

Bite Communications Limited

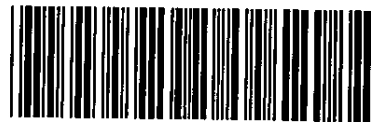
Report and Financial Statements

Year Ended

31 July 2011

Company Number 03023521

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Bite Communications Limited

Report and financial statements for the year ended 31 July 2011

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Directors

C Armitage
H Macphail
R Gilley
D Dewhurst
K Pooley
TJR Berry
J Rowntree

Registered office

The Character Building, Beavor Lane, London, W6 9BL

Company number

03023521

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Bite Communications Limited

Report of the directors for the year ended 31 July 2011

The directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 July 2011

Results and dividends

The state of the Company's affairs at the balance sheet date was in line with management's expectation. The directors report a profit after tax of £689,505 (2010: £322,149) for the year.

Final dividends of £Nil equivalent to £Nil per share (2010: £700,000) were paid.

Principal activity, review of business and future prospects

The principal activity of the Company during the year was the provision of international public and press relations services, dealing principally with clients in the high-technology sector. The Company has a branch operating in Sweden.

Despite difficult economic conditions the Company had a good year. Operating profit (before amortisation costs) was £704,070, a margin of 12.2% which the directors consider satisfactory.

The Directors forecast growth in the next financial year and are optimistic about the Company's potential. The Directors will continue to manage the cost base in line with fee levels to help ensure acceptable returns and maintain a strong balance sheet.

Principal risks and uncertainties

The on-going risks that the company faces are the possible loss of senior staff and the possible loss of clients in excess of new business.

The key metric that the directors monitor carefully is the staff cost to fee income ratio and this is managed sensibly using flexible freelance resources where possible to allow this key element of the cost base to reflect fluctuations in fees. Other overheads will continue to be closely managed.

The group places considerable importance on the motivation and retention of its people and regularly reviews its HR policies to this end.

The group monitors its cash position daily and its cash flow projections on a monthly basis as part of its control procedures, taking action as appropriate.

Bite Communications Limited

Report of the directors for the year ended 31 July 2011 (continued)

Key performance indicators

The principal financial indicators which the group uses to monitor performance throughout the year are fee income (turnover less other external charges) and the net profit margin (net profit being profit before tax) It also monitors the total staff costs as a percentage of fee income

The principal non-financial indicators are the level of new business won from both existing clients and new clients, and the level of staff turnover

The key performance indicators for the year were as follows

	2011	2010
	£	£
Fee income	5,777,875	5,170,498
Operating Profit (before amortisation)	704,070	471,011
Net profit margin (%)	12%	9%
Staff costs to fee income (%)	65%	64%

Directors

The directors who served during the year and up to the date of signing are shown below

C Armitage
H Macphail
R Gilley
D Dewhurst
K Pooley
TJR Berry
G Currie (resigned 28 January 2011)
PN Mackender (resigned 1 September 2011)
J Rowntree (appointed 19 May 2011)

Charitable donations

During the year the Company made charitable donations of £785 (2010 £1,000)

Bite Communications Limited

Report of the directors for the year ended 31 July 2011 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



D Dewhurst
Director

30 April 2012

Bite Communications Limited

Independent auditors' report

TO THE MEMBERS OF BITE COMMUNICATIONS LIMITED

We have audited the financial statements of Bite Communications Limited for the year ended 31 July 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

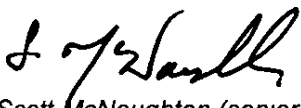
Bite Communications Limited

Independent auditors' report (*continued*)

Matters on which we are required to report by exception

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

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



*Scott McNaughton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

30 April 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Bite Communications Limited

Profit and loss account for the year ended 31 July 2011

	Note	2011 £	2010 £
Turnover	2	6,688,759	6,034,892
External charges		<u>(910,884)</u>	<u>(864,394)</u>
Turnover less external charges		5,777,875	5,170,498
Administrative expenses		<u>(5,286,294)</u>	<u>(4,939,720)</u>
Operating profit	3	491,581	230,778
Interest receivable	5	4,337	4,607
Interest payable and similar charges	6	<u>(41)</u>	<u>(100)</u>
Profit on ordinary activities before taxation		495,877	235,285
Tax credit on profit on ordinary activities	7	<u>193,628</u>	<u>86,864</u>
Profit on ordinary activities after taxation	16, 17	<u>689,505</u>	<u>322,149</u>

