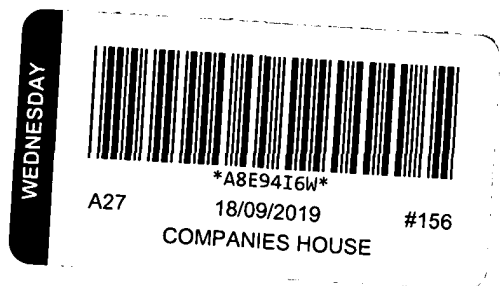


Company & Name TNP

**GRAVITY LONDON LIMITED**  
**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**



**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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**GRAVITY LONDON LIMITED**

**COMPANY INFORMATION  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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**DIRECTORS:**

Mr M Lethbridge  
Mr S D Feast  
Mr P Anderson

**SECRETARY:**

Mr S D Feast

**REGISTERED OFFICE:**

69 Wilson Street  
London  
EC2A 2BB

**REGISTERED NUMBER:**

06749773 (England and Wales)

**AUDITORS:**

THP Limited  
Chartered Accountants  
and Statutory Auditors  
34-40 High Street  
Wanstead  
London  
E11 2RJ

**STRATEGIC REPORT  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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The directors present their strategic report for the period 1 June 2018 to 31 December 2018.

The results for this seven month accounting period are not directly comparable with the results for the previous year.

**REVIEW OF BUSINESS**

The directors are pleased to report another very successful period for the business in terms of revenue growth and profits.

Our expertise in business to business marketing communications on a global scale is now well recognised in the markets we serve. As a result client retention and acquisition continues to hit new benchmarks and ensure revenues are sustainable.

The company's key performance indicators are as follows:

	<b>PE 31.12.18</b>	<b>YE 31.5.18</b>
	<b>£</b>	<b>£</b>
Turnover	6,613,567	11,228,618
Profit before tax	1,131,975	1,949,696

Growth in the coming year will come from expanding our talent, leveraging our category expertise, increasing our global reach and further adoption of technology that enables evidence based marketing strategies that deliver measurable outcomes.

The net assets of the company are £5,206,591 at the balance sheet date, up from £4,617,380 in May 2018. This reflects the solid position of the company from a solvency and liquidity point of view, and this strong balance sheet is the foundation on which the company can continue to grow and prosper.

**STRATEGIC REPORT  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The primary risks to which the company is exposed are common to all major providers of integrated marketing services.

The Directors have set out below the principal risks facing the business.

The Directors are of the opinion that a thorough risk management process is adopted which involves a formal review of all risks identified below. Where possible, processes are in place to mitigate such risks.

**Client retention as the company operates in a highly competitive industry**

The continued delivery of services which add value to our clients has always been the key to the company's client retention strategy. Recognised by multiple industry awards and several successful high profile campaigns the company is known as the B2B expert within the industry and will continue to win and retain clients through performance and reputation.

**Retention of key employees**

The Directors have always understood that success is driven by talent, assembling a team over a number of years. The company provides a dynamic and stimulating environment which is aimed at attracting and retaining the best talent in the industry and the success of this strategy is demonstrated by the company's low staff turnover.

**Credit Risk in relation to amounts receivable from customers**

Credit risk is mitigated through an ongoing risk appraisal procedure for all clients weighted by exposure and risk is minimised by staged invoicing to minimise the risk on larger contracts.

**General economic uncertainty surrounding the Brexit**

The Directors have embarked on a strategy to increase global turnover while maintaining the current UK position as the dominant B2B brand. With a presence in many of the world's major cities the risk of any UK or European downturn is diversified.

**ON BEHALF OF THE BOARD:**

  
Mr M Lethbridge - Director

28 June 2019

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

---

The directors present their report with the financial statements of the company for the period 1 June 2018 to 31 December 2018.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of providing integrated marketing services.

**DIVIDENDS**

The total distribution of dividends for the period ended 31 Dec 2018 will be £312,000 (YE 31 May 2018: £462,000).

