

Bite Communications Limited

Annual Report and Financial statements

For the year ended 31 January 2018

Registered Number 03023521

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Bite Communications Limited

Annual report and financial statements for the year ended 31 January 2018

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Bite Communications Limited

**Officers and professional advisers
Report and financial statements
for the year ended 31 January 2018**

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 2018

The Directors present their strategic report together with the audited financial statements of Bite Communications Limited (the "Company") for the year ended 31 January 2018.

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

The business has increased its strategic and financial alignment with the US operation of the Bite brand. While there were a lack of significant new business wins in the year, the business has made operational changes to reduce the cost base and as a result this lead to a net profit after tax for the year £217,000 compared to a loss of £335,000 in the prior year.

Future Prospects

The business will continue its strategic and financial alignment with the US operation of the Bite brand. Margins and bottom line profit should remain consistent for future periods.

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 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.

Bite Communications Limited

Strategic report for the year ended 31 January 2018 (continued)

Financial risk management objectives and policies

Credit risk

The balance sheet of the Company includes intercompany and external balances. The Company is therefore exposed to credit risk on these balances, although credit is spread evenly across counterparties.

We have considered the impact of other risks such as interest rates and foreign exchange volatility but, whilst there is some exposure, we do not consider the risks to be material to the Company.

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.

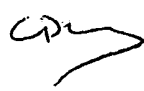
The key performance indicators for the year were as follows:

	31 January 2018 £'000	31 January 2017 £'000
Fee income	2,561	3,498
Normalised EBITDA	294	(36)
Normalised EBITDA to fee income margin (%)	11%	(1%)
Staff costs to fee income (%)	64%	74%
Net current assets	438	1,214

The business has increased its strategic and financial alignment with the US operation of the Bite brand, which resulted in a lack of new business wins in the year and therefore explains the reduction in fee income when comparing to the prior year. However staff costs as a percentage of fee income and normalised EBITDA have increased year on year, which is due to the operational changes to reduce the cost base in the business.

Approval

This strategic report was approved, and signed on behalf of the Board, on 20 July 2018.



L Lowry
Director

Bite Communications Limited

Report of the Directors for the year ended 31 January 2018

The Directors present their report together with the audited financial statements of Bite Communications Limited ("the Company") for the year ended 31 January 2018.

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
L Lowry

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.

Events after the balance sheet date

There are no significant or material post balance sheet events.

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 profit after tax of £217,000 (2017 - loss after tax of £335,000 for the year).

The Directors paid a dividend of £1,000,000 (2017 - £Nil).

Going Concern

At the balance sheet date the Company had net current assets of £438,000. 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

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board


L Lowry
Director
20 July 2018

Bite Communications Limited

Directors' responsibilities statement for the year ended 31 January 2018 (*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;
- 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.

Bite Communications Limited

Independent auditor's report

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bite Communications Limited for the year ended 31 January 2018 which comprise:

- the Profit and Loss Account
- the Balance Sheet
- the Statement of Changes in Equity and;
- the related notes 1 to 18.

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".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Bite Communications Limited

Independent auditor's report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit for the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Bite Communications Limited

Independent auditor's report (*continued*)

Report on other legal and regulatory requirements

Opinions 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.

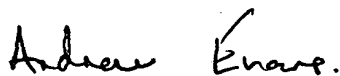
In the light of the knowledge and understanding of the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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...

We have nothing to report in respect of these matters.



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

20 July 2018

Bite Communications Limited

Profit and loss account for the year ended 31 January 2018

	Note	Year ended 31 January 2018 £'000	Year ended 31 January 2017 £'000
Turnover	3	2,932	4,171
External charges		(371)	(673)
Turnover less external charges		2,561	3,498
Other operating income		24	94
Administrative expenses		(2,336)	(3,925)
Operating profit/(loss)	4	249	(333)
Interest payable and similar charges	7	-	(5)
Profit/(loss) before tax		249	(338)
Tax (charge)/credit	8	(32)	3
Profit/(loss) for the financial year		217	(335)

All amounts relate to continuing activities.

There were no items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

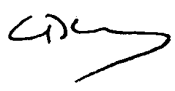
The accompanying notes on pages 13 to 24 form an integral part of these financial statements.

