

Gravity Media Group Limited

Report and Financial Statements

Year Ended

31 December 2018

Company Number 03879766



Gravity Media Group Limited

Report and financial statements for the year ended 31 December 2018

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Directors

J Newton
E Dowdall
E Kaye
N Newton
P Greensmith

Secretary and registered office

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

Company number

03879766

Bankers

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

Directors' report for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

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

The company received dividends of £6,666,667 in the year from Gravity Media Group UK Holdings Limited as part of the acquisition of Western Proshow Broadcast USA ULC.

Principal activity

The principal activity of the company is that of a holding company.

Directors

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

J Newton
E Dowdall
K Moorhouse (Resigned 1 April 2019)
E Kaye
N Newton
P Greensmith

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Limited

Directors' report for the year ended 31 December 2018 *(continued)*

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 re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



E Kaye
Director

Date: 29 July 2019

Gravity Media Group Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GRAVITY MEDIA GROUP LIMITED

Opinion

We have audited the financial statements of Gravity Media Group Limited ("the Company") for the year ended 31 December 2018 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).

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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 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.

Gravity Media Group Limited

Independent auditor's report *(continued)*

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

We have nothing to report in this regard.

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 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 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, 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.

Gravity Media Group Limited

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

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.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Nicole Martin (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date: 14 August 2019

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

Gravity Media Group Limited

Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Investment income		6,667	-
Administrative expenses		(4,315)	(2,513)
Operating profit	3	2,352	(2,513)
Interest receivable		-	19
Profit before taxation		2,352	(2,494)
Taxation		52	-
Profit for the financial year		2,404	(2,494)
Other comprehensive income		-	-
Total comprehensive profit for the financial year		2,404	(2,494)

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 Limited

Statement of financial position at 31 December 2018

<i>Company number 03879766</i>	<i>Note</i>	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible assets	5		117		-
Investments	6		10,196		3,496
			<u>10,313</u>		<u>3,496</u>
Current assets					
Debtors	7	7,232		6,146	
Cash at bank and at hand		137		30	
		<u>7,369</u>		<u>6,176</u>	
Creditors: amounts falling due within one year	8	<u>(13,266)</u>		<u>(7,650)</u>	
Net current (liabilities)			<u>(5,887)</u>		<u>(1,474)</u>
Total assets less current liabilities			<u>4,426</u>		<u>2,022</u>
Net assets			<u>4,426</u>		<u>2,022</u>
Capital and reserves					
Called up share capital	9		450		450
Share premium			675		675
Capital redemption reserve			50		50
Profit and loss account			3,251		847
Shareholders' funds			<u>4,426</u>		<u>2,022</u>

These financial statements have been prepared in accordance with the provisions applied 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 2019

E Kaye
Director



N Newton
Director



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

Gravity Media Group Limited

Statement of changes in equity for the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2017	450	675	50	3,341	4,516
Loss for the year	-	-	-	(2,494)	(2,494)
Total comprehensive loss for the year	-	-	-	(2,494)	(2,494)
At 31 December 2017	450	675	50	847	2,022
Profit for the year	-	-	-	2,404	2,404
Total comprehensive profit for the year	-	-	-	2,404	2,404
At 31 December 2018	450	675	50	3,251	4,426

Gravity Media Group Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

Gravity Media Group 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 following principal accounting policies have been applied:

Taxation

The tax expense for the period 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; 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. All exchange differences are dealt with through the profit and loss account.

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 at an annual general meeting.

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.

Gravity Media Group Limited

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

1 Accounting policies (continued)

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 Operating profit

	2018 £'000	2017 £'000
This has been arrived at after crediting:		
Profit on foreign exchange	10	28

4 Employees

Included within administrative expenses are recharges in respect of employee costs borne by the other group companies on behalf of Gravity Media Group Limited.

5 Intangible assets

	Website £'000	Total £'000
Cost		
Additions	134	134
At 31 December 2018	134	134
Amortisation		
Provided in the year	17	17
At 31 December 2018	17	17
Net book value		
At 31 December 2018	117	117

Gravity Media Group Limited

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

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.

Company	Group undertakings £'000
At 1 January 2018	3,496
Additions	6,700
At 31 December 2018	10,196

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 Group UK Holdings Limited *	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Gravity Broadcast Limited	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Gearhouse Broadcast 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	5 The Royston Centre, Lynchford Lane, Ash Vale, Surrey, GU12 5PQ
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%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Media North Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU

Gravity Media Group Limited

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

6 Fixed asset investment (continued)

Name	Class of share capital held	Proportion held	Nature of business	Registered office
<i>Subsidiary undertakings</i>				
Input Media Limited *	Ordinary £1	100%	Dormant	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Media Design Limited *	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Design Limited *	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Input Video Productions Limited *	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Great Bear Productions Limited *	Ordinary £1	100%	Holding company	32-34 Greenhill Crescent, Watford Business Park, Hertfordshire, WD18 8JU
Gearhouse Broadcast Australia Holdings Pty Limited *	Ordinary A\$1	100%	Holding company	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Gravity Media Group Australia Holdings Pty Limited *	Ordinary A\$1	100%	Holding company	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Gearhouse Broadcast Pty Limited *	Ordinary A\$1	100%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Hyperactive Broadcast Pty Limited *	Ordinary A\$1	100%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Input Media Pty Limited *	Ordinary A\$1	100%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207
The Big Cyc Studio Pty Limited *	Ordinary A\$1	100%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Gravity Media Group US Holdings *	Ordinary \$1	100%	Holding company	7701 Haskell Avenue, Van Nuys, CA 91406, USA
Gearhouse Broadcast Corp *	Ordinary \$1	100%	Supply of television broadcast equipment services	7701 Haskell Avenue, Van Nuys, CA 91406, USA
Gravity WPS USA Holdings ULC *	Ordinary CAD\$1	100%	Holding company	7701 Haskell Avenue, Van Nuys, CA 91406, USA

Gravity Media Group Limited

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

6 Fixed asset investment (continued)

Name	Class of share capital held	Proportion held	Nature of business	Registered office
<i>Subsidiary undertakings</i>				
Western Proshow Broadcast (USA) ULC *	Ordinary CAD\$21.50	100%	Supply of television broadcast equipment services	7701 Haskell Avenue, Van Nuys, CA 91406, USA
Sky Techno LLC*	Ordinary \$2,000	50%	Supply of television broadcast equipment services	7701 Haskell Avenue, Van Nuys, CA 91406, USA
Gearhouse Broadcast SAS	Ordinary €215	80.2%	Supply of television broadcast equipment services	21 rue Francisco Ferrer – 93310 le Pre Saint Gervais, France
Gearhouse Broadcast Gmbh	Ordinary €25,000	100%	Supply of television broadcast equipment services	Innungstraße 6, 50354 Hürth, Germany
<i>Joint ventures</i>				
Gearhouse Broadcast Qatar WLL *	Ordinary QR 1,000	49%	Supply of television broadcast equipment services	PO Box 24613, Doha, Qatar
Spidercam Australia Pty Limited *	Ordinary A\$1	50%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207
Gearhouse BSI Pty Limited *	Ordinary A\$1	50%	Supply of television broadcast equipment services	Unit 1, 290 Salmon Street, Port Melbourne, 3207

On 20 February 2018, Gearhouse Broadcast Corp changed its name from Gearhouse Broadcast LLC. On 5 July 2018, Western Proshow Broadcast (USA) ULC changed its name from Western Proshow Broadcast (USA) Limited.

* Held indirectly

Gravity Media Group Limited

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

7 Debtors		
	2018	2017
	£'000	£'000
Amounts due within one year		
Amounts owed by group undertakings	6,874	6,144
Other debtors	263	2
Prepayments	27	-
Deferred tax asset	68	-
	<u>7,232</u>	<u>6,146</u>
8 Creditors: amounts falling due within one year		
	2018	2017
	£'000	£'000
Amounts owed to group undertakings	12,391	7,277
Corporation tax	15	-
Other creditors	170	-
Accruals	680	373
	<u>13,256</u>	<u>7,650</u>
9 Share capital		
	2018	2017
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
450,000 ordinary shares of £1 each	450	450
10 Contingent liabilities		
Gravity Media Group Ltd provides a guarantee in favour of National Westminster Bank to secure overdraft and guarantee facilities granted to Gravity Media Group UK Holdings Ltd and its subsidiaries.		
11 Related party transactions		

The company's immediate and ultimate holding company is Gravity Media Group Holdings 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.