

**REGISTRAR OF
COMPANIES**

Gravity Media Group Limited

Report and Financial Statements

Year Ended

31 December 2009

Company Number 3879766

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Gravity Media Group Limited

Report and financial statements for the year ended 31 December 2009

Contents

Page:

1	Report of the directors
4	Independent auditor's report
6	Consolidated profit and loss account
7	Consolidated statement of total recognised gains and losses
8	Consolidated balance sheet
9	Company balance sheet
10	Consolidated cash flow statement
11	Notes forming part of the financial statements

Directors

J Newton
K Moorhouse
A Young
E Kaye
E Dowdall

Secretary and registered office

E Kaye, Unit 12 Imperial Park, Imperial Way, Watford, Hertfordshire, WD24 4PP

Company number

3879766

Bankers

Until 30 June 2010 - Barclays Bank plc, Media Banking Centre, 27 Soho Square, London, W1D 3QR
From 1 July 2010 - Royal Bank of Scotland plc, 9th Floor, 280 Bishopsgate, London, EC2M 4RB

Auditors

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

Gravity Media Group Limited

Report of the directors for the year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009

Principal activity

The company acts as a holding company. The principal activity of the group is the supply of television broadcast equipment and services to rights holders, broadcasters, production companies and other facility providers.

Trading review and future developments

The results for the year are set out on page 6. Turnover and loss before tax for the year was £40.9m and £(0.7)m respectively.

The directors continue to view the future with confidence which is reflected in the £5.6m investment in new equipment.

The period under review is consistent with previous comparable years in which there are fewer major sporting events.

In January 2010, the trade and assets of BPC2083 Limited were sold, giving rise to an accounting profit of £2.9m. The company is being wound down and it is the intention of management to place the company into solvent liquidation once this is complete.

Key performance indicators

The group uses a range of financial performance measures to monitor and manage the company effectively. These are turnover, gross margin, EBITDA, hire stock, plant and equipment at cost and net debt.

The key financial performance indicators for the year ended 31 December 2009 are set out below:

	2009 £'000	2008 £'000
Turnover	40,860	49,076
Gross margin	10,638	12,834
EBITDA (excluding exceptional items)	5,457	8,356
Hire stock, plant and equipment at cost	44,418	46,037
Net assets	4,230	4,734
Net debt	8,502	13,640

Turnover, gross margin and EBITDA has decreased due to fewer major sporting events in the year.

As at 31 December 2009, the group had net current liabilities of £9.7m (2008 - £9.8m). This arises due to the group's fixed assets being considered to be part of its trading inventory and it being group policy to pay down debt quickly.

Principal risks and uncertainties

The main risks affecting the business relate to the ongoing demand for television broadcast equipment and related services. A material proportion of the business relates to televised sports and other events.

Gravity Media Group Limited

Report of the directors for the year ended 31 December 2009 (*Continued*)

Financial instruments

The group uses various financial instruments including cash, asset financing and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the groups operations.

The existence of these financial instruments exposes the business to a number of financial risks, which are described in more detail below. The main risks arising from the group financial instruments are currency risk, credit risk, interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years.

Currency risk

The group trades internationally and is exposed to movements in Euros, US Dollars and Australian Dollars predominantly. The Board monitors and minimises as far as possible the net exposure on a daily basis.

Credit risk

The group's principal credit risk relates to the recovery of amounts from trade debtors. In order to manage credit risk the directors set limits for customers based upon a combination of payment history and credit checks on new customers. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Debtors are actively chased by the credit control department.

Interest rate risk

The group's external borrowing attracts interest at a variable rate, which is agreed on a regular basis with the lender. The Board also considers the use of fixed rate borrowings from time to time.

Liquidity risk

The business monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Directors

The directors of the company during the year were as follows

J Newton	
W Newbert	(resigned 31 March 2009)
K Moorhouse	
A Young	
E Kaye	
E Dowdall	(appointed 1 March 2009)

Gravity Media Group Limited

Report of the directors for the year ended 31 December 2009 (Continued)

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 group and company 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 group and company and of the profit or loss of the group 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,
- 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.

