Bite Communications Limited

Report and Financial Statements

Year Ended

31 January 2015

Company Number 03023521

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Bite Communications Limited

Report and financial statements
for the year ended 31 January 2015

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Bite Communications Limited

Report and financial statements
for the year ended 31 January 2015

Directors

R Gilley
K Easthope
J Silk
P Harris
P Bath

Registered office

The Character Building, 41b Beavor Lane, London W6 9BL

Company number

03023521

Auditor

Deloitte LLP, 2 New Street Square, London, EC4A 3BZ

Bite Communications Limited

Strategic report
for the year ended 31 January 2015

The Directors present their strategic report together with the audited financial statements of Bite Communications Limited (the "Company") for the year ended 31 January 2015.

The purpose of the strategic report is to inform members of the Company and help them to assess how the Directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote the Company).

Principal activity, review of business and future prospects

Principal activity

The principal activity of the Company during the year was the provision of international content, communications and social services, dealing principally with clients in the high-technology sector across Consumer and Business Practice.

Financial performance

Due to the extended accounting period in the prior period, the comparative results are for the 18 months to 31 January 2014.

The results for this year represent a period of stabilisation for the UK business as the management distractions from the prior period came to a close. Profitability for the business has been impacted by the closure of the Sweden office and the cessation of the Employee Share Ownership Plan Trust (ESOP).

Underlying trading business for the continuing UK operation has returned to a position of growth and profitability with operating profits of £51,000 for the year (18 months to 31 January 2014 – operating loss of £913,000).

On 31 August 2014 the Company ceased trade within its branch in Sweden and began the process of transferring the clients and certain people to Text Sweden. This decision was in line with the wider strategy of the ultimate parent company, Next Fifteen Communications Group plc, to enable the Group to take advantage of synergies and increased scale by combining operations in non-core markets.

Bite Sweden contributed a loss of £281,000 for the finance year (18 months to 31 January 2014 – loss of £225,000). Of the current year loss, £217,000 was associated with restructuring costs of the discontinued operation. Those costs included payment in lieu of notice for employees that were put on gardening leave; redundancy costs; onerous lease rental costs; miscellaneous office costs for suppliers still in contract and legal fees associated with the closure. The remainder is due to trading losses during the period of operation up to 31 August 2014.

No further costs are expected in relation to the closure of the office.

On the 22 December 2014, the dormant ESOP was terminated and as part of that wind-up, the Company incurred a loss of £64,000 on disposal of investments held by the ESOP.

The total loss for the financial year associated with these discontinued operations was £346,000 (18 months to 31 January 2014 – loss of £225,000).

Future Prospects

No further significant costs from the Sweden branch closure are expected next year therefore we expect the UK office to continue its drive for growth and profitability without the distractions of the previous two years.

The continuing board of Directors are strong. They have managed and stabilised the UK business through this period of change and are well placed to drive the business forward.

Principal risks and uncertainties

The ongoing risks that the Company faces are the possible loss of senior staff and the possible loss of clients in excess of new business. The fee type continues to move more to projects from retainers. This has meant that fluctuations in monthly fee can be seen, as projects are less certain than retainers.

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 and staff training 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.

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) and net assets. 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:

	31 January 2015 £'000	31 January 2014 £'000
Fee income	**4,600**	10,506
EBITDA	**(74)**	(601)
EBITDA to fee income margin (%)	**(2%)**	(6%)
Staff costs to fee income (%)	**65%**	78%
Net current assets / (liabilities)	**63**	(407)

Charitable donations

During the year the Company made charitable donations of £722 (31 January 2014 - £2,941).

Approval

This strategic report was approved on behalf of the Board on 29 October 2015.

P Bath
Director

Bite Communications Limited

Report of the Directors' for the year ended 31 January 2015

The Directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 January 2015.

The Company has chosen, in accordance with section 414C(11) of Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report.

Directors

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

R Gilley	
K Easthope	
M Harvey	(resigned 18 May 2015)
J Silk	
P Harris	(appointed 25 March 2014)
P Bath	(appointed 8 September 2014)

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, 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 year. 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;
- 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.

Results and dividends

The state of the Company's affairs at the balance sheet date was in line with management's expectation following a period of restructure. The Directors report a loss after tax of £202,000 (31 January 2014 - loss after tax of £1,128,000) for the year.

No dividends were declared or paid during the year (31 January 2014 - £Nil).

Going Concern

At the balance sheet date the Company had net current assets of £63,000 a significant improvement on the prior period. The business is forecast to be profitable going forwards.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Deloitte LLP is the auditor of the Company. The Company has dispensed with the obligation to appoint an auditor annually.

