

Bite Communications Limited

Report and Financial Statements

Year Ended

31 July 2012

Company Number 03023521

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Bite Communications Limited

Report and financial statements for the year ended 31 July 2012

Contents

Page:

1	Report of the directors
4	Independent auditors' report
6	Profit and loss account
7	Statement of total recognised gains and losses
8	Balance sheet
9	Notes forming part of the financial statements

Directors

R Gilley
K Pooley
M Harvey
I Boston

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 2012

The directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 July 2012

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 £769,359 (2011 - £689,505) for the year.

No dividends were paid during the year (2011 - £Nil).

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 and depreciation costs) was £967,165 with a margin of 15% which the directors consider satisfactory.

The Directors forecast growth in revenues in the next financial year following the acquisition of the trade and assets of CMG Worldwide Limited (trading as "Bourne"). The skill sets acquired are anticipated to enhance the service offering of the Bite brand globally and give access to more digital markets going forwards although costs associated with the reorganisation are expected to reduce the profitability of the Company in the short term.

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

The company 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 2012 (continued)

Key performance indicators

The principal financial indicators which the company uses to monitor performance throughout the year are fee income (turnover less external charges) and EBITDA (profit before interest, tax, depreciation and amortisation). 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

	2012 £	2011 £
Fee income	6,334,718	5,777,875
EBITDA	967,165	802,563
EBITDA to fee income margin (%)	15%	14%
Staff costs to fee income (%)	65%	65%

Directors

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

C Armitage	(resigned 16 January 2013)
H Macphail	(resigned 24 January 2013)
R Gilley	
D Dewhurst	(resigned 14 November 2013)
K Pooley	
T J R Berry	(resigned 1 October 2012)
P N Mackender	(resigned 1 September 2012)
J Rowntree	(resigned 2 September 2013)
M Harvey	(appointed 16 October 2012)
J Wilmot	(appointed 12 October 2012, resigned 30 September 2013)
I Boston	(appointed 27 September 2013)

Charitable donations

During the year the Company made charitable donations of £481 (2011 - £785)

Bite Communications Limited

Report of the directors for the year ended 31 July 2012 (*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


K Pooley
Director

4 December 2013

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 2012 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

The audit evidence available to us was limited because the directors had not reconciled the deferred consultants' costs account for the year ended 31 July 2012 and the account remains unreconciled at the date of signing of these financial statements. As at 31 July 2012 the account had a carrying value of £225,635 and was included in prepayments and accrued income. The directors are planning to reconcile the account but have not been able to perform the reconciliation before the accounts are required to be filed at Companies House. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding this account by using other audit procedures.

Qualified opinion on financial statements

In our opinion, except for the possible effects of matters described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2012 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 matters 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

In respect solely of the limitation on our work relating to deferred consultants costs, described above

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether adequate accounting records have been kept

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

- 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

BDO LLP

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

Date *6/12/13*

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 2012

	Note	2012 £	2011 £
Turnover	2	7,541,585	6,688,759
External charges		(1,206,867)	(910,884)
Turnover less external charges		6,334,718	5,777,875
Other operating income		127,345	147,364
Administrative expenses		(5,741,919)	(5,433,658)
Operating profit	3	720,144	491,581
Interest receivable	5	4,260	4,337
Interest payable and similar charges	6	-	(41)
Profit on ordinary activities before taxation		724,404	495,877
Tax credit on profit on ordinary activities	7	44,955	193,628
Profit on ordinary activities after taxation	15,16	769,359	689,505

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 2012

	2012	2011
	£	£
Profit for the financial year	769,359	689,505
Translation differences on foreign currency net investments	9,601	(22,235)
Total recognised gains for the financial year	778,960	667,270

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

Bite Communications Limited

Balance sheet at 31 July 2012

<i>Company number 03023521</i>	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	8		307,483		501,043
Tangible assets	9		76,822		85,711
Investments	10		452,810		451,189
			837,115		1,037,943
Current assets					
Debtors	11	6,001,485		6,263,368	
Cash at bank and in hand		699,799		772,593	
		6,701,284		7,035,961	
Creditors: amounts falling due within one year	12	(6,044,242)		(7,311,735)	
Net current assets/(liabilities)			657,042		(275,774)
Total assets less current liabilities			1,494,157		762,169
Provisions for liabilities	13		(22,523)		(69,495)
			1,471,634		692,674
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account	15		1,421,634		642,674
Shareholders' funds	16		1,471,634		692,674

The financial statements were approved by the Board of Directors and authorised for issue on 4 December 2013


K Pooley
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 2012

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 2012 (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 19. 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 2012 (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 turnover arises from the provision of public relations consultancy services within Europe (80%), USA (19%) and the rest of world (1%). In the prior year these services were provided entirely within Europe.