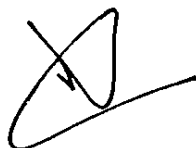
Auditors

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.

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

On behalf of the Board

J Newton



Director

Date 9th August 2010

Gravity Media Group Limited

Independent auditor's report

TO THE MEMBERS OF GRAVITY MEDIA GROUP LIMITED

We have audited the financial statements of Gravity Media Group Limited for the year ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Gravity Media Group Limited

Independent auditor's report (*Continued*)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Viner, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

9 August 2010

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

Gravity Media Group Limited

Consolidated profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	40,860	49,076
Cost of sales		(30,222)	(36,242)
Gross profit		10,638	12,834
Goodwill amortisation		(15)	(15)
Exceptional costs		(308)	-
Administrative expenses		(10,501)	(10,484)
Total administrative expenses		(10,824)	(10,499)
Operating (loss)/profit	3	(186)	2,335
Interest receivable		18	18
Interest payable and other similar charges	6	(546)	(1,014)
(Loss)/profit on ordinary activities before taxation		(714)	1,339
Taxation on profit on ordinary activities	7	(183)	(403)
(Loss)/profit on ordinary activities for the financial year	18	(897)	936

All amounts relate to continuing operations

The notes on pages 11 to 23 form part of these financial statements

Gravity Media Group Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2009

	2009 £'000	2008 £'000
(Loss)/profit for the financial year	(897)	936
Exchange differences	393	(767)
Total recognised gains and losses for the financial year	(504)	169

The notes on pages 11 to 23 form part of these financial statements

Gravity Media Group Limited

Consolidated balance sheet at 31 December 2009

Company number 3879766	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	9		165		181
Tangible assets	10		18,298		21,245
			<u>18,463</u>		<u>21,426</u>
Current assets					
Stocks	12	2,403		2,235	
Debtors	13	5,285		4,620	
Cash at bank and in hand		1,203		621	
		<u>8,891</u>		<u>7,476</u>	
Creditors: amounts falling due within one year	14	18,561		17,293	
Net current liabilities			<u>(9,670)</u>		<u>(9,817)</u>
Total assets less current liabilities			<u>8,793</u>		<u>11,609</u>
Creditors: amounts falling due after more than one year	15		4,363		6,875
Provisions for liabilities	16		200		-
Net assets			<u>4,230</u>		<u>4,734</u>
Capital and reserves					
Called up share capital	17		450		450
Share premium	18		675		675
Capital redemption reserve	18		50		50
Profit and loss account	18		3,055		3,559
Shareholders' funds	19		<u>4,230</u>		<u>4,734</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9th August 2010

J Newton

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Directors

E Kaye

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The notes on pages 11 to 23 form part of these financial statements



Gravity Media Group Limited

Company balance sheet at 31 December 2009

Company number 3879766	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Investments	11		1,738		1,738
Current assets					
Debtors - due after more than one year	13	2,730		3,930	
Creditors: amounts falling due within one year	14	4,436		3,062	
Net current (liabilities)/assets			(1,706)		868
Total assets less current liabilities			32		2,606
Creditors' amounts falling due after more than one year	15		700		1,975
Net (liabilities)/assets			(668)		631
Capital and reserves					
Called up share capital	17		450		450
Share premium	18		675		675
Capital redemption reserve	18		50		50
Profit and loss account	18		(1,843)		(544)
Shareholders' (deficit)/funds	19		(668)		631

The financial statements were approved by the Board of Directors and authorised for issue on 9th August 2010

