

Spark44 Middle East DMCC

Financial Statements

For the year ended March 31, 2018

Spark44 Middle East DMCC
Financial Statements
For the year ended March 31, 2018

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Director's report

The Director submits his report along with the audited financial statements of Spark44 Middle East DMCC (the "Company") for the year ended March 31, 2018.

1. Review of activities

Main business and operations

The Company is mainly engaged in providing advertising consultancy services, marketing management, events management, organizing exhibitions and web-designing services.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company generated a net profit of AED 3,350,360 for the year ended March 31, 2018 (2017: AED 2,552,707).

2. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2018. The Director has proposed their appointment as auditors of the Company for the year ending March 31, 2019.

These financial statements for the year ended March 31, 2018 (including comparatives) were approved and signed by the Director on May 16, 2018:


Mr. Sung Bam Jun
Director



Independent Auditor's Report To the Shareholder of Spark44 Middle East DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spark44 Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at the end of the reporting year, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report (continued)

To the Shareholder of Spark44 Middle East DMCC (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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.



Independent Auditor's Report (continued)
To the Shareholder of Spark44 Middle East DMCC (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Report on Other Legal and Regulatory Requirements

As required by the Implementing Regulation No. 1/03 of Dubai Multi Commodities Centre Regulations 2003, we also confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been kept by the Company. To the best of our knowledge and belief, no violations of the above mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

GRANT THORNTON

Farouk Mohamed
Registration No. 86
Dubai, May 16, 2018



**Spark44 Middle East DMCC
Financial Statements**

**Statement of financial position
As at March 31, 2018**

	Notes	2018 AED	2017 AED
ASSETS			
Non-current			
Property and equipment	5	1,037,861	233,912
Intangible asset	6	7,856	15,226
		<u>1,045,717</u>	<u>249,138</u>
Current			
Trade and other receivables	7	2,204,679	2,273,329
Cash and cash equivalents	8	4,856,477	3,170,323
		<u>7,061,156</u>	<u>5,443,652</u>
TOTAL ASSETS		<u>8,106,873</u>	<u>5,692,790</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	50,000	50,000
Retained earnings		5,467,695	2,117,335
Total equity		<u>5,517,695</u>	<u>2,167,335</u>
LIABILITIES			
Non-current			
Employees' end of service benefits	10	811,454	431,244
Current			
Trade and other payables	11	1,777,724	1,509,280
Loan payable to Parent Company	12	-	1,584,931
		<u>1,777,724</u>	<u>3,094,211</u>
Total liabilities		<u>2,589,178</u>	<u>3,525,455</u>
TOTAL EQUITY AND LIABILITIES		<u>8,106,873</u>	<u>5,692,790</u>

These financial statements for the year ended March 31, 2018 (including comparatives) were approved and signed by the Director on May 16, 2018:

Mr. Sung Bum Jun
Director



The accompanying notes from 1 to 19 form an integral part of these financial statements.

Spark44 Middle East DMCC
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Statement of comprehensive income
For the year ended March 31, 2018

	Notes	For the year ended March 31, 2018 AED	For the year ended March 31, 2017 AED
Revenue		13,693,873	12,685,300
Cost of revenue	13	(7,298,562)	(7,398,326)
GROSS PROFIT		6,395,311	5,286,974
Administrative and general expenses	14	(3,044,951)	(2,653,749)
Finance costs	15	-	(80,518)
NET PROFIT FOR THE YEAR		3,350,360	2,552,707
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,350,360	2,552,707

The accompanying notes from 1 to 19 form an integral part of these financial statements.

Spark44 Middle East DMCC
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Statement of changes in equity
For the year ended March 31, 2018

	Share capital AED	Retained earnings AED	Total equity AED
Balance at April 1, 2016	50,000	(435,372)	(385,372)
Net profit for the year	-	2,552,707	2,552,707
Balance at March 31, 2017	50,000	2,117,335	2,167,335
Net profit for the year	-	3,350,360	3,350,360
Balance at March 31, 2018	50,000	5,467,695	5,517,695

The accompanying notes from 1 to 19 form an integral part of these financial statements.

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Statement of cash flows
For the year ended March 31, 2018

	Notes	2018 AED	2017 AED
OPERATING ACTIVITIES			
Net profit for the year		3,350,360	2,552,707
<i>Adjustment for non-cash items:</i>			
Depreciation	5	359,545	112,323
Amortisation	6	7,370	4,963
Provision for employees' end of service benefits	10	392,507	492,853
Finance costs	12	-	80,518
<i>Net changes in working capital:</i>			
Trade and other receivables		68,650	3,054,770
Trade and other payables		268,444	(3,950,169)
		4,446,876	2,347,965
Employees' end of service benefits paid	10	(12,297)	(61,609)
Net cash from operating activities		4,434,579	2,286,356
INVESTING ACTIVITIES			
Purchase of property and equipment	5	(1,163,494)	(77,255)
Purchase of intangible asset	6	-	(12,808)
Net cash used in investing activities		(1,163,494)	(90,063)
FINANCING ACTIVITY			
Repayment of loan to Parent Company	12	(1,584,931)	-
Net cash used in financing activity		(1,584,931)	-
Net change in cash and cash equivalents		1,686,154	2,196,293
Cash and cash equivalents, beginning of year		3,170,323	974,030
Cash and cash equivalents, end of year	8	4,856,477	3,170,323
Non-cash transactions:			
Transfer of finance costs to a related party		-	80,518

The accompanying notes from 1 to 19 form an integral part of these financial statements.

Spark44 Middle East DMCC Financial Statements

Notes to the financial statements For the year ended March 31, 2018

1 Legal status and nature of operations

Spark44 Middle East DMCC (the "Company") is incorporated in Dubai, United Arab Emirates ("UAE") on July 14, 2015 (incorporation date) under the commercial license number DMCC-136145 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No. 1401, Swiss Tower, Cluster-Y, Jumeirah Lakes Towers, Dubai, UAE.

The principal activities of the Company is to provide advertising consultancy services, marketing management, events management, organizing exhibitions and web-designing services.

The Company is a wholly owned subsidiary of Spark44 JV Limited (the "Parent Company"), a company incorporated in United Kingdom. Jaguar Land Rover Limited is the Company's Ultimate Parent Company (the "Ultimate Parent Company").

2 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

Impact of New Standards

There are no new or amended standards or interpretations adopted during the year that have a significant impact on the financial statements.

Standards issued but not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. These Standards, amendments or Interpretations have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

IFRS 9 Financial Instruments (effective for accounting period beginning on or after January 1, 2018)

The new Standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

Classification and measurement

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Financial liabilities are classified in a manner similar to IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2018

3 Standards, interpretations and amendments to existing standards (continued)

Standards issued but not yet effective (continued)

IFRS 9 Financial Instruments (effective for accounting period beginning on or after January 1, 2018) (continued)

Impairment

The 2014 version of IFRS 9 introduces an 'expected credit loss' (ECL) model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The new impairment mode will apply to the financial assets measured at amortised cost. Under IFRS 9, loss allowances will be measured on the basis of the credit risk of financial asset at the reporting date.

The ECL model will apply higher percentage of loss where credit risk increases significantly since initial recognition. An entity may determine that financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

The estimated ECL will be calculated based on the actual credit loss experience. The Company will perform the calculation of ECL rates separately for different types of customer including related parties.

Hedge accounting

IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 Revenue from Contracts with Customers - New (effective for accounting period beginning on or after January 1, 2018)

IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 *Revenue*;
- IAS 11 *Construction Contracts*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 18 *Transfers of Assets from Customers*; and
- SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is also provided on topics such as the point in which revenue is recognised, contract modifications, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

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Notes to the financial statements (continued)
For the year ended March 31, 2018

3 Standards, interpretations and amendments to existing standards (continued)

Standards issued but not yet effective (continued)

IFRS 16 Leases (effective for accounting period beginning on or after January 1, 2019)

The IASB has issued a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.

The management is in the process of assessing the impact of these new standards on these financial statements. Therefore, the impact is not known as at the reporting date.

