

**Gravity Media Group UK Holdings
Limited**

Report and Financial Statements

Year ended

31 December 2021

Company Number 09842708

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Gravity Media Group UK Holdings Limited

Report and Financial Statements for the year ended 31 December 2021

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Directors

J Newton
E Dowdall
E Kaye
M Deans

Secretary and registered office

N Petken, 32-34 Greenhill Crescent, Watford Business Park, Watford, Hertfordshire, England, WD18 8JU

Company number

09842708

Bankers

National Westminster Bank plc, 9th Floor, 280 Bishopsgate, London, EC2M 4RB

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Gravity Media Group UK Holdings Limited

Directors' report for the year ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The statement of comprehensive income is set out on page 6 and shows the profit for the year.

Principal activity

The principal activity of Gravity Media Group UK Holdings Limited ("the Company") is that an intermediate holding company in the group headed by Gravity Media Group Holdings Limited, which together with its subsidiaries' constitute ("the Group").

Directors

The directors who served the Company during the year were as follows:

J Newton
E Dowdall
E Kaye
M Deans

Qualifying third party indemnity provision

The Company has put in place directors' and officers' liability insurance cover for all of the directors of Gravity Media Group UK Holdings Limited.

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

Gravity Media Group UK Holdings Limited

Directors' report for the year ended 31 December 2021 (continued)

Going concern

The Company is a holding company within the Gravity Media Group (the 'Group') and it is therefore reliant on Group support. As the Company is included within the UK group overdraft facility the directors have reviewed the Group's cash flow forecast, of which the company is a member, for the next 12 months and they believe that taking into account reasonably possible changes in projected profitability, contracted and recurring revenue, available liquid resources and scheduled repayments of bank debt, the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors are monitoring trading and have carried out multiple scenario analyses of continuing downsides from Covid-19 including projects' potential delays and cancellations. In addition, the directors considered a worst-case scenario to ensure it fully understands what actions are needed, if appropriate, to ensure it can continue its operations for the foreseeable future. On this basis, whilst acknowledging there is still uncertainty regarding the future impacts of COVID-19, the directors are satisfied the Group remains well placed to manage its business risks successfully.

The current year trading demonstrates that the Group has adapted well to the continuing challenges it faces, and based on the scenario analysis performed, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements and will continue to be able to meet its obligations as they fall due. Accordingly, the financial statements continue to be prepared on a going concern basis.

The Company has a letter of support from the parent company Gravity Media Group Holdings Limited so that in the unlikely event the financial position of the company deteriorated the Company would have the financial support of its parent company. The Company is contractually included within the UK group overdraft facility.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

In preparing this directors' report advantage has been taken of the small companies exemption.

BDO LLP have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

On behalf of the Board



E Kaye
Director

Date: 29 July 2022

Gravity Media Group UK Holdings Limited

Independent auditor's report

TO THE MEMBERS OF GRAVITY MEDIA GROUP UK HOLDINGS LIMITED

Opinion on the 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 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gravity Media Group UK Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Gravity Media Group UK Holdings Limited

Independent auditor's report (*continued*)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Gravity Media Group UK Holdings Limited

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our testing included but was not limited to:


- Our audit planning identified fraud risks in relation to management override. We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls.
- We performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud.
- We made enquiries of Management and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

DocuSigned by:

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Peter Smithson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 29 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Gravity Media Group UK Holdings Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Income from investments	5	3,000	1,100
Interest payable and other similar charges	4	(152)	(120)
Profit before taxation		2,848	980
Taxation		-	-
Profit for the financial year		2,848	980
Other comprehensive income		-	-
Total comprehensive income for the year		2,848	980

All amounts relate to continuing operations.

There are no other recognised gains or losses for the year other than those shown above.

The notes on pages 9 to 14 form part of these financial statements.