On behalf of the Board

P Bath
Director

29 October 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITE COMMUNICATIONS LIMITED

We have audited the financial statements of Bite Communications Limited for the year to 31 January 2015 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 22. 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 auditor's

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 January 2015 and of its loss 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 strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 explanations we require for our audit.

Andrew Evans

Andrew Evans
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

29 October 2015

Bite Communications Limited

Profit and loss account
for the year ended 31 January 2015

	Note	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Turnover	2	**5,904**	13,095
Continuing Operations		5,556	11,891
Discontinuing Operations		348	1,204
External charges		**(1,304)**	(2,589)
Turnover less external charges		**4,600**	10,506
Other operating income		**59**	119
Administrative expenses		**(4,953)**	(11,763)
Operating loss	3	**(294)**	(1,138)
Continuing Operations		51	(913)
Discontinuing Operations		(345)	(225)
Interest receivable	5	**-**	5
Interest payable and similar charges	6	**(26)**	(5)
Loss on ordinary activities before taxation		**(320)**	(1,138)
Taxation	7	**118**	10
Loss on ordinary activities after taxation	15,16	**(202)**	(1,128)

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Bite Communications Limited

Statement of total recognised gains and losses for the year ended 31 January 2015

	Note	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Loss for the financial year/period	15	**(202)**	(1,128)
Translation differences on foreign currency net investments	15, 16	**80**	13
Total recognised expense for the financial year/period	15, 16	**(122)**	(1,115)

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Bite Communications Limited

Balance sheet
at 31 January 2015

Company number 03023521	Note	31 January 2015 £'000	31 January 2015 £'000	31 January 2014 £'000	31 January 2014 £'000
Fixed assets					
Intangible assets	8		-		38
Tangible assets	9		**345**		503
Investments	10		-		453
			345		994
Current assets					
Debtors	11	**3,782**		6,390	
Cash at bank and in hand		**1,604**		99	
		5,386		6,489	
Creditors: amounts falling due within one year	12	**(5,323)**		(6,896)	
Net current assets/(liabilities)			**63**		(407)
Total assets less current liabilities			**408**		587
Creditors: amounts falling due after more than one year	13		**(173)**		(230)
			235		357
Capital and reserves					
Called up share capital	14		**50**		50
Profit and loss account	15		**185**		307
Shareholders' funds	16		**235**		357

The financial statements were approved by the Board of Directors and authorised for issue on 29 October 2015.

P Bath
Director

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

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.

Going concern

The ultimate parent company, Next Fifteen Communications Group Plc, has agreed to support the Company for a period of at least one year from the approval date of these financial statements.

Basis of consolidation

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared Group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Next Fifteen Communications Group Plc, a Company incorporated in the United Kingdom, and is included in the consolidated accounts of that Company. Copies of the consolidated financial statements of Next Fifteen Communications Group Plc are publicly available from Companies House.

Cash flow statement

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

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 considered 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.

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 period 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 relating to the acquisition of businesses which have been subsequently integrated into an existing brand is amortised over 5 years.

2 Turnover

The Company's turnover arises from the provision of public relations consultancy services within UK (2015 - 64%, 2014 - 55%), USA (2015 – 29%, 2014 - 18%), EMEA (2015- 4%, 2014 19%) and APAC (2015 - 3%, 2014 - 8%).

3 Operating loss

	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**31**	102
Fees payable to the auditor and its associates for other services:		
Tax services	**4**	12
Share scheme charge (note 19)	**18**	163
Bad debt write off	**-**	257
Depreciation	**183**	258
Amortisation	**38**	279
Loss on disposal of investment (note 10)	**64**	-
Operating lease rentals - land and buildings	**348**	549
Operating lease income - land and buildings	**(59)**	(119)
Redundancy costs	**-**	240
Restructuring costs	**217**	-
Foreign exchange loss	**158**	28

During the year the Company provided for £217,000 of restructuring costs relating the office closure of the Sweden branch. Costs included payment in lieu of notice for employees that were put on gardening leave; redundancy costs; onerous lease rental costs; miscellaneous office costs for suppliers still in contract and legal fees associated with the closure. Costs are classified within discontinued operations.

During the prior period the Company incurred £240,000 of redundancy costs which included payment in lieu of notice for which employees were put on gardening leave. £133,000 of these costs were associated with the transfer of trade and assets from CMG Worldwide Limited to Bite UK Limited and the subsequent transfer of trade from Bite UK Limited to Bite DA Limited. The remainder of costs are associated with losses of some significant clients during the year and an overhaul of the UK finance team.