There are no other standards and interpretations issued but not yet adopted that the management anticipates will have a material effect on the financial statements of the Company.

4 Summary of significant accounting policies

4.1 Overall considerations

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional and presentation currency.

These financial statements have been prepared on a going concern basis and using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis are more fully described in the accounting policies below.

4.2 Foreign currency transactions

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

The cost of an item of property and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each item of property and equipment. The estimated useful lives are as follows:

Item	Estimated useful life (in years)
Leasehold improvements	3
Office equipment	3
Furniture and fittings	4

Spark44 Middle East DMCC Financial Statements

Notes to the financial statements (continued) For the year ended March 31, 2018

4 Summary of significant accounting policies (continued)

4.3 Property and equipment (continued)

The residual value and the useful life of each asset reviewed at each financial year end. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each year is recognized in the statement of comprehensive income unless it is included in the carrying amount of another asset.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in statement of comprehensive income within 'other income/(expense) - net'.

4.4 Intangible asset

Intangible asset represents acquired computer software licenses that qualifies for recognition as an intangible asset. It is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4.15. The estimated useful life of the Company's intangible assets is 3 years.

Amortisation has been included within administrative and general expenses.

4.5 Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.6 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2018

4 Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition.

The category determines subsequent measurement and whether any resulting income and expense is recognised in the statement of comprehensive income.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income or finance costs, except for impairment of trade receivables which is presented within administrative and general expenses, if any.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

The Company's financial liabilities include loan payable to Parent Company, trade and most other payables.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances in bank, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.8 Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Spark44 Middle East DMCC
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Notes to the financial statements (continued)
For the year ended March 31, 2018

4 Summary of significant accounting policies (continued)

4.8 Employees' benefits (continued)

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their years of service up to the reporting date in accordance with the UAE Labour Law and is reported as a separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service year as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the year of employment.

4.9 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings represents all current and prior year retained profits.

4.10 Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

4.11 Revenue

Revenue is measured at fair value of the consideration received or receivable, net of value added taxes (VAT), from the services rendered. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Rendering of services

Revenue from services is recognised as and when services are performed. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the year when the service is performed.

4.12 Expenses

Expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.13 Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Spark44 Middle East DMCC Financial Statements

Notes to the financial statements (continued) For the year ended March 31, 2018

4 Summary of significant accounting policies (continued)

4.14 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes significant judgments, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on the financial statements and about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Trade receivables

The Company assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

4.15 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable and intangible assets

Management estimates the useful lives of depreciable and intangible assets based on the expected utility of these assets to the Company, and these are reviewed at each reporting date. For depreciable assets, actual results however, may vary due to physical wear and tear and technical obsolescence. For intangible assets, actual results, however, may vary due to additional or new information obtained from further research and development.

Allowance for doubtful debts

An allowance for doubtful debts is determined using a combination of factors to ensure that the accounts receivable are not overstated due to un-collectability. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and aging of the receivables, continuing credit evaluation of customers' financial conditions and collateral requirements for customers in certain circumstances. Being dependent on aforementioned future event it is susceptible to change.

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Notes to the financial statements (continued)
For the year ended March 31, 2018

