For Immediate Release

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

Audited results for the year ended December 31, 2014

EARNINGS DRIVE FURTHER DEBT REDUCTION

TRADING IN LINE WITH EXPECTATIONS

(March 30, 2015) San Antonio, Texas and London, England -- BSG, a leading provider of clearing and financial settlement products, Wi-Fi data solutions and verification services, today announces its audited results for the year ended December 31, 2014.

Financial Highlights
(*All amounts in US$)*

	Year Ended December 31, 2014	2013
Revenue	$ 42.4 million	$ 53.9 million
EBITDA [1]	$ 8.8 million	$ 12.4 million
Net income (loss)	$ 2.1 million	$ (6.2) million
Net income (loss) per basic and diluted share	$ 0.01 per share	$ (0.02) per share
Debt at end of period	$ 6.3 million	$ 16.0 million

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

- Earned $0.01 per share (2013: Loss of $0.02 per share)
- Improved gross margin by 2.9 percentage points (48.0% in 2014 vs. 45.1% in 2013)
- Reduced overhead expenses by $0.3 million ($11.6 million in 2014 vs. $11.9 million in 2013)
- Repaid $9.7 million of debt, resulting in a year-end outstanding balance of $6.3 million (December 31, 2013 balance: $16.0 million)
- Ended 2014 with $26.3 million of restricted cash and other credits available to satisfy potential indemnification liabilities to two local exchange carrier ("LEC") defendants in consumer class action litigation (2013: $28.3 million)

Operational Highlights

- Deployed an industry leading hotspot finder and connection product suite for iOS, Android and Blackberry
- Expanded channel partnerships with key telecommunication providers, including Deutsche Telekom, to resell BSG Wireless services (BSG Wireless refers to our business unit which offers services to the wireless sector, including Wi-Fi data solutions)
- BSG Wireless was the winner of the 2014 WBA Chairman Award – Technology Partner Category – for its leadership in several industry standards working groups and its participation to enable Next Generation Hotspot (NGH) trials that help advance the evolution of seamless Wi-Fi connectivity around the world
- Signed 18 new third-party verification agreements, including 8 within the energy industry

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 revenue and EBITDA in 2015 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 revenue and EBITDA from services to the wireless sector
- For the year ending December 31, 2015, the Company expects revenue to be within a range of $37.0 million to $39.0 million and EBITDA to be within a range of $6.5 million to $7.0 million

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

> *"The 2014 results confirm BSG's strong cash flows, its participation in attractive wireless markets and its near debt-free status. Our thoughtful business plan, ably executed by management, is transitioning the company from a niche service provider for the U.S. landline sector to an international service provider for landline and wireless market applications."*

INQUIRIES:

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About BSG:

BSG has locations in San Antonio, Texas, USA and London, 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

On 2014 revenues of $42.4 million, the Company generated $8.8 million of EBITDA and net income of $0.01 per share. While both revenues and EBITDA have declined compared with the prior year's results, they were in line with management's expectations. 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.

Many good things occurred in 2014. I am pleased to report that we achieved several strategic milestones in 2014 as we transition from a niche service provider for the U.S. landline sector to an international service provider for landline and wireless applications. Most importantly, we accomplished the following:

- Reduced bank debt in line with our plan to become debt free in 2015
- Improved our position in wireless markets by investing in enhancements to the functionality and security of our service offerings
- Effectively managed our indemnification liabilities in connection with previously disclosed class action litigation against two LECs, keeping the Company's foreseeable liabilities within prior expectations and existing financial resources

Taken as a whole, these accomplishments give us a strengthened foundation to grow the business through product line expansion and other means. Our paramount objective remains to increase shareholder value.

Debt Reduction

We retired $9.7 million of debt, ending the year with $6.3 million of debt outstanding. We are confident that the bank debt will be fully retired in 2015. We can then explore the possibility of new debt, if necessary, to maximize our capital structure or for other uses consistent with our business plan.

