

Registered number: 11007113

THIS IS GRAVITY LIMITED

FINANCIAL STATEMENTS

**PERIOD FROM 11 OCTOBER 2017
TO 31 DECEMBER 2018**



**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

THIS IS GRAVITY LIMITED

COMPANY INFORMATION

Directors	Martin James Bellamy David Maxim Triesman Tom Blakeney Curtis Hugh Stephen Frost
Registered number	11007113
Registered office	3 Burlington Gardens London United Kingdom W1S 3EP
Independent auditors	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB

THIS IS GRAVITY LIMITED

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THIS IS GRAVITY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the period ended 31 December 2018.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 to 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.

Directors

The directors who served during the period were:

Martin James Bellamy (appointed 11 October 2017)
David Maxim Triesman (appointed 11 October 2017)
Tom Blakeney Curtis (appointed 10 November 2017)
Hugh Stephen Frost (appointed 10 November 2017)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Lubbock Fine, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

THIS IS GRAVITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

This report was approved by the board and signed on its behalf.


Martin James Bellamy
Director

Date:

9/9/19.

THIS IS GRAVITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THIS IS GRAVITY LIMITED

Opinion

We have audited the financial statements of This Is Gravity Limited (the 'Company') for the period ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, 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 United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditors' 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.

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.

THIS IS GRAVITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THIS IS GRAVITY LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial period 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.

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 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 Directors' Responsibilities Statement on page 1, 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.

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 an Auditors' 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.

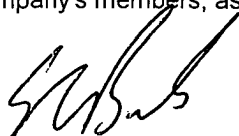
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

THIS IS GRAVITY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THIS IS GRAVITY LIMITED
(CONTINUED)**

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 Auditors' 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.



Stephen Banks (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants & Statutory Auditors

Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date: 16 September 2019

THIS IS GRAVITY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	2018 £
Administrative expenses		(1,093,881)
Other operating charges		(2,832)
Operating (loss)/profit		<u>(1,096,713)</u>
Gain on revaluation of investment properties		3,799,145
Profit before tax		<u>2,702,432</u>
Tax on profit		(270,000)
Profit for the financial period		<u><u>2,432,432</u></u>

There was no other comprehensive income for 2018.

The notes on pages 8 to 14 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 £
Fixed assets		
Tangible assets		24,158
Investment property		16,110,411
		<u>16,134,569</u>
Current assets		
Debtors: amounts falling due within one year	6	2,639,232
Cash at bank and in hand	7	209,278
		<u>2,848,510</u>
Creditors: amounts falling due within one year	8	(12,175,446)
Net current (liabilities)/assets		<u>(9,326,936)</u>
Creditors: amounts falling due after more than one year	9	(3,817,101)
		<u>2,990,532</u>
Provisions for liabilities		
Deferred taxation		(558,000)
		<u>(558,000)</u>
Net assets		<u><u>2,432,532</u></u>
Capital and reserves		
Called up share capital		100
Profit and loss account		2,432,432
		<u><u>2,432,532</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Martin James Bellamy
Director

Date: 9/9/19.

The notes on pages 8 to 14 form part of these financial statements.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

1. General information

The Company is a private company limited by shares and incorporated in England and Wales. The Company was incorporated as Salamanca Group Topaz Limited, but changed legal name to This is Gravity Limited on 27 November 2017. The principal place of business and registered office is 3 Burlington Gardens, London, W1S 3EP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company meets its day to day working capital requirements through its existing loan facility agreed with its bankers. The directors believe it is appropriate to prepare the financial statements on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future on the basis of the Company's plans, and its existing and future loan facilities.

Should the going concern basis prove to be inappropriate then adjustments may be required to reduce the carrying value of assets to their recoverable amount, to provide for any additional liabilities that may arise, and to reclassify fixed assets and long term liabilities.

2.3 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. Borrowing costs that are directly attributable to the Investment Property have been capitalised.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also 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 in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.5 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market value per acre of comparable properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the period was 4.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

4. Taxation

	2018 £
Tax refund receivable	(288,000)
Deferred tax	
Origination and reversal of timing differences	558,000
Taxation on profit on ordinary activities	<u>270,000</u>

The UK corporation tax rate will be reduced from 19% to 17% from 1 April 2020. The effects of these changes have been reflected in the financial statements.

5. Investment property

	Freehold investment property £
Valuation	
Additions at cost	12,200,855
Surplus on revaluation	3,909,556
At 31 December 2018	<u>16,110,411</u>

The 2018 valuations were made by the directors, on an open market value for existing use basis.

6. Debtors

	2018 £
Trade debtors	25,651
Other debtors	1,882,758
Prepayments and accrued income	442,823
Tax recoverable	288,000
	<u>2,639,232</u>

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

7. Cash and cash equivalents

	2018 £
Cash at bank and in hand	209,278
	<u>209,278</u>

8. Creditors: Amounts falling due within one year

	2018 £
Trade creditors	76,583
Amounts owed to group undertakings	6,000,000
Other taxation and social security	8,564
Accruals and deferred income	6,090,299
	<u>12,175,446</u>

9. Creditors: Amounts falling due after more than one year

	2018 £
Bank loans	3,817,101
	<u>3,817,101</u>

Bank loans are secured through fixed and floating charges over the assets of the Company.

10. Share capital

	2018 £
Allotted, called up and fully paid	
50 Ordinary A shares of £1.00 each	50
50 Ordinary B shares of £1.00 each	50
	<u>100</u>

During the period the Company issued 100 ordinary class A shares at par value of £1.00 per share. 50 of these shares were subsequently redesignated as ordinary class B shares with a par value of £1.00 per share.

THIS IS GRAVITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

11. Capital commitments

At 31 December 2018 the Company had capital commitments as follows:

	2018 £
Contracted for but not provided in these financial statements	2,960,000

12. Related party transactions

Included within debtors at the balance sheet date is £500,000 due from participating interests. This amount is unsecured, interest free and repayable on demand. During the period participating interests charged the Company £896,837 for services provided.

At the balance sheet date an amount of £6,000,000 was owed to the parent company, This is Gravity Holdings Limited. The amount is unsecured and incurs annual interest of 8%.

Directors' salaries of £277,405 were paid in the period to 31 December 2018.

13. Post balance sheet events

After the year-end the Company continued development on its investment property and purchased additional land granting access to the site. This resulted in an increase in value of the investment property which is expected subsequently to have a value in excess of £31m. As part of this purchase the Company entered into an agreement which granted one of the sellers a put option that could require the Company to purchase a parcel of land for £1.25m. The Company expects that the value of this land would be in excess of this amount.