5 Property and equipment				
	Leasehold improvements AED	Office equipment AED	Furniture and fittings AED	Total AED
2018				
Cost				
As at April 1, 2017	14,640	304,625	74,470	393,735
Additions	754,454	196,504	212,536	1,163,494
As at March 31, 2018	<u>769,094</u>	<u>501,129</u>	<u>287,006</u>	<u>1,557,229</u>
Accumulated depreciation				
As at April 1, 2017	11,355	119,830	28,638	159,823
Charge for the year (note 14)	167,617	142,257	49,671	359,545
As at March 31, 2018	<u>178,972</u>	<u>262,087</u>	<u>78,309</u>	<u>519,368</u>
Net carrying amount at March 31, 2018	<u>590,122</u>	<u>239,042</u>	<u>208,697</u>	<u>1,037,861</u>
2017				
Cost				
As at April 1, 2016	14,640	227,370	74,470	316,480
Additions	-	77,255	-	77,255
As at March 31, 2017	<u>14,640</u>	<u>304,625</u>	<u>74,470</u>	<u>393,735</u>
Accumulated depreciation				
As at April 1, 2016	3,848	35,396	8,256	47,500
Charge for the year (note 14)	7,507	84,434	20,382	112,323
As at March 31, 2017	<u>11,355</u>	<u>119,830</u>	<u>28,638</u>	<u>159,823</u>
Net carrying amount at March 31, 2017	<u>3,285</u>	<u>184,795</u>	<u>45,832</u>	<u>233,912</u>
6 Intangible asset				
		2018	2017	
Cost		AED	AED	
Opening balance		<u>22,168</u>	9,360	
Additions		-	12,808	
Closing balance		<u>22,168</u>	<u>22,168</u>	
Accumulated amortization				
Opening balance		<u>6,942</u>	1,979	
Charge for the year (note 14)		<u>7,370</u>	4,963	
Closing balance		<u>14,312</u>	<u>6,942</u>	
Net carrying amount at March 31, 2018		<u>7,856</u>	15,226	

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Notes to the financial statements (continued)
For the year ended March 31, 2018

7 Trade and other receivables

	2018	2017
	AED	AED
Financial assets		
Trade receivables	3,231	352,799
Due from related parties (note 12)	1,304,857	996,354
Deposits	163,957	167,812
Advance to employees	15,550	63,165
	<u>1,487,595</u>	<u>1,580,130</u>
Non-financial asset		
Prepayments	717,084	693,199
	<u>2,204,679</u>	<u>2,273,329</u>

8 Cash and cash equivalents

	2018	2017
	AED	AED
Cash in hand	2,500	2,500
Cash at bank	4,853,977	3,167,823
	<u>4,856,477</u>	<u>3,170,323</u>

9 Share capital

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

Shares issued and fully paid:		
Beginning of the year		50
Shares issued		-
Total shares issued and fully paid at March 31, 2018		<u>50</u>
Total shares authorised at March 31, 2018		<u>50</u>
Total share capital (issued and fully paid at March 31, 2018, in AED)		<u>50,000</u>

The Company's issued share capital is held by the following shareholder:

	2018		2017	
	%	AED	%	AED
Spark44 JV Limited	100	50,000	100	50,000

10 Employees' end of service benefits

	2018	2017
	AED	AED
Opening balance	431,244	-
Charge for the year	392,507	492,853
Payments made during the year	(12,297)	(61,609)
Closing balance	<u>811,454</u>	<u>431,244</u>

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Notes to the financial statements (continued)
For the year ended March 31, 2018

11 Trade and other payables

	2018	2017
	AED	AED
Financial liabilities		
Trade payables	1,351,180	220,215
Accruals and provisions	149,208	195,309
Due to related parties (note 12)	47,762	1,067,206
Other payables	50,294	26,550
	<u>1,598,444</u>	<u>1,509,280</u>
Non-financial liability		
VAT payable – net	179,280	-
	<u>1,777,724</u>	<u>1,509,280</u>

12 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its Ultimate Parent Company, Parent Company, key management personnel and entities under common control.

Due from related parties

	2018	2017
	AED	AED
<i>Ultimate Parent Company</i>		
Jaguar Land Rover Limited	1,297,383	978,189
<i>Entities under common control</i>		
Spark44 Demand Creations Partners Private Limited	7,474	18,165
	<u>1,304,857</u>	<u>996,354</u>

Due to related parties

<i>Ultimate Parent Company</i>		
Jaguar Land Rover Limited	47,762	205,533
<i>Entities under common control</i>		
Spark44 Limited	-	861,673
	<u>47,762</u>	<u>1,067,206</u>

Loan payable to Parent Company

Spark44 JV Limited	-	1,584,931
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- (i) The loan payable to Parent Company is unsecured and repayable on demand. The loan carried interest at the rate of 5% per annum. During the year, the Company has repaid the loan in full.
- (ii) The finance costs for the prior year on the above loan amounting to AED 80,518 was transferred to a related party at the instruction of the Parent Company.