**FUTURE DEVELOPMENTS**

The directors are confident that their continued focus on their employees and clients will continue to result in the growth of the business.

The company has taken the necessary steps in order to ensure that it complies with the requirements of GDPR.

**EVENTS SINCE THE END OF THE PERIOD**

Information relating to events since the end of the period is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2018 to the date of this report.

Mr M Lethbridge  
Mr S D Feast  
Mr P Anderson

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

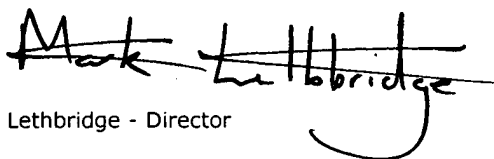
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, THP Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Mr M Lethbridge - Director

28 June 2019

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRAVITY LONDON LIMITED**

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### **Opinion**

We have audited the financial statements of Gravity London Limited (the 'company') for the period ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the period 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.

### **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 Auditors' 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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.

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

### **Matters on which we are required to report by exception**

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 material misstatements in the Strategic Report or the Report of the Directors.

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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRAVITY LONDON LIMITED**

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### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

### **Auditors' 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 a Report of the Auditors 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 of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

### **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 a Report of the Auditors 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.



Andrew Green LLB FCA (Senior Statutory Auditor)  
for and on behalf of THP Limited  
Chartered Accountants  
and Statutory Auditors  
34-40 High Street  
Wanstead  
London  
E11 2RJ

28 June 2019



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

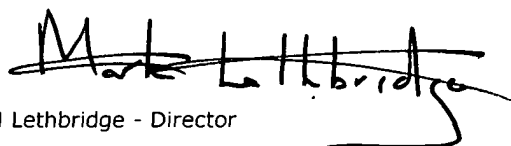
		period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
	Notes		
<b>TURNOVER</b>	4	<b>6,613,567</b>	11,228,618
Cost of sales		<u><b>2,914,677</b></u>	<u>5,574,181</u>
<b>GROSS PROFIT</b>		<b>3,698,890</b>	5,654,437
Administrative expenses		<u><b>2,568,649</b></u>	<u>3,706,249</u>
<b>OPERATING PROFIT</b>	6	<b>1,130,241</b>	1,948,188
Interest receivable and similar income		<u><b>5,310</b></u>	<u>3,623</u>
		<b>1,135,551</b>	1,951,811
Interest payable and similar expenses	7	<u><b>3,576</b></u>	<u>2,115</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,131,975</b>	1,949,696
Tax on profit	8	<u><b>230,764</b></u>	<u>401,272</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<u><b>901,211</b></u>	<u>1,548,424</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2018**

	Notes	2018		2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	10		-		-
Tangible assets	11		<b>119,236</b>		116,584
Investments	12		-		-
			<b>119,236</b>		116,584
<b>CURRENT ASSETS</b>					
Debtors	13	<b>2,680,232</b>		3,865,868	
Cash at bank		<b>4,373,155</b>		<b>2,823,700</b>	
		<b>7,053,387</b>		6,689,568	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<b>1,943,513</b>		<b>2,166,194</b>	
<b>NET CURRENT ASSETS</b>			<b>5,109,874</b>		<b>4,523,374</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>5,229,110</b>		4,639,958
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		<b>(15,324)</b>		(17,615)
<b>PROVISIONS FOR LIABILITIES</b>	17		<b>(7,195)</b>		<b>(4,963)</b>
<b>NET ASSETS</b>			<b>5,206,591</b>		<b>4,617,380</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		<b>1,500,000</b>		1,500,000
Retained earnings	19		<b>3,706,591</b>		<b>3,117,380</b>
<b>SHAREHOLDERS' FUNDS</b>			<b>5,206,591</b>		<b>4,617,380</b>

The financial statements were approved by the Board of Directors on 28 June 2019 and were signed on its behalf by:



Mr M Lethbridge - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 June 2017</b>	1,500,000	2,030,956	3,530,956
<b>Changes in equity</b>			
Dividends	-	(462,000)	(462,000)
Total comprehensive income	-	<u>1,548,424</u>	<u>1,548,424</u>
<b>Balance at 31 May 2018</b>	<u>1,500,000</u>	<u>3,117,380</u>	<u>4,617,380</u>
<b>Changes in equity</b>			
Dividends	-	(312,000)	(312,000)
Total comprehensive income	-	<u>901,211</u>	<u>901,211</u>
<b>Balance at 31 December 2018</b>	<u>1,500,000</u>	<u>3,706,591</u>	<u>5,206,591</u>

**CASH FLOW STATEMENT  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

	Notes	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	<b>1,910,604</b>	1,607,058
Interest paid		<b>(2,997)</b>	-
Interest element of hire purchase payments paid		<b>(579)</b>	(2,115)
Tax paid		<b>-</b>	(374,119)
Net cash from operating activities		<b><u>1,907,028</u></b>	<u>1,230,824</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<b>(31,385)</b>	(71,705)
Sale of tangible fixed assets		<b>-</b>	9,500
Interest received		<b>5,310</b>	3,623
Net cash from investing activities		<b><u>(26,075)</u></b>	<u>(58,582)</u>
<b>Cash flows from financing activities</b>			
Capital repayments in year		<b>(2,291)</b>	8,830
Amount introduced by directors		<b>604</b>	-
Amount withdrawn by directors		<b>(17,811)</b>	(132,228)
Equity dividends paid		<b>(312,000)</b>	(462,000)
Net cash from financing activities		<b><u>(331,498)</u></b>	<u>(585,398)</u>
<b>Increase in cash and cash equivalents</b>		<b>1,549,455</b>	586,844
<b>Cash and cash equivalents at beginning of period</b>	25	<b>2,823,700</b>	2,236,856
<b>Cash and cash equivalents at end of period</b>	25	<b><u>4,373,155</u></b>	<u>2,823,700</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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**1. STATUTORY INFORMATION**

Gravity London Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared on a going concern basis and under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Gravity London Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the exemption under Section 405 of the Companies Act 2006 from preparing group accounts as its dormant subsidiary undertakings would all be excluded from any consolidation as their inclusion would not be material for the purpose of giving a true and fair view.

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**a) Critical judgements in applying the entity's accounting policies**

There are no specific judgements, apart from those involving estimates as detailed below, that management has made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

**b) Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates can differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

**(i) Useful economic lives of tangible assets**

*The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of tangible assets and note 3 for the depreciation policy in respect of each class of asset.*

**(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing their impairment, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The company also makes an estimate of income accrued at the year end based on the expected outcome of the job in question, the expected margin and the element of costs incurred. See note 13 for the net carrying amount of debtors.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the provision of marketing services invoiced during the year, excluding value added tax.

Revenue is recognised when the significant risks and rewards have passed to the customer.

**Goodwill**

Goodwill, being the amounts paid in respect of the acquisition of a business in 2011, has been fully amortised over its useful economic life of 3 to 7 years.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

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**3. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold property	- Over the period of the lease
Computer Equipment	- 25% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

**Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently carried at this value less any provision for impairment.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet represent cash at bank and in hand.

**Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in profit or loss under operating expenses.

The carrying value of all short-term financial assets and liabilities are measured at amortised cost.

**Taxation**

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**
**3. ACCOUNTING POLICIES - continued**
**Staff benefits**

The company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

**(i) Short Term Benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**(ii) Pension Scheme**

The company operates a defined contribution pension scheme for its employees. The contributions are recognised as an expense when they are due. Amounts not paid are shown as a creditor on the balance sheet. The assets of the scheme are held separately from the company in independently administered funds.