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging/(crediting)		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	23,917	26,572
Fees payable to the auditors and its associates for other services		
Tax services	-	7,691
Share scheme charge (note 19)	21,187	94,315
Depreciation	56,016	98,493
Amortisation	191,005	212,489
Operating lease rentals - land and buildings	380,842	400,648
Operating lease income - land and buildings	(127,345)	(147,364)
Foreign exchange loss/(gain)	65,068	(12,016)
	<u> </u>	<u> </u>

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 (continued)

4 Staff costs

	2012 £	2011 £
Wages and salaries	3,541,083	3,251,356
Social security costs	480,885	408,906
Pension contributions	116,751	103,493
	<u>4,138,719</u>	<u>3,763,755</u>
The average monthly number of full time employees during the year was as follows	Number	Number
Directors	6	6
Direct public relations	42	47
Administration	12	8
	<u>60</u>	<u>61</u>
Total remuneration of all directors	£	£
Aggregate emoluments	925,773	798,708
Company contributions to defined contribution schemes	34,050	34,050
	<u>959,823</u>	<u>832,758</u>
Remuneration of highest paid director		
Aggregate emoluments	267,835	268,093
Company contributions to defined contribution scheme	13,575	13,575
	<u>281,410</u>	<u>281,668</u>
The number of directors to whom retirement benefits are accruing is	Number	Number
Defined contribution schemes	4	5

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 *(continued)*

5 Interest receivable

	2012 £	2011 £
Intercompany interest received	4,260	4,246
Bank interest received	-	91
	<u>4,260</u>	<u>4,337</u>

6 Interest payable and similar charges

	2012 £	2011 £
Other interest	-	41
	<u>-</u>	<u>41</u>

7 Tax on profit on ordinary activities

	2012 £	2011 £
a) Analysis of credit in the year		
<i>Current tax</i>		
Prior year overprovision	(38,923)	(192,133)
	<u>(38,923)</u>	<u>(192,133)</u>
Current tax credit for the year	(38,923)	(192,133)
<i>Deferred tax</i>		
Deferred taxation	(6,032)	(1,495)
	<u>(6,032)</u>	<u>(1,495)</u>
Tax credit	(44,955)	(193,628)
	<u>(44,955)</u>	<u>(193,628)</u>
b) Factors affecting current tax credit		
Profit on ordinary activities before taxation	724,404	495,877
	<u>724,404</u>	<u>495,877</u>
Tax on profit on ordinary activities at the standard rate of tax in the UK of 25 33% (2011 - 27 33%)	183,492	135,523
Effects of		
Disallowed expenses	(3,816)	89,753
Depreciation in excess/(less than) of capital allowances	14,279	(2,727)
Prior period adjustment	(38,923)	(192,133)
Group relief claimed for no consideration	(193,955)	(222,549)
	<u>(193,955)</u>	<u>(222,549)</u>
Current tax credit for the year (note 7a)	(38,923)	(192,133)
	<u>(38,923)</u>	<u>(192,133)</u>

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 (continued)

7 Tax on profit on ordinary activities (continued)

Deferred tax asset (note 11)

	2012 £	2011 £
Accelerated capital allowances	91,652	85,563

Analysis of movement in deferred tax

	2011 £	Movement in profit and loss account £	Foreign Exchange £	2012
Deferred tax asset	85,563	6,032	57	91,652

8 Intangible assets

	Credo £	Inferno £	AIMPR £	Total £
<i>Cost</i>				
At 1 August 2011	262,592	752,059	209,446	1,224,097
Exchange differences	-	-	(5,578)	(5,578)
At 31 July 2012	262,592	752,059	203,868	1,218,519
<i>Amortisation</i>				
At 1 August 2011	262,592	338,285	122,177	723,054
Amortisation during the year	-	150,463	40,542	191,005
Exchange differences	-	-	(3,023)	(3,023)
At 31 July 2012	262,592	488,748	159,696	911,036
<i>Net book value</i>				
At 31 July 2012	-	263,311	44,172	307,483
At 31 July 2011	-	413,774	87,269	501,043

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 (*continued*)

9 Tangible fixed assets

	Short leasehold property £	Office equipment £	Office furniture £	Motor Vehicles £	Total £
<i>Cost</i>					
At 1 August 2011	647,689	1,048,270	266,094	8,460	1,970,513
Additions	-	45,134	1,999	-	47,133
Exchange differences	-	(1,588)	(473)	-	(2,061)
At 31 July 2012	647,689	1,091,816	267,620	8,460	2,015,585
<i>Depreciation</i>					
At 1 August 2011	629,795	989,760	256,787	8,460	1,884,802
Charge for the year	17,894	31,634	6,488	-	56,016
Exchange differences	-	(1,578)	(477)	-	(2,055)
At 31 July 2012	647,689	1,019,816	262,798	8,460	1,938,763
Net Book Value At 31 July 2012	-	72,000	4,822	-	76,822
At 31 July 2011	17,894	58,510	9,307	-	85,711

