The $0.5 million, or 5.1%, increase largely reflects increases in compensation expense within BSG Wireless.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The Company generated $6.4 million of EBITDA during 2015, compared to $8.8 million during 2014. A reconciliation of net income and EBITDA in each period is as follows:

$ millions	Year Ended December 31, 2015	2014
Net income	$ 8.7	$ 2.1
Depreciation expense	1.9	2.4
Amortization of intangibles	0.6	0.8
Impairment charge	0.2	-
Stock-based compensation expense	0.1	0.1
Interest expense	0.1	0.4
Income tax expense	0.3	0.8
All other (income) expense, net	(5.5)	2.2
EBITDA	**$ 6.4**	**$ 8.8**

Depreciation and Amortization Expense. Depreciation and amortization expense totalled $2.5 million in 2015, compared to $3.2 million in 2014. The $0.7 million decline reflects cessation of depreciation and amortization charges on several categories of capitalized software development costs and intangible assets for which accumulated depreciation and amortization reserves reached the assets' respective gross carrying values.

Impairment Charge. In 2015, the Company recorded a $0.2 million non-cash impairment charge against intangible assets. The charge reflected a write-off of the unamortized carrying value of a wireless product offering that was discontinued in 2015.

Stock–based Compensation Expense. The Company recognized $0.1 million of non-cash compensation expense during each of 2015 and 2014. Stock-based compensation expense, all of which is non-cash and related to stock options, was not included as a deduction to earnings for purposes of calculating EBITDA.

Interest Expense. Interest expense was $0.1 million during 2015, compared to $0.4 million during 2014. Interest expense includes cash payments of interest on borrowed money. The $0.3 million of lower interest expense during 2015 primarily reflected a reduced level of outstanding debt. During 2015, the average debt outstanding was $2.7 million, compared to an average of $12.2 million in 2014. At December 31, 2015, the Company had no outstanding debt.

Other Income and Expense. During 2015, the Company recognized $5.5 million of net other income, compared to $2.2 million of net other expense in 2014. The $5.5 million of net other income recognized in 2015 was largely attributable to $11.1 million of net nonrecurring other income resulting from indemnification charges to former and current clients for their respective shares of direct end-user refunds and allocable expenses related to the class action litigation against two LECs, coupled with write-offs of certain balances owed by former clients, offset by $5.7 million of litigation-related accruals.

The $2.2 million of net other expense incurred in 2014 arose largely from a write-off of $2.4 million of uncollectible retrospective LEC charges owed to the Company primarily from former enhanced service customers, offset by $0.3 million of income arising from the settlement of former customers' accounts payable balances. Other income and expense arises from miscellaneous items typically of a nonrecurring nature. Accordingly, other income and expense items were not included as earnings or as a deduction to earnings for purposes of computing EBITDA.

Change in Cash. BSG's cash balance at December 31, 2015 was $7.4 million, compared to $9.0 million at December 31, 2014. The $1.6 million decrease in cash during 2015 is attributable to $6.3 million in principal payments on long-term debt and $1.5 million of capital expenditures, offset by a $5.0 million reduction in restricted cash and $1.2 million in cash provided by operating activities.

Change in Restricted Cash. In the ordinary course of business, LECs withhold funds from their payments to the Company in order to create a reserve securing potential future obligations of the Company to the LEC. Through December 31, 2014, pursuant to a 2012 agreement with one LEC, the LEC released a net of $14.3 million of cash reserves. The cash was transferred into a restricted Company bank account to be used for funding the Company's indemnification obligation under pending class action litigation against the LEC. During 2015, a net amount of $5.0 million was transferred from the restricted cash account to satisfy indemnification obligations, reducing restricted cash to $9.3 million.

Change in Third-Party Payables. Third-party payables at December 31, 2015, inclusive of long-term liabilities, were $9.6 million, compared to $19.8 million at December 31, 2014. The $10.2 million decrease in third-party payables during 2015 resulted largely from $5.7 million of adjustments related to class action liability expenses, a $4.6 million net reduction associated with ordinary course settlement activities and a $0.2 million decrease arising from net collections of purchased receivables.

When the Company purchases receivables from a customer, the Company typically advances approximately 50% of the gross receivable amount to the customer. The remaining 50% is classified as a third-party payable until the Company completes settlement activities related to the purchased receivable. During 2015, the Company decreased purchased receivables by $0.2 million, which resulted in a $0.1 million decrease in third-party payables.

Change in Accrued Liabilities. Accrued liabilities at December 31, 2015 were $24.2 million, compared to $26.3 million at December 31, 2014. The $2.1 million decrease in accrued liabilities resulted largely from $5.0 million of payments for indemnification liabilities to LECs under class action litigation (see "Change *in Restricted Cash*" above) and a $2.6 million reduction related to adjustments to indemnification reserves under class action litigation, offset by a $5.7 million increase in reserves for other accrued liabilities. It is anticipated that at least $9.3 million of accrued liabilities will be paid from restricted cash.