All amounts relate to continuing activities

The accompanying notes on pages 9 to 20 form an integral part of these financial statements

Bite Communications Limited

Statement of total recognised gains and losses for the year ended 31 July 2011

	2011	2010
	£	£
Profit for the financial year	689,505	322,149
Translation differences on foreign currency net investments	(22,235)	(4,960)
Total recognised gains for the financial year	667,270	317,189

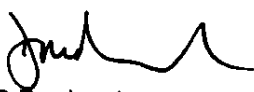
The accompanying notes on pages 9 to 20 form an integral part of these financial statements

Bite Communications Limited

Balance sheet at 31 July 2011

Company number 03023521	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	9		501,043		704,231
Tangible assets	10		85,711		141,871
Investments	11		451,189		451,189
			1,037,943		1,297,291
Current assets					
Debtors	12	6,263,368		3,917,492	
Cash at bank and in hand		772,593		1,248,788	
		7,035,961		5,166,280	
Creditors: amounts falling due within one year	13	(7,311,735)		(6,374,201)	
Net current liabilities			(275,774)		(1,207,921)
Total assets less current liabilities			762,169		89,370
Provisions for liabilities	14		(69,495)		(63,966)
			692,674		25,404
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		642,674		(24,596)
Shareholders' funds	17		692,674		25,404

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2012


D Dewhurst
Director

The accompanying notes on pages 9 to 20 form an integral part of these financial statements

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2011

1 Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The following principal accounting policies have been applied:

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

The results of the Company are consolidated within the financial statements of Next Fifteen Communications Group Plc, a company registered in England at The Triangle, 5-17 Hammersmith Grove, London, W6 0LG.

The Company has taken advantage of s408 of the Companies Act 2006 and has not prepared Group Accounts. Consequently these financial statements contain information about the Company only and not its Group.

The company is outside the scope of FRS 1 (revised) "cash flow statements" as it is part of a group for which consolidated financial statements are publicly available.

Turnover

Turnover represents the invoiced value of services supplied excluding all sales taxes after adjusting for any change in the level of accrued income during the year.

Turnover is recognised on the following basis:

- Retainer and other non-retainer fees are recognised as the services are performed,
- Project fees are recognised on a percentage completion basis,
- Expenses are re-charged to clients at cost plus an agreed mark up when the services are performed,
- Amounts rebilled on behalf of other group companies are shown net in the accounts.

Accrued income

Accrued income is valued on the basis of the cost of services provided up to the balance sheet date and not yet invoiced. Profit is taken on all work completed by that date. Provision is made for the full amount of foreseeable losses.

Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Short leasehold property	-	Depreciated over minimum length of the lease
Office equipment	-	33% per annum straight line
Office furniture	-	20% per annum straight line
Motor vehicles	-	25% per annum straight line

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2011 (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

The results of overseas branches are translated at the average rates during the year and the balance sheets of those branches are translated at the year end exchange rates. Exchange differences arising on retranslation of opening net assets of foreign branches are taken to reserves. Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions are expressed in sterling at the rate of exchange ruling at the date of the transaction. Exchange gains and losses and translation differences are taken directly to the profit and loss account.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is recognised as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

Pension costs, which relate to payments to employees' own defined contribution pension plans, are charged to the profit and loss account as incurred.

Leasing transactions

Operating lease rentals are charged to the profit and loss account as incurred. Rent free periods are written off over the original term of the lease.

Investments

Fixed asset investments and investments in Group undertakings are stated at cost less provisions for impairment in value.

Share based employee remuneration

The share options are over shares issued by the ultimate parent company, Next Fifteen Communications Group Plc. The charges are recognised in the subsidiary to which the employee relates.

The Company has applied the requirements of FRS 20 - "Share based payments". In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 August 2010. Next Fifteen Communications Group Plc issues equity settled share based payments to certain employees. The share based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest.

Fair value is measured by use of a Black Scholes model on the grounds that there are no market related vesting conditions. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Details of the risk free rate and dividend yield used to underpin these assumptions are included in note 20. The market price on any given day is obtained from external publicly available sources.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2011 (*continued*)

1 Accounting policies (*continued*)

Goodwill

Purchased goodwill, which is the difference between the fair value of the consideration paid and the fair value of the net assets acquired, is capitalised in the year in which it arises and is amortised over its estimated useful life. Each acquisition is assessed separately with regard to the estimated useful life of the goodwill. Goodwill generated from the acquisition of a stand alone business is amortised over 20 years, whilst goodwill generated by acquisitions of businesses which are subsequently integrated into an existing brand, is amortised over 5 years. The directors regard 20 years as a maximum for the estimated useful life of goodwill since it is very difficult to make projections exceeding this period.