Investment in Wireless Market Services

Our goal has been to diversify revenue sources to lessen the longstanding dependency on the U.S. landline market. Two years ago, we acquired a company which offers Wi-Fi solutions for providers and users of mobile data services, initially within the European market. Our geographic reach has expanded, and we have invested further in the acquired company to improve and expand its portfolio of service offerings.

Revenue from services to wireless markets has grown impressively, though the gains have been insufficient to offset fully the revenue decline in the landline sector. We will continue to pursue product line extensions and other growth opportunities, particularly in the wireless sector, which will complement our existing service offerings and provide opportunities to leverage our skills and technology platform.

Class Action Litigation

We expect the class action litigation to be fully concluded during 2015. We have worked closely with the LECs who are the primary defendants. BSG's indemnification obligations have been aggressively managed and controlled, giving us confidence that existing reserves and financial resources are sufficient to satisfy all foreseeable obligations.

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 revenue and EBITDA in 2015 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 revenue and EBITDA from services provided to the wireless sector. We expect revenue to be within a range of $37.0 million to $39.0 million and EBITDA to be within a range of $6.5 million to $7.0 million.

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

Looking Ahead

We are rapidly approaching a debt-free balance sheet. That development is allowing us to shift from largely playing defense to largely playing offense. We can now more easily capitalize on opportunities to provide wireless services to an increasingly connected world.

Management and the Board of Directors will continue to focus much of their attention on capital structure and the allocation of cash resources to internal investments, growth opportunities and other competing uses aimed at enhancing shareholder value. In strategic discussions of that nature, we benefit immensely from the wealth of experience of our highly engaged Board members.

Once again, our employees have risen to the challenge. As a result of an imbedded culture seeking continuous improvements in efficiency, working together, they were able to leverage cross-border resources to increase our wireless revenue while simultaneously reducing overhead costs for the fourth consecutive year.

Sincerely,

Norman M. Phipps
Chief Executive Officer

FINANCIAL REVIEW

Financial Review of the Year Ended December 31, 2014

The Company's audited results for the year ended December 31, 2014 are compared against the year ended December 31, 2013 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 primarily 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. EBITDA also excludes non-cash charges and nonrecurring items.

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, 2014 to the Year Ended December 31, 2013

Total Revenues. Total revenues of $42.4 million in 2014 were $11.5 million, or 21%, lower than the $53.9 million of revenues recorded during 2013. The $11.5 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 2014 was $22.0 million, compared to $29.6 million in 2013. The $7.6 million, or 26%, 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 $20.4 million of gross profit in 2014, compared to $24.3 million in 2013. The gross margin of 48.0% in 2014 is 2.9 percentage points higher than the 45.1% margin achieved in 2013. The improved gross margin in 2014 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 $11.6 million in 2014, compared to $11.9 million in 2013. The $0.3 million, or 3%, decrease largely reflects a net reduction in compensation expense for U.S.-based employees due to headcount reductions.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The Company generated $8.8 million of EBITDA during 2014, compared to $12.4 million during 2013. A reconciliation of net income (loss) and EBITDA in each period is as follows:

	Year Ended December 31,	
$ millions	**2014**	**2013**
Net income (loss)	$ 2.1	$ (6.2)
Depreciation expense	2.4	5.0
Amortization of intangibles	0.8	6.8
Impairment charge – goodwill	-	8.8
Stock-based compensation expense	0.1	0.1
Interest expense	0.4	0.9
Income tax expense (benefit)	0.8	(3.4)
All other expense, net	2.2	0.4
EBITDA	**$ 8.8**	**$ 12.4**

Depreciation and Amortization Expense. Depreciation and amortization expense totalled $3.2 million in 2014, compared to $11.8 million in 2013. The $8.6 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 during 2013.

Impairment Charge - Goodwill. During 2013, the Company recorded an $8.8 million non-cash impairment charge against goodwill. The charge related to goodwill which arose in 2003 in connection with the purchase of one of the Company's clearing and settlement businesses for wireline service providers. In 2003, the aggregate goodwill which arose from the transaction was allocated to each of the Company's operating entities. In 2013, the Company consolidated its business activity into fewer operating units, and accordingly recognized an impairment charge on the portion of goodwill which had been allocated to two entities involved in enhanced services billing for which cash flows generally ceased during 2013.