Capital Expenditures. During 2015, the Company invested $1.5 million in capital expenditures, primarily for capitalized software development costs. In 2014, capital expenditures totalled $0.9 million.

Cash Flows for the Year Ended December 31, 2015

Cash flow provided by operating activities. Net cash provided by operating activities was $1.2 million during 2015. Net cash provided was principally attributable to $8.7 million of net income, $2.6 million of depreciation and amortization, a $1.3 million reduction in trade accounts receivable, a $0.5 million reduction in income tax receivable and a $0.5 million increase in trade accounts payable, offset by a $10.2 million decrease in third-party payables and a $2.1 million reduction in accrued liabilities.

Cash flow used in investing activities. Net cash used in investing activities was $1.2 million, reflecting $1.5 million of capital expenditures, offset by $0.2 million of net receipts on purchased receivables and $0.1 million of translation adjustments to the carrying value of intangible assets.

Cash flow used in financing activities. Cash used in financing activities was $1.3 million, reflecting $6.3 million of principal payments on debt offset by a $5.0 million reduction of restricted cash.

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A copy of this statement is available on the Company's website (*www.bsgclearing.com*), and copies are available from BSG's Nominated Advisor at the address below:

Billing Services Group Limited

c/o finnCap Limited
60 New Broad Street
London EC2M 1JJ
United Kingdom

Forward Looking Statements

This report contains certain "forward-looking" statements and information relating to the plans, objectives, expectations and intentions of the Company that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "projects," "could," "should," "will" and words or phrases of similar meaning, are intended to identify forward-looking statements. Forward-looking statements reflect the Company's current views with respect to future events and financial performance. Such statements, including certain information set forth herein under "Financial Review" that is not historical fact or statement of current condition, reflect management's assessment of the current risks, uncertainties and assumptions related to certain factors including, without limitation, the competitive environment, general economic conditions, customer relations, relationships with local exchange carriers and other vendors, availability of credit, borrowing terms, interest rates, foreign exchange rates, litigation, governmental regulation and supervision, capital expenditures, product development, product acceptance, technological change and disruption, changes in industry practices, one-time events and other factors described herein. Based upon changing conditions or circumstances arising from any one or more of these risks or uncertainties, or should any underlying assumptions prove incorrect, actual results may vary materially from historical or anticipated results as described herein.

Readers are cautioned not to place undue reliance on forward-looking statements. The Company does not intend to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Billing Services Group Limited

Consolidated Balance Sheets

(In thousands, except shares)

		December 31	
	Notes	**2015**	**2014**
Assets			
Current assets:			
Cash and cash equivalents		**$ 7,427**	$ 9,037
Restricted cash	8	**9,317**	14,299
Accounts receivable		**5,720**	7,049
Purchased receivables		**2,277**	2,426
Income tax receivable		**534**	994
Prepaid expenses and other current assets		**245**	286
Deferred taxes – current	5	**2,803**	904
Total current assets		**28,323**	34,995
Property, equipment and software		**47,953**	46,536
Less accumulated depreciation		**43,340**	41,510
Net property, equipment and software	2	**4,613**	5,026
Deferred finance costs, net of accumulated amortization of $347 and $337 at December 31, 2015 and 2014, respectively		**-**	10
Intangible assets, net of accumulated amortization of $74,702 and $74,083 at December 31, 2015 and 2014, respectively	3	**7,400**	8,174
Goodwill	3	**25,278**	25,281
Other assets, net		**165**	165
Total assets		**$ 65,779**	$ 73,651

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Billing Services Group Limited

Consolidated Balance Sheets (continued)
(In thousands, except shares)

	Notes	December 31 2015	2014
Liabilities and shareholders' equity			
Current liabilities:			
Trade accounts payable		**$ 2,934**	$ 2,442
Third-party payables		**9,545**	19,450
Accrued liabilities	8	**24,193**	26,344
Current portion of long-term debt	4	**-**	6,281
Total current liabilities		**36,672**	54,517
Deferred taxes – noncurrent	5	**2,203**	461
Other liabilities		**84**	324
Total liabilities		**38,959**	55,302
Shareholders' equity:			
Common stock, $0.59446 par value; 350,000,000 shares authorized; 282,415,748 shares issued and outstanding at December 31, 2015 and 2014		**167,771**	167,771
Additional paid-in capital (deficit)		**(175,492)**	(175,576)
Retained earnings		**34,866**	26,190
Accumulated other comprehensive loss		**(325)**	(36)
Total shareholders' equity		**26,820**	18,349
Total liabilities and shareholders' equity		**$ 65,779**	$ 73,651

