

Company Registration No. 07535151 (England and Wales)

**Spark44 (JV) Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2019**

# Spark44 (JV) Limited

## Company Information

---

<b>Directors</b>	Mr. Ralf Specht Dr. Ralf Speth Dr. Alex Buck Mr. Felix Bräutigam Mr. Avanesh Sharma Mr. Brian Fraser Ms. Fiona Pargeter	(Appointed 30 June 2018) (Appointed 18 July 2018) (Appointed 8 May 2018)
<b>Secretary</b>	Ms. Helen Cairns	
<b>Company number</b>	07535151	
<b>Registered office</b>	Abbey Road Whitley Coventry Warwickshire CV3 4LF	
<b>Auditor</b>	Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL	
<b>Business address</b>	The White Collar Factory 1 Old Street Yard London EC1Y 8AF	
<b>Bankers</b>	HSBC Bank plc City of London Corporate Centre 60 Queen Victoria Street London EC4N 4TR	
<b>Solicitors</b>	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL	

---

# Spark44 (JV) Limited

## Contents

---

	<b>Page</b>
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 - 35

---

# Spark44 (JV) Limited

## Strategic Report

For the year ended 31 March 2019

---

The directors present the strategic report for the year ended 31 March 2019.

### 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
- Magazines

The Group started operations in Colombia and Taiwan via fully owned local entities to provide marketing and communication services to newly established Jaguar Land Rover's National Sales Companies.

### 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.
- Our principal client, Jaguar Land Rover Limited is facing significant business challenges in China, UK and Europe requiring them to reduce their marketing spend. Consequently, the Company has reduced its head count by the end of the reporting year.
- 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.

### 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 2019

---

### 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:

<b>Financial</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Gross profit (Revenue)	98,110	93,696
Operating profit	10,519	10,819
Profit after tax, available for distribution	8,229	7,800

<b>Operational</b>	<b>2019</b>	<b>2018</b>
Operating profit margin	10.7%	11.5%
Number of full time employees	1,088	985
Revenue per employee	90,175	95,123

### Performance

During the year the Group underwent restructuring to adapt to a reduced scope of work and consequent reduction in fees for the next financial year. The Group's Headcount was reduced through the necessary redundancy process as well as merging the two USA offices into one. Total restructuring costs in the year amounted to £2.8m. Normalised operating profit for the year would therefore have been £13.3m.

### 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 so successful for Jaguar Land Rover. We are pleased to confirm that during the year we won Tata Global Beverages as a new client, this will start to mitigate the risk previously identified by diversifying our portfolio of clients. The Company is in advanced discussions with a number of clients with a potential to start working with them in the coming year.

On behalf of the Board

  
Dr. Alex Buck  
Chairman of the Board of Directors

09/07/2019

# Spark44 (JV) Limited

## Directors' Report

For the year ended 31 March 2019

---

The directors present their annual report and financial statements for the year ended 31 March 2019.

### 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:

Mr. Ralf Specht  
Dr. Ralf Speth  
Dr. Alex Buck  
Mr. Felix Bräutigam

The following directors were appointed during or subsequent to the year ended 31 March, 2019

Ms. Fiona Pargeter (Appointed 8 May 2018)  
Mr. Avanesh Sharma (Appointed 30 June 2018)  
Mr. Brian Fraser (Appointed 18 July 2018)

The following directors resigned during or subsequent to the year ended 31 March, 2019

Mr. Alistair Cook (Resigned 18 July 2018)  
Mr. Eric Markgraf (Resigned 20 June 2018)

### Results and dividends

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

Dividends of £3,451,753 were declared or paid to Class 'B' Shareholders during the year ended 31 March 2019.

### 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.

# Spark44 (JV) Limited

## Directors' Report (Continued)

For the year ended 31 March 2019

---

### Auditor

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

### 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: 09/07/2019

# 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 2019 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 2019 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 Kingston Smith LLP

**Chartered Accountants**  
**Statutory Auditor**

17/07/2019

Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

# Spark44 (JV) Limited

## Group Profit and Loss Account

For the year ended 31 March 2019

---

		<b>2019</b>	<b>2018</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
Turnover	<b>3</b>	156,654,365	150,507,001
Cost of sales		(58,464,820)	(56,810,576)
<b>Gross profit</b>		<b>98,189,545</b>	<b>93,696,425</b>
Administrative expenses		(87,825,001)	(83,038,725)
Other operating income		154,115	161,547
<b>Operating profit</b>	<b>4</b>	<b>10,518,659</b>	<b>10,819,247</b>
Interest receivable and similar income	<b>8</b>	32,926	15,876
Interest payable and similar expenses	<b>9</b>	(17,440)	(18,319)
<b>Profit before taxation</b>		<b>10,534,145</b>	<b>10,816,804</b>
Taxation	<b>10</b>	(2,572,871)	(3,016,933)
<b>Profit for the financial year</b>		<b>7,961,274</b>	<b>7,799,871</b>

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 2019

---

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	7,961,274	7,799,871
<b>Other comprehensive income</b>		
Currency translation differences	279,956	(709,173)
<b>Total comprehensive income for the year</b>	<u>8,241,230</u>	<u>7,090,698</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 2019

	Notes	2019		2018 as restated	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		26,752		67,097
Other intangible assets	12		138,491		675,137
			165,243		742,234
Total intangible assets					
Tangible assets	13		4,326,082		5,739,856
			4,491,325		6,482,090
<b>Current assets</b>					
Debtors	17	24,485,591		24,326,281	
Cash at bank and in hand		14,838,975		14,607,766	
		39,324,566		38,934,047	
<b>Creditors: amounts falling due within one year</b>	18	(24,705,679)		(28,181,326)	
<b>Net current assets</b>			14,618,887		10,752,721
<b>Total assets less current liabilities</b>			19,110,212		17,234,811
<b>Creditors: amounts falling due after more than one year</b>	19		(1,187,502)		(2,374,980)
			17,922,710		14,859,831
<b>Capital and reserves</b>					
Called up share capital	24		929		897
Share premium account			2,380,448		2,126,762
Other reserves			(10,150,571)		(8,170,255)
Capital redemption reserve			95		95
Profit and loss reserves			25,691,809		20,902,332
<b>Shareholders' funds</b>			17,922,710		14,859,831

The financial statements were approved by the board of directors and authorised for issue on 09/07/2019 and are signed on its behalf by:



Mr. Avaneesh Sharma  
Director

# Spark44 (JV) Limited

## Company Balance Sheet

As at 31 March 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Investments	14		767,830		416,291
<b>Current assets</b>					
Debtors	17	141,709		682,591	
Cash at bank and in hand		885,795		695,077	
		<u>1,027,504</u>		<u>1,377,668</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(4,601,569)</u>		<u>(2,575,792)</u>	
<b>Net current liabilities</b>			<u>(3,574,065)</u>		<u>(1,198,124)</u>
<b>Total assets less current liabilities</b>			<u>(2,806,235)</u>		<u>(781,833)</u>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(1,187,502)</u>		<u>(2,374,980)</u>
<b>Net liabilities</b>			<u><u>(3,993,737)</u></u>		<u><u>(3,156,813)</u></u>
<b>Capital and reserves</b>					
Called up share capital	24		929		897
Share premium account			2,380,448		2,126,762
Other reserves			(10,150,571)		(8,170,255)
Capital redemption reserve			95		95
Profit and loss reserves			3,775,362		2,885,688
<b>Total equity</b>			<u><u>(3,993,737)</u></u>		<u><u>(3,156,813)</u></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 £4,341,427 (2018: 6,194,244 profit).

