

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED

Annual Financial Statements

For the year ended March 31, 2019

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Advertising and marketing
Directors	N Scheuble R Specht
Registered office	21 Forssman Close Barbeque Downs Midrand 1684
Postal address	21 Forssman Close Barbeque Downs Midrand 1684
Registered auditor	Grace Hughes & Associates Chartered Accountants (S.A.) Registered Accountants and Auditors
Company registration number	2015/300314/07
Issued	20 May 2019

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders :

Contents	Page
Directors' responsibilities and approval	3
Independent auditor's report	4-5
Directors' report	6
Statement of financial position	7
Statement of comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Accounting policies	11-13
Notes to the annual financial statements	14-15
The following supplementary information does not form part of the annual financial statements and is unaudited.	
Detailed income statement	16

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

These annual financial statements were prepared by:
T Vukoicic

Published

20 May 2019

**SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
DIRECTORS' RESPONSIBILITIES AND APPROVAL**

The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast subsequent to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4-5.

The annual financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved and signed by the directors on 20 May 2019



N Scheuble

20 May 2019



R Specht

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SPARK44 SOUTH AFRICA PROPRIETARY LIMITED

Opinion

We have audited the annual financial statements of Spark44 South Africa Proprietary Limited set out on pages 7 to 15, which comprise the statement of financial position as at 31 March 2019 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of Spark44 South Africa Proprietary Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the detailed Income statement and directors' report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

Responsibilities of the directors for the annual financial statements

The directors are responsible for the preparation and fair preparation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

GRACE HUGHES & ASSOCIATES

Chartered Accountants (S.A.)

SAICA No.00167157

IRBA No. 583626

10 ANNA AVENUE
GLENANDA
2091

Tel : (010) 447 3523

P O BOX 1778
GLENVISTA
2058

E-mail: ghughes@mweb.co.za

INDEPENDENT AUDITOR'S REPORT

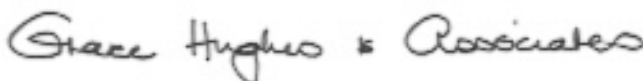
Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 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 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 Annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.



Grace Hughes & Associates
Chartered Accountants (S.A)
G.M. Hughes
Registered Auditor

20 May 2019

G.M HUGHES CA (SA)

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Spark44 South Africa Proprietary Limited for the year ended 31 March 2019.

1. Nature of business

Spark44 South Africa Proprietary Limited conducts business in South Africa and renders advertising and marketing services for Jaguar and Land Rover.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared

3. Share capital

	2019	2018
	R	R
Authorised		
1000 Ordinary shares of no par value		
Issued		
1000 Ordinary shares of no par value	1000	1000

There have been no changes to the authorised or issued share capital during the year under

4. Directors

The directors in office throughout the year and at the date of this report are as follows:

Nicola Scheuble
Ralf Specht

There have been no changes to the directorate for the period under review.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
STATEMENT OF FINANCIAL POSITION

	Notes	2019 R	2018 R
NON-CURRENT ASSETS			
Property, plant and equipment	2	618 377	455 378
		<u>618 377</u>	<u>455 378</u>
CURRENT ASSETS			
Trade and other receivables		9 119 203	4 145 578
Taxation paid in advance		-	34 749
Cash and cash equivalents		1 676 456	1 770 359
Total Liabilities		<u>10 795 659</u>	<u>5 950 687</u>
Total Assets		<u>11 414 036</u>	<u>6 406 065</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3	1 000	1 000
Retained profit		3 077 433	2 122 124
		<u>3 078 433</u>	<u>2 123 124</u>
CURRENT LIABILITIES			
Trade and other payables		7 999 065	4 282 941
Taxation payable		336 537	-
Total Liabilities		<u>8 335 602</u>	<u>4 282 941</u>
Total Equity and Liabilities		<u>11 414 036</u>	<u>6 406 065</u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	R	R
REVENUE			
Sales		15 385 804	15 345 948
OTHER INCOME			
Profit on disposal of property, plant and equipment		-	1 836
Interest received		116 454	-
Foreign exchange gain		25 222	117 592
Gross profit		15 527 480	15 465 376
OPERATING EXPENSES		14 200 884	14 237 226
OPERATING PROFIT	4	1 326 596	1 228 150
Profit before taxation		1 326 596	1 228 150
Taxation	5	(371 287)	(343 882)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		955 309	884 268

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained income	Total equity
	R	R	R
Balance at 31 March 2017	1 000	1 237 857	1 238 857
Total comprehensive profit for the year		884 268	884 268
Balance at 31 March 2018	1 000	2 122 124	2 123 124
Total comprehensive profit for the year		955 309	955 309
Balance at 31 March 2019	1 000	3 077 433	3 078 433

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
STATEMENT OF CASH FLOWS

	Notes	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	269 485	2 116 625
Net interest received (paid)		116 448	(6 250)
Taxation paid	7	-	(300 019)
Net cash from operating activities		385 933	1 810 356
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(479 837)	(3 977)
Net cash from investing activities		(479 837)	(3 977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan payable		-	(5 772 267)
Net cash from financing activities		-	(5 772 267)
TOTAL CASH MOVEMENT FOR THE YEAR		(93 904)	(3 965 888)
Cash and cash equivalents at the beginning of the year		1 770 360	5 736 248
Total cash and cash equivalents at the end of the year		1 676 456	1 770 360

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis except where otherwise stated and incorporate the principal accounting policies set out below, which are consistent in all material respects with those applied in the previous year.

