

Company Registration No. 09080838 (England and Wales)

GAPCAP LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR

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GAPCAP LIMITED

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GAPCAP LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

| | Notes | 31 December 2019 £ | £ | 30 June 2019 £ | £ |
|---|-------|--------------------------|---|-------------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 3 | 266,536 | | 243,828 | |
| Tangible assets | 4 | 6,318 | | 4,806 | |
| | | | | | |
| | | 272,854 | | 248,634 | |
| Current assets | | | | | |
| Debtors | 5 | 9,649,883 | | 5,735,479 | |
| Cash at bank and in hand | | 683,332 | | 1,934,766 | |
| | | | | | |
| | | 10,333,215 | | 7,670,245 | |
| Creditors: amounts falling due within one year | 6 | (9,871,974) | | (7,164,888) | |
| | | | | | |
| Net current assets | | 461,241 | | 505,357 | |
| | | | | | |
| Total assets less current liabilities | | 734,095 | | 753,991 | |
| | | | | | |
| Provisions for liabilities | | (8,367) | | (8,367) | |
| | | | | | |
| Net assets | | 725,728 | | 745,624 | |
| | | | | | |
| Capital and reserves | | | | | |
| Called up share capital | 8 | 826 | | 826 | |
| Share premium account | | 1,436,790 | | 1,436,790 | |
| Profit and loss reserves | | (711,888) | | (691,992) | |
| | | | | | |
| Total equity | | 725,728 | | 745,624 | |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial Period ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the Period in question in accordance with section 476.

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

GAPCAP LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 17 September 2020 and are signed on its behalf by:

Mr A J M Fenton

Director

Company Registration No. 09080838

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Gapcap Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Vicarage Lane, Stratford, London, England, E15 4HF .

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

1.2 Reporting period

The financial statements for this period have been prepared on a six month period from 1 July 2019 to 31 December 2019. The previous period was from 1 July 2018 to 30 June 2019 and as such comparative amounts presented in the financial statements will not be entirely comparable.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|----------|-------------------|
| Software | 20% Straight Line |
|----------|-------------------|

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|-------------------|
| Fixtures and fittings | 25% Straight Line |
|-----------------------|-------------------|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Borrowing costs related to fixed assets

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Short term debtors are measured at transaction price, less any impairment.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits & Share-based Payments

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.17 Foreign exchange

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

| | 31 December 2019 Number | 30 June 2019 Number |
|-------|-------------------------------|---------------------------|
| Total | 15 | 15 |

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

3 Intangible fixed assets

| | Other £ |
|-------------------------------------|-------------|
| Cost | |
| At 1 July 2019 | 432,939 |
| Additions | 70,175 |
| | <hr/> |
| At 31 December 2019 | 503,114 |
| | <hr/> |
| Amortisation and impairment | |
| At 1 July 2019 | 189,111 |
| Amortisation charged for the Period | 47,467 |
| | <hr/> |
| At 31 December 2019 | 236,578 |
| | <hr/> |
| Carrying amount | |
| At 31 December 2019 | 266,536 |
| | <hr/> <hr/> |
| At 30 June 2019 | 243,828 |
| | <hr/> <hr/> |

4 Tangible fixed assets

| | Plant and machinery etc £ |
|------------------------------------|---------------------------------|
| Cost | |
| At 1 July 2019 | 23,369 |
| Additions | 4,730 |
| | <hr/> |
| At 31 December 2019 | 28,099 |
| | <hr/> |
| Depreciation and impairment | |
| At 1 July 2019 | 18,563 |
| Depreciation charged in the Period | 3,218 |
| | <hr/> |
| At 31 December 2019 | 21,781 |
| | <hr/> |
| Carrying amount | |
| At 31 December 2019 | 6,318 |
| | <hr/> <hr/> |
| At 30 June 2019 | 4,806 |
| | <hr/> <hr/> |

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

5 Debtors

| | 31 December 2019 £ | 30 June 2019 £ |
|--|--------------------------|----------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 9,009,962 | 5,301,468 |
| Corporation tax recoverable | 144,055 | 219,635 |
| Amounts owed by group undertakings | 165,000 | - |
| Other debtors | 330,866 | 200,096 |
| | <u>9,649,883</u> | <u>5,721,199</u> |
| | | |
| | 31 December 2019 £ | 30 June 2019 £ |
| Amounts falling due after more than one year: | | |
| Other debtors | - | 14,280 |
| | <u>-</u> | <u>14,280</u> |
| Total debtors | <u>9,649,883</u> | <u>5,735,479</u> |

6 Creditors: amounts falling due within one year

| | 31 December 2019 £ | 30 June 2019 £ |
|------------------------------|--------------------------|----------------------|
| Other loans | 8,548,782 | 6,588,536 |
| Trade creditors | 135,042 | 91,122 |
| Taxation and social security | 59,473 | 66,051 |
| Other creditors | 1,128,677 | 419,179 |
| | <u>9,871,974</u> | <u>7,164,888</u> |

Included within other loans is £6,301,782 (June 2019: £4,340,286) of loan finance provided by Advance Global Capital Limited. This loan facility attracts an interest rate of 8.5% per annum. Accrued interest of £43,944 in respect of this facility is included in trade creditors.

In addition to the above loan facility, included in other loans are secured loan notes of £2,247,000 provided by a consortium of lenders. The loan notes attract an interest rate of 10% per annum.

7 Share-based payment transactions

During the course of the year, no additional share options were granted to employees. The share options at the end of 30 June 2018, totalling £18,000, were cancelled in full during the course of the year. No options are outstanding at the end of the current period.

GAPCAP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

8 Called up share capital

| | 31 December 2019 £ | 30 June 2019 £ |
|--------------------------------------|--------------------------|----------------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 825,636 Ordinary Shares of 0.1p each | 826 | 826 |
| | <u>826</u> | <u>826</u> |

Included in share capital is 250 Ordinary A Shares at 0.1p each.

9 Parent company

During the year King's Cross Capital Limited become the immediate parent company of Gapcap Limited. Subsequently the ultimate parent company became SGL Management LLP by virtue of its shareholding in King's Cross Capital limited. The ultimate controlling party was Ladislav Mysyrowicz.

After the year end the ultimate parent company became Growth Lending Group Limited. There was no change in the ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.