

Company Registration No. 07535151 (England and Wales)

Spark44 (JV) Limited

Annual Report and Financial Statements

For the year ended 31 March 2020

Spark44 (JV) Limited

Company Information

Directors	Mr. Ralf Specht Dr. Alex Buck Mr. Felix Bräutigam Mr. Avanes Shama Mr. Brian Fraser
Secretary	Ms. Helen Cairns
Company number	07535151
Registered office	Abbey Road Whitley Coventry Warwickshire CV3 4LF
Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
Business address	The White Collar Factory 1 Old Street Yard London EC1Y 8AF
Bankers	HSBC Bank plc City of London Corporate Centre 60 Queen Victoria Street London EC4N 4TR
Solicitors	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL

Spark44 (JV) Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Group profit and loss account	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12 - 13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 36

Spark44 (JV) Limited

Strategic Report

For the year ended 31 March 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of the business

During the year, the Group continued to service global, regional and local marketing communications activities for Jaguar Land Rover as shown in more detail in the Group Profit and Loss Account as set out on page 8 of this Report. The only scopes of work not now handled by the Group being media buying & planning and public relations.

Scopes of work currently handled by the Group are listed below:

- Advertising
- Digital Activity
- Web-site Design, Development & Maintenance
- Retail Marketing
- Brochures
- Customer Relationship Marketing
- Fleet & Business
- Data Base Management
- Production
- Social Media
- Experiential

Principal risks and uncertainties

In addition to the general economic and competitive risks affecting any business operating in the global market-place for luxury motor vehicles, the Directors consider the following to be the most significant risk factors affecting the Group:

- The potential loss of its principal client, Jaguar Land Rover Limited, albeit the Company and its subsidiaries currently enjoy an open and transparent relationship with Jaguar Land Rover, including a fair and equitable long-term contractual arrangement with that company.
- The Group is dependent on the talent, creative abilities and technical skills of all its personnel as well as their relationships with the Group's principal client, Jaguar Land Rover. If the Group was unable to attract new staff or retain its existing key talent or become unable to train and develop its staff, its performance would be adversely affected.
- The group made a profit for the year of £2,556,478 and as at the balance sheet date had net assets of £19,233,145. Subsequent to the year end, there has been the full global impact of the Coronavirus (COVID-19) pandemic. The group has assessed the risks and the potential impact on the business as a result of the pandemic and measures have been taken to mitigate such risks and their impact. The group remains profitable since the year end and has sufficient cash reserves for the short term. The group does not have a high level of fixed costs and is engaged in a programme of cost deferral and reduction which will be proportionate to any anticipated drop off in revenues and cash inflows. 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 group and 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.

Financial risk management

The Group's operations expose it to limited financial risks other than minimal credit and foreign exchange risk which has not therefore required the Directors to delegate the responsibility of monitoring financial risk management to a sub-committee of the Board.

Spark44 (JV) Limited

Strategic Report (Continued)

For the year ended 31 March 2020

Key Performance Indicators

The Group manages its internal operations and financial performance using a number of Key Performance Indicators ("KPIs"), the most important of which are as follows:

Financial	2020	2019
	£000	£000
Gross profit (Revenue)	75,789	98,190
Operating profit	3,597	10,519
Profit after tax, available for distribution	2,556	7,961
Operational	2020	2019
Operating profit margin	4.7%	10.7%
Number of full time employees	929	1,088
Revenue per employee	81,581	90,248

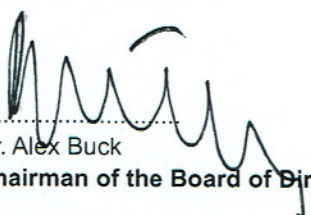
Performance

During the year the group expanded its client portfolio and added new clients Harley-Davidson, Tata Communications, Castrol and Allianz.

Outlook & Future Developments

With Board's support, the Group continues to approach other global clients (not being automotive brands) who are willing to adopt our unique business model to their marketing activities, which has been successful for Jaguar Land Rover.

On behalf of the Board



.....
Dr. Alex Buck
Chairman of the Board of Directors

..23.June.2020

Spark44 (JV) Limited

Directors' Report

For the year ended 31 March 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the Company is that of a holding company for a group of advertising and marketing communication companies. The principal activity of the Group is to manage all demand creation for its major client partner, Jaguar Land Rover Limited and other clients.

This includes creative and strategic ideation for both Jaguar and Land Rover and the management, design and production of all advertising and marketing materials delivered to its customers through all media, including on-line and off-line communication channels.

Under the 2006 Companies Act, section 414C(11), the information relating to future developments and risk management is included in the Strategic Report.

Directors

The directors who held office throughout the year and up to the date of signature of the financial statements were as follows:

Dr. Ralf Speth

Dr. Alex Buck

Mr. Felix Bräutigam

Mr. Avanesh Sharma

Mr. Brian Fraser

The following directors resigned during or subsequent to the year ended 31 March, 2020

Mr. Ralf Specht (Resigned 9 December 2019)

Ms. Fiona Pargeter (Resigned 10 January 2020)

Results and dividends

The results for the year are set out on page 8.

Dividends of £1,481,400 were declared or paid to Class 'B' Shareholders during the year ended 31 March 2020.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the group will be put at a General Meeting.

Spark44 (JV) Limited

Directors' Report (Continued)

For the year ended 31 March 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 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:

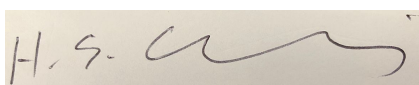
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

By order of the board



Ms. Helen Cairns

Secretary

Date: 23 June 2020

Spark44 (JV) Limited

Independent Auditor's Report

To the Members of Spark44 (JV) Limited

Opinion

We have audited the financial statements of Spark44 (JV) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows 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 FRS 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 group's and the parent company's affairs as at 31 March 2020 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 group's or the parent 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.

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.

Spark44 (JV) Limited

Independent Auditor's Report (Continued)

To the Members of Spark44 (JV) Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Spark44 (JV) Limited

Independent Auditor's Report (Continued)

To the Members of Spark44 (JV) Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.


Esther Carder (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

26 June 2020
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Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Spark44 (JV) Limited

Group Profit and Loss Account

For the year ended 31 March 2020

		2020	2019
	Notes	£	£
Turnover	3	119,706,606	156,654,365
Cost of sales		(43,917,549)	(58,464,820)
Gross profit		<u>75,789,057</u>	<u>98,189,545</u>
Administrative expenses		(72,278,106)	(87,825,001)
Other operating income		85,967	154,115
Operating profit	4	<u>3,596,918</u>	<u>10,518,659</u>
Interest receivable and similar income	8	37,047	32,926
Interest payable and similar expenses	9	(26,163)	(17,440)
Profit before taxation		<u>3,607,802</u>	<u>10,534,145</u>
Taxation	10	(1,051,324)	(2,572,871)
Profit for the financial year		<u><u>2,556,478</u></u>	<u><u>7,961,274</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Spark44 (JV) Limited

Group Statement of Comprehensive Income

For the year ended 31 March 2020

	2020	2019
	£	£
Profit for the year	2,556,478	7,961,274
Other comprehensive income		
Currency translation differences	231,907	279,956
Total comprehensive income for the year	<u>2,788,385</u>	<u>8,241,230</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

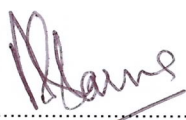
Spark44 (JV) Limited

Group Balance Sheet

As at 31 March 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Goodwill	12		-		26,752
Other intangible assets	12		47,132		138,491
Total intangible assets			47,132		165,243
Tangible assets	13		3,082,789		4,326,082
			3,129,921		4,491,325
Current assets					
Debtors	17	17,777,310		24,485,591	
Cash at bank and in hand		18,099,526		14,838,975	
		35,876,836		39,324,566	
Creditors: amounts falling due within one year	18	(19,773,612)		(24,705,679)	
Net current assets			16,103,224		14,618,887
Total assets less current liabilities			19,233,145		19,110,212
Creditors: amounts falling due after more than one year	19		-		(1,187,502)
			19,233,145		17,922,710
Capital and reserves					
Called up share capital	24		943		929
Share premium account			2,516,354		2,380,448
Other reserves			(10,283,039)		(10,150,571)
Capital redemption reserve			93		95
Profit and loss reserves			26,998,794		25,691,809
Shareholders' funds			19,233,145		17,922,710

The financial statements were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:



Mr. Avanes Sharma
Director

Spark44 (JV) Limited

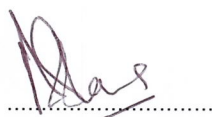
Company Balance Sheet

As at 31 March 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Investments	14		1,165,711		767,830
Current assets					
Debtors	17	147,002		141,709	
Cash at bank and in hand		1,475,030		885,795	
		<u>1,622,032</u>		<u>1,027,504</u>	
Creditors: amounts falling due within one year	18	<u>(4,763,596)</u>		<u>(4,601,569)</u>	
Net current liabilities			<u>(3,141,564)</u>		<u>(3,574,065)</u>
Total assets less current liabilities			<u>(1,975,853)</u>		<u>(2,806,235)</u>
Creditors: amounts falling due after more than one year	19		-		(1,187,502)
Net liabilities			<u>(1,975,853)</u>		<u>(3,993,737)</u>
Capital and reserves					
Called up share capital	24		943		929
Share premium account			2,516,354		2,380,448
Other reserves			(10,283,039)		(10,150,571)
Capital redemption reserve			93		95
Profit and loss reserves			5,789,796		3,775,362
Total equity			<u>(1,975,853)</u>		<u>(3,993,737)</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £3,495,834 (2019: £4,341,427 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 June 2020 and are signed on its behalf by:



Mr. Avanes Sharma
Director

Company Registration No. 07535151

Spark44 (JV) Limited

Group Statement of Changes in Equity For the year ended 31 March 2020

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
Balance at 1 April 2018	897	2,126,762	95	(8,170,255)	20,902,332	14,859,831
Year ended 31 March 2019:						
Profit for the year	-	-	-	-	7,961,274	7,961,274
Other comprehensive income:						
Currency translation differences	-	-	-	-	279,956	279,956
Total comprehensive income for the year	-	-	-	-	8,241,230	8,241,230
Issue of share capital	32	253,686	-	-	-	253,718
Dividends	-	-	-	-	(3,451,753)	(3,451,753)
Own shares acquired	-	-	-	(2,107,950)	-	(2,107,950)
Share based payments	-	-	-	127,634	-	127,634
Balance at 31 March 2019	929	2,380,448	95	(10,150,571)	25,691,809	17,922,710

Spark44 (JV) Limited

Group Statement of Changes in Equity (Continued) For the year ended 31 March 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 31 March 2019		929	2,380,448	95	(10,150,571)	25,691,809	17,922,710
Year ended 31 March 2020:							
Profit for the year		-	-	-	-	2,556,478	2,556,478
Other comprehensive income:							
Currency translation differences on overseas subsidiaries		-	-	-	-	231,907	231,907
Total comprehensive income for the year		-	-	-	-	2,788,385	2,788,385
Issue of share capital	24	14	135,906	-	-	-	135,920
Dividends	11	-	-	-	-	(1,481,400)	(1,481,400)
Own shares acquired		-	-	-	(420,239)	-	(420,239)
Share based payments		-	-	-	287,771	-	287,771
Other movements	23	-	-	(2)	-	-	(2)
Balance at 31 March 2020		943	2,516,354	93	(10,283,039)	26,998,794	19,233,145

Spark44 (JV) Limited

Company Statement of Changes in Equity For the year ended 31 March 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2018		897	2,126,762	95	(8,170,255)	2,885,688	(3,156,813)
Year ended 31 March 2019:							
Profit and total comprehensive income for the year		-	-	-	-	4,341,427	4,341,427
Issue of share capital	24	32	253,686	-	-	-	253,718
Dividends	11	-	-	-	-	(3,451,753)	(3,451,753)
Own shares acquired		-	-	-	(2,107,950)	-	(2,107,950)
Share based payments	23	-	-	-	127,634	-	127,634
Balance at 31 March 2019		929	2,380,448	95	(10,150,571)	3,775,362	(3,993,737)
Year ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	-	-	3,495,834	3,495,834
Issue of share capital	24	14	135,906	-	-	-	135,920
Dividends	11	-	-	-	-	(1,481,400)	(1,481,400)
Own shares acquired		-	-	-	(420,239)	-	(420,239)
Share based payments	23	-	-	-	287,771	-	287,771
Other movements		-	-	(2)	-	-	(2)
Balance at 31 March 2020		943	2,516,354	93	(10,283,039)	5,789,796	(1,975,853)

Spark44 (JV) Limited

Group Statement of Cash Flows

For the year ended 31 March 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29	7,999,731		8,640,030	
Interest paid		(26,163)		(17,440)	
Income taxes paid		(2,496,723)		(2,285,226)	
Net cash inflow from operating activities		5,476,845		6,337,364	
Investing activities					
Purchase of intangible assets		(11,010)		(35,028)	
Proceeds on disposal of intangibles		-		4,781	
Purchase of tangible fixed assets		(475,715)		(812,244)	
Proceeds on disposal of tangible fixed assets		1,868		98,379	
Interest received		37,047		32,926	
Net cash used in investing activities		(447,810)		(711,186)	
Financing activities					
Proceeds from issue of shares	24	135,920		253,718	
Redemption of shares		(2)		-	
Purchase of own shares	23	(420,239)		(2,107,950)	
Dividends paid to equity shareholders		(1,481,400)		(3,451,753)	
Net cash used in financing activities		(1,765,721)		(5,305,985)	
Net increase in cash and cash equivalents		3,263,314		320,193	
Cash and cash equivalents at beginning of year		14,836,212		14,516,019	
Cash and cash equivalents at end of year		18,099,526		14,836,212	
Relating to:					
Cash at bank and in hand		18,099,526		14,838,975	
Bank overdrafts included in creditors payable within one year		-		(2,763)	

Spark44 (JV) Limited

Notes to the Financial Statements

For the year ended 31 March 2020

1 Accounting policies

Company information

Spark44 (JV) Limited (“the company”) is a private limited company domiciled and incorporated in England and Wales. The registered office is Abbey Road, Whitley, Coventry, Warwickshire, CV3 4LF.

The group consists of Spark44 (JV) Limited and all of its subsidiaries.

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.

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.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Spark44 (JV) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 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.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

The group made a profit for the year of £2,556,478 and as at the balance sheet date had net assets of £19,233,145. Subsequent to the year end, there has been the global impact of the Coronavirus (COVID-19) pandemic. The group has assessed the risks and the potential impact on the business as a result of the pandemic and measures have been taken to mitigate such risks and their impact. The group remains profitable since the year end and has sufficient cash reserves for the short term. The group does not have a high level of fixed costs and is engaged in a programme of cost deferral and reduction which will be proportionate to any anticipated drop off in revenues and cash inflows. 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 group and 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.

1.4 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.

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 are recoverable.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual installments over its estimated useful economic life, which is deemed to be five years.

1.6 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 if the fair value can be measured reliably.

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	Straight line over 3 years
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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.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

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:

Leasehold improvements	Straight line over the term of the lease
Fixtures, fittings & equipment	Straight line over 4 years
Computer equipment	Straight line over 3 years

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 recognised in the profit and loss account.

1.8 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Fair value measurement of financial instruments

Cash and cash equivalents 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.

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.

Other financial assets

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

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.

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 group after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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

1.10 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.11 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.

The company operates an employee share ownership plan (JSOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the JSOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the JSOP are recognised on an accruals basis.

1.12 Retirement benefits

The company operates a number of defined contribution schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

The profit and loss accounts of overseas subsidiary undertakings are translated into pounds sterling at average exchange rates and the year end net assets of these companies are translated at year end exchange rates. Exchange differences arising from retranslation of the opening net assets and on foreign currency borrowings (to the extent that they hedge the Group's investment in such operations) are reported in the consolidated statement of recognised gains and losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 12 for the carrying amount of the intangible assets and note 1.6 for the useful economic lives for each class of asset.

Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment and note 1.7 for the useful economic lives for each class of asset.

Revenue recognition

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained based on a stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review.

Share based payments - Joint Share Ownership Plan

As detailed in note 23 to the accounts, the group operates a Joint Share Ownership Plan (JSOP) for the benefit of certain employees.

The JSOP is administered by an Employee Benefit Trust, the trustees of which own the legal title to the JSOP shares, while the beneficial ownership of the JSOP shares is held jointly by the trustees and the individual employee.

The group consider the award of a JSOP share to be a share-based payment transaction in light of the beneficial ownership transferred, together with the rights to dividends and voting this confers.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover		
Fees and sale of services	119,706,606	156,654,365
	<u>119,706,606</u>	<u>156,654,365</u>
Other significant revenue		
Interest income	37,047	32,926
	<u>37,047</u>	<u>32,926</u>

Turnover analysed by geographical market

	2020 £	2019 £
United Kingdom	59,982,541	80,174,738
Europe	17,575,061	23,988,712
Rest of World	42,149,004	52,490,915
	<u>119,706,606</u>	<u>156,654,365</u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	16,174	(43,912)
Depreciation of owned tangible fixed assets	1,733,047	2,096,204
(Profit)/loss on disposal of tangible fixed assets	(671)	158,089
Amortisation of intangible assets	135,373	612,499
Share-based payments	287,771	127,634
Operating lease charges	4,604,115	4,901,532
Non-recurring credits	(1,174,907)	-
	<u>16,174</u>	<u>(43,912)</u>

Non-recurring credits recognised in the accounts are comprised of the following amounts where the liability did not crystallise in the year:

- £513,330 supplier accruals reversed due to reduced scope of work
- £661,577 overhead expense provisions released

The liabilities have been written back to the expense lines in which they were originally recognised.

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to -£16,174 (2019: £43,912).

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,200	10,000
Audit of the company's subsidiaries	112,239	101,985
	<u>122,439</u>	<u>111,985</u>

6 Employees

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

	2020	2019
	Number	Number
UK	440	532
Europe	170	209
Rest of the World	319	347
	<u>929</u>	<u>1,088</u>

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	43,321,847	52,643,843
Social security costs	4,192,821	5,076,826
Pension costs	1,314,837	1,482,850
	<u>48,829,505</u>	<u>59,203,519</u>

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	1,382,971	1,907,983
Company pension contributions to defined contribution schemes	74,637	40,450
Benefits in kind	42,498	21,513
	<u>1,500,106</u>	<u>1,969,946</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

7 Directors' remuneration	(Continued)	
The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).		
The number of directors who are entitled to receive shares under long term incentive schemes during the year was 4 (2019 - 4).		
Remuneration disclosed above includes the following amounts paid to the highest paid director:		
Remuneration for qualifying services	516,768	792,122
Company pension contributions to defined contribution schemes	27,500	-
	<u>544,268</u>	<u>792,122</u>
8 Interest receivable and similar income	2020	2019
	£	£
Interest income		
Interest on bank deposits	37,047	32,926
	<u>37,047</u>	<u>32,926</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	37,047	32,926
	<u>37,047</u>	<u>32,926</u>
9 Interest payable and similar expenses	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,547	-
Other finance costs:		
Other interest	23,616	17,440
Total finance costs	26,163	17,440
	<u>26,163</u>	<u>17,440</u>
10 Taxation	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	561,964	1,155,380
Adjustments in respect of prior periods	58,931	(26,937)
Total UK current tax	620,895	1,128,443
Foreign current tax on profits for the current period	524,033	1,437,933
Total current tax	1,144,928	2,566,376
	<u>1,144,928</u>	<u>2,566,376</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

10 Taxation	(Continued)	
Deferred tax		
Origination and reversal of timing differences	(93,604)	(81,808)
Other adjustments	-	88,303
	<u>(93,604)</u>	<u>6,495</u>
Total deferred tax	<u>(93,604)</u>	<u>6,495</u>
Total tax charge	<u>1,051,324</u>	<u>2,572,871</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Profit before taxation	<u>3,607,802</u>	<u>10,534,145</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i>	685,482	2,001,488
Tax effect of expenses that are not deductible in determining taxable profit	270,647	377,428
Permanent capital allowances in excess of depreciation	(86,603)	(148,945)
Other non-reversing timing differences	1,420	-
Effect of overseas tax rates	277,732	308,997
Withholding tax on US dividends	-	19,197
Chargeable disposals	(30)	(68)
Movement on deferred tax	(93,604)	6,495
Provision adjustment	4,391	7,908
Capital item expensed	(8,111)	371
	<u>1,051,324</u>	<u>2,572,871</u>
Tax expense for the year	<u>1,051,324</u>	<u>2,572,871</u>
11 Dividends	2020	2019
	£	£
Final paid	<u>1,481,400</u>	<u>3,451,753</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

12 Intangible fixed assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2019	200,102	1,705,617	1,905,719
Additions	-	11,010	11,010
Exchange adjustments	(18,059)	6,263	(11,796)
At 31 March 2020	182,043	1,722,890	1,904,933
Amortisation and impairment			
At 1 April 2019	173,350	1,567,126	1,740,476
Amortisation charged for the year	25,982	109,391	135,373
Exchange adjustments	(17,289)	(759)	(18,048)
At 31 March 2020	182,043	1,675,758	1,857,801
Carrying amount			
At 31 March 2020	-	47,132	47,132
At 31 March 2019	26,752	138,491	165,243

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	4,934,221	2,089,215	3,612,255	10,635,691
Additions	133,308	120,406	222,001	475,715
Disposals	-	-	(60,387)	(60,387)
Transfers	-	(82,266)	82,266	-
Exchange adjustments	6,814	1,776	20,770	29,360
At 31 March 2020	<u>5,074,343</u>	<u>2,129,131</u>	<u>3,876,905</u>	<u>11,080,379</u>
Depreciation and impairment				
At 1 April 2019	2,555,898	975,601	2,778,110	6,309,609
Depreciation charged in the year	963,352	252,698	516,997	1,733,047
Eliminated in respect of disposals	-	-	(58,519)	(58,519)
Transfers	-	(72,380)	72,380	-
Exchange adjustments	(12,734)	2,447	23,740	13,453
At 31 March 2020	<u>3,506,516</u>	<u>1,158,366</u>	<u>3,332,708</u>	<u>7,997,590</u>
Carrying amount				
At 31 March 2020	<u>1,567,827</u>	<u>970,765</u>	<u>544,197</u>	<u>3,082,789</u>
At 31 March 2019	<u>2,378,323</u>	<u>1,113,614</u>	<u>834,145</u>	<u>4,326,082</u>

The company had no tangible fixed assets at 31 March 2020 or 31 March 2019.

14 Fixed asset investments

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Unlisted investments	-	-	1,165,711	767,830

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

14 Fixed asset investments (Continued)

Movements in fixed asset investments

Company

**Investments
other than
loans
£**

Cost or valuation

At 1 April 2019	767,830
Additions	110,110
Increase in FRS20 charge	287,771

At 31 March 2020	1,165,711
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Carrying amount

At 31 March 2020	1,165,711
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At 31 March 2019	767,830
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15 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Spark44 Canada Inc	Canada	Marketing Services	Ordinary 100.00
Spark44 Colombia Ltda.	Colombia	Marketing Services	Ordinary 100.00
Spark44 Communications S.L	Spain	Marketing Services	Ordinary 100.00
Spark44 Demand Creation Partners India Limited		Marketing Services	Ordinary 100.00
Spark44 DMCC	UAE	Marketing Services	Ordinary 100.00
Spark44 GmbH	Germany	Marketing Services	Ordinary 100.00
Spark44 Japan K.K.	Japan	Marketing Services	Ordinary 100.00
Spark44 Limited	England & Wales	Marketing Services	Ordinary 100.00
Spark44 LLC	USA	Marketing Services	Ordinary 100.00
Spark44 Pty Ltd	Australia	Marketing Services	Ordinary 100.00
Spark44 Pty Ltd	South Africa	Marketing Services	Ordinary 100.00
Spark44 S.r.l	Italy	Marketing Services	Ordinary 100.00
Spark44 Seoul Ltd	South Korea	Marketing Services	Ordinary 100.00
Spark44 Shanghai Limited	China	Marketing Services	Ordinary 100.00
Spark44 Singapore Pte Ltd	Singapore	Marketing Services	Ordinary 100.00
Spark44 Taiwan Limited	Taiwan	Marketing Services	Ordinary 100.00

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

16 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	14,994,560	22,487,999	53,330	98,410
Equity instruments measured at cost less impairment	-	-	1,165,711	767,830
Carrying amount of financial liabilities				
Measured at amortised cost	13,032,938	16,579,430	4,763,596	5,789,071

17 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	1,755,884	821,743	-	-
Corporation tax recoverable	387,765	73,087	93,672	43,299
Amounts due from group undertakings	10,173,302	17,756,436	53,330	53,265
Other debtors	2,197,156	2,047,840	-	45,145
Prepayments and accrued income	2,907,956	3,525,140	-	-
	17,422,063	24,224,246	147,002	141,709
Deferred tax asset (note 21)	355,247	261,345	-	-
	17,777,310	24,485,591	147,002	141,709

18 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
	Notes			
Bank loans and overdrafts	20	-	2,763	-
Trade creditors		4,668,538	4,035,651	-
Amounts due to group undertakings		-	-	3,385,244
Corporation tax payable		197,575	1,328,295	-
Other taxation and social security		1,376,968	2,690,614	-
Other creditors		1,748,974	1,742,604	1,191,991
Accruals and deferred income		11,781,557	14,905,752	186,361
		19,773,612	24,705,679	4,763,596
		4,601,569		

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

19 Creditors: amounts falling due after more than one year

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Other creditors	-	1,187,502	-	1,187,502

20 Loans and overdrafts

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Bank overdrafts	-	2,763	-	-
Payable within one year	-	2,763	-	-

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2020	Liabilities 2019	Assets 2020	Assets 2019
	£	£	£	£
Capital allowances	-	-	300,333	217,169
Other provisions	-	-	54,914	44,176
	-	-	355,247	261,345

	Group 2020
	£
Movements in the year:	
Asset at 1 April 2019	261,345
Charge to profit or loss	93,902
Asset at 31 March 2020	355,247

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

22 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	1,314,837	1,482,850

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share-based payment transactions

During the year ended 31 March 2020, the group had two share-based payment arrangements, as described below.

Type of arrangement - Share Option Plan

The Company operates a Share Option Plan as a means to reward and incentivise senior management of the Company and its subsidiaries. The Share Option Plan was closed to new members during the year ending 31 March 2018.

The exercise price of the options awarded is based upon an independent professional valuation of the Company's shares at the time the options are granted which value is also reviewed by the Shares and Assets Valuation division of Her Majesty's Revenue and Customs.

The vesting period is three years from the date of the award; if the options remain unexercised after a period of ten years from the date of the grant, the options expire and any underlying shares are forfeited. Options are also forfeited if the employee leaves the Group before the options vest.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

23 Share-based payment transactions

(Continued)

Group	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 April 2019	67,000	104,250	9.77	9.38
Forfeited	(418)	(5,125)	15.84	11.99
Exercised	(13,582)	(32,125)	10.85	8.16
Transfer between class of share	3,000	-	9.77	-
Outstanding at 31 March 2020	<u>56,000</u>	<u>67,000</u>	<u>9.43</u>	<u>9.77</u>
Exercisable at 31 March 2020	<u>55,167</u>	<u>64,639</u>	<u>9.80</u>	<u>9.53</u>

13,582 options over Ordinary A shares were exercised during the year at a weighted average price of £33.40 per share and total consideration of £453,639. 12,582 of these shares were immediately re-purchased by Spark44 (JV) Limited at a price of £33.40 per share and a total consideration of £420,239.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

23 Share-based payment transactions

(Continued)

Type of arrangement - Joint Share Ownership Plan

The company has a de facto control of an Employee Benefit Trust set up to incentivise employees through a JSOP (Joint Share Ownership Plan). The company bears their benefits and risks so records assets and liabilities of the trust as its own.

Consideration paid by the JSOP scheme for shares in the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the JSOP are recognised on an accruals basis.

Group	Number of share options		Exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 April 2019	109,000	68,000	28.93	25.00
Granted	104,750	54,250	33.40	33.40
Forfeited	(9,000)	(13,250)	33.40	27.06
Transfer between class of share	(3,000)	-	28.93	-
Outstanding at 31 March 2020	<u>201,750</u>	<u>109,000</u>	<u>31.05</u>	<u>28.93</u>
Exercisable at 31 March 2020	<u>97,083</u>	<u>25,000</u>	<u>28.25</u>	<u>25.00</u>
	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Expenses recognised in the year				
Arising from equity settled share based payment transactions	<u>287,771</u>	<u>127,634</u>	<u>-</u>	<u>-</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

24 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
433,000 Ordinary A shares of 0.1p each	433	419
510,000 Ordinary B shares of 0.1p each	510	510
	<u>943</u>	<u>929</u>

During the year 13,582 Ordinary A shares were issued with a nominal value of £0.001 each. 2,555 Ordinary A shares were reversed with a nominal value of £0.001 each. A consideration of £147,376 was paid for the shares issued and £11,469 of share premium eliminated on reversal.

25 Other reserves

As referred to in point 23, consideration paid by the JSOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the JSOP are recognised on an accruals basis.

26 Operating lease commitments

Lessee

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	4,265,439	4,460,533	-	-
Between two and five years	14,573,595	15,327,424	-	-
In over five years	13,993,139	13,387,532	-	-
	<u>32,832,173</u>	<u>33,175,489</u>	<u>-</u>	<u>-</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

27 Related party transactions

The Company, Spark44 (JV) Limited, is a subsidiary of Jaguar Land Rover Limited, itself a subsidiary of Jaguar Land Rover Automotive PLC. Substantially all Group sales during the year are to Jaguar Land Rover Automotive PLC subsidiary companies – with the exception of a small volume to independently owned and managed Jaguar Land Rover dealerships and minor fees for other clients.

Jaguar Land Rover Automotive PLC and its subsidiary companies are related parties by virtue of its majority ownership in Spark44 (JV) Limited, through Jaguar Land Rover Limited. Therefore, all outstanding trade debtors directly in relation to Jaguar Land Rover Automotive PLC and its subsidiaries at year end are reflected in the intercompany account.

The company has taken advantage of the exemption available in FRS 102 Paragraph 33.1A whereby it had not disclosed transactions with any wholly owned subsidiary undertaking.

During the year a director invoiced the company £283,266 (2019: £91,333) of which their fees were £274,154 (2019: £82,408) and expenses of £9,113 (2019: £8,925). Included in accruals is £nil (2019: £2,500) for services rendered but not invoiced at the year end.

Remuneration of key management personnel is as per note 7.

28 Controlling party

As at 31 March 2020 the ultimate controlling parent company was Tata Motors Limited, a company incorporated in India.

29 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	2,556,478	7,961,274
Adjustments for:		
Taxation charged	1,051,324	2,572,871
Finance costs	26,163	17,440
Investment income	(37,047)	(32,926)
Loss on disposal of tangible fixed assets	671	59,710
Amortisation and impairment of intangible assets	135,373	612,499
Depreciation and impairment of tangible fixed assets	1,733,047	2,096,204
Equity settled share based payment expense	287,771	127,634
Movements in working capital:		
Decrease/(increase) in debtors	7,325,938	(56,871)
(Decrease) in creditors	(5,079,987)	(4,717,805)
Cash generated from operations	7,999,731	8,640,030