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below, as a percentage of overall turnover:

	<b>PE 31.12.2018</b>	<b>YE 31.05.2018</b>
United Kingdom	<b>51%</b>	60%
Rest of the World	<b>49%</b>	40%

**5. EMPLOYEES AND DIRECTORS**

	<b>period 1.6.18 to 31.12.18 £</b>	<b>year ended 31.5.18 £</b>
Wages and salaries	<b>1,741,982</b>	2,564,233
Social security costs	<b>136,112</b>	225,746
Other pension costs	<b>17,695</b>	19,862
	<b><u>1,895,789</u></b>	<b><u>2,809,841</u></b>

The average number of employees during the period was as follows:

	<b>period 1.6.18 to 31.12.18</b>	<b>year ended 31.5.18</b>
Creative and PR	<b>38</b>	40
Finance and Administration	<b>8</b>	8
	<b><u>46</u></b>	<b><u>48</u></b>

	<b>period 1.6.18 to 31.12.18 £</b>	<b>year ended 31.5.18 £</b>
Directors' remuneration	<b>199,615</b>	254,912
Directors' pension contributions to money purchase schemes	<b>806</b>	390

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<b><u>3</u></b>	<b><u>3</u></b>
------------------------	-----------------	-----------------

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**
**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
Depreciation - owned assets	25,734	60,839
Depreciation - assets on hire purchase contracts	2,999	4,158
Profit on disposal of fixed assets	-	(507)
Auditors' remuneration - Audit	15,000	15,000
Auditors' remuneration for non audit work	4,945	11,545
Foreign exchange differences	(96,221)	(3,268)
Operating Lease Rentals	<u>96,083</u>	<u>154,000</u>

The Directors of the company are also its "key management" for the purposes of disclosure under FRS 102.

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
Other interest	2,997	-
Hire purchase interest	<u>579</u>	<u>2,115</u>
	<u>3,576</u>	<u>2,115</u>

**8. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the period was as follows:

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
Current tax:		
UK corporation tax	220,642	381,623
Under/(over) provision in prior year	<u>7,890</u>	<u>19,326</u>
Total current tax	228,532	400,949
Deferred tax	<u>2,232</u>	<u>323</u>
Tax on profit	<u>230,764</u>	<u>401,272</u>



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**
**8. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
Profit before tax	<u>1,131,975</u>	<u>1,949,696</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>215,075</b>	370,442
Effects of:		
Expenses not deductible for tax purposes	<b>7,259</b>	10,042
Capital allowances in excess of depreciation	<b>(1,692)</b>	-
Depreciation in excess of capital allowances	-	1,139
Adjustments to tax charge in respect of previous periods	<b>7,890</b>	19,326
Movement on deferred tax	<u>2,232</u>	<u>323</u>
Total tax charge	<u><b>230,764</b></u>	<u>401,272</u>

**9. DIVIDENDS**

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
A Ordinary shares of £1 each Interim	<b>104,000</b>	154,000
B Ordinary shares of £1 each Interim	<b>104,000</b>	154,000
C Ordinary shares of £1 each Interim	<u><b>104,000</b></u>	<u>154,000</u>
	<u><b>312,000</b></u>	<u>462,000</u>

**10. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>COST</b>	
At 1 June 2018	
and 31 December 2018	<u><b>4,124,393</b></u>
<b>AMORTISATION</b>	
At 1 June 2018	
and 31 December 2018	<u><b>4,124,393</b></u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u><u>-</u></u>
At 31 May 2018	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018

## 11. TANGIBLE FIXED ASSETS

	Short leasehold property £	Computer Equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 June 2018	71,006	240,925	165,512	25,705	503,148
Additions	-	31,385	-	-	31,385
At 31 December 2018	71,006	272,310	165,512	25,705	534,533
<b>DEPRECIATION</b>					
At 1 June 2018	38,475	187,710	157,808	2,571	386,564
Charge for period	4,144	19,469	2,121	2,999	28,733
At 31 December 2018	42,619	207,179	159,929	5,570	415,297
<b>NET BOOK VALUE</b>					
At 31 December 2018	28,387	65,131	5,583	20,135	119,236
At 31 May 2018	32,531	53,215	7,704	23,134	116,584