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Income and Comprehensive Income

(In thousands, except per share amounts)

	Notes	Years Ended December 31 2015	2014
Operating revenues		**$ 36,358**	$ 42,429
Cost of services		**17,824**	22,044
Gross profit		**18,534**	20,385
Selling, general and administrative expenses		**12,143**	11,555
Depreciation and amortization expense	2, 3	**2,572**	3,183
Impairment charge	1	**195**	-
Stock-based compensation expense	10	**84**	79
Operating income		**3,540**	5,568
Other income (expense):			
Interest expense	4	**(93)**	(424)
Interest income		**97**	117
All other income (expense), net		**5,457**	(2,399)
Total other income (expense), net		**5,461**	(2,706)
Income before income taxes		**9,001**	2,862
Income tax expense	5	**(325)**	(778)
Net income		**8,676**	2,084
Other comprehensive loss		**(289)**	(306)
Comprehensive income		**$ 8,387**	$ 1,778

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Billing Services Group Limited

Consolidated Statements of Income and Comprehensive Income (continued)
(In thousands, except per share amounts)

	Notes	Years Ended December 31 2015	2014
Net income per basic and diluted share:			
Basic net income per share	6	**$ 0.03**	$ 0.01
Diluted net income per share	6	**$ 0.03**	$ 0.01
Basic weighted-average shares outstanding		**282,416**	282,416
Diluted weighted-average shares outstanding		**288,622**	291,526

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Changes in Shareholders' Equity
(In thousands)

	Number of Shares	Common Stock	Additional Paid-In Capital (Deficit)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Shareholders' equity, December 31, 2013	282,416	$ 167,771	$ (175,655)	$ 24,106	$ 270	$ 16,492
Stock-based compensation expense	-	-	79	-	-	79
Net income	-	-	-	2,084	-	2,084
Translation adjustment	-	-	-	-	(306)	(306)
Shareholders' equity, December 31, 2014	282,416	167,771	(175,576)	26,190	(36)	18,349
Stock-based compensation expense	**-**	**-**	**84**	**-**	**-**	**84**
Net income	**-**	**-**	**-**	**8,676**	**-**	**8,676**
Translation adjustment	**-**	**-**	**-**	**-**	**(289)**	**(289)**
Shareholders' equity, December 31, 2015	**282,416**	**$ 167,771**	**$ (175,492)**	**$ 34,866**	**$ (325)**	**$ 26,820**

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31	
	2015	**2014**
Operating activities		
Net income	**$ 8,676**	$ 2,084
Adjustments to reconcile net income to		
net cash provided by (used in) operating activities:		
Depreciation	**1,913**	2,361
Amortization of intangibles and other assets	**649**	772
Amortization of deferred finance costs	**10**	50
Stock-based compensation expense	**84**	79
Disposal of assets, net	**-**	158
(Benefit) expense in provision for deferred taxes	**(157)**	530
Nonrecurring expense	**16,691**	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	**1,329**	851
Decrease (increase) in income taxes receivable, net	**460**	(1,709)
Decrease in prepaid expenses and other assets	**41**	127
Increase (decrease) in trade accounts payable	**492**	(2,381)
(Decrease) increase in third-party payables	**(26,836)**	1,207
Decrease in accrued liabilities	**(2,151)**	(134)
Decrease in other liabilities	**-**	(53)
Net cash provided by operating activities	**1,201**	3,942
Investing activities		
Purchases of property, equipment and software	**(1,500)**	(898)
Net receipts on purchased receivables	**149**	1,413
Intangible assets, net	**128**	(91)
Net cash (used in) provided by investing activities	**(1,223)**	424

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Billing Services Group Limited

Consolidated Statements of Cash Flows (continued)
(In thousands)

	Years Ended December 31	
	2015	**2014**
Financing activities		
Payments on long-term debt	**$ (6,281)**	$ (9,698)
Restricted cash	**4,982**	1,960
Net cash used in financing activities	**(1,299)**	(7,738)
Effect of exchange rate changes	**(289)**	(306)
Net decrease in cash and cash equivalents	**(1,610)**	(3,678)
Cash and cash equivalents at beginning of year	**9,037**	12,715
Cash and cash equivalents at end of year	**$ 7,427**	$ 9,037
Supplemental cash flow information		
Cash paid during the year for:		
Interest	**$ 93**	$ 422
Taxes	**$ 967**	$ 2,047

See accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization

Billing Services Group Limited (the "Company" or "BSG Limited") commenced operations effective with the completion of its admission to AiM (a market operated by the London Stock Exchange plc) on June 15, 2005. The Company was formed to succeed to the business of Billing Services Group, LLC and its subsidiaries. Through its operating entities, the Company provides clearing and financial settlement products, innovative Wi-Fi roaming solutions to mobile carriers and network operators and third-party verification services to the telecommunications, cable and utilities industries. The Company was incorporated and registered in Bermuda on May 13, 2005.