J Newton)
E Kaye) **Directors**

The notes on pages 11 to 23 form part of these financial statements

Gravity Media Group Limited

Consolidated cash flow statement for the year ended 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Net cash inflow from operating activities	21		7,928		8,431
Returns on investment and servicing of finance					
Interest received		18		18	
Interest paid		(418)		(469)	
Finance lease interest paid		(128)		(544)	
Net cash outflow from returns on investment and servicing of finance			(528)		(995)
Taxation					
Corporation tax paid			(98)		(84)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(5,792)		(8,407)	
Sale of tangible fixed assets		3,628		2,274	
Net cash outflow from capital expenditure and financial investment			(2,164)		(6,133)
Cash inflow before financing			5,138		1,219
Financing					
Repayment of borrowing		(4,662)		(1,688)	
Inception of finance leases		30		2,451	
Capital element of finance lease rentals		(2,439)		(2,605)	
Inception of new bank debt		2,969		1,600	
Cash outflow from financing			(4,102)		(242)
Increase in cash in the year	22,23		1,036		977

The notes on pages 11 to 23 form part of these financial statements

Gravity Media Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention on a going concern basis, and in accordance with applicable accounting standards. The following principal accounting policies have been applied.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings made up to 31 December 2009. The group uses the acquisition method of accounting to consolidate the results of the subsidiary undertakings which are included from the date of acquisition.

Turnover

Turnover, which excludes value added tax and sales between group companies, consists of revenue derived from the supply of television broadcast equipment and services to the global broadcast market.

Goodwill

Goodwill arising on an acquisition of a subsidiary is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill arising on consolidation is amortised through the profit and loss account over the directors' estimate of its useful economic life.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at the following annual rates in order to write off the cost, less estimated residual value, of each asset over its estimated useful life:

Hire stock, plant and equipment	-	between 2 and 10 years
Computer equipment and motor vehicles	-	between 3 and 5 years
Short leasehold property	-	over the period of the lease

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except for deferred tax assets which are not recognised to the extent that the transfer of economic benefit in future is uncertain. Deferred tax liabilities and assets are not discounted.

Stock

Stock is stated at the lower of cost and net realisable value.

Gravity Media Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (*Continued*)

1 Accounting policies (*Continued*)

Foreign currencies

Foreign currency transactions of individual companies with third parties are translated at the rates ruling when they occurred. Foreign currency transactions conducted within the Group are translated at fixed rates of exchange which are equivalent to market rates.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange difference which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

The difference between the fixed exchange rates used during the year and those ruling at the balance sheet date are not material.

Leased assets

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The charge against the profit and loss account is equal to the employer's contributions for the year in respect of personal pension plans for individual employees.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for a permanent diminution in value.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholding of an annual general meeting.

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

2 Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation are wholly attributable to the principal activity of the group

An analysis of turnover by geographical market is given below

	2009 £'000	2008 £'000
United Kingdom	30,978	40,720
Australia	8,292	7,393
USA	1,590	963
	<u>40,860</u>	<u>49,076</u>

3 Operating (loss)/profit

	2009 £'000	2008 £'000
Operating (loss)/profit is stated after charging		
Auditors' remuneration		
Audit services - holding company	1	1
- group	79	82
Taxation services	59	41
Depreciation - owned tangible fixed assets	3,565	4,108
- of assets held under finance lease	1,754	1,898
Amortisation of goodwill	16	15
Operating lease rentals - land and buildings and other	495	499
Exceptional costs - Redundancy costs	308	-
(Profit) on sale of fixed assets	(42)	(43)
Loss/(profit) on foreign exchange	159	(494)
	<u></u>	<u></u>

4 Employees

	2009 £'000	2008 £'000
Staff costs (including directors) consist of		
Wages and salaries	6,199	5,890
Social security costs	608	598
Pension costs	133	151
	<u>6,940</u>	<u>6,639</u>

The average number of employees (including directors) of the group during the year was 122 (2008 - 130), all of whom were engaged in the principal activity of the group

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (*Continued*)