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST</b>	
At 1 June 2018 and 31 December 2018	25,705
<b>DEPRECIATION</b>	
At 1 June 2018	2,571
Charge for period	2,999
At 31 December 2018	5,570
<b>NET BOOK VALUE</b>	
At 31 December 2018	20,135
At 31 May 2018	23,134

## 12. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 June 2018 and 31 December 2018	6,000,000
<b>PROVISIONS</b>	
At 1 June 2018 and 31 December 2018	6,000,000
<b>NET BOOK VALUE</b>	
At 31 December 2018	-
At 31 May 2018	-

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018

## 12. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**AGA Public Relations Limited**

Registered office: 69 Wilson Street, London EC2A 2BB

Nature of business: Dormant

Class of shares:	% holding	31.12.18	31.5.2018
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

**The A.G.A. Group Limited**

Registered office: 69 Wilson Street, London EC2A 2BB

Nature of business: Dormant

Class of shares:	% holding	31.12.18	31.5.2018
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>4,511</u>	<u>4,511</u>

**AGA Consult LLP**

Registered office: 69 Wilson Street, London EC2A 2BB

Nature of business: Management consultancy

Class of shares:	% holding	31.12.18	31.5.2018
Interest	50.00	£	£
Aggregate capital and reserves		<u>283,253</u>	<u>283,253</u>
Profit for the period/year		<u>94,342</u>	<u>94,342</u>

A.G.A Consult LLP has a financial year end of 31 May. The figures disclosed above represent those contained in the accounts for the year ended 31 May 2018.

**Project Gravity Limited**

Registered office: 69 Wilson Street, London EC2A 2BB

Nature of business: Dormant

Class of shares:	% holding	31.12.18	31.5.2018
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

**AGA Consult Limited**

Registered office: 69 Wilson Street, London EC2A 2BB

Nature of business: Dormant

Class of shares:	% holding	31.12.18	31.5.2018
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018

## 13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.5.2018
	£	£
Trade debtors	2,257,339	3,418,918
Amounts owed by related parties	92,400	128,985
Other debtors	6,118	6,234
Directors' current accounts	214,018	205,583
S455 tax recoverable	56,834	56,834
Prepayments	53,523	49,314
	<u>2,680,232</u>	<u>3,865,868</u>

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.18	31.5.2018
	£	£
Hire purchase contracts (see note 16)	3,927	3,927
Trade creditors	775,376	941,337
Corporation tax	652,157	381,623
Social security and other taxes	78,560	48,279
VAT	211,287	186,284
Directors' current accounts	-	8,772
Accrued expenses	222,206	595,972
	<u>1,943,513</u>	<u>2,166,194</u>

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.18	31.5.2018
	£	£
Hire purchase contracts (see note 16)	<u>15,324</u>	<u>17,615</u>

## 16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.18	31.5.2018
	£	£
Gross obligations repayable:		
Within one year	4,506	4,920
Between one and five years	<u>15,572</u>	<u>19,022</u>
	<u>20,078</u>	<u>23,942</u>
Finance charges repayable:		
Within one year	579	993
Between one and five years	<u>248</u>	<u>1,407</u>
	<u>827</u>	<u>2,400</u>
Net obligations repayable:		
Within one year	3,927	3,927
Between one and five years	<u>15,324</u>	<u>17,615</u>
	<u>19,251</u>	<u>21,542</u>
	Non-cancellable operating leases	
	2018	2018
	£	£
Within one year	166,500	154,000
Between one and five years	<u>481,645</u>	<u>553,134</u>
	<u>648,145</u>	<u>707,134</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**

**16. LEASING AGREEMENTS - continued**

The above lease relates to the rental of the business premises.