Principles of Consolidation

The Company's consolidated financial statements include the accounts of the Company and its subsidiaries, Billing Services Group North America, Inc. ("BSG North America") and BSG Wireless Limited ("BSG Wireless"), and their respective subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and highly liquid investments with original maturities of three months or less. The Company holds cash and cash equivalents at several major financial institutions in amounts that often exceed Federal Deposit Insurance Corporation insured limits for United States deposit accounts.

Restricted Cash

Restricted cash represents deposits made under the deposit account security and control agreement (the "Deposit Agreement") discussed in Note 8.

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Management believes all receivables to be collectible, and there is no need for an allowance as of December 31, 2015 and 2014.

Purchased Receivables

The Company offers advance funding arrangements to certain customers. Under the terms of the arrangements, the Company purchases the customer's accounts receivable for an amount equal to the face amount of the call record value submitted to the local exchange carriers ("LECs") by the Company, less various deductions, including financing fees, LEC charges, rejects and other similar charges. The Company advances 20% to 75% of the purchased receivable to the customer and charges financing fees at rates up to 8% per annum over prime (prime was 3.50% and 3.25% per annum at December 31, 2015 and 2014, respectively) until the funds are received from the LECs. The face amount of the call record value is recorded as purchased receivables in the consolidated balance sheets.

Financial Instruments

Due to their short maturity, the carrying amounts of accounts and purchased receivables, accounts payable and accrued liabilities approximated their fair values at December 31, 2015 and 2014. The fair value of the current portion of long-term debt approximated its face value and is based on the amounts at which the debt could be settled (either transferred or paid back) in a current transaction exclusive of transaction costs.

1. Organization and Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk and Significant Customers

At December 31, 2015, ten customers represented approximately 42% of accounts receivable, and nine customers represented 100% of outstanding purchased receivables. At December 31, 2014, ten customers represented approximately 44% of accounts receivable, and ten customers represented 100% of outstanding purchased receivables. Credit risk with respect to trade accounts receivable generated through billing services is limited as the Company collects its fees through receipt of cash directly from the LECs. For the year ended December 31, 2015, twenty customers represented approximately 65% of consolidated revenues. For the year ended December 31, 2014, twenty customers represented approximately 74% of consolidated revenues.

Property, Equipment and Software

Property, equipment and software are primarily composed of furniture and fixtures, telecommunication equipment, computer equipment and software and leasehold improvements, including capitalized interest, which are recorded at cost. The cost of additions and substantial improvements to property and equipment, including software being developed for internal use, is capitalized. The cost of maintenance and repairs of property and equipment is charged to operating expenses. Property, equipment and software are depreciated using the straight-line method over their estimated useful lives, which range from three to seven years. Leasehold improvements are depreciated over the shorter of the remaining lease term or the estimated useful life of the asset. Upon disposition, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in other income (expense) for that period.

Impairment of Long-Lived Assets

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition and other economic factors. The Company recognized an impairment loss of $0.2 million and $0 during the years ended December 31, 2015 and 2014, respectfully.

1. Organization and Summary of Significant Accounting Policies (continued)

Capitalized Software Costs

The Company capitalizes the cost of internal-use software that has a useful life in excess of one year. These costs consist of payments made to third parties and the salaries of employees working on such software development. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred.

The Company also develops software used in providing services. The related software development costs are capitalized once technological feasibility of the software has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed all planning and high-level design activities that are necessary to determine that the software can be developed to meet design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the software is available for use.

Capitalized software development costs for completed software development projects, including capitalized interest, are transferred to computer software, and are then depreciated using the straight-line method over their estimated useful lives, which generally range from four to seven years. When events or changes in circumstances indicate that the carrying amount of capitalized software may not be recoverable, the Company assesses the recoverability of such assets based on estimates of future undiscounted cash flows compared to net book value. If the future undiscounted cash flow estimates are less than net book value, net book value would then be reduced to estimated fair value, which generally approximates discounted cash flows. The Company also evaluates the amortization periods of capitalized software assets to determine whether events or circumstances warrant revised estimates of useful lives.

For the years ended December 31, 2015 and 2014, the Company capitalized \$1.2 million and \$0.9 million of software development costs, respectively. During 2015 and 2014, the Company transferred \$1.0 million and \$0.8 million, respectively, of software development costs to computer software. Depreciation expense on computer software was \$1.5 million and \$2.3 million for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, the Company had undepreciated software costs of \$3.4 million and \$4.4 million, respectively.