Bite Communications Limited

Balance sheet at 31 January 2018

	Note	31 January 2018 £'000	31 January 2018 £'000	31 January 2017 £'000	31 January 2017 £'000
Fixed assets					
Tangible assets	9		11		49
Current assets					
Debtors	10	1,211		1,625	
Cash at bank and in hand		691		904	
		1,902		2,529	
Creditors: amounts falling due within one year	11	(1,464)		(1,315)	
Net current assets			438		1,214
Total assets less current liabilities			449		1,263
Provision for liabilities	12		(199)		(230)
Net Assets			250		1,033
Capital and reserves					
Called up share capital	13		50		50
Profit and loss account			200		983
Shareholders' funds			250		1,033

The financial statements of Bite Communications Limited (registered number 03023521) were approved by the board of directors and authorised for issue on 20 July 2018. They were signed on its behalf by:


L Lowry
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 2018

	Share capital (note 13) £'000	Profit and Loss Account £'000	Total £'000
Balance as at 31 January 2016	50	1,318	1,368
Loss for the year	-	(335)	(335)
Balance at 31 January 2017	50	983	1,033
Profit for the year	-	217	217
Dividends paid	-	(1,000)	(1,000)
Balance at 31 January 2018	50	200	250

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 2018

1 General Information

Bite Communications Limited (the Company) is a company incorporated in the United Kingdom and registered 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.

Revenue recognition

Turnover represent amounts receivable from clients, exclusive of VAT, sales taxes and trade discounts in respect of charges for fees, commission and rechargeable expenses incurred on behalf of clients. Turnover less other external charges is billings less amounts payable on behalf of clients to external suppliers where they are retained to perform part of a specific client project or service, and represents fees, commissions and mark-ups on rechargeable expenses.

Turnover less rechargeable expenses 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; and
- Expenses (other external charges) are recharged to clients at cost plus an agreed mark-up when the services are performed.

Other external charges represent the costs on which the Company is considered to be acting as agent on behalf of the client.

Bite Communications Limited

**Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)**

2 Significant accounting policies (continued)

Operating profit

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

Growth Share Accounting

The company grants brand equity appreciation rights to key individuals in the form of restricted ordinary shares. The restricted ordinary shares give the individuals a right to a percentage of the future appreciation in the company's equity. Appreciation is measured based on a multiple of the company's operating earnings in subsequent year(s), over the base line value determined at the date of grant. Since any company appreciation payments are to be settled in equity in the ultimate parent, to be paid for by the company, they are accounted for as cash-settled share-based payments in the company in line with IFRS 2.

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

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Bite Communications Limited

**Notes forming part of the financial statements
for the year ended 31 January 2018 (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 2018 (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 lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

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.

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.

Management believe there are no material critical accounting judgements or estimates present.

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2018 *(continued)*

3 Turnover and revenue

	2018 £'000	2017 £'000
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An analysis of the Company's turnover is as follows:

Rendering of Services	2,436	3,294
Mechanical Income	496	877
	2,932	4,171
Rent received	24	94
	2,956	4,265

All of the Company's turnover arises from the provision of public relations consultancy services within the UK: 64% (2017: 82%), North America: 28 % (2017: 14%) and EMEA: 7 % (2017: 4%).

4 Profit for the financial year

	2018 £'000	2017 £'000
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Profit/(loss)/ for the year has been arrived at after charging/(crediting):

Depreciation	45	175
Operating lease rentals - land and buildings	61	262
Operating lease income - land and buildings	(24)	(94)
Foreign exchange loss/(gain)	21	(20)
Staff costs (Note 6)	1,676	2,385
Profit on disposal of trade and assets	1	-

Exceptional items:

Restructuring costs	-	122
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Exceptional items

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

Bite Communications Limited

**Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)**

5 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual accounts were £12,500 (2017: £15,400).

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	2018 £'000	2017 £'000
Wages and salaries	1,507	2,094
Social security costs	144	253
Pension contributions	25	38

	1,676	2,385
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The average monthly number of full time employees during the year was as follows:

	Number	Number
Directors	1	2
Other	28	37
	29	39

Total remuneration of all Directors:

	2018 £'000	2017 £'000
Aggregate emoluments	229	334
Compensation for loss of office	147	-
Company contributions to defined contribution schemes	6	11
	382	345

The Directors have nil (2017: 35,000) share options outstanding at the end of the reporting period.