The impairment charge, all of which was non-cash, was not included as a deduction to earnings for purposes of calculating EBITDA.

Stock–based Compensation Expense. The Company recognized $0.1 million of non-cash compensation expense during each of 2014 and 2013. 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 $0.4 million during 2014, compared to $0.9 million during 2013. Interest expense includes cash payments of interest on borrowed money. The $0.5 million of lower interest expense during 2014 primarily reflected a reduced level of outstanding debt. During 2014, the average debt outstanding was $12.2 million, compared to an average of $22.7 million in 2013.

Other Income and Expense. During 2014, the Company incurred $2.4 million of other net expense, compared to $0.4 million of other net expense in 2013. The $2.4 million of expense 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 non-recurring 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, 2014 was $9.0 million, compared to $12.7 million at December 31, 2013. The $3.7 million decrease in cash during 2014 is largely attributable to $9.7 million in principal payments on long-term debt and $0.9 million of capital expenditures, offset by $3.9 million in cash provided by operating activities, a $2.0 million reduction in restricted cash and a $1.4 million decrease in receivables purchased from customers.

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, 2013, pursuant to a 2012 agreement with one LEC, the LEC released a net of $16.3 million of cash reserves. The cash was transferred into a restricted Company bank account to be used solely for funding the Company's indemnification obligation under pending class action litigation against the LEC. During 2014, a net amount of $2.0 million was transferred from the restricted cash account to satisfy indemnification obligations, reducing restricted cash to $14.3 million. The $14.3 million of restricted cash at December 31, 2014, combined with $12.0 million of cumulative indemnification credits which arose during 2012 under this agreement and a separate agreement with another LEC, resulted in a total of $26.3 million of liquid resources available at December 31, 2014 to satisfy the Company's indemnification obligations associated with class action litigation.

Change in Third-Party Payables. Third-party payables at December 31, 2014, inclusive of long-term liabilities, were $19.8 million, compared to $18.6 million at December 31, 2013. The $1.2 million increase in third-party payables during 2014 resulted from a $2.4 million write-off of uncollectible retrospective LEC charges owed to the Company primarily from former enhanced service customers, offset by a $0.7 million decrease arising from net collections of purchased receivables and a $0.5 million net reduction associated with ordinary course settlement activities.

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 2014, the Company decreased purchased receivables by $1.4 million, which resulted in a $0.7 million decrease in third-party payables.

Change in Accrued Liabilities. Accrued liabilities at December 31, 2014 were $26.3 million, compared to $26.5 million at December 31, 2013. The $0.2 million decrease in accrued liabilities resulted from a $0.3 million reduction in accrued legal fees related to pending class action litigation and an additional $0.3 million reduction from ordinary course activity, offset by a $0.4 million increase in deferred revenue.

Capital Expenditures. During 2014, the Company invested $0.9 million in capital expenditures, primarily for capitalized software development costs. In 2013, capital expenditures totaled $1.1 million.

Cash Flows for the Year Ended December 31, 2014

Cash flow from operating activities. Net cash provided by operating activities was $3.9 million during 2014. Net cash provided was principally attributable to $2.1 million of net income, $3.2 million of depreciation and amortization, a $1.2 million increase in third-party payables, a $0.9 million decrease in trade accounts receivable and a $0.5 million provision for deferred taxes, offset by a $2.4 million decrease in trade accounts payable and a $1.7 million net increase in income taxes receivable.

Cash flow from investing activities. Net cash provided by investing activities was $0.4 million, largely reflecting a $1.4 million net collection of purchased receivables offset by $0.9 million of capital expenditures.