The financial statements were approved by the board of directors and authorised for issue on 09/07/2019 and are signed on its behalf by:



Mr. Avanesh Sharma  
Director

Company Registration No. 07535151

# Spark44 (JV) Limited

## Group Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>As restated for the period ended 31 March 2018:</b>						
<b>Balance at 1 April 2017</b>	863	760,969	95	-	17,185,977	17,947,904
<b>Year ended 31 March 2018:</b>						
Profit for the year	-	-	-	-	7,799,871	7,799,871
Other comprehensive income:						
Currency translation differences	-	-	-	-	(709,173)	(709,173)
Total comprehensive income for the year	-	-	-	-	7,090,698	7,090,698
Issue of share capital	24	34	1,365,793	-	-	1,365,827
Dividends	11	-	-	-	(3,374,343)	(3,374,343)
Own shares acquired	-	-	-	(8,362,500)	-	(8,362,500)
Share based payments	23	-	-	192,245	-	192,245
<b>Balance at 31 March 2018</b>	897	2,126,762	95	(8,170,255)	20,902,332	14,859,831

# Spark44 (JV) Limited

## Group Statement of Changes in Equity (Continued)

For the year ended 31 March 2019

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 31 March 2018</b>	897	2,126,762	95	(8,170,255)	20,902,332	14,859,831
<b>Year ended 31 March 2019:</b>						
Profit for the year	-	-	-	-	7,961,274	7,961,274
Other comprehensive income:						
Currency translation differences on overseas subsidiaries	-	-	-	-	279,956	279,956
Total comprehensive income for the year	-	-	-	-	8,241,230	8,241,230
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
<b>Balance at 31 March 2019</b>	929	2,380,448	95	(10,150,571)	25,691,809	17,922,710

# Spark44 (JV) Limited

## Company Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>As restated for the period ended 31 March 2018:</b>						
<b>Balance at 1 April 2017</b>	863	760,969	95	-	65,787	827,714
<b>Year ended 31 March 2018:</b>						
Profit and total comprehensive income for the year	-	-	-	-	6,194,244	6,194,244
Issue of share capital	24	34	1,365,793	-	-	1,365,827
Dividends	11	-	-	-	(3,374,343)	(3,374,343)
Own shares acquired	-	-	-	(8,362,500)	-	(8,362,500)
Share based payments	-	-	-	192,245	-	192,245
<b>Balance at 31 March 2018</b>	897	2,126,762	95	(8,170,255)	2,885,688	(3,156,813)
<b>Year ended 31 March 2019:</b>						
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
<b>Balance at 31 March 2019</b>	929	2,380,448	95	(10,150,571)	3,775,362	(3,993,737)

# Spark44 (JV) Limited

## Group Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019		2018	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	8,640,030		19,490,842	
Interest paid		(17,440)		(18,298)	
Income taxes paid		(2,285,226)		(2,769,964)	
<b>Net cash inflow from operating activities</b>		<b>6,337,364</b>		<b>16,702,580</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(35,028)		(98,340)	
Proceeds on disposal of intangibles		4,781		94	
Purchase of tangible fixed assets		(812,244)		(3,260,789)	
Proceeds on disposal of tangible fixed assets		98,379		(39,666)	
Interest received		32,926		15,855	
<b>Net cash used in investing activities</b>		<b>(711,186)</b>		<b>(3,382,846)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		253,718		1,365,827	
Purchase of own shares		(2,107,950)		(8,362,500)	
Dividends paid to equity shareholders		(3,451,753)		(3,374,343)	
<b>Net cash used in financing activities</b>		<b>(5,305,985)</b>		<b>(10,371,016)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>320,193</b>		<b>2,948,718</b>	
Cash and cash equivalents at beginning of year		14,516,019		11,567,301	
<b>Cash and cash equivalents at end of year</b>		<b>14,836,212</b>		<b>14,516,019</b>	
<b>Relating to:</b>					
Cash at bank and in hand		14,838,975		14,607,766	
Bank overdrafts included in creditors payable within one year		(2,763)		(91,747)	

# Spark44 (JV) Limited

## Notes to the Financial Statements

For the year ended 31 March 2019

---

### 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 2019. 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 2019

### 1 Accounting policies

(Continued)

#### 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
----------	----------------------------

#### 1.7 Tangible fixed assets

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

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

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.