4 Staff costs

	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Wages and salaries	**2,602**	7,004
Social security costs	**345**	935
Pension contributions	**82**	212
	3,029	8,151

The average monthly number of full time employees during the year/period was as follows:	Number	Number
Directors	**4**	8
Direct public relations	**36**	76
Administration	**9**	14
	49	98

Total remuneration of all Directors:	£'000	£'000
Aggregate emoluments	**481**	1,313
Company contributions to defined contribution schemes	**5**	37
Compensation for loss of office	**-**	30
	486	1,380

Remuneration of highest paid director:

Aggregate emoluments	**220**	279
Company contributions to defined contribution scheme	**4**	14
	224	293

The number of Directors to whom retirement benefits are accruing is:	Number	Number
Defined contribution schemes	**4**	4

5 Interest receivable

	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Intercompany interest received	-	4
Bank interest received	-	1
	-	5

6 Interest payable and similar charges

	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Other interest	**26**	5

7 Taxation

		Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
a)	Analysis of credit in the year/period		
	Current tax		
	Prior period adjustment	**24**	-
	Current tax charge for the year/period	**24**	-
	Deferred tax		
	Deferred taxation	**(142)**	(10)
	Tax credit	**(118)**	(10)
b)	Factors affecting current tax credit		
	Loss on ordinary activities before taxation	**(320)**	(1,138)
	Tax on profit on ordinary activities at the standard rate of tax in the UK of 21.33% (31 January 2014 - 23.44%)	**(68)**	(267)
	Effects of:		
	Disallowed expenses	**37**	85
	Depreciation in excess of capital allowances	**36**	27
	Prior period adjustment	**24**	-
	Other timing differences	**(5)**	-
	Group relief surrendered/(claimed) for no consideration	-	155
	Current tax charge for the year/period (note 7a)	**24**	-

7 Taxation *(continued)*

Deferred tax asset (note 11)

	Year ended 31 January 2015 £'000	Period ended 31 January 2014 £'000
Tax Losses	84	-
Accelerated capital allowances	162	104
Total	**246**	**104**

Analysis of movement in deferred tax

	Period ended 31 January 2014 £'000	Movement in profit and loss account £'000	Foreign Exchange £'000	Year ended 31 January 2015 £'000
Deferred tax asset	104	142		**246**

In the 2013 Finance Act it was substantively enacted that the UK corporation tax rate would be reduced to 21% effective from 1 April 2014 with a further 1% reduction to 20% effective from 1 April 2015. The reduction to the tax rates included in the Finance Act 2013 was substantively enacted at the balance sheet date and the impact thereof is therefore reflected in these financial statements.

8 Intangible assets

Goodwill	**Credo £'000**	**Inferno £'000**	**AIMPR £'000**	**Total £'000**
Cost				
At 1 February 2014	263	752	202	1,217
Transfer in	-	-	-	-
Disposal	-	-	-	-
Exchange differences	-	-	-	-
At 31 January 2015	**263**	**752**	**202**	**1,217**
Amortisation				
At 1 February 2014	263	714	202	1,179
Transfer in	-	-	-	-
Amortisation during the year	-	38	-	38
Disposal	-	-	-	-
Exchange differences	-	-	-	-
At 31 January 2015	**263**	**752**	**202**	**1,217**
Net book value				
At 31 January 2015	-	-	-	-
At 1 February 2014	-	38	-	38

9 Tangible fixed assets

	Short leasehold property £'000	Office equipment £'000	Office furniture £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 February 2014	1,045	1,149	272	16	2,482
Additions	1	28	1	-	30
Disposals	(295)	(60)	(3)	(16)	(374)
At 31 January 2015	**751**	**1,117**	**270**	**-**	**2,138**
Depreciation					
At 1 February 2014	615	1,088	267	9	1,979
Charge for the year	(132)	(45)	(3)	(3)	(183)
Disposals	-	-	3	(6)	(3)
At 31 January 2015	**483**	**1,043**	**267**	**-**	**1,793**
Net book value					
At 31 January 2015	**268**	**74**	**3**	**-**	**345**
At 1 February 2014	430	61	5	7	503

10 Investments

Shares in group undertakings

	£'000
Cost and net book value at 31 July 2012 and 31 January 2014	**453**
Disposal of Investment in Bite Group	(87)
Closure of Credo Communication Limited	(366)
Cost and net book value at 31 January 2015	**-**

The Company owned 100% of the ordinary shares in Credo Communications Limited, a company incorporated in England & Wales, although this was dissolved in November 2014.

The ESOP (note 20) owned 4% of the ordinary shares in Bite Communications Group Limited, also incorporated in England & Wales.

On 12 September 2014, The ESOP transferred its 4% shareholding in Bite Communications Group Limited to Next Fifteen Communications Group plc for consideration of £23,000. The opening net book value of the investment was £87,000 resulting in a loss on disposal of £64,000 (note 2). On the 22 December 2014 the ESOP was dissolved.