Cash flow from financing activities. Cash used in financing activities was $7.7 million, reflecting $9.7 million of principal payments on debt offset by a $2.0 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)

	Notes	December 31 2014	December 31 2013
Assets			
Current assets:			
Cash and cash equivalents		**$ 9,037**	$ 12,715
Restricted cash	8	**14,299**	16,259
Accounts receivable		**7,049**	7,900
Purchased receivables		**2,426**	3,839
Income tax receivable		**994**	-
Prepaid expenses and other current assets		**286**	413
Deferred taxes – current	5	**904**	1,647
Total current assets		**34,995**	42,773
Property, equipment and software		**46,536**	45,688
Less accumulated depreciation		**41,510**	39,041
Net property, equipment and software	2	**5,026**	6,647
Deferred finance costs, net of accumulated amortization of $337 and $287 at December 31, 2014 and 2013, respectively		**10**	60
Intangible assets, net of accumulated amortization of $74,083 and $73,379 at December 31, 2014 and 2013, respectively	3	**8,174**	8,812
Goodwill	3	**25,281**	25,284
Other assets, net		**165**	205
Total assets		**$ 73,651**	$ 83,781

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Billing Services Group Limited

Consolidated Balance Sheets (continued)

(In thousands, except shares)

	Notes	December 31 2014	December 31 2013
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade accounts payable		**$ 2,442**	$ 4,823
Third-party payables		**19,450**	17,838
Accrued liabilities	8	**26,344**	26,531
Income tax payable		**-**	715
Current portion of long-term debt	4	**6,281**	9,600
Total current liabilities		**54,517**	59,507
Long-term debt, net of current portion	4	**-**	6,379
Deferred taxes – noncurrent	5	**461**	674
Other liabilities		**324**	729
Total liabilities		**55,302**	67,289
Shareholders' equity:			
Common stock, $0.59446 par value; 350,000,000 shares authorized; 282,415,748 shares issued and outstanding at December 31, 2014 and 2013		**167,771**	167,771
Additional paid-in capital (deficit)		**(175,576)**	(175,655)
Retained earnings		**26,190**	24,106
Accumulated other comprehensive (loss) income		**(36)**	270
Total shareholders' equity		**18,349**	16,492
Total liabilities and shareholders' equity		**$ 73,651**	$ 83,781

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Operations

(In thousands, except per share amounts)

	Notes	Years Ended December 31 2014	2013
Operating revenues		**$ 42,429**	$ 53,898
Cost of services		**22,044**	29,591
Gross profit		**20,385**	24,307
Selling, general and administrative expenses		**11,555**	11,879
Depreciation and amortization expense	2, 3	**3,183**	11,880
Restructuring expense		**-**	19
Impairment charge	3	**-**	8,814
Stock-based compensation expense	10	**79**	115
Operating income (loss)		**5,568**	(8,400)
Other income (expense):			
Interest expense	4	**(424)**	(897)
Interest income		**117**	138
Other expense, net		**(2,399)**	(390)
Total other expense, net		**(2,706)**	(1,149)
Income (loss) before income taxes		**2,862**	(9,549)
Income tax (expense) benefit	5	**(778)**	3,372
Net income (loss)		**2,084**	(6,177)
Other comprehensive (loss) income		**(306)**	76
Comprehensive income (loss)		**$ 1,778**	$ (6,101)

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Billing Services Group Limited

Consolidated Statements of Operations (continued)
(In thousands, except per share amounts)

	Notes	Years Ended December 31			
		2014		**2013**	
Net income (loss) per basic and diluted share:					
Basic net income (loss) per share	6	**$**	**0.01**	$	(0.02)
Diluted net income (loss) per share	6	**$**	**0.01**	$	(0.02)
Basic weighted-average shares outstanding			**282,416**		282,416
Diluted weighted-average shares outstanding			**291,526**		282,416

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, 2012	282,416	$ 167,771	$ (175,770)	$ 30,283	$ 194	$ 22,478
Stock-based compensation expense	-	-	115	-	-	115
Net loss	-	-	-	(6,177)	-	(6,177)
Translation adjustment	-	-	-	-	76	76
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**

See accompanying notes.