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

---

### 1 Accounting policies

(Continued)

#### 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 2019

---

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

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 2019

---

### 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 2019

---

### **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 2019

---

### 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 2019

### 3 Turnover and other revenue

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

	2019	2018
	£	as restated £
<b>Turnover</b>		
Fees and sale of services	156,654,365	150,507,001
	<u>156,654,365</u>	<u>150,507,001</u>
<b>Other significant revenue</b>		
Interest income	32,926	15,876
	<u>32,926</u>	<u>15,876</u>

#### Turnover analysed by geographical market

	2019	2018
	£	as restated £
United Kingdom	80,174,738	74,558,260
Europe	23,988,712	21,676,372
Rest of World	52,490,915	54,272,369
	<u>156,654,365</u>	<u>150,507,001</u>

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(43,912)	248,803
Depreciation of owned tangible fixed assets	2,096,204	2,334,258
Loss on disposal of tangible fixed assets	158,089	53,050
Amortisation of intangible assets	612,499	598,421
Share-based payments	127,634	192,245
Operating lease charges	4,901,532	4,476,560
	<u>4,901,532</u>	<u>4,476,560</u>

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 £43,912 (2018: -£248,803).

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	10,000	8,800
Audit of the company's subsidiaries	101,985	90,436
	<u>111,985</u>	<u>99,236</u>

### 6 Employees

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

	2019	2018
	Number	Number As restated
UK	532	481
Europe	209	157
Rest of the World	347	347
	<u>1,088</u>	<u>985</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	52,643,843	48,995,016
Social security costs	5,076,826	4,658,516
Pension costs	1,482,850	1,180,529
	<u>59,203,519</u>	<u>54,834,061</u>

### 7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	1,907,983	1,127,867
Company pension contributions to defined contribution schemes	40,450	17,938
Benefits in kind	21,513	32,680
	<u>1,969,946</u>	<u>1,178,485</u>

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 7 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 1).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 4 (2018 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	792,122	426,430
--------------------------------------	---------	---------

During the year the highest paid director exercised 21,667 share options, their gain has been included within director's remuneration above.

### 8 Interest receivable and similar income

	2019	2018
	£	£
<b>Interest income</b>		
Interest on bank deposits	32,926	15,876

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	32,926	15,876
--	--------	--------

### 9 Interest payable and similar expenses

	2019	2018
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	21
<b>Other finance costs:</b>		
Other interest	17,440	18,298
<b>Total finance costs</b>	17,440	18,319

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,155,380	1,405,345
Adjustments in respect of prior periods	(26,937)	-
Total UK current tax	<u>1,128,443</u>	<u>1,405,345</u>
Foreign current tax on profits for the current period	<u>1,437,933</u>	<u>1,706,652</u>
Total current tax	<u>2,566,376</u>	<u>3,111,997</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(81,808)	(173,526)
Other adjustments	88,303	78,462
Total deferred tax	<u>6,495</u>	<u>(95,064)</u>
Total tax charge	<u>2,572,871</u>	<u>3,016,933</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:

	2019 £	2018 £
Profit before taxation	<u>10,534,145</u>	<u>10,816,804</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)</i>	2,001,488	2,055,193
Tax effect of expenses that are not deductible in determining taxable profit	377,428	392,030
Permanent capital allowances in excess of depreciation	(148,945)	603,830
Other non-reversing timing differences	-	15,551
Effect of overseas tax rates	308,997	502,959
Withholding tax on US dividends	19,197	50,000
Chargeable disposals	(68)	18,805
Movement on deferred tax	6,495	(173,526)
Provision adjustment	7,908	(448,959)
Capital item expensed	371	1,050
Tax expense for the year	<u>2,572,871</u>	<u>3,016,933</u>