2 Turnover

The Company's entire turnover arises from the provision of public relations consultancy services within Europe.

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging/(crediting)		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	26,572	22,237
Fees payable to the auditors and its associates for other services		
Tax services	7,691	6,000
Share scheme charge (note 20)	94,315	121,234
Depreciation	98,493	115,863
Amortisation	212,489	240,233
Operating lease rentals - land and buildings	400,648	378,155
Operating lease income - land and buildings	(147,364)	(100,634)
Foreign exchange loss/(gain)	(12,016)	(9,963)

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (*continued*)

4 Staff costs

	2011 £	2010 £
Wages and salaries	3,251,356	2,859,442
Social security costs	408,906	346,833
Pension contributions	103,493	83,293
	<u>3,763,755</u>	<u>3,289,568</u>
The average monthly number of full time employees during the year was as follows	Number	Number
Directors	6	6
Direct public relations	47	45
Administration	8	8
	<u>61</u>	<u>59</u>
Total remuneration of all directors	£	£
Aggregate emoluments	798,708	605,869
Company contributions to defined contribution schemes	34,050	18,644
Gains made on the sale of performance shares	-	33,054
	<u>832,758</u>	<u>657,567</u>
Remuneration of highest paid director		
Aggregate emoluments	268,093	138,363
Company contributions to defined contribution scheme	13,575	3,427
Gains made on the sale of performance shares	-	16,388
	<u>281,668</u>	<u>158,178</u>
The number of directors to whom retirement benefits are accruing is	Number	Number
Defined contribution schemes	5	4

H Macphail is also a director of a number of other group companies. He received emoluments during the year, but it is not practicable to allocate this between his services as a director of the company and as a director of other group companies.

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (*continued*)

5	Interest receivable	2011	2010
		£	£
	Intercompany interest received	4,246	4,222
	Bank interest received	91	385
		4,337	4,607
6	Interest payable and similar charges	2011	2010
		£	£
	Other interest	41	100
7	Tax on profit on ordinary activities	2011	2010
		£	£
a)	Analysis of credit in the year		
	<i>Current tax</i>		
	Group relief payable	-	161,304
	Prior year overprovision	(192,133)	(247,559)
	Current tax credit for the year	(192,133)	(86,255)
	<i>Deferred tax</i>		
	Deferred taxation	(1,495)	(609)
	Tax credit	(193,628)	(86,864)
b)	Factors affecting current tax credit		
	Profit on ordinary activities before taxation	495,877	235,285
	Tax on profit on ordinary activities at the standard rate of tax in the UK of 27.33% (2010 - 28%)	135,523	65,880
	Effects of		
	Disallowed expenses	89,753	89,904
	Depreciation in excess of capital allowances	(2,727)	5,520
	Prior period adjustment	(192,133)	(247,559)
	Group relief claimed for no consideration	(222,549)	-
	Current tax credit for the year (note 7a)	(192,133)	(86,255)

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (continued)

7 Tax on profit on ordinary activities (continued)

Deferred tax asset (note 12)

	2011 £	2010 £
Accelerated capital allowances	85,563	84,245

Analysis of movement in deferred tax

	2010 £	Movement in profit and loss account £	Foreign Exchange £	2011 £
Deferred tax asset	84,245	1,495	(177)	85,563

8 Dividends

	2011 £	2010 £
Final dividend of £Nil per ordinary share (2010 £0 70)	-	700,000

9 Intangible assets

	Credo £	Inferno £	AIMPR £	Total £
<i>Cost</i>				
At 1 August 2010	262,592	752,059	191,530	1,206,181
Additions during the year	-	-	-	-
Exchange differences	-	-	17,916	17,916
At 31 July 2011	262,592	752,059	209,446	1,224,097
<i>Amortisation</i>				
At 1 August 2010	240,709	187,821	73,420	501,950
Amortisation during the year	21,883	150,464	40,142	212,489
Exchange differences	-	-	8,615	8,615
At 31 July 2011	262,592	338,285	122,177	723,054
<i>Net book value</i>				
At 31 July 2011	-	413,774	87,269	501,043
At 31 July 2010	21,883	564,238	118,110	704,231