1. Organization and Summary of Significant Accounting Policies (continued)

Intangible Assets and Goodwill

The Company classifies intangible assets as definite-lived, indefinite-lived or goodwill. The Company accounts for its intangible assets and goodwill in accordance with the provisions of Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*.

Definite-lived intangible assets consist of customer and local exchange carrier contracts, both of which are amortized over the respective lives of the agreements. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. These assets are recorded at amortized cost.

The Company tests for possible impairment of definite-lived intangible assets whenever events or changes in circumstances, such as a reduction in operating cash flow or a material change in the manner for which the asset is intended to be used, indicate that the carrying amount of the asset may not be recoverable. If such indicators exist, the Company compares the undiscounted cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the undiscounted cash flow amount, an impairment charge is recorded in amortization expense in the consolidated statements of operations for amounts necessary to reduce the carrying value of the asset to fair value.

The Company's indefinite-lived intangible assets consist of trademarks, which were originally recorded at their acquisition date fair value. The Company's indefinite-lived intangible assets are not subject to amortization but are tested for impairment at least annually. The Company tests its indefinite-lived intangible assets for impairment annually on October 1, or more frequently when events or changes in circumstances indicate that impairment may have occurred.

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. Goodwill is not subject to amortization, but is tested for impairment at least annually. Impairment may exist when the carrying amount of the reporting unit exceeds its estimated fair value. Assessing the recoverability of goodwill requires the Company to make estimates and assumptions about sales, operating margins, growth rates and discount rates based on its budgets, business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors.

1. Organization and Summary of Significant Accounting Policies (continued)

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit exceeds its carrying value, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The loss recognized cannot exceed the carrying amount of goodwill. After a goodwill impairment loss is recognized, the adjusted carrying amount of goodwill becomes its new accounting basis. Subsequent reversal of a previously recognized goodwill impairment loss is prohibited.

Third-Party Payables

The Company provides clearing and financial settlement solutions to telecommunications and other service providers through billing agreements with LECs, which maintain the critical database of end-user names and addresses of the billed parties. The Company receives individual call records from telecommunications and other service providers and processes and sorts the records for transmittal to various LECs. Invoices to end-users are generated by the LECs, and the collected funds are remitted to the Company, which in turn remits these funds to its customers, net of fees, reserves, taxes and other charges.

Reserves represent cash withheld from customers to satisfy future obligations on behalf of the customers. These obligations consist of bad debt, customer service, indemnification obligations and other miscellaneous charges. The Company records trade accounts receivable and service revenue for fees charged to process the call records. When the Company collects funds from the LECs, the Company's trade receivables are reduced by the amount corresponding to the processing fees, which are retained by the Company. In certain instances, the Company also retains a reserve from its customers' settlement proceeds to cover the LECs' billing fees and other charges. The remaining funds due to customers are recorded as liabilities and reported in third-party payables in the consolidated balance sheets.

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company provides its services to telecommunications and other service providers through billing arrangements with network operators. Within its clearing and settlement business, the Company recognizes revenue from its services when its customers' records are processed and accepted by the Company. For its Wi-Fi roaming solutions and third-party verification businesses, the Company recognizes revenue when services are rendered.

Earnings Per Share

The Company computes earnings per share under the provisions of ASC 260, *Earnings Per Share*, whereby basic earnings per share are computed by dividing net income or loss attributable to common shareholders by the weighted-average number of shares of common stock outstanding during the applicable period. Diluted earnings per share are determined in the same manner as basic earnings per share except that the number of shares is increased to assume exercise of potentially dilutive stock options using the treasury stock method, unless the effect of such increase would be anti-dilutive.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses and gains and losses be included in net income. Although certain changes in assets and liabilities, such as translation gains and losses, are reported as a separate component of the equity section on the balance sheet, such items, along with net income, are components of comprehensive income.

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and noncurrent based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company and its subsidiaries are subject to federal income taxes in the United States and United Kingdom and various state income taxes.

Stock-Based Compensation

Under the fair value recognition provisions of ASC 718-10, *Compensation – Stock Compensation*, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense on a straight-line basis over the vesting period. Determining the fair value of stock-based awards at the grant date requires assumptions and judgments about expected volatility and forfeiture rates, among other factors.

Foreign Currency

Results of operations of the Company, as appropriate, are translated into U.S. dollars using the average exchange rates during the year. The assets and liabilities of those entities are translated into U.S. dollars using the exchange rates at the balance sheet date. The related translation adjustments are recorded in a separate component of shareholders' equity, "Accumulated other comprehensive loss." Foreign currency transaction gains and losses are included in the statement of operations.