**17. PROVISIONS FOR LIABILITIES**

	<b>31.12.18</b>	31.5.18
	<b>£</b>	<b>£</b>
Deferred tax		
Accelerated capital allowances	<u><b>7,195</b></u>	<u><b>4,963</b></u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 June 2018		<b>4,963</b>
Charge to Statement of Comprehensive Income during period		<u><b>2,232</b></u>
Balance at 31 December 2018		<u><b>7,195</b></u>

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	<b>31.12.18</b>	31.5.18
			<b>£</b>	<b>£</b>
500,000	A Ordinary	£1	<b>500,000</b>	500,000
500,000	B Ordinary	£1	<b>500,000</b>	500,000
500,000	C Ordinary	£1	<b>500,000</b>	500,000
			<u><b>1,500,000</b></u>	<u><b>1,500,000</b></u>

All shares rank equally.

**19. RESERVES**

	<b>Retained earnings</b>
	<b>£</b>
At 1 June 2018	<b>3,117,380</b>
Profit for the period	<b>901,211</b>
Dividends	<u><b>(312,000)</b></u>
At 31 December 2018	<u><b>3,706,591</b></u>

**20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to directors subsisted during the period ended 31 December 2018 and the year ended 31 May 2018:

	<b>31.12.18</b>	31.5.18
	<b>£</b>	<b>£</b>
<b>Mr P Anderson</b>		
Balance outstanding at start of period	<b>205,583</b>	205,583
Amounts repaid	<b>(604)</b>	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u><b>204,979</b></u>	<u><b>205,583</b></u>
<b>Mr M Lethbridge</b>		
Balance outstanding at start of period	<b>(8,772)</b>	-
Amounts advanced	<b>176,469</b>	(8,772)
Amounts repaid	<b>(158,658)</b>	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of period	<u><b>9,039</b></u>	<u><b>(8,772)</b></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE PERIOD 1 JUNE 2018 TO 31 DECEMBER 2018**
**20. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

Interest is not charged on the above balances, which have both been repaid subsequent to the year end.

**21. RELATED PARTY DISCLOSURES**
**AGA Consult LLP**

50% owned by Gravity London Limited.

During the year the company sold services to AGA Consult LLP of £Nil (2018 - £491) and purchased services from AGA Consult LLP of £186,410 (2018 - £188,688).

At the balance sheet date the company was owed £92,400 by AGA Consult LLP (2018: £128,985).

**22. POST BALANCE SHEET EVENTS**

As part of a group reorganisation, the ownership of the company's entire share capital was transferred to a new parent company, Gravity Global Limited, on 17 January 2019.

**23. ULTIMATE CONTROLLING PARTY**

There is was no ultimate controlling party.

**24. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	period 1.6.18 to 31.12.18 £	year ended 31.5.18 £
Profit before taxation	1,131,975	1,949,696
Depreciation charges	28,734	64,997
Profit on disposal of fixed assets	-	(507)
Finance costs	3,576	2,115
Finance income	(5,310)	(3,623)
	<b>1,158,975</b>	<b>2,012,678</b>
Decrease/(increase) in trade and other debtors	<b>1,194,070</b>	<b>(1,231,793)</b>
(Decrease)/increase in trade and other creditors	<b>(442,441)</b>	<b>826,173</b>
<b>Cash generated from operations</b>	<b><u>1,910,604</u></b>	<b><u>1,607,058</u></b>

**25. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 31 December 2018**

	31.12.18 £	1.6.18 £
Cash and cash equivalents	<b><u>4,373,155</u></b>	<b><u>2,823,700</u></b>

**Year ended 31 May 2018**

	31.5.18 £	1.6.17 £
Cash and cash equivalents	<b><u>2,823,700</u></b>	<b><u>2,236,856</u></b>

**26. CHANGE OF ACCOUNTING PERIOD END**

In order to align the accounting period with the calendar year, the company has shortened its year end to 31 December 2018 from 31 May 2019.

The comparative amounts on the balance sheet represent balances as at 31 May 2018 and the comparative profit and loss items relate to the year ended on the same date.