11 Debtors

	31 January 2015 £	31 January 2014 £
Trade debtors	**1,443**	1,187
Amounts owed by ultimate parent undertaking	**107**	15
Amounts owed by fellow subsidiaries	**1,640**	4,295
Other debtors	**80**	93
Prepayments and accrued income	**244**	649
Corporation tax recoverable	**22**	47
Deferred tax asset (note 7)	**246**	104
	3,782	6,390

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

12 Creditors: amounts falling due within one year

	31 January 2015 £'000	31 January 2014 £'000
Trade creditors	**183**	332
Amounts owed to ultimate parent undertaking	**2,046**	389
Amounts owed to fellow subsidiaries	**2,040**	5,430
Other taxes and social security	**160**	213
Other creditors	**144**	26
Accruals and deferred income	**410**	400
Deferred tax liability	**-**	6
Bank loan (note 13)	**100**	100
Provisions	**240**	-
	5,323	6,896

13 Creditors: amounts falling due after more than one year

	31 January 2015 £'000	31 January 2014 £'000
Provisions	**123**	80
Bank loan	**50**	150
	173	230

13 Creditors: amounts falling due after more than one year *(continued)*

The provision covers the cost of rent, rates and dilapidations on the UK leasehold property. It also includes a provision made to cover costs of the Sweden branch closure.

The bank loan was drawn down in July 2013 in order to finance the office refurbishment. The amount drawn down was £300,000 with equal repayments due over a period of 36 months. At the year end the total liability remaining was £150,000 of which £100,000 falls due within one year. Interest is charged at 3.22% annually.

14 Share capital

	Allotted, called up and fully paid			
	31 January 2015 Number	31 January 2014 Number	31 January 2015 £'000	31 January 2014 £'000
Ordinary shares of 5p each	**1,000,000**	1,000,000	**50**	50

15 Profit and loss account

	31 January 2015 £'000	31 January 2014 £'000
Opening balance at 1 August	**307**	1,422
Loss for the year	**(202)**	(1,128)
Translation differences on foreign currency net investments	**80**	13
Closing balance at 31 January	**185**	307

16 Reconciliation of movements in shareholders' funds

	31 January 2015 £'000	31 January 2014 £'000
Loss on ordinary activities after tax	**(202)**	(1,128)
Translation differences on foreign currency net investments	**80**	13
Net decrease to shareholders' funds	**(122)**	(1,115)
Opening shareholders' funds	**357**	1,472
Closing shareholders' funds	**235**	357

17 Operating lease commitments

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

	31 January 2015 Land and buildings £'000	31 January 2014 Land and Buildings £'000
Between two and five years	**294**	294
	294	294

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 period 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.

	31 January 2015 %	31 January 2014 %
Risk free rate	**3.00**	**4.00**
Dividend Yield	**3.04**	**3.04**
Volatility[1]	**29**	**28**

[1]Volatility is based on the Group's share price movement between January 2006 and January 2015. 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 £18,000 (31 January 2014 - £163,000).

19 Share based payments *(continued)*

Movement on options granted (represented in ordinary shares)

	Outstanding 1 February 2014 Number ('000)	Granted Number ('000)	Lapsed Number ('000)	Exercised Number ('000)	Outstanding 31 January 2015 Number ('000)	Exercisable 31 January 2015 Number ('000)
Long-term incentive plan	18	-	-	(18)	-	-
Long-term incentive - performance shares	500	60	(150)	(150)	260	-
	518	60	(150)	(168)	260	-
Weighted-average exercise price (p)	2	-	-	5	-	-

A total of 168,000 (31 January 2014 – 359,749) shares were exercised during the year ended 31 January 2015 at a weighted average share price of 5.11p (31 January 2014 – 5.42p).

The terms and conditions of each share option scheme is disclosed within the Next Fifteen Communications Group Plc 2015 Annual Report.

20 Employee Share Ownership Plan Trust (ESOP)

The Company formed an Employee Share Ownership Plan Trust (ESOP) during the period 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 January 2014 the ESOP held 568,667 ordinary shares of 0.1p each in Bite Communications Group Limited. On 12 September 2014, The ESOP transferred its 4% shareholding in Bite Communications Group Limited to Next Fifteen Communications Group plc for consideration of £23,000. On the 22 December 2014 the ESOP was dissolved.

21 Immediate and ultimate parent company

The immediate parent company is Bite Communications Group Limited. The ultimate parent company and controlling party 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 HSBC 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 £20,000,000 (31 January 2014 Barclays Bank Plc - £1,500,000).