1. Organization and Summary of Significant Accounting Policies (continued)

Advertising Costs

The Company records advertising expense as it is incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

New Accounting Standards and Disclosures

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The guidance in this ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Company is currently evaluating the impact of its pending adoption of the new standard on its consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies (continued)

Deferred Taxes

In November 2015, FASB issued ASU No. 2015-17, *Income Taxes: Balance Sheet Classification of Deferred Taxes*, which concludes that deferred tax liabilities and assets should be classified as noncurrent in a classified statement of financial position. Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. This ASU will be effective for fiscal years beginning after December 15, 2016. Early adoption is permitted.

Debt Issuance Costs

In April 2015, FASB issued ASU No. 2015-03, *Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs*. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015 and for interim periods within fiscal years beginning after December 15, 2016.

Revenue

In May 2014, FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2017. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company has not yet selected a transition method and is currently evaluating the effects the standard will have on the consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies (continued)

Subsequent Events

Subsequent events were evaluated through March 30, 2016, the date at which the consolidated financial statements were available to be issued.

2. Property, Equipment and Software

Property, equipment and software consisted of the following:

	December 31	
	2015	**2014**
	(In thousands)	
Furniture and fixtures	**$ 275**	$ 278
Telecommunication equipment	**1,839**	1,839
Computer equipment	**6,399**	6,123
Computer software	**36,689**	35,752
Software development, $196 of capitalized interest at December 31, 2015 and 2014	**579**	372
Leasehold improvements	**2,172**	2,172
	47,953	46,536
Less accumulated depreciation	**43,340**	41,510
Net property, equipment and software	**$ 4,613**	$ 5,026

Depreciation expense was $1.9 million and $2.4 million for the years ended December 31, 2015 and 2014, respectively.

3. Intangible Assets

Definite-lived intangible assets consist of customer and local exchange carrier contracts, which are amortized over their respective estimated lives. The weighted-average amortization period is approximately ten years.

Indefinite-lived intangible assets consist of trademarks. Trademarks are not subject to amortization but are tested for impairment at least annually.

3. Intangible Assets (continued)

The following table presents the gross carrying amount and accumulated amortization for each major category of intangible assets:

	2015		2014		
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**	**Amortization Period**
	(In thousands)				
Customer contracts	**$ 70,602**	**$ 69,372**	$ 70,689	$ 69,195	10 years
Local exchange carrier contracts	**6,640**	**5,330**	6,640	4,888	15 years
Trademarks	**4,860**	**-**	4,928	-	N/A
	$ 82,102	**$ 74,702**	$ 82,257	$ 74,083	

Total amortization expense from definite-lived intangibles was $0.6 million and $0.7 million for the years ended December 31, 2015 and 2014, respectively. The estimate of amortization expense for the five succeeding fiscal years for definite-lived intangibles is $0.6 million each for 2016 through 2018 and $0.2 million for 2019 and 2020.

4. Debt

Long-term debt is as follows:

	December 31	
	2015	**2014**
	(In thousands)	
Total debt outstanding	**$ -**	$ 6,281
Less current portion	**-**	6,281
	$ -	$ -

4. Debt (continued)

On June 30, 2011, the Company refinanced its debt and entered into a $48 million credit agreement (the "Term Loan Facility"). The Term Loan Facility was secured by all of BSG North America's assets and guarantees from most of the Company's subsidiaries.

Interest under the Term Loan Facility was charged, at the Company's option, at the U.S. prime rate plus a specified margin, or the London Interbank Offered Rate ("LIBOR") plus a specified margin, and if the LIBOR option is selected, a LIBOR floor of 0.75% per annum. The margin was determined based on the Company's leverage ratio, as defined in the credit agreement. At June 30, 2015, the interest rate on the Term Loan Facility was 3.25% per annum.

The Term Loan Facility required quarterly principal payments of $2.4 million through June 2015 and monthly payments of $0.5 million at each month end of July, August and September 2015. It also required mandatory prepayments relating to (i) 75% of BSG North America's excess cash flow, as defined; and (ii) certain other occurrences for which mandatory prepayment is a usual and customary consequence in credit agreements of this nature. Outstanding loans may be prepaid at any time without prepayment premium or penalty.

During 2015 and 2014, the Company did not generate any consolidated excess cash flow, as defined in the Term Loan Facility. Accordingly, no related additional principal payment was required. In 2014, the Company made a $0.1 million mandatory prepayment resulting from the sale of certain assets.

The Term Loan Facility was repaid in full on September 30, 2015.