Remuneration of highest paid director:

	2018 £'000	2017 £'000
Aggregate emoluments	160	179
Company contributions to defined contribution scheme	-	11
	160	190

The number of Directors to whom retirement benefits are accruing is:

	Number	Number
Defined contribution schemes	-	1

Bite Communications Limited

**Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)**

6 Staff costs (continued)

P Harris and L Lowry 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

	2018 £'000	2017 £'000
Interest payable to group companies	-	5
Total interest payable	-	5

8 Taxation

	Year ended 31 January 2018 £'000	Year ended 31 January 2017 £'000
a) Analysis of charge/(credit) in the year		
Current tax		
Current tax charge for the year	-	-
Deferred tax		
Origination and reversal of timing differences	20	8
Adjustments in respect of deferred tax for prior years	12	(11)
Tax charge/(credit)	32	(3)
b) Factors affecting tax charge/(credit)		
Profit/(loss) on ordinary activities before taxation	249	(338)
Tax on profit/(loss) on ordinary activities at the standard rate of tax in the UK of 19.17% (2017 – 20%)	48	(68)
Effects of:		
(Non-taxable income)/disallowed expenses	(4)	(18)
Prior period adjustment	12	(11)
Group relief surrendered for no consideration	(24)	94
Tax charge/(credit) for the year (note 8a)	32	(3)

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 2018 of 19.17% (2017: 20% 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 17% from April 2020.

Deferred tax asset

	Year ended 31 January 2018 £'000	Year ended 31 January 2017 £'000
Accelerated capital allowances	123	154
Other	-	1
Total (note 10)	123	155

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

	£'000
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
(Charge) to the profit and loss account for the year (note 8a)	(32)
Balance at 31 January 2018	123

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)

9 Tangible fixed assets

	Short leasehold property £'000	Office equipment £'000	Office furniture £'000	Total £'000
<i>Cost</i>				
At 31 January 2017	601	464	60	1,125
Additions	-	2	6	8
Disposals	(601)	(305)	(44)	(950)
At 31 January 2018	-	161	22	183
<i>Depreciation</i>				
At 31 January 2017	576	440	60	1,076
Charge for the year	24	19	2	45
Disposals	(600)	(305)	(44)	(949)
At 31 January 2018	-	154	18	172
<i>Net book value</i>				
At 31 January 2018	-	7	4	11
At 31 January 2017	25	24	-	49

10 Debtors

	31 January 2018 £'000	31 January 2017 £'000
Amounts falling due within one year		
Trade debtors	280	429
Amounts owed by group undertakings	743	913
Other debtors	9	14
Prepayments and accrued income	56	114
Deferred tax asset (note 8)	123	155
	1,211	1,625

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 2018 *(continued)*

11 Creditors

Amounts falling due within one year	31 January 2018 £'000	31 January 2017 £'000
Trade creditors	91	93
Amounts owed to group undertakings	1,012	804
Other taxes and social security	90	133
Other creditors	26	25
Accruals	123	109
Deferred income	122	151
	<u>1,464</u>	<u>1,315</u>

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

12 Provisions

	£'000
Opening balance at 1 February 2017	230
Change in estimate	(31)
	<u>199</u>
Closing balance at 31 January 2018	<u>199</u>

The provision covers the cost of rent, rates and dilapidations on the previous UK leasehold property. There is significant uncertainty on the timing and amount of any dilapidation payment. A change in estimate has occurred following ongoing discussions with the landlord.

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)

13 Share capital

	31 January 2018 Number	Allotted, called up and fully paid 31 January 2017 Number	31 January 2018 £'000	31 January 2017 £'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.

14 Operating lease arrangements

	2018 £'000	2017 £'000
Lease payments under operating leases recognised as an expense in the year	215	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:

	2018 £'000	2017 £'000
Within one year	-	64
In the second to fifth years inclusive	-	-
After five years	-	-
	-	64

Bite Communications Limited

Notes forming part of the financial statements
for the year ended 31 January 2018 (continued)

15 Operating lease arrangements (continued)

The Company as lessor

As set out in note 3, property rental income earned during the year was £24,000 (2017: £94,000).

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

	2018 £'000	2017 £'000
Within one year	-	20
In the second to fifth years inclusive	-	-
After five years	-	-

16 Controlling party

The ultimate 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.

17 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 £40,000,000 (2017 - £30,000,000).

18 Normalised EBITDA Reconciliation

	2018 £'000	2017 £'000
Statutory profit/(loss) on ordinary activities before tax	249	(333)
Depreciation	45	175
Restructuring costs	-	122
Normalised EBITDA	294	(36)