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (*continued*)

10 Tangible fixed assets

	Short leasehold property £	Office equipment £	Office furniture £	Motor Vehicles £	Total £
<i>Cost</i>					
At 1 August 2010	647,689	1,004,504	264,557	8,460	1,925,210
Additions	-	60,752	-	-	60,752
Disposals	-	(22,146)	-	-	(22,146)
Exchange differences	-	5,160	1,537	-	6,697
	<u>647,689</u>	<u>1,048,270</u>	<u>266,094</u>	<u>8,460</u>	<u>1,970,513</u>
<i>Depreciation</i>					
At 1 August 2010	578,247	949,042	247,590	8,460	1,783,339
Charge for the year	51,548	38,823	8,122	-	98,493
Disposals	-	(3,041)	(279)	-	(3,320)
Exchange differences	-	4,936	1,354	-	6,290
	<u>629,795</u>	<u>989,760</u>	<u>256,787</u>	<u>8,460</u>	<u>1,884,802</u>
<i>Net book value</i>					
At 31 July 2011	<u>17,894</u>	<u>58,510</u>	<u>9,307</u>	-	<u>85,711</u>
At 31 July 2010	<u>69,442</u>	<u>55,462</u>	<u>16,967</u>	-	<u>141,871</u>

11 Investments

Shares in group undertakings

	£
Cost and net book value at 31 July 2010 and at 31 July 2011	
Bite Communications Group Limited	85,813
Credo Communications Limited	365,376
	<u>451,189</u>

The Company owns 100% of the ordinary shares in Credo Communications Limited, a company incorporated in England & Wales and the ESOP (note 21) owns 4% of the ordinary shares in Bite Communications Group Limited, also incorporated in England & Wales

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 *(continued)*

12 Debtors

	2011 £	2010 £
Trade debtors	2,050,139	1,479,573
Amounts owed by ultimate parent undertaking	984,033	92,176
Amounts owed by fellow subsidiaries	2,271,228	1,578,303
Other debtors	48,143	63,543
Prepayments and accrued income	788,415	619,652
Corporation tax recoverable	35,847	-
Deferred tax asset (note 7)	85,563	84,245
	<u>6,263,368</u>	<u>3,917,492</u>

All amounts shown in debtors fall due for payment in one year

13 Creditors amounts falling due within one year

	2011 £	2010 £
Trade creditors	200,004	313,864
Amounts owed to ultimate parent undertaking	1,173,212	550,203
Amounts owed to fellow subsidiaries	4,281,639	3,881,322
Other taxes and social security	430,442	233,495
Other creditors	115,917	122,825
Corporation tax payable	-	143,712
Accruals and deferred income	1,110,521	1,128,780
	<u>7,311,735</u>	<u>6,374,201</u>

14 Provisions for liabilities

	2011 £
Opening balance at 1 August 2010	63,966
Increase during the year	5,529
	<u>69,495</u>
Closing balance at 31 July 2011	<u>69,495</u>

The provision covers the cost of rent, rates and dilapidations on an unoccupied leasehold property due to the merger of Inferno Communications Limited into Bite Communications Limited on 1 May 2010, for which the lease runs to October 2010. No reimbursement for a sub-lease is expected, and the effect of discounting is deemed immaterial.

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 *(continued)*

15 Share capital

	2011 Number	2010 Number	2011 £	2010 £
Authorised				
Ordinary shares of 5p each	1,000,000	1,000,000	50,000	50,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid				
Ordinary shares of 5p each	1,000,000	1,000,000	50,000	50,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>50,000</u>	<u>50,000</u>

16 Profit and loss account

	2011 £	2010 £
Opening balance at 1 August	(24,596)	358,215
Profit for the year	689,505	322,149
Dividends (note 8)	-	(700,000)
Translation differences on foreign currency net investments	(22,235)	(4,960)
	<u>642,674</u>	<u>(24,596)</u>
Closing balance at 31 July	642,674	(24,596)

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit on ordinary activities after tax	689,505	322,149
Dividends (note 8)	-	(700,000)
Translation differences on foreign currency net investments	(22,235)	(4,960)
	<u>667,270</u>	<u>(382,811)</u>
Net increase/(reduction) to shareholders' funds	667,270	(382,811)
Opening shareholders' funds	25,404	408,215
	<u>692,674</u>	<u>25,404</u>
Closing shareholders' funds	692,674	25,404