5 Directors' remuneration

	2009 £'000	2008 £'000
Remuneration in respect of directors was as follows		
Emoluments	1,278	767
Company contributions to personal pension schemes	67	74
	<u>1,345</u>	<u>841</u>

The amounts set out above include remuneration in respect of the highest paid director as follows

Emoluments	417	251
Company contribution to personal pension schemes (as above)	36	34
	<u>453</u>	<u>285</u>

6 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on bank loans and overdrafts	334	364
Finance charges in respect of finance leases	128	544
Other interest payable and similar charges	84	106
	<u>546</u>	<u>1,014</u>

7 Taxation

	2009 £'000	2008 £'000
(a) UK corporation tax	60	350
Overseas taxation	98	53
Adjustments in respect of previous periods	(175)	-
	<u>(17)</u>	<u>403</u>
Total current tax (b)	(17)	403
Deferred tax		
Origination and reversal of timing differences	200	-
	<u>183</u>	<u>403</u>

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

7 Taxation

	2009 £'000	2008 £'000
(b) Tax charge reconciliation		
(Loss)/profit on ordinary activities before tax	(714)	1,339
(Loss)/profit on ordinary activities at the standard rate of corporation tax 28% (2008 – 28%)	(200)	375
Effects of		
Items not deductible	21	45
Depreciation in excess/(deficit) of capital allowances	329	(36)
Adjustments to tax in respect of previous periods	(175)	-
Sundry timing differences	8	19
	(17)	403

8 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a loss of £1.3m (2008 – loss of £366,000) which is dealt with in the financial statements of the company. This included a provision of £1.2m made in the year against the BPC2083 Limited intercompany balance based on its future recoverability.

9 Intangible fixed assets

Group	Goodwill on acquisition £'000
<i>Cost</i>	
At 1 January 2009 and at 31 December 2009	309
<i>Amortisation</i>	
At 1 January 2009	128
Provided in the year	16
At 31 December 2009	144
<i>Net book value</i>	
At 31 December 2009	165
At 31 December 2008	181

Goodwill relates to the acquisition of Gearhouse Broadcast Limited and Gearhouse Broadcast Pty Limited on 29 February 2000. The goodwill is amortised over 20 years, which is the director's estimate of the economic life of the assets acquired.

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

10 Tangible fixed assets

Group	Short leasehold property £'000	Hire stock, plant and equipment £'000	Computer equipment and motor vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2009	353	46,037	1,200	47,590
Additions	-	5,628	164	5,792
Exchange movement	-	486	54	540
Disposals	-	(7,733)	(74)	(7,807)
At 31 December 2009	353	44,418	1,344	46,115
<i>Depreciation</i>				
At 1 January 2009	97	25,490	758	26,345
Provided in the year	35	5,080	204	5,319
Exchange movement	-	326	48	374
Disposals	-	(4,184)	(37)	(4,221)
At 31 December 2009	132	26,712	973	27,817
<i>Net book value</i>				
At 31 December 2009	221	17,706	371	18,298
At 31 December 2008	256	20,547	442	21,245
<i>Net book value of assets held under finance leases</i>				
At 31 December 2009	180	6,225	-	6,405
At 31 December 2008	210	7,965	-	8,175

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

11 Fixed asset investments

Company	Shares in group undertakings £'000
At 1 January 2009 and at 31 December 2009	1,738

The following were the principal subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements

Name	Class of share capital held	Proportion held	Nature of business
Gearhouse Broadcast Limited	Ordinary £1 shares	100%	Supply of television broadcast equipment and services
Gearhouse Broadcast Pty Limited	Ordinary AU\$1 shares	100%	Supply of television broadcast equipment and services
Gearhouse Broadcast LLC	Capital contribution US\$15,000	100%	Supply of television broadcast equipment and services
Gravity Broadcast Limited	Ordinary £1 shares	100%	Holding Company
BPC2083 Limited	Ordinary £1 shares	100%	Supply of Outside Broadcast equipment and services
021 Television Limited company	Ordinary £1 shares	100%	Non-trading dormant

Gearhouse Broadcast Limited, BPC2083 Limited, 021 Television Limited and Gravity Broadcast Limited are incorporated in England and registered in England and Wales. Gearhouse Broadcast Pty Limited is incorporated in Australia. Gearhouse Broadcast LLC is established in the United States.