Transactions with related parties

Significant transactions carried out with related parties:

	2018	2017
	AED	AED
Revenue	13,693,873	12,207,845
Management fees (note 14)	755,278	627,313
Finance costs (note 15)	-	80,518
Loan repaid to Parent Company	<u>1,584,931</u>	<u>-</u>

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Notes to the financial statements (continued)
For the year ended March 31, 2018

12 Related parties (continued)

Key management personnel compensation

Key management personnel of the Company is the Director of the Company. During the year, the key management personnel compensation was as follows:

	2018 AED	2017 AED
Salaries and other benefits	732,904	620,158
End of service benefits	31,897	55,929

13 Cost of revenue

	2018 AED	2017 AED
Salaries and other benefits	7,298,562	6,735,100
Outsourced service costs	-	663,226

14 Administrative and general expenses

	2018 AED	2017 AED
Management fees (note 12)	755,278	627,313
Rent expense	610,706	395,347
Depreciation (note 5)	359,545	112,323
Salaries and other benefits	372,759	337,229
Travelling expense	153,664	69,959
Consultancy and professional fees	105,842	219,430
Training and conferences costs	76,536	229,839
Recruitment cost	42,860	236,700
Amortisation (note 6)	7,370	4,963
Others	560,391	420,646

15 Finance costs

	2018 AED	2017 AED
Interest on loan payable to Parent Company (note 12)	-	80,518

16 Commitments

As at the year end, commitments under non-cancellable operating leases as lessee were:

	2018 AED	2017 AED
Within one year	455,468	455,468
More than one year but not more than five years	478,241	933,709

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Notes to the financial statements (continued)
For the year ended March 31, 2018

17 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the Parent Company, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

17.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The Arab Emirates Dirham (AED) is effectively pegged to the USD, thus balances in USD are not considered to represent significant currency risks. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities as at the end of the reporting year are as follows:

	Financial assets		Financial liabilities	
	2018	2017	2018	2017
	AED	AED	AED	AED
United States Dollar (USD)	5,490,501	3,353,543	1,019,806	205,533
Euro (EUR)	2,205	2,916	-	-
British Pound (GBP)	-	-	-	861,673
	5,492,706	3,356,459	1,019,806	1,067,206

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities. It assumes a $\pm 5\%$ change of the exchange rate, other than USD, for the year ended at March 31, 2018 (2017: $\pm 5\%$). Sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

If AED had strengthened against the relevant currencies, then this would have had the following impact.

	Profit for the	Equity
	year	
	AED	AED
2018	110	110
2017	42,938	42,938

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Notes to the financial statements (continued)
For the year ended March 31, 2018

17 Financial instrument risk (continued)

17.1 Market risk (continued)

Foreign currency risk (continued)

If AED had weakened against the relevant currencies, then this would have had the following impact.

	Profit for the year	Equity
	AED	AED
2018	(110)	(110)
2017	(42,938)	(42,938)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company is not exposed to interest rate risk.

17.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2018 AED	2017 AED
Trade and other receivables (note 7)	1,487,595	1,580,130
Cash at bank (note 8)	4,853,977	3,167,823
	<u>6,341,572</u>	<u>4,747,953</u>

The Company's management considers that all the above financial assets that are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

Some of the unimpaired receivables are past due as at the reporting date. Financial assets past due but not impaired are given below:

	2018 AED	2017 AED
Not more than 3 months	<u>3,231</u>	<u>7,080</u>

17.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Less than 1 year AED
At March 31, 2018	
Trade and other payables	<u>1,598,444</u>
At March 31, 2017	
Trade and other payables	1,509,280
Loan from Parent Company	1,584,931
	<u>3,094,211</u>

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Notes to the financial statements (continued)
For the year ended March 31, 2018

18 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

19 Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders. Capital for the reporting year under review is summarised as follows:

	2018	2017
	AED	AED
Equity	5,517,695	2,167,335
Cash and cash equivalents	4,856,477	3,170,323