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (continued)

18 Operating lease commitments

The company had annual commitments under non-cancellable operating leases as set out below

	2011 Land and Buildings £	2010 Land and buildings £
Between one and two years	313,362	313,362
Between two and five years	72,333	72,333
	<u>385,695</u>	<u>385,695</u>

19 Related parties

The Company has taken advantage of paragraph 3 of Financial Reporting Standard 8 "Related Party Disclosures", not to disclose transactions with wholly owned Group undertakings as 100 percent of its shares are controlled within the Group which is headed by Next Fifteen Communications Group Plc as described in note 22

20 Share based payments

The company uses a Black-Scholes model to calculate the fair value of options on grant date. At each year end the cumulative expense is adjusted to take into account any changes in estimate of the likely number of shares expected to vest. All the share-based plans are subject to non market performance conditions such as earnings per share targets and continued employment. All schemes are equity settled, the key inputs are listed below and market price on any given day is obtained from external, publicly available sources. The share options are over shares issued by the ultimate parent company, Next Fifteen Communications Group Plc. The charges are recognised in the subsidiary to which the employee relates.

	2011	2010
Risk free rate	4.75%	4.75%
Dividend Yield	2.53%	3.47%
Volatility ¹	40%	40%

¹Volatility is based on the Group's share price movement between January 2003 and July 2011. In the opinion of the Directors, this period is appropriate, given the Group's history of growth and acquisitions, and external industry factors.

The Company recognised a charge of £94,315 (2010: £121,234)

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2011 (*continued*)

20 Share based payments (*continued*)

Movement on options granted (represented in ordinary shares)

	Outstanding at 1 August 2010 number ('000)	Transferred/ Granted number ('000)	Lapsed number ('000)	Exercised number ('000)	Outstanding 31 July 2011 number ('000)	Exercisable 31 July 2011 number ('000)
Long-Term Incentive Plan	75	-	-	-	75	75
Long-Term Incentive - performance shares	1,109	334	82	40	1,321	-
	<u>1,184</u>	<u>334</u>	<u>82</u>	<u>40</u>	<u>1,396</u>	<u>75</u>
Weighted-average exercise price (p)	4	-	-	-	3	60

A total of 120,000 (2010 - 120,000) shares were exercised during the year ended 31 July 2011 at a weighted average share price of 77p (2010 - 68p)

Options over ordinary shares outstanding

Range of exercise prices (p)	0-66
Weighted average exercise price (p)	43
Weighted average contractual life (months)	23

The fair value of performance shares granted in the year calculated using the Black Scholes model

November 2010

Fair value of performance shares granted under the LTIP (p)	54
Share price at date of grant (p)	73
Risk free rate (%)	4.75
Expected life (years)	4
Expected volatility (%)	40
Dividend yield (%)	2.53

The terms and conditions of each share option scheme is disclosed within the Next Fifteen Communications Group Plc 2011 Annual Report

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2011 (*continued*)

21 Employee Share Ownership Plan Trust (ESOP)

The Company formed an Employee Share Ownership Plan Trust (ESOP) during the year ended 31 July 1998. The purpose of the ESOP was to enable the Company to offer participation in the ownership shares in Bite Communications Group Limited, the immediate parent company.

Arrangements for the distribution of benefits to employees which may be the ownership of shares in Bite Communications Group Limited or the granting of options over shares in Bite Communications Group Limited held by the ESOP are made at the ESOP's discretion in such manner as the ESOP considers appropriate.

Administration costs of the ESOP are accounted for in the profit and loss account of the Company as they are incurred.

At 31 July 2010 and at 31 July 2011 the ESOP held 568,667 ordinary shares of 0.1p each in Bite Communications Group Limited.

22 Immediate and ultimate parent company

The immediate parent company is Bite Communications Group Limited. The ultimate parent company of the smallest and largest group into which the company is consolidated is Next Fifteen Communications Group Plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of Next Fifteen Communications Group Plc are available to the public and can be obtained from The Triangle, 5-17 Hammersmith Grove, London, W6 0LG.

23 Contingent liabilities

The Company participates in a multilateral guarantee with Barclays Bank Plc relating to the overdraft facilities of the parent and certain group companies. The maximum amount of the contingent liability which could arise from this guarantee is limited to £1,500,000 (2010: £1,500,000).