Billing Services Group Limited

Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31	
	2014	**2013**
Operating activities		
Net income (loss)	**$ 2,084**	$ (6,177)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**2,361**	4,966
Amortization of intangibles and other assets	**772**	6,829
Amortization of deferred finance costs	**50**	85
Stock-based compensation expense	**79**	115
Disposal of assets, net	**158**	-
Expense (benefit) in provision for deferred taxes	**530**	(5,198)
Impairment charge	**-**	8,814
Changes in operating assets and liabilities:		
Decrease in accounts receivable	**851**	542
(Increase) decrease in income taxes receivable, net	**(1,709)**	7,108
Decrease in prepaid expenses and other assets	**127**	137
Decrease in trade accounts payable	**(2,381)**	(788)
Increase (decrease) in third-party payables	**1,207**	(2,633)
(Decrease) increase in accrued liabilities	**(134)**	332
Decrease in other liabilities	**(53)**	(628)
Net cash provided by operating activities	**3,942**	13,504
Investing activities		
Purchases of property, equipment and software	**(898)**	(1,148)
Net receipts (advances) on purchased receivables	**1,413**	(461)
Intangible assets, net	**(91)**	(46)
Net cash provided by (used in) investing activities	**424**	(1,655)

Continued on following page

Billing Services Group Limited

Consolidated Statements of Cash Flows (continued)

(In thousands)

	Years Ended December 31	
	2014	**2013**
Financing activities		
Payments on long-term debt	**$ (9,698)**	$ (15,908)
Restricted cash	**1,960**	(1,965)
Payments to sellers on purchase of subsidiary	**-**	(448)
Net cash used in financing activities	**(7,738)**	(18,321)
Effect of exchange rate changes	**(306)**	76
Net decrease in cash and cash equivalents	**(3,678)**	(6,396)
Cash and cash equivalents at beginning of year	**12,715**	19,111
Cash and cash equivalents at end of year	**$ 9,037**	$ 12,715
Supplemental cash flow information		
Cash paid during the year for:		
Interest	**$ 422**	$ 883
Taxes	**$ 2,047**	$ 1,650

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 Ltd. ("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. The Company has entered into control agreements with its lenders and certain financial institutions covering certain 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)

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 3.25% per annum at December 31, 2014 and 2013) 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, 2014 and 2013. 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.

Concentration of Credit Risk and Significant Customers

At December 31, 2014, ten customers represented approximately 44% of accounts receivable, and ten customers represented 100% of outstanding purchased receivables. At December 31, 2013, ten customers represented approximately 50% 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. The credit risk with respect to the purchase of accounts receivable is reduced as the Company only advances 20% to 75% of the gross accounts receivable purchased. Management evaluates accounts receivable balances on an ongoing basis and provides allowances as necessary for amounts estimated to eventually become uncollectible. In the event of complete nonperformance of accounts receivable, the maximum exposure to the Company is the recorded amount shown on the balance sheet. For each of the years ended December 31, 2014 and December 31, 2013, twenty customers represented approximately 74% of consolidated revenues.

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

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.

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.

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

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, 2014 and 2013, the Company capitalized $0.9 million and $1.6 million of software development costs, respectively. During 2014 and 2013, the Company transferred $0.8 million and $0.7 million, respectively, of software development costs to computer software. Depreciation expense on computer software was $2.3 million and $4.6 million for the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, the Company had undepreciated software costs of $4.4 million and $6.0 million, respectively.

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.

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

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.

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 income." Foreign currency transaction gains and losses are included in 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

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 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. The updated standard will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018.

Subsequent Events

Subsequent events were evaluated through March 27, 2015, 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	
	2014	**2013**
	(In thousands)	
Furniture and fixtures	**$ 278**	$ 278
Telecommunication equipment	**1,839**	1,839
Computer equipment	**6,123**	5,983
Computer software	**35,752**	35,050
Software development, $196 of capitalized interest at December 31, 2014 and 2013	**372**	366
Leasehold improvements	**2,172**	2,172
	46,536	45,688
Less accumulated depreciation	**41,510**	39,041
Net property, equipment and software	**$ 5,026**	$ 6,647

Depreciation expense was $2.4 million and $5.0 million for the years ended December 31, 2014 and 2013, respectively.

3. Intangible Assets and Goodwill

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 and Goodwill (continued)

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

	2014		2013		
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**	**Amortization Period**
	(In thousands)				
Customer contracts	**$ 70,689**	**$ 69,195**	$ 70,543	$ 68,934	10 years
Local exchange carrier contracts	**6,640**	**4,888**	6,640	4,445	15 years
Trademarks	**4,928**	**-**	5,008	-	N/A
	$ 82,257	**$ 74,083**	$ 82,191	$ 73,379	

Total amortization expense from definite-lived intangibles was $0.7 million and $6.8 million for the years ended December 31, 2014 and 2013, respectively. The estimate of amortization expense for the five succeeding fiscal years for definite-lived intangibles is $0.6 million each for 2015 through 2018 and $0.2 million for 2019.

During 2013, the Company made an adjustment to reduce goodwill by $8.8 million related to the 2003 purchase of one of the Company's clearing and settlement businesses for wireline service providers. In 2003, the aggregate goodwill which arose from the transaction was allocated to each of the Company's operating entities. During 2013, the Company consolidated its business activity into fewer operating units, and accordingly recognized an impairment charge on the portion of goodwill which had been allocated to two entities involved in enhanced services billing for which cash flows generally ceased during 2013. These two entities were substantially liquidated as of December 31, 2013.

3. Intangible Assets and Goodwill (continued)

The following table presents the change in carrying amount of goodwill for the years ended December 31, 2014 and 2013:

		Total
		(In thousands)
Balance as of December 31, 2012	$	34,100
Adjustments – 2013		(8,816)
Balance as of December 31, 2013		25,284
Adjustments – 2014		**(3)**
Balance as of December 31, 2014	**$**	**25,281**

4. Debt

Long-term debt is as follows:

	December 31			
		2014		**2013**
	(In thousands)			
Total debt outstanding	**$**	**6,281**	$	15,979
Less current portion		**6,281**		9,600
	$	**-**	$	6,379

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 is secured by all of BSG North America's assets and guarantees from most of the Company's subsidiaries.

In August 2012, the Company borrowed $3.5 million to facilitate its purchase of Connection Services Holdings Limited (the "CSL Loan"), and in December 2012, the Company borrowed $2.8 million in connection with a dividend payment (the "Dividend Loan"). Both the CSL Loan and the Dividend Loan were repaid in February 2013.

4. Debt (continued)

Interest under the Term Loan Facility is 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 is determined based on the Company's leverage ratio, as defined in the credit agreement. At December 31, 2014, the interest rate on the Term Loan Facility was 3.25% per annum.

The Term Loan Facility requires quarterly principal payments of $2.4 million through March 2015 and a payment of any remaining outstanding balance at its maturity in June 2015. It also requires 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.

The CSL Loan and the Dividend Loan each had a maturity date of March 31, 2013. As noted above, these loans were repaid in February 2013.

During 2014 and 2013, 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 includes covenants requiring the Company to maintain certain minimum levels of debt service coverage and maximum levels of leverage and capital expenditures. The agreement also includes various representations, restrictions and other terms and conditions that are usual and customary in credit agreements of this nature.

5. Income Taxes

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

	Years Ended December 31 2014	2013
	(In thousands)	
Current expense (benefit):		
Federal	**$ 127**	$ 1,675
State	**121**	151
	248	1,826
Deferred expense (benefit):		
Federal	**521**	(5,207)
State	**9**	9
	530	(5,198)
Total income tax expense (benefit)	**$ 778**	$ (3,372)

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 2014	2013
	(In thousands)	
Estimated federal tax expense (benefit) at 35%	**$ 1,002**	$ (3,342)
Increases (reductions) from:		
State tax, net of federal deferred tax benefit	**88**	107
Tax credits and permanent differences	**(648)**	(109)
Foreign tax rate differential	**302**	437
Unrecognized tax benefits	**-**	(627)
Provision to return adjustment	**(152)**	(11)
Other	**186**	173
Income tax expense (benefit)	**$ 778**	$ (3,372)

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	
	2014	**2013**
	(In thousands)	
Current deferred tax assets (liabilities):		
Reserve for bad debts	**$ 37**	$ 54
Accrued liabilities	**211**	272
State taxes	**339**	348
Stock-based compensation expense	**434**	407
Prepaid expense	**(117)**	(114)
Net operating loss carryforward	**-**	680
Total deferred tax assets	**904**	1,647
Noncurrent deferred tax assets (liabilities):		
Property, equipment and software	**422**	354
Intangible assets	**498**	1,334
Capitalized interest	**(1,379)**	(1,379)
Net operating loss carryforward	**1,178**	-
Valuation allowance on NOL	**(210)**	-
Cancellation of debt deferral	**(970)**	(983)
Total deferred tax liabilities	**(461)**	(674)
Net deferred tax assets	**$ 443**	$ 973

At December 31, 2014, BSG North America had state net operating loss credit carryforwards of approximately $0.5 million, which will expire in 2026. At December 31, 2014, BSG Wireless had a net operating loss of $5.8 million, with a corresponding valuation allowance of $1.1 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.

At December 31, 2012, the Company had a reserve for uncertain tax positions of $0.5 million. This reserve was eliminated during 2013 due to the expiration of the statute for the tax year ended December 31, 2009. As a result, the Company does not currently have any reserves for uncertain tax positions in the provision for income taxes in the consolidated statements of operations.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits follows:

		Total
		(In thousands)
Balance as of December 31, 2012	$	545
Changes based on tax positions related to the current year		(545)
Balance as of December 31, 2013		-
Changes based on tax positions related to the current year		-
Balance as of December 31, 2014	**$**	-

BSG North America has completed an Internal Revenue Service examination for the tax years 2010, 2011 and 2012 and the statute is now closed with regard to these years. The Company is no longer subject to examination by most state tax authorities for years before 2010.

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 (loss) per share:

	December 31	
	2014	**2013**
	(In thousands, except per share amounts)	
Numerator:		
Net income (loss)	**$ 2,084**	$ (6,177)
Denominator:		
Weighted-average shares – basic	**282,416**	282,416
Effect of diluted securities:		
Options	**9,110**	-
Weighted-average shares – diluted	**291,526**	282,416
Net income (loss) per common share:		
Basic and diluted	**$ 0.01**	$ (0.02)

7. Commitments

The Company leases certain office space and equipment under various operating leases. Annual future minimum lease commitments as of December 31, 2014, are as follows (in thousands):

Year ending December 31:	
2015	$ 622
2016	656
2017	622
2018	472

Rental expense under these operating leases approximated $0.7 million for each of the years ended December 31, 2014 and 2013.

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. Included in accrued liabilities at December 31, 2014 and 2013 are approximately $24.4 million and $23.2 million, respectively, in reserves which are comprised of these deposits and other payables available to satisfy potential future obligations.

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. During each of the years ended December 31, 2014 and 2013, 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.

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.

10. Stock Option Plans (continued)

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.

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 2014 and 2013:

		Assumptions			
Grant Date	**Grant Date Fair Value**	**Risk-free Interest Rate**	**Dividend Yield**	**Expected Volatility**	**Expected Life (years)**
October 2013	1.6 pence	1.93%	0%	85.3%	5.75
October 2014	1.6 pence	2.39%	0%	53.1%	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, 2012	11,251,772	9.3 pence
Granted	20,000	
Exercised	-	
Forfeited	(447,500)	
Options outstanding at December 31, 2013	10,824,272	9.3 pence
Granted	947,500	
Exercised	-	
Forfeited	(191,250)	
Options outstanding at December 31, 2014	**11,580,522**	**8.9 pence**
Options exercisable at December 31, 2014	**9,109,897**	**9.2 pence**
Options available for grant at December 31, 2014	**17,758,558**	

All of the options granted during 2014 and 2013 were granted under the BSG North America Plan.

As of December 31, 2014, there was $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 2015 through 2017.

11. Subsequent Event

In February 2015, a LEC made payments totaling approximately $3.7 million to consumers in connection with its settlement of class action litigation, as discussed in Note 8. This amount related to the Company's service providers and will be deducted from each respective service provider's account balance in 2015. The Company's third-party accounts payable balance will be adjusted accordingly.