12 Stocks

	Group 2009 £'000	Group 2008 £'000
Work in progress	300	308
Goods held for resale	2,103	1,927
	2,403	2,235

There is no material difference between the replacement cost of stocks and the amounts stated above

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

13 Debtors

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Trade debtors	3,891	3,552	-	-
Prepayments and accrued income	573	749	-	-
Other debtors	821	319	-	-
	<u>5,285</u>	<u>4,620</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	2,730	3,930
	<u>-</u>	<u>-</u>	<u>2,730</u>	<u>3,930</u>

All amounts shown under debtors fall due for payment within one year, with the exception of certain amounts owed by group undertakings, which are due after more than one year

14 Creditors, amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans and overdrafts (secured) (note 15)	3,436	4,942	1,275	1,025
Trade creditors	7,415	4,568	-	-
Amounts owed to group undertakings	-	-	3,122	2,021
Other taxes and social security	241	526	-	-
Corporation tax	349	464	-	-
Amounts due under finance lease and hire purchase contracts	1,906	2,444	-	-
Accruals and deferred income	5,214	4,349	39	16
	<u>18,561</u>	<u>17,293</u>	<u>4,436</u>	<u>3,062</u>

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

15 Creditors: amounts falling due after more than one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans and overdrafts (secured)	1,335	1,975	700	1,975
Amounts due under finance leases and hire purchase contracts	3,028	4,900	-	-
	<u>4,363</u>	<u>6,875</u>	<u>700</u>	<u>1,975</u>
Maturity of debt				
	Bank loans and overdrafts 2009 £'000	Bank loans and overdrafts 2008 £'000	Finance leases 2009 £'000	Finance leases 2008 £'000
Within one year	3,436	4,942	1,906	2,444
Between one and two years	944	1,275	1,027	1,902
Between two and five years	391	700	2,001	2,935
After five years	-	-	-	63
	<u>4,771</u>	<u>6,917</u>	<u>4,934</u>	<u>7,344</u>

Bank loans comprise

- A term loan (£1 975m) secured by means of a fixed charge over specific assets of the company, repayable in quarterly instalments to 31 July 2011 with interest at 1 85% above base
- A commercial bill facility (£0 45m) at market rates determined from time to time, repayable upon maturity within one year
- A bank loan of (£0 87m) secured by means of a chattel charge over specific assets, repayable in equal instalments over 4 years with an interest rate of 5 13%

The group overdraft facility has a gross limit of £5 0m and net limit of £3 5m at an interest rate of 2 75% above base. The overdraft facility is repayable on demand.

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

16 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2009	-
Charged to profit and loss account (note 7)	200
	<hr/>
Balance at 31 December 2009	200
	<hr/>

Amounts provided for deferred tax using a tax rate of 28% (2009 - 28%) are set out below

Deferred taxation

	2009 £'000	2008 £'000
Accelerated capital allowances	200	-
	<hr/>	<hr/>

17 Share capital

	Group and company 2009 £'000	Group and company 2008 £'000
<i>Allotted, called up and fully paid</i> 450,000 ordinary shares of £1 each	450	450
	<hr/>	<hr/>

18 Share premium account and reserves

Group	Capital redemption reserve £'000	Share premium account £'000	Profit and loss account £'000
At 1 January 2009	50	675	3,559
Loss for the year	-	-	(897)
Exchange differences	-	-	393
	<hr/>	<hr/>	<hr/>
At 31 December 2009	50	675	3,055
	<hr/>	<hr/>	<hr/>
Company			
At 1 January 2009	50	675	(544)
Loss for the year	-	-	(1,299)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	50	675	(1,843)
	<hr/>	<hr/>	<hr/>