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 11 Dividends

	2019 £	2018 £
Final paid	3,451,753	3,374,343

### 12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 April 2018	201,291	1,817,156	2,018,447
Additions	-	35,028	35,028
Disposals	-	(148,881)	(148,881)
Exchange adjustments	(1,189)	2,314	1,125
At 31 March 2019	200,102	1,705,617	1,905,719
<b>Amortisation and impairment</b>			
At 1 April 2018	134,194	1,142,019	1,276,213
Amortisation charged for the year	40,384	572,115	612,499
Disposals	-	(144,099)	(144,099)
Exchange adjustments	(1,228)	(2,909)	(4,137)
At 31 March 2019	173,350	1,567,126	1,740,476
<b>Carrying amount</b>			
At 31 March 2019	26,752	138,491	165,243
At 31 March 2018	67,097	675,137	742,234

The company had no intangible fixed assets at 31 March 2019 or 31 March 2018.

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 13 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2018	5,217,216	2,352,254	3,702,382	11,271,852
Additions	314,961	150,627	346,656	812,244
Disposals	(647,108)	(388,023)	(480,232)	(1,515,363)
Transfers	21,350	(21,350)	-	-
Exchange adjustments	27,802	(4,293)	43,449	66,958
At 31 March 2019	<u>4,934,221</u>	<u>2,089,215</u>	<u>3,612,255</u>	<u>10,635,691</u>
<b>Depreciation and impairment</b>				
At 1 April 2018	2,088,929	987,340	2,455,727	5,531,996
Depreciation charged in the year	987,965	316,816	791,423	2,096,204
Eliminated in respect of disposals	(587,221)	(325,661)	(444,392)	(1,357,274)
Transfers	11,010	(11,010)	-	-
Exchange adjustments	55,215	8,116	(24,648)	38,683
At 31 March 2019	<u>2,555,898</u>	<u>975,601</u>	<u>2,778,110</u>	<u>6,309,609</u>
<b>Carrying amount</b>				
At 31 March 2019	<u>2,378,323</u>	<u>1,113,614</u>	<u>834,145</u>	<u>4,326,082</u>
At 31 March 2018	<u>3,128,287</u>	<u>1,364,914</u>	<u>1,246,655</u>	<u>5,739,856</u>

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

### 14 Fixed asset investments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Unlisted investments	-	-	767,830	416,291

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments

##### Company

**Investments  
other than  
loans  
£**

##### Cost or valuation

At 1 April 2018	416,291
Additions	223,905
Increase in FRS20 charge	127,634

At 31 March 2019	767,830
------------------	---------

##### Carrying amount

At 31 March 2019	767,830
------------------	---------

At 31 March 2018	416,291
------------------	---------

### 15 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 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 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 Colombia Ltda.	Colombia	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 2019

### 16 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	22,487,999	18,019,623	98,410	682,591
Equity instruments measured at cost less impairment	-	-	767,830	416,291
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	16,579,430	22,725,109	5,789,071	4,948,959

### 17 Debtors

	Group 2019 £	2018 as restated £	Company 2019 £	2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	821,743	288,217	-	-
Corporation tax recoverable	73,087	300,156	43,299	-
Amounts due from group undertakings	17,756,436	16,717,041	53,265	115,991
Other debtors	2,047,840	1,940,678	45,145	566,600
Prepayments and accrued income	3,525,140	4,901,932	-	-
	24,224,246	24,148,024	141,709	682,591
Deferred tax asset (note 21)	261,345	178,257	-	-
	24,485,591	24,326,281	141,709	682,591

### 18 Creditors: amounts falling due within one year

	Group 2019 £	2018 as restated £	Company 2019 £	2018 £
	Notes			
Bank loans and overdrafts	20	2,763	91,747	-
Trade creditors		4,035,651	7,687,374	-
Amounts due to group undertakings		-	3,371,622	1,019,724
Corporation tax payable		1,328,295	1,267,719	-
Other taxation and social security		2,690,614	2,996,950	-
Other creditors		1,742,604	1,187,502	1,522,139
Accruals and deferred income		14,905,752	14,326,324	33,929
		24,705,679	28,181,326	2,575,792