10 Investments

Shares in group undertakings

	£
Cost and net book value at 31 July 2011	451,189
Additions during the year	1,621
Cost and net book value at 31 July 2012	452,810

The Company owns 100% of the ordinary shares in Credo Communications Limited, a company incorporated in England & Wales. The ESOP (note 20) 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 2012 (continued)

11 Debtors

	2012 £	2011 £
Trade debtors	2,121,759	2,050,139
Amounts owed by ultimate parent undertaking	747,951	984,033
Amounts owed by fellow subsidiaries	2,106,632	2,271,228
Other debtors	23,035	48,143
Prepayments and accrued income	910,456	788,415
Corporation tax recoverable	-	35,847
Deferred tax asset (note 7)	91,652	85,563
	<u>6,001,485</u>	<u>6,263,368</u>

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

12 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	117,036	200,004
Amounts owed to ultimate parent undertaking	154,647	1,173,212
Amounts owed to fellow subsidiaries	4,734,743	4,281,639
Other taxes and social security	250,836	430,442
Other creditors	407,244	115,917
Accruals and deferred income	379,736	1,110,521
	<u>6,044,242</u>	<u>7,311,735</u>

13 Provisions for liabilities

	£
Opening balance at 1 August 2011	69,495
Utilised during the year	(46,972)
	<u>22,523</u>
Closing balance at 31 July 2012	<u>22,523</u>

The provision covers the cost of rent, rates and dilapidations on an unoccupied leasehold property

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 *(continued)*

14 Share capital

	2012 Number	2011 Number	2012 £	2011 £
Allotted, called up and fully paid				
Ordinary shares of 5p each	1,000,000	1,000,000	50,000	50,000

15 Profit and loss account

	2012 £	2011 £
Opening balance at 1 August	642,674	(24,596)
Profit for the year	769,359	689,505
Translation differences on foreign currency net investments	9,601	(22,235)
Closing balance at 31 July	1,421,634	642,674

16 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit on ordinary activities after tax	769,359	689,505
Translation differences on foreign currency net investments	9,601	(22,235)
Net increase to shareholders' funds	778,960	667,270
Opening shareholders' funds	692,674	25,404
Closing shareholders' funds	1,471,634	692,674

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 (continued)

17 Operating lease commitments

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

	2012 Land and buildings £	2011 Land and buildings £
Between one and two years	-	313,362
Between two and five years	297,731	72,333
	<u>297,731</u>	<u>385,695</u>

18 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 21

19 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.

	2012 %	2011 %
Risk free rate	2.00	4.75
Dividend Yield	2.22	2.53
Volatility ¹	34	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 £21,187 (2011 - £94,315)

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 July 2012 (continued)

19 Share based payments (continued)

Movement on options granted (represented in ordinary shares)

	Outstanding at 1 August 2011 number ('000)	Granted number ('000)	Lapsed number ('000)	Exercised number ('000)	Outstanding 31 July 2012 number ('000)	Exercisable 31 July 2012 number ('000)
Long-Term Incentive Plan	75	-	-	(27)	48	48
Long-Term Incentive - performance shares	1,321	210	(157)	(226)	1,148	-
	<u>1,396</u>	<u>210</u>	<u>(157)</u>	<u>(253)</u>	<u>1,196</u>	<u>48</u>
Weighted-average exercise price (p)	3	-	-	6	2	62

A total of 253,391 (2011 - 40,000) shares were exercised during the year ended 31 July 2012 at a weighted average share price of 6p (2011 - 77p)

Options over ordinary shares outstanding

Range of exercise prices (p)	0 - 66
Weighted average exercise price (p)	2
Weighted average contractual life (months)	13

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

December 2012

Fair value of performance shares granted under the LTIP (p)	71
Share price at date of grant (p)	85
Risk free rate (%)	2
Expected life (years)	4
Expected volatility (%)	34
Dividend yield (%)	2.22

The terms and conditions of each share option scheme is disclosed within the Next Fifteen Communications Group Plc 2012 Annual Report

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 July 2012 (continued)

20 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 2011 and at 31 July 2012 the ESOP held 568,667 ordinary shares of 0.1p each in Bite Communications Group Limited.

21 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.

22 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 (2011 - £1,500,000).

23 Post balance sheet events

On 1 August 2012, Bite Communications Limited ("Bite") acquired the trade and assets of CMG Worldwide Limited (trading as "Bourne") for consideration of £869,733. The trade and assets of Bourne were subsequently transferred to Bite for the same consideration settled by way of an intercompany loan. Bourne specialises in providing digital marketing services largely focussed on building email templates and websites in addition to strategic marketing advice and campaigns. Following this merger the former Bourne business was operated as a standalone division within Bite. On 1 October 2013 the former Bourne trade and assets were transferred at book value into a new entity, BiteDA Limited, a wholly owned subsidiary of Bite Communications Group Limited, settled by way of an intercompany loan.