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

19 Reconciliation of movements in shareholders' (deficit)/funds

Group	2009 £'000	2008 £'000
(Loss)/profit for the financial year	(897)	936
Exchange differences	393	(767)
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' (deficit)/funds	(504)	169
Opening shareholders' funds	4,734	4,565
	<hr/>	<hr/>
Closing shareholders' funds	4,230	4,734
	<hr/>	<hr/>
Company		
Opening shareholders' funds	631	997
Loss for the financial year	(1,299)	(366)
	<hr/>	<hr/>
Closing shareholders' funds	(668)	631
	<hr/>	<hr/>

20 Commitments under operating leases

As at 31 December 2009, the group had annual commitments under non-cancellable operating leases as set out below

	2009 Land and buildings £'000	2009 Other £'000	2008 Land and buildings £'000	2008 Other £'000
Operating leases which expire				
Within one year	84	4	136	19
In two to five years	198	-	195	-
After five years	150	-	150	-
	<hr/>	<hr/>	<hr/>	<hr/>
	432	4	481	19
	<hr/>	<hr/>	<hr/>	<hr/>

Gravity Media Group Limited

Notes forming part of the financial statements
for the year ended 31 December 2009 (Continued)

21 Net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating (loss)/profit	(186)	2,335
Depreciation	5,319	6,006
Amortisation	16	15
(Profit) on sale of tangible fixed assets	(42)	(43)
(Increase) in stocks	(168)	(1,493)
(Increase)/decrease in debtors	(665)	2,231
Increase in creditors	3,427	321
Exchange differences	227	(941)
	<hr/>	<hr/>
Net cash inflow from operating activities	7,928	8,431
	<hr/>	<hr/>

22 Reconciliation of net cash flow to movement in net debt

	2009 £'000	2008 £'000
Increase in cash in the year	1,036	977
Cash outflow from financing	4,102	242
	<hr/>	<hr/>
Movement in net debt in the year	5,138	1,219
Opening net debt	(13,640)	(14,859)
	<hr/>	<hr/>
Closing net debt	(8,502)	(13,640)
	<hr/>	<hr/>

23 Analysis of net debt

	At 31 December 2008 £'000	Cash flow £'000	Non cash movement £'000	At 31 December 2009 £'000
Cash in hand and at bank	621	1,036	(454)	1,203
Debt due after 1 year	(1,975)	1,693	(1,053)	(1,335)
Debt due within 1 year	(4,942)	-	1,506	(3,436)
Finance leases due after 1 year	(4,900)	2,409	(537)	(3,028)
Finance leases due within 1 year	(2,444)	-	538	(1,906)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(13,640)	5,138	-	8,502
	<hr/>	<hr/>	<hr/>	<hr/>

Gravity Media Group Limited

Notes forming part of the financial statements for the year ended 31 December 2009 (Continued)

24 Contingent liabilities

The company is party to the intercompany cross guarantee in which it has guaranteed the bank borrowings of other companies within the group

25 Related party transactions

Included within other debtors is an amount of £Nil (2008 - £75,000) due from John Newton, a director of the company. The maximum amount outstanding during the year was £75,000 (2008 - £175,000). This balance was repaid in full including any associated interest during the year.

During the year the company received services from Rickmansworth Travel Limited, for whom Elliot Kaye is a non executive director. The services were on normal commercial terms. Total expenditure in the year amounted to £206,393 (2008 - £227,802). At the balance sheet date there was an amount of £15,862 (2008 - £5,846) included in trade creditors.

26 Post balance sheet events

In January 2010, the trade and assets of BPC2083 Limited were sold, giving rise to an accounting profit of £2.9m. The company is being wound down and it is the intention of the management to place the company into solvent liquidation once this is complete.