5. Income Taxes

The components of the Company's income tax expense (benefit) are as follows:

	Years Ended December 31 2015	2014
	(In thousands)	
Current expense:		
Federal	**$ 305**	$ 127
State	**177**	121
	482	248
Deferred expense (benefit):		
Federal	**(166)**	521
State	**9**	9
	(157)	530
Total income tax expense	**$ 325**	$ 778

The income tax provision differs from amounts computed by applying the U.S. federal statutory tax rate to income before income taxes as follows:

	Years Ended December 31 2015	2014
	(In thousands)	
Estimated federal tax expense at 35%	**$ 3,149**	$ 1,002
Increases (reductions) from:		
State tax, net of federal deferred tax benefit	**124**	88
Provision to return adjustment	**32**	(152)
Nonrecurring other income	**(3,098)**	-
Tax credits and permanent differences	**(219)**	(648)
Foreign tax rate differential	**176**	302
Valuation allowance	**656**	-
Other	**(495)**	186
Income tax expense	**$ 325**	$ 778

5. Income Taxes (continued)

Deferred income taxes result from temporary differences between the bases of assets and liabilities for financial statement purposes and income tax purposes. The net deferred tax assets and liabilities reflected in the consolidated balance sheets include the following amounts:

	December 31	
	2015	**2014**
	(In thousands)	
Current deferred tax assets (liabilities):		
Reserve for bad debts	**$ 7**	$ 37
Accrued liabilities	**2,058**	211
State taxes	**329**	339
Stock-based compensation expense	**466**	434
Prepaid expense	**(57)**	(117)
Total current deferred tax asset, net	**2,803**	904
Noncurrent deferred tax assets (liabilities):		
Property, equipment and software	**1,162**	422
Intangible assets	**(2,277)**	498
Capitalized interest	**(1,379)**	(1,379)
Net operating loss carryforward	**1,931**	1,178
Valuation allowance on NOL	**(866)**	(210)
Cancellation of debt deferral	**(774)**	(970)
Total noncurrent deferred tax liability, net	**(2,203)**	(461)
Net deferred tax assets	**$ 600**	$ 443

At December 31, 2015, BSG North America had state net operating loss credit carryforwards of approximately $0.5 million, which will expire in 2026. At December 31, 2015, BSG Wireless had a net operating loss of $9.7 million, with a corresponding valuation allowance of $4.3 million that has no expiration.

5. Income Taxes (continued)

Realization of deferred tax assets is dependent upon, among other things, the ability to generate taxable income of the appropriate character in the future. Management is of the opinion that it is more likely than not that its deferred tax assets, less applicable valuation allowances, will be realized.

6. Earnings Per Share

Earnings per share are calculated based on the weighted-average number of shares of the Company's common stock outstanding during the period.

The following is a summary of the elements used in calculating basic and diluted income per share:

	December 31	
	2015	**2014**
	(In thousands, except per share amounts)	
Numerator:		
Net income	**$ 8,676**	$ 2,084
Denominator:		
Weighted-average shares – basic	**282,416**	282,416
Effect of diluted securities:		
Options	**6,206**	9,110
Weighted-average shares – diluted	**288,622**	291,526
Net income per common share:		
Basic and diluted	**$ 0.03**	$ 0.01

7. Commitments

The Company leases certain office space and equipment under various operating leases. Annual future minimum lease commitments as of December 31, 2015, are as follows (in thousands):

Year ending December 31:	
2016	$ 747
2017	749
2018	580
2019	93
2020	93

Rental expense under these operating leases approximated $0.5 million and $0.7 million for the years ended December 31, 2015 and 2014, respectively.

8. Contingencies

The Company is involved in various claims, legal actions and regulatory proceedings arising in the ordinary course of business. The Company believes it is unlikely that the final outcome of any of the claims, litigation or proceedings to which the Company is a party will have a material adverse effect on the Company's consolidated financial position or results of operations; however, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's consolidated financial position and results of operations for the fiscal period in which such resolution occurs.

In June 2012, the Company executed an agreement regarding reserves (the "Reserve Agreement"), as well as a deposit account security and control agreement (the "Deposit Agreement"), with one of the largest U.S. LECs. These agreements were prompted by this LEC's intention to settle a nationwide class action and the resulting indemnification obligations that would be owed by the Company to the LEC as a result of the settlement. The Reserve Agreement permits this LEC to deduct funds from amounts otherwise payable to the Company to cover obligations under the Billing and Collection Agreement between the Company and the LEC. The Deposit Agreement permits this LEC to deposit amounts in an account held in the name of both the LEC and Company; however, funds can only be released at the sole direction of the LEC. The amount of restricted cash, as indicated on the consolidated balance sheets, represents the net deposits made by the LEC in connection with the Deposit Agreement.

8. Contingencies (continued)

Included in accrued liabilities at December 31, 2015 and 2014 are approximately $17.6 million and $24.4 million, respectively, in reserves which are comprised of these deposits and other payables available to satisfy potential future obligations.