Gravity Media Group UK Holdings Limited

Statement of financial position at 31 December 2021

<i>Company number 09842708</i>	<i>Note</i>	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Investments	6		10,706		10,706
Current assets					
Debtors	7	-		1,000	
Cash at bank and at hand		5		2,913	
		<u>5</u>		<u>3,913</u>	
Creditors: amounts falling due within one year	8	(3,985)		(8,116)	
		<u>5</u>		<u>3,913</u>	
Net current liabilities			(3,980)		(4,203)
Total assets less current liabilities			<u>6,726</u>		<u>6,503</u>
Creditors: amounts falling due after more than one year	9		-		(2,625)
			<u>-</u>		<u>(2,625)</u>
Net assets			<u>6,726</u>		<u>3,878</u>
Capital and reserves					
Called up share capital	10	-		-	
Profit and loss account			6,726		3,878
			<u>6,726</u>		<u>3,878</u>
Shareholder's funds			<u>6,726</u>		<u>3,878</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2022.



**E Kaye
Director**



**M Deans
Director**

The notes on pages 9 to 14 form part of these financial statements.

Gravity Media Group UK Holdings Limited

Statement of changes in equity for the year ended 31 December 2021

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	-	2,898	2,898
Profit for the year	-	980	980
Total comprehensive income for the year	-	980	980
At 31 December 2020	-	3,878	3,878
Profit for the year	-	2,848	2,848
Total comprehensive income for the year	-	2,848	2,848
At 31 December 2021	-	6,726	6,726

The notes on pages 9 to 14 form part of these financial statements.

Gravity Media Group UK Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2021

1 Accounting policies

Gravity Media Group UK Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page. The financial statements have been prepared in accordance with FRS 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Basis of measurement

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The presentation currency of the financial statements is the Pound Sterling ("£") and rounded to the nearest thousand ("£'000").

The following principal accounting policies have been applied:

Going concern

The Company is a holding company within the Gravity Media Group (the 'Group') and it is therefore reliant on Group support. As the Company is included within the UK group overdraft facility the directors have reviewed the Group's cash flow forecast, of which the company is a member, for the next 12 months and they believe that taking into account reasonably possible changes in projected profitability, contracted and recurring revenue, available liquid resources and scheduled repayments of bank debt, the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors are monitoring trading and have carried out multiple scenario analyses of continuing downsides from Covid-19 including projects' potential delays and cancellations. In addition, the directors considered a worst-case scenario to ensure it fully understands what actions are needed, if appropriate, to ensure it can continue its operations for the foreseeable future. On this basis, whilst acknowledging there is still uncertainty regarding the future impacts of COVID-19, the directors are satisfied the Group remains well placed to manage its business risks successfully.

The current year trading demonstrates that the Group has adapted well to the continuing challenges it faces, and based on the scenario analysis performed, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements and will continue to be able to meet its obligations as they fall due. Accordingly, the financial statements continue to be prepared on a going concern basis.

The Company has a letter of support from the parent company Gravity Media Group Holdings Limited so that in the unlikely event the financial position of the company deteriorated the Company would have the financial support of its parent company. The Company is contractually included within the UK group overdraft facility.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Gravity Media Group UK Holdings Limited

Notes forming part of the financial statements for the year ended 31 December 2021(*continued*)

1 Accounting policies (*continued*)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

There were no significant areas of judgements or estimation in preparing the financial statements.

3 Employees

There were no employees in this Company.

Gravity Media Group UK Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

4 Interest payable and other similar charges

	2021 £'000	2020 £'000
On bank loans and overdrafts	152	120

5 Income from investments

The Company received dividends of £3,000,000 (2020 - £1,100,000) in the year from its subsidiary Input Video Holdings Limited.

6 Fixed asset investment

The Company has taken advantage of the exemption allowed under Section 400 of the Companies Act 2006 and has not produced group financial statements on the grounds that it is a wholly owned subsidiary of Gravity Media Group Holdings Limited, a company registered in England and Wales.

	Group Undertakings £'000
At 31 December 2020 & 31 December 2021	10,706

There have been no additions or disposals of investment during the year.