The annual financial statements are presented in South African Rands.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment are carried at cost less accumulated depreciation and any

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The following depreciation methods and useful lives are used for the depreciation of property, plant and equipment:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	2 years
Furniture and fixtures	Straight line	3 years
Office equipment	Straight line	5 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Financial instruments include all financial assets and liabilities held for liquidity, investment or hedging purposes. Financial instruments are initially measured at fair value plus transaction costs, except those carried at fair value through profit or loss where the transaction costs are recognised immediately in the statement of profit or loss and other comprehensive income.

Financial instruments are recognised on the date the company commits to purchase or sell the instruments (trade date accounting)

1.2 Financial instruments (continued)

Loans and trade receivables

Loans and trade receivables are measured at amortised cost using the effective interest rate method, less any impairment.

Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are initially measured at fair value but subsequently measured at amortised cost.

Loans and trade payables

Loans and trade payables are initially measured at fair value, net of transaction costs.

Subsequently they are measured at amortised cost using the effective interest rate method, with interest expense recognised on the basis of the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

1.3 Taxation

Current taxation and liabilities

Current taxation for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current taxation assets and liabilities for the current and prior periods are measured at the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets and liabilities

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at each statement of financial position 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 taxation assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is dealt with in equity.

Taxation expense

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.5 Revenue

Revenue is recognised to the extent that the company has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding value added taxation and discounts.

Interest is recognised, in profit or loss, using the effective rate method.

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer hardware	879 322	720 241	159 081	842 139	446 390	395 749
Computer software	78 357	61 115	17 242	78 357	39 114	39 243
Office equipment	475 772	33 718	442 054	27 304	6 918	20 386
	<u>1 433 451</u>	<u>815 074</u>	<u>618 377</u>	<u>947 800</u>	<u>492 422</u>	<u>455 378</u>

Reconciliation of fixed assets- 2019

	Net carrying value	Additions / Disposal	Depreciation	Carrying value
Computer hardware	395 749	37 183	273 851	159 081
Computer software	39 243	(5 814)	16 187	17 242
Office equipment	20 386	448 468	26 800	442 054
	<u>455 378</u>	<u>479 837</u>	<u>316 838</u>	<u>618 377</u>

Reconciliation of fixed assets- 2018

	Additions	Depreciation	Carrying
Computer hardware	1 394	279 732	395 749
Computer software	2 008	26 879	39 243
Office equipment	575	6 039	20 386
	<u>3 977</u>	<u>312 650</u>	<u>455 378</u>

2019 R 2018 R

3. SHARE CAPITAL

Authorised:

1 000 Ordinary shares of no par value 1 000 1 000

Issued:

1000 Ordinary shares 1 000 1 000

4. OPERATING PROFIT

Operating profit for the year is stated after accounting for the

Audit fees	24 700	24 000
Depreciation	<u>316 838</u>	<u>312 650</u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019	2018
	R	R
5. TAXATION		
Current taxation		
South African normal tax	371 287	343 882
Reconciliation of the taxation expense		
Reconciliation between accounting profit and tax expense		
Accounting profit before tax	1 326 596	1 228 150
Tax at the applicable tax rate of 28%	371 447	343 882
	<u>371 447</u>	<u>343 882</u>
6. CASH FLOW STATEMENT		
The following convention applies to figures other than adjustments:		
Outflows of cash are represented by figures in brackets.		
Inflows of cash are represented by figures without		
Cash generated by operations		
Net profit before taxation	1 326 596	1 228 150
Adjustments for:		
Depreciation	316 838	312 650
Net interest (received) paid	(116 448)	6 250
Operating profit before working capital changes	1 526 986	1 547 050
Increase in trade and other receivables	(4 973 625)	(1710 374)
Increase in trade and other payables	3 716 124	2 279 949
	<u>269 485</u>	<u>2 116 625</u>
7. TAXATION PAID		
Balance at beginning of year	34 749	78 612
Current taxation for the year recognised in profit or loss	(371 287)	(343 882)
Balance at end of year	336 537	(34 749)
	<u>-</u>	<u>(300 019)</u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
DETAILED INCOME STATEMENT

	Notes	2019	2018
		R	R
REVENUE			
Rendering of services		15 385 804	15 345 948
Other income			
Profit on disposal of property, plant and equipment		-	1 836
Interest received		116 454	-
Foreign exchange gain		25 222	117 592
		<u>15 527 480</u>	<u>15 465 376</u>
OPERATING EXPENSES			
Auditors remuneration		24 700	24 000
Accounting fees		-	3 000
Advertising costs		-	3 000
Bank charges		14 291	23 957
Cleaning		40 750	34 000
Computer expenses		430 622	496 547
Depreciation		316 838	312 650
Entertainment		68 908	42 711
Foreign exchange loss		42 509	385 553
Insurance		68 454	66 000
Interest paid		6	6 250
Legal fees		18 080	36 000
Management fees		1 527 504	2 587 462
Printing, stationery and postage		12 780	17 476
Rent and municipal expenses		260 631	185 366
Repairs and maintenance		122 126	8 443
Salaries, wages and contributions		10 262 920	9 306 981
Security		185 228	177 279
Subscriptions		49 695	32 939
Telephone and fax		168 271	131 952
Travel and accomodation		586 571	355 662
		<u>14 200 884</u>	<u>14 237 226</u>
Operating profit	4	<u>1 326 596</u>	<u>1 228 150</u>
PROFIT FOR THE YEAR		<u>1 326 596</u>	<u>1 228 150</u>
Taxation	5	<u>371 287</u>	<u>343 882</u>
Total profit for the year		<u><u>955 309</u></u>	<u><u>884 268</u></u>