

Gravity Global Digital Ltd

Financial Statements

For the year ended 31 December 2021

For Filing with Registrar

Company Registration No. 08057930 (England and Wales)

Gravity Global Digital Ltd

Company Information

Directors	A Daynes P Anderson M Letherbridge B Korcz R Watts S Williams
Company number	08057930
Registered office	69 Wilson Street London United Kingdom EC2A 2BB
Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
Business address	69 Wilson Street London United Kingdom EC2A 2BB

Gravity Global Digital Ltd

Contents

	Page
Balance sheet	1
Statement of changes in equity	2
Notes to the financial statements	3 - 11

Gravity Global Digital Ltd

Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	5		3,702		2,977
Current assets					
Debtors	6	2,055,652		1,009,515	
Cash at bank and in hand		344,623		658,852	
		<u>2,400,275</u>		<u>1,668,367</u>	
Creditors: amounts falling due within one year	7	<u>(614,554)</u>		<u>(1,112,961)</u>	
Net current assets			<u>1,785,721</u>		<u>555,406</u>
Net assets			<u><u>1,789,423</u></u>		<u><u>558,383</u></u>
Capital and reserves					
Called up share capital	10		78		78
Capital redemption reserve			22		22
Other reserves			221,463		221,463
Profit and loss reserves			<u>1,567,860</u>		<u>336,820</u>
Total equity			<u><u>1,789,423</u></u>		<u><u>558,383</u></u>

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

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

The financial statements were approved by the board of directors and authorised for issue on 28 September 2022 and are signed on its behalf by:

A Daynes
Director

Company Registration No. 08057930

Gravity Global Digital Ltd

Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 June 2020		100	-	-	462,639	462,739
Period ended 31 December 2020:						
Profit and total comprehensive income for the period		-	-	-	35,395	35,395
Own shares acquired	10	(22)	22	-	(161,214)	(161,214)
Other movements		-	-	221,463	-	221,463
Balance at 31 December 2020		78	22	221,463	336,820	558,383
Period ended 31 December 2021:						
Profit and total comprehensive income for the period		-	-	-	1,231,040	1,231,040
Balance at 31 December 2021		78	22	221,463	1,567,860	1,789,423

Gravity Global Digital Ltd

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Gravity Global Digital Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 69 Wilson Street, London, United Kingdom, EC2A 2BB.

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 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. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

As at the balance sheet date, the company had net assets of £1,789,423 (2020 - £558,383). The directors continue to monitor the impact of the ongoing COVID-19 pandemic and have prepared detailed cash flow projections which are based on their current expectations of trading prospects. The company has positive cash reserves at the date of approval of the financial statements and has been trading profitably since the year end. This will enable it to continue to meet its liabilities as they fall due for at least the next twelve months.

As a result the directors are confident that they have the ability to respond effectively to continued uncertainty and as a result, the directors believe that the company will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements.

1.3 Reporting period

The company's prior period was shortened to 31 December 2020 in line with its parent Gravity Global Limited. As a result comparative amounts presented in the financial statements, including the related notes, are not entirely comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 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.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.7 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	20% straight line
Computers	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.

1.8 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.

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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 at bank and in hand

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.

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.

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.

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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.

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

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

1.15 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.

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Exceptional item

	2021 £	2020 £
Expenditure		
Acquisition related costs	-	118,825
	<u> </u>	<u> </u>

3 Employees

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

	2021 Number	2020 Number
Total	13	10
	<u> </u>	<u> </u>

4 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	41,667
Amortisation and impairment	
At 1 January 2021 and 31 December 2021	41,667
Carrying amount	
At 31 December 2021	-
At 31 December 2020	-
	<u> </u>

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2021	41,556
Additions	2,997
At 31 December 2021	44,553
Depreciation and impairment	
At 1 January 2021	38,579
Depreciation charged in the year	2,272
At 31 December 2021	40,851
Carrying amount	
At 31 December 2021	3,702
At 31 December 2020	2,977

6 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	406,863	956,790
Amounts due from group undertakings	1,496,778	-
Other debtors	150,927	52,542
	2,054,568	1,009,332
Amounts falling due after more than one year:		
Deferred tax asset (see note 9)	1,084	183
Total debtors	2,055,652	1,009,515

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

7 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts (see note 8)	-	50,007
Trade creditors	77,640	16,742
Amounts due to group undertakings	104,728	143,658
Corporation tax	31,963	49,655
Other taxation and social security	99,967	279,737
Other creditors	300,256	573,162
	<u>614,554</u>	<u>1,112,961</u>

8 Loans and overdrafts

	2021 £	2020 £
Bank loans	-	50,007
	<u>-</u>	<u>50,007</u>
Payable within one year	-	50,007
	<u>-</u>	<u>50,007</u>

During the prior period, the company entered into a Bounce Back Loan Agreement. The loan was expected to be fully repaid by 12 May 2026 however the company made a decision to repay it in 2021. The repayment amount and timing of each instalment is based on a fixed interest rate of 2.5% payable on the outstanding principle amount of the loan and applicable until the final repayment date.

9 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	<u>1,084</u>	<u>183</u>
Movements in the year:		2021 £
Asset at 1 January 2021		(183)
Credit to profit or loss		(901)
Asset at 31 December 2021		<u>(1,084)</u>

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

10 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A shares of 10p each	779	779	78	78
	<u>779</u>	<u>779</u>	<u>78</u>	<u>78</u>

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Esther Carder and the auditor was Moore Kingston Smith LLP.

12 Financial commitments, guarantees and contingent liabilities

A composite guarantee has been given to the Newton Bidco Limited's lenders in respect of any debts or liabilities owing to the lenders by any party to the guarantee. The parties to the guarantee are the companies listed below:

Gravity Global Limited
Gravity London Limited
Gravity Oxford Ltd
Gravity Global Performance Marketing Ltd
Gravity Global Digital Ltd
Larsen Walsh Consultants Limited

At the balance sheet date, Newton Bidco Limited's indebtedness to its lenders was £10,500,000.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
Within one year	22,620	25,872
Between two and five years	17,841	42,253
	<u>40,461</u>	<u>68,125</u>

Gravity Global Digital Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

14 Related party transactions

As permitted by FRS 102 Section 33 "related party disclosures", the financial statements do not disclose transactions with the immediate parent company and wholly owned fellow subsidiaries on the basis that group financial statements are prepared.

In the year, purchases totalling £nil (2020: £22,500) were made from We Are Delta, which is a related party by virtue of shared directorship and during 2020 by virtue of common ownership. No amounts outstanding at the year end.

In the year, purchases totalling £77,640 (2020: £nil) were made from Statik Space Ltd, which is a related party by virtue of common directorship. £77,640 was owed to Statik Space Ltd at year end (2020: £nil).

At the year end, there was a balance of £83 (2020: £1,778 due from) due from one of the directors.

15 Controlling Party

During the prior period, Gravity Global Limited acquired 100% shareholding of the company.

The immediate parent undertaking of the company is Gravity Global Limited, a company incorporated in England and Wales. The immediate parent company of Gravity Global Limited is Newton Bidco Limited, a company registered in England and Wales. The immediate parent company of Newton Bidco Limited is Newton Midco Limited, a company registered in England and Wales. The ultimate parent company of the group is Newton Topco Limited, a company incorporated in England and Wales.

Gravity Global Limited is the smallest group for which consolidated financial statements including the company are prepared. The consolidated financial statements of Gravity Global Limited are available from its registered office, 69 Wilson Street, London, United Kingdom, EC2A 2BB.

Newton Topco Limited is the largest group for which consolidated financial statements including the company are prepared. The consolidated financial statements of Newton Topco Limited are available from its registered office, 69 Wilson Street, London, United Kingdom, EC2A 2BB.

The company is controlled by Elysian Capital III LP of 1 Southampton Street, London, WC2R 0LR, on the basis that it controls a controlling interest in the voting rights of the share capital of Newton Topco Limited.

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.