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 19 Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Other creditors	1,187,502	2,374,980	1,187,502	2,374,980

### 20 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank overdrafts	2,763	91,747	-	-
Payable within one year	2,763	91,747	-	-

### 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 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Accelerated capital allowances	-	-	217,169	79,360
Other provisions	-	-	44,176	98,897
	-	-	261,345	178,257

Movements in the year:	Group 2019 £
Asset at 1 April 2018	178,257
Charge to profit or loss	83,088
Asset at 31 March 2019	261,345

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 22 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	1,482,850	1,180,529

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 2019, 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.

Group	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 April 2018	104,250	130,250	9.38	8.17
Granted	-	2,000	-	25.00
Forfeited	(5,125)	(3,500)	11.99	5.78
Exercised	(32,125)	(24,500)	8.16	4.73
Outstanding at 31 March 2019	67,000	104,250	9.77	9.38
Exercisable at 31 March 2019	64,639	61,166	9.53	9.65

32,125 options over Ordinary A shares were exercised during the year at a weighted average price of £8.60 per share and total consideration of £276,275. The shares were immediately re-purchased by Spark44 (JV) Limited at a price of £33.40 per share and a total consideration of £1,072,975.

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 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	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 April 2018	68,000	-	25.00	-
Granted	54,250	68,000	33.40	25.00
Forfeited	(13,250)	-	27.06	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at 31 March 2019	109,000	68,000	28.93	25.00
Exercisable at 31 March 2019	25,000	-	25.00	-
	<b>Group</b> 2019 £	<b>2018</b> £	<b>Company</b> 2019 £	<b>2018</b> £
<b>Expenses recognised in the year</b>				
Arising from equity settled share based payment transactions	127,634	192,245	-	-

### 24 Share capital

	Group and company	
	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
419,000 Ordinary A shares of 0.1p each	419	387
510,000 Ordinary B shares of 0.1p each	510	510
	929	897

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

---

### 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	
	2019	2018	2019	2018
	£	£	£	£
Within one year	4,460,533	4,339,969	-	-
Between two and five years	15,327,424	11,046,352	-	-
In over five years	13,387,532	16,504,596	-	-
	<u>33,175,489</u>	<u>31,890,917</u>	<u>-</u>	<u>-</u>

### 27 Prior Period Adjustment

The prior year restatement is purely presentational, having £nil effect on gross profit, operating profit, profit before tax and net assets. The Group has reclassified some intercompany and work in progress balances leading to an equal and opposite adjustment in turnover and cost of sales as well as total debtors and creditors.

# Spark44 (JV) Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

### 28 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 one director sold 36,667 shares at a price of £33.40 per share.

During the year a director invoiced the company £91,333 (2018: £23,008) of which their fees were £82,408 (2018: £19,851) and expenses of £8,925 (2018: £3,157). Included in accruals is £2,500 (2018: £2,650) for services rendered but not invoiced at the year end.

During 2018 Jaguar Land Rover Limited the immediate parent company invoiced the company £48,246 for the services and £4,825 for the expenses of a director of the company.

Remuneration of key management personnel is as per note 7.

### 29 Controlling party

As at 31 March 2019 the ultimate controlling parent company was Tata Motors Limited, a company incorporated in India.

### 30 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	7,961,274	7,799,871
Adjustments for:		
Taxation charged	2,572,871	3,016,933
Finance costs	17,440	18,298
Investment income	(32,926)	(15,855)
Loss on disposal of tangible fixed assets	59,710	53,050
Amortisation and impairment of intangible assets	612,499	598,421
Depreciation and impairment of tangible fixed assets	2,096,204	2,334,258
Equity settled share based payment expense	127,634	192,245
Movements in working capital:		
(Increase)/decrease in debtors	(56,871)	610,718
(Decrease)/increase in creditors	(4,717,805)	4,882,903
<b>Cash generated from operations</b>	<b>8,640,030</b>	<b>19,490,842</b>