The principal undertakings in which the Company's interest at the end of the year is 20% or more are as follows:

Name	Class of share capital held	Proportion held	Nature of business	Registered office
<i>Subsidiary undertakings</i>				
Gravity Media (UK.) Limited	Ordinary £1	100%	Supply of television, broadcast equipment services	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Hyperactive Broadcast Limited	Ordinary £1	100%	Supply of television, broadcast equipment services	Unit 15, Southwood Business Park, Armstrong Mall, Farnborough, Hampshire, England, GU14 0NR
Hyperactive Property Limited	Ordinary £1	100%	Supply of cutting room production facilities	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Video Holdings Limited	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Video Limited *	Ordinary £1	100%	Provision of audio-visual facilities	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU

Gravity Media Group UK Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)

6 Fixed asset investment (continued)

Input Media Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Media Design Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Design Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Video Productions Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Great Bear Productions Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
<i>Joint Ventures</i>				
Gravity Media Middle East Trading WLL * (formerly Gearhouse Broadcast Qatar WLL)	Ordinary QR 1,000	49%	Supply of television broadcast equipment services	PO Box 24613, Doha, Qatar

* held indirectly

7 Debtors

	2021 £'000	2020 £'000
Amounts owed to group undertakings	-	1,000
	-	1,000

Amounts owed by group undertakings are in the normal course of business, on normal commercial terms and are as such interest free and repayable on demand.

8 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loan	2,625	3,751
Amounts owed to group undertakings	1,346	4,347
Accruals	14	18
	3,985	8,116

The Company forms part of a group overdraft facility which has a gross limit of £6.0m and net limit of £5.0m at an interest rate of 2.75% above base. The overdraft facility is repayable on demand.

Amounts owed to group undertakings are in the normal course of business, on normal commercial terms and are as such interest free and repayable on demand.

Gravity Media Group UK Holdings Limited

Notes forming part of the financial statements
for the year ended 31 December 2021 (*continued*)

9 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Bank loan	-	2,625
Maturity of debt:		
	Bank loans and overdrafts 2021 £'000	Bank loans and overdrafts 2020 £'000
Within one year	2,625	3,751
Between one and two years	-	2,625
	<u>2,625</u>	<u>6,376</u>

Included within Bank loans are loans of £Nil (2020 - £0.3m) which are secured by means of a chattel charge over specific assets, repayable in equal instalments over 4.5 years from 2016 at market rates determined from time to time.

10 Share capital

	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i> 2 ordinary shares of £1 each	-	-

11 Contingent liabilities

The UK Banking Group comprising Gravity Media Group Limited and its subsidiaries has provided debenture and cross-guarantees in favour of National Westminster Bank to secure the Guarantee Facility ('BGF'), Multi-Currency Overdraft Facility and more recently a CLBILS loan. Additionally, Gravity Media Group Ltd also provides a guarantee and debenture in support of these facilities.

The BGF is secured by way of a fixed and floating charge over certain of the UK Banking Group's assets.

Gravity Media Group UK Holdings Limited

**Notes forming part of the financial statements
for the year ended 31 December 2021 (continued)**

12 Related party transactions

The Company's ultimate parent company is Gravity Media Group Holdings Limited, a company incorporated in Great Britain and registered in England and Wales and the Company's immediate parent company is Gravity Media Group Limited, a company incorporated in Great Britain and registered in England and Wales.

The results of the Company are included within the group financial statements of Gravity Media Group Holdings Limited but are not included within any other group financial statements.

Copies of the financial statements of Gravity Media Group Holdings Limited may be obtained from Companies House.

The ultimate controlling party is J Newton, a director of the ultimate parent company.

No remuneration was paid to directors for services to the Company in the year.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 "Related Party Disclosures" paragraph 33.1A not to disclose transactions with certain Group companies on the grounds that 100% of the voting rights in the company are controlled by Gravity Media Group Holdings Limited.

13 Events after the reporting date

There are no events after the reporting date to disclose.