

Spark44 (JV) Limited

Annual Report and Financial Statements

For the year ended 31 March 2021

Spark44 (JV) Limited

Company Information

Directors	Dr. Alex Buck Mr. Avanesb Sharma Mr Finbar McFall	(Appointed 29 July 2021)
Secretary	Ms. Helen Cairns	
Company number	07535151	
Registered office	Abbey Road Whitley Coventry Warwickshire CV3 4LF	
Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL	
Business address	The White Collar Factory 1 Old Street Yard London EC1Y 8AF	
Bankers	HSBC Bank plc City of London Corporate Centre 60 Queen Victoria Street London EC4N 4TR	
Solicitors	Lewis Silkin LLP 5 Chancery Lane Clifford's Inn London EC4A 1BL	

Spark44 (JV) Limited

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Spark44 (JV) Limited

Strategic Report

For the year ended 31 March 2021

The directors present the strategic report for the year ended 31 March 2021.

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 handled by the Group are listed below:

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

Principal risks and uncertainties

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

- The Group is dependent on the talent, creative abilities and technical skills of all its personnel. If the Group was unable to attract new staff or retain its existing key talent or become unable to train and develop its staff, its performance would be adversely affected.
- The Group made a profit for the year of £2,031,703 and as at the balance sheet date had net assets of £19,358,058. During the year, there has been the full global impact of the Coronavirus (COVID-19) pandemic. The group has assessed the risks and the potential impact on the business as a result of the pandemic and measures have been taken to mitigate such risks and their impact.

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 2021

Key Performance Indicators

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

Financial	2021	2020
	£000	£000
Gross profit (Revenue)	66,102	75,789
Operating profit	2,170	3,597
Profit after tax, available for distribution	2,032	2,556

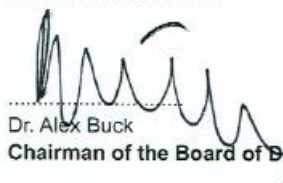
Operational	2021	2020
Operating profit margin	3.3%	4.7%
Number of full time employees	829	929
Revenue per employee	79,738	81,581

Outlook & Future Developments

The principal client, Jaguar Land Rover, looked to increase its data and digital capabilities within its marketing function. To accomplish this, Jaguar Land Rover approached multiple suppliers with the view to leveraging their existing knowledge and technology to combine with Spark44's deep brand knowledge and end to end capabilities. After a rigorous selection process, Accenture Interactive was the supplier chosen to join forces with Spark44 to service Jaguar Land Rover marketing communication needs.

Before the transition to the new model with Accenture Interactive, the Company will need to undergo a transition impacting number of employees, office locations and supplier contracts.

On behalf of the Board



Dr. Alex Buck
Chairman of the Board of Directors

29 July 2021

Spark44 (JV) Limited

Directors' Report

For the year ