

Bite Communications Limited

Annual Report and Financial statements

For the year ended 31 January 2017

Registered Number 03023521

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Bite Communications Limited

Annual report and financial statements for the year ended 31 January 2017

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Bite Communications Limited

**Officers and professional advisers
Report and financial statements
for the year ended 31 January 2017**

Directors

R Gilley
P Harris
L Lowry

Registered office

75 Bermondsey Street, London, United Kingdom, SE1 3XF

Registered number

03023521

Auditor

Deloitte LLP, Statutory Auditor, London, United Kingdom

Bite Communications Limited

Strategic report for the year ended 31 January 2017

The Directors present their strategic report together with the audited financial statements of Bite Communications Limited (the "Company") for the year ended 31 January 2017.

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 digital services, dealing principally with clients in the high-technology sector across Consumer and Business Practice.

Financial performance

This is the first full year in which the business has operated as a streamlined entity, as trading in Sweden was transferred to Text Sweden, another Next 15 Communications Group plc (Next 15) entity, during the prior year.

The business has endured a challenging year, with the loss of their largest client and lack of new business wins causing a decline in trading. This contributed to the net loss after tax for the year of £335,000 (2016 – profit of £1,093,000). Operating loss from continuing operations is £333,000 (2016 – profit of £453,000). During the year, the business has made operational changes to reduce the cost base and ensure that the business returns to profitability for the next financial period.

Future Prospects

The business has increased its strategic and financial support from the US operation of the Bite brand. Margins and bottom line profit have already improved in the first quarter of the new financial period. Following significant change in the current year, the new management team have stabilised the UK business and are well-placed to drive the business forward.

Bite Communications Limited

Strategic report for the year ended 31 January 2017 (*continued*)

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. However, the fee type continues to move more to retainers from projects. This has meant that fluctuations in monthly fee have been reduced, as the retainers are more certain income.

The key metric that the Directors monitor carefully is the staff cost to fee income ratio. This is managed through the use of freelancers. 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.

Following recent changes in the political environment, the Company faces uncertainty in the UK. In uncertain political and economic times, there is an increased risk that customers cut marketing spend leading to reduced revenue and profit for the Company. The Board continues to monitor the latest macroeconomic developments to inform the Company strategy.

Key performance indicators

The principal financial indicators which the Company uses to monitor performance throughout the year are fee income (turnover less external charges) normalised EBITDA (profit before exceptional costs, depreciation, amortisation, interest and tax) and net current 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 2017 £'000	31 January 2016 £'000
Fee income	3,498	4,441
Normalised EBITDA	(36)	649
Normalised EBITDA to fee income margin (%)	(1%)	15%
Staff costs to fee income (%)	74%	60%
Net current assets	1,214	1,366

Approval

This strategic report was approved, and signed on behalf of the Board, on 28 JUNE 2017.



P Harris
Director

Bite Communications Limited

Report of the Directors for the year ended 31 January 2017

The Directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 January 2017.

Directors

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

R Gilley	
K Easthope	(resigned 2 May 2017)
P Harris	
P Bath	(resigned 18 January 2017)
L Lowry	(appointed 18 January 2017)

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.

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 £335,000 (2016 - profit after tax of £1,093,000) for the year.

No dividends were declared or paid during the year (2016 - £Nil).

Going Concern

At the balance sheet date the Company had net current assets of £1,214,000. The business is forecast to be profitable going forward. 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 Harris
Director
28 JUNE 2017

Bite Communications Limited

Directors' responsibilities statement for the year ended 31 January 2017 (*continued*)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), including FRS 101 "Reduced Disclosure Framework". 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Bite Communications Limited

Independent auditor's report

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 2017 which comprise the Profit and Loss account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. 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), including FRS 101 "reduced disclosure framework".

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 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

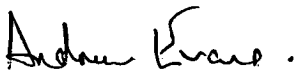
Bite Communications Limited

Independent auditor's 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 explanations we require for our audit.



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

28 June 2017

Bite Communications Limited

Profit and loss account for the year ended 31 January 2017

	Note	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Turnover	3	4,171	5,112
Continuing Operations		4,171	5,112
External charges		(673)	(671)
Turnover less external charges		3,498	4,441
Other operating income		94	230
Administrative expenses		(3,925)	(4,196)
Operating (loss)/profit	4	(333)	475
Continuing Operations		(333)	453
Discontinuing Operations		-	22
Profit on disposal of trade and assets	4	-	747
Interest payable and similar charges	7	(5)	(9)
(Loss)/profit on ordinary activities before tax		(338)	1,213
Tax credit/(charge) on (loss)/profit on ordinary activities	8	3	(120)
(Loss)/profit for the financial year	15	(335)	1,093

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

Bite Communications Limited

Statement of other comprehensive income for the year ended 31 January 2017

	Note	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
(Loss)/profit for the year	15	(335)	1,093
Translation differences on foreign currency net investments	15	-	24
Total comprehensive income for the year attributable to the owners of the Company	15	(335)	1,117

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

Bite Communications Limited

Balance sheet at 31 January 2017

	Note	31 January 2017 £'000	31 January 2017 £'000	31 January 2016 £'000	31 January 2016 £'000
Fixed assets					
Tangible assets	9		49		216
					216
Current assets					
Debtors	10	1,625		2,818	
Cash at bank and in hand		904		3,949	
		2,529		6,767	
Creditors: amounts falling due within one year	11	(1,315)		(5,401)	
Net current assets			1,214		1,366
Total assets less current liabilities			1,263		1,582
Creditors: amounts falling due after more than one year	12		-		(50)
Provision for liabilities	13		(230)		(164)
			1,033		1,368
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account	15		983		1,318
Shareholders' funds			1,033		1,368

The financial statements of Bite Communications Limited (registered number 03023521) were approved by the board of directors and authorised for issue on 28 JUNE 2017. They were signed on its behalf by:



P Harris
Director

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

Bite Communications Limited

Statement of changes in equity at 31 January 2017

	Share capital (note 14) £'000	Profit and Loss Account (note 15) £'000	Total £'000
Balance as at 31 January 2015	50	201	251
Profit for the year	-	1,093	1,093
Other comprehensive income for the year	-	24	24
Total comprehensive income for the year	-	1,117	1,117
Balance at 31 January 2016	50	1,318	1,368
Loss for the year	-	(335)	(335)
Total comprehensive loss for the year	-	(335)	(335)
Balance at 31 January 2017	50	983	1,033

The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017

1 General Information

Bite Communications Limited (the Company) is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 3 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. Bite Communications Limited is a private company limited by shares.

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2 Significant Accounting policies

Basis of accounting

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions.

The financial statements are prepared under the historical cost convention.

Adoption of new and revised standards

The Company has adopted the new accounting pronouncements which became effective this year, none of which had a significant impact on the Company's results or financial position.

Going concern

The financial statements have been prepared using the going concern basis of accounting. 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.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (*continued*)

2 Significant accounting policies (*continued*)

Operating profit

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

Tangible 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

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (*continued*)

2 Significant accounting policies (*continued*)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (*continued*)

2 Significant accounting policies (*continued*)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Share-Based Payments

The Next 15 Group issues equity-settled share-based payments to certain employees via the Group's Long-Term Incentive Plan. The share-based payments are measured at fair value at the date of the grant and expensed on a straight-line basis over the vesting period. The cumulative expense is adjusted for failure to achieve non-market performance vesting conditions.

Fair value is measured by use of the 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 the Board's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Company becomes party to the contractual provisions of the asset or liability. The Company's accounting policies for different types of financial asset and liability are described below.

Trade debtors are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment. An allowance for impairment of trade debtors is established when there is objective evidence (such as significant financial difficulties on the part of the counterparty, or default or significant delay in payment) that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows associated with the impaired receivable.

Such provisions are recorded in a separate allowance account, with the loss being recognised as an expense in the administrative expenses line in the profit and loss account. On confirmation that the trade debtors will not be collectable, the gross carrying value is written off against the associated allowance.

Trade payables are initially recognised at fair value and thereafter at amortised cost.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 Turnover and revenue

	2017	2016
	£'000	£'000

An analysis of the Company's turnover is as follows:

Rendering of Services	3,294	4,271
Mechanical Income	877	841
	4,171	5,112
Rent received	94	230
	4,265	5,342

All of the Company's turnover arises from the provision of public relations consultancy services within the UK: 82% (2016: 68%), North America: 14% (2016: 21%) and EMEA: 4% (2016: 11%).

4 Profit for the financial year

	2017	2016
	£'000	£'000
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Depreciation	175	174
Operating lease rentals - land and buildings	262	262
Operating lease income - land and buildings	(94)	(230)
Foreign exchange (gain)/loss	(20)	72
Staff costs (Note 6)	2,385	2,662
Growth share remuneration charge	-	17
<i>Exceptional items:</i>		
Profit on disposal of trade and assets	-	(747)
Restructuring costs	122	-

Exceptional items

During the current year the Company recognised £122,000 of restructuring costs relating to the redundancies of several employees.

During the prior year the Company sold the trade and assets of its Sweden branch to Text 100 Sweden, another Next 15 entity. The resulting gain on disposal was £747,000.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (continued)

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £15,400 (2016: £15,000).

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

6 Staff costs	2017 £'000	2016 £'000
Wages and salaries	2,094	2,334
Social security costs	253	284
Pension contributions	38	44
	<u>2,385</u>	<u>2,662</u>
The average monthly number of full time employees during the year was as follows:		
	Number	Number
Directors	2	4
Other	37	49
	<u>39</u>	<u>53</u>
Total remuneration of all Directors:		
	2017 £'000	2016 £'000
Aggregate emoluments	334	488
Company contributions to defined contribution schemes	11	16
	<u>345</u>	<u>504</u>
The Directors have 35,000 (2016: 110,000) share options outstanding at the end of the reporting period.		
Remuneration of highest paid director:	2017 £'000	2016 £'000
Aggregate emoluments	179	235
Company contributions to defined contribution scheme	11	6
	<u>190</u>	<u>241</u>
The number of Directors to whom retirement benefits are accruing is:		
	Number	Number
Defined contribution schemes	1	4

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (*continued*)

6 Staff costs (*continued*)

P Harris, L Lowry and P Bath are Directors of more than one group company. P Harris is a Director of the ultimate parent Next Fifteen Communications Group Plc. They received emoluments from other entities within the Next Fifteen Communications Group during the year, but it is not practicable to allocate this between their services as Directors of the group and as Directors of other group companies. Included within this amount are amounts accruing under individual pension schemes for their services to the group.

7 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable to group companies	5	9
Total interest payable	5	9

8 Taxation

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
a) Analysis of (credit)/charge in the year		
<i>Current tax</i>		
Current tax charge for the year	-	26
<i>Deferred tax</i>		
Origination and reversal of timing differences	8	248
Adjustments in respect of deferred tax for prior years	(11)	(154)
Tax (credit)/charge	(3)	120
b) Factors affecting tax (credit)/charge		
(Loss)/profit on ordinary activities before taxation	(338)	1,213
Tax on (loss)/profit on ordinary activities at the standard rate of tax in the UK of 20% (2016 – 20.17%)	(68)	245
Effects of:		
(Non-taxable income)/disallowed expenses	(18)	(1)
Prior period adjustment	(11)	(154)
Group relief surrendered for no consideration	94	30
Tax (credit)/charge for the year (note 8a)	(3)	120

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (*continued*)

8 Taxation (*continued*)

The UK income tax expense is based on the UK statutory rate of corporation tax for the year to 31 January 2017 of 20% (2016: 20.17% reflecting the reduction in the UK corporation tax rate from 21% to 20% on 1 April 2015). Legislation was passed in September 2016 to reduce the main rate of corporation tax to 19% from April 2017 and 18% from April 2020.

Deferred tax asset

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Accelerated capital allowances	154	152
Other	1	-
Total (note 10)	155	152

The movement in the deferred taxation account during the year was:

	£'000
Balance at 31 January 2015	246
Charge to the profit and loss account for the year (note 8a)	(94)
Balance at 31 January 2016	152
Credit to the profit and loss account for the year (note 8a)	3
Balance at 31 January 2017	155

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2017 (*continued*)

9 Tangible fixed assets

	Short leasehold property £'000	Office equipment £'000	Office furniture £'000	Motor Vehicles £'000	Total £'000
<i>Cost</i>					
At 31 January 2016	601	456	60	-	1,117
Additions	-	8	-	-	8
Disposals	-	-	-	-	-
At 31 January 2017	601	464	60	-	1,125
<i>Depreciation</i>					
At 31 January 2016	433	409	59	-	901
Charge for the year	143	31	1	-	175
Disposals	-	-	-	-	-
At 31 January 2017	576	440	60	-	1,076
<i>Net book value</i>					
At 31 January 2017	25	24	-	-	49
At 31 January 2016	168	47	1	-	216

10 Debtors

	31 January 2017 £'000	31 January 2016 £'000
Amounts falling due within one year		
Trade debtors	429	861
Amounts owed by group undertakings	913	1,519
Other debtors	14	11
Prepayments and accrued income	114	275
Deferred tax asset (note 8)	155	152
	1,625	2,818

All amounts owed by group undertakings are repayable on demand and do not attract interest.

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2017 (*continued*)

11 Creditors

	31 January 2017 £'000	31 January 2016 £'000
Amounts falling due within one year		
Trade creditors	93	136
Amounts owed to group undertakings	804	4,651
Other taxes and social security	133	209
Other creditors	25	33
Accruals and deferred income	260	372
	<u>1,315</u>	<u>5,401</u>

All amounts owed to group undertakings are repayable on demand and do not attract interest.

12 Creditors

	31 January 2017 £'000	31 January 2016 £'000
Amounts falling due after more than one year		
Bank loan	-	50
	<u>-</u>	<u>50</u>

13 Provisions

	£'000
Opening balance at 1 February 2016	164
Change in estimate	66
	<u>230</u>
Closing balance at 31 January 2017	<u>230</u>

The provision covers the cost of rent, rates and dilapidations on the UK leasehold property. There is significant uncertainty on the timing of any dilapidation payment.

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (continued)

14 Share capital

	Allotted, called up and fully paid			
	31 January 2017 Number	31 January 2016 Number	31 January 2017 £'000	31 January 2016 £'000
Ordinary shares of 5p each	1,000,000	1,000,000	50	50
Ordinary 'A' shares of 1p each	85	85	-	-

Ordinary shares and 'A' Ordinary shares are similar except for voting rights in meetings as set out in article 9 of the Articles of the Company. 'A' Ordinary shareholders do not have the right to appoint directors.

15 Profit and loss account

	£'000
Opening balance at 31 January 2015	201
Net profit for the year	1,093
Other comprehensive income	24
Closing balance at 31 January 2016	1,318
Net loss for the year	(335)
Closing balance at 31 January 2017	983

16 Operating lease arrangements

	2017 £'000	2016 £'000
Lease payments under operating leases recognised as an expense in the year	262	262

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	64	262
In the second to fifth years inclusive	-	65
After five years	-	-
	64	327

Bite Communications Limited

Notes forming part of the financial statements for the year ended 31 January 2017 (continued)

16 Operating lease arrangements (continued)

The Company as lessor

As set out in note 3, property rental income earned during the year was £94,000 (2016: £230,000).

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

	2017 £'000	2016 £'000
Within one year	20	84
In the second to fifth years inclusive	-	21
After five years	-	-

17 Controlling party

The ultimate and immediate parent undertaking, controlling party and parent of the smallest and largest group which this 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 their registered office at 75 Bermondsey Street, London, SE1 3XF.

18 Contingent liabilities

The Company participates in a multilateral guarantee with HSBC Bank Plc (2016: 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 £30,000,000 (2016 - £20,000,000).

19 Share-Based Payments

The Next 15 Group has issued options over its shares to employees at Bite UK that remain outstanding as follows:

Performance shares	Number of shares	Performance period start date	Performance period end date	Performance share grant date
Long-Term Incentive Plan	10,000	1 August 2013	31 July 2017	21 January 2014

37,500 options were exercised in the period.

For all awards under the LTIP, performance will be measured over a period of four consecutive financial years of the Group, commencing with the financial year in which the award was granted. The conditions are based upon two measures – an adjusted earnings per share ('EPS') measure and a budgeted profit measure. The level of vesting will be determined using the best three of the four years' performance for each performance measure. The growth of adjusted EPS of the Group must exceed the UK Consumer Price Index ('CPI') by an average of 10% or more per annum over the performance period for 50% of the award to vest. If the growth of adjusted EPS over CPI is between an average of 3% and 10% per annum over the performance period, between 10% and 50% of the award will vest on a straight-line basis. The remaining 50% of an award may vest if the profit of the particular business in which a participant is employed meets its budgeted profit targets over the performance period. To the extent that the budgeted profit targets are not met, for every 1% below budget, 5% of the award will lapse on a straight-line basis. Employees who work in Group roles will be measured by reference to whole Group performance, rather than any particular business unit.