During 2015, the Company allocated approximately $25.5 million in class action settlement expenses to its customer base. These allocations included both direct end-user payments and shared expenses (*e.g.*, claims administration, counsel fees, *etc.*). These expenses had been previously paid by the local exchange carriers and withheld in the settlement process. This allocation resulted in certain customer accounts payable balances being reclassified to receivable balances and ultimately deemed uncollectible and written off for a non-cash expense of $16.7 million. In addition, the Company established accruals in December 2015 for certain legal settlements it considers more likely than not will conclude in 2016. The net sum of these actions represents the “All other income, net” amount shown in the accompanying Consolidated Statements of Income and Comprehensive Income in 2015.

9. Employee Benefit Plan

A Company subsidiary sponsors a 401(k) retirement plan (the “Retirement Plan”), which is offered to eligible employees. Generally, all U.S.-based employees are eligible for participation in the Retirement Plan. The Retirement Plan is a defined contribution plan, which provides that participants may make voluntary salary deferral contributions, on a pretax basis, in the form of voluntary payroll deductions, subject to annual Internal Revenue Service limitations. The Company matches a defined percentage of a participant’s contributions, subject to certain limits, and may make additional discretionary contributions. For each of the years ended December 31, 2015 and 2014, the Company’s matching contributions totaled $0.1 million. No discretionary contributions were made in either period.

10. Stock Option Plans

The Company adopted a stock option plan in 2005. On August 15, 2008, the Board of Directors adopted resolutions to amend and restate both the Billing Services Group Limited Stock Option Plan and the BSG Clearing Solutions North America, Inc. Stock Option Plan (the "BSG Limited Plan" and the "BSG North America Plan," respectively). In December 2012, the Company's shareholders approved a resolution to amend the BSG Limited Plan and the BSG North America Plan. This resolution enables the Company's directors, under the BSG Limited Plan and the BSG North America Plan, to grant options up to an aggregate amount of 15% of the number of common shares in issue at the time of the proposed grant. Prior to this resolution, the aggregate number of options granted was limited to 10% of the number of common shares in issue at the time of the proposed grant. In September 2015, the Board of Directors approved the cancellation and reissuance of 2,987,500 nonqualified stock options, held by 33 employees. The modification had no material effect on compensation expense recognized in 2015.

Options may be granted at the discretion of the remuneration committee to any director or employee and are generally granted with an exercise price equal to or greater than the market price of the Company's stock at the grant date. Directors may be granted options in the BSG Limited Plan and employees may be granted options in the BSG North America Plan. Options granted under the BSG North America Plan are exercisable into shares of the Company.

Outstanding options generally vest over a three-year period following the grant date. One-quarter of the total number of options typically vest on the grant date, and the remaining 75% of options vest in equal tranches on the first, second and third anniversary of the grant. Generally, an option is exercisable only if the holder is in the employment of the Company or one of its affiliates (or for a period of time following employment, subject to the discretion of the remuneration committee), or in the event of a change in control of the Company. Upon a change in control, generally, all options vest immediately. The options have a contractual life of ten years.

10. Stock Option Plans (continued)

The fair value of the options is computed using the Black-Scholes option pricing model. The following table sets forth the assumptions used in arriving at the fair value of the options granted during 2015 and 2014:

		Assumptions			
Grant Date	**Grant Date Fair Value**	**Risk-free Interest Rate**	**Dividend Yield**	**Expected Volatility**	**Expected Life (years)**
October 2014	1.6 pence	2.39%	0%	53.1%	5.75
April 2015	1.3 pence	1.91%	0%	41.4%	5.75
September 2015	1.2 pence	2.28%	0%	44.2%	5.75

Risk-free interest rates reflect the yield on the ten-year U.S. Treasury note. Expected dividend yield presumes no set dividend paid. Expected volatility is based on implied volatility from historical market data for the Company. The expected option lives are based on a mathematical average with respect to vesting and contractual terms.

10. Stock Option Plans (continued)

The following is a summary of option activity:

	Options Outstanding	Weighted-Average Exercise Price
Options outstanding at December 31, 2013	10,824,272	9.3 pence
Granted	947,500	
Forfeited	(191,250)	
Options outstanding at December 31, 2014	11,580,522	8.9 pence
Granted	6,696,250	
Cancelled	(2,987,500)	
Forfeited	(4,560,000)	
Options outstanding at December 31, 2015	**10,729,272**	**6.0 pence**
Options exercisable at December 31, 2015	**6,205,835**	**7.9 pence**
Options available for grant at December 31, 2015	**18,609,808**	

All of the options granted during 2015 and 2014 were granted under the BSG North America Plan.

As of December 31, 2015, there was less than $0.1 million of total unrecognized noncash compensation cost related to nonvested share-based compensation arrangements granted under the BSG North America Plan. That cost is expected to be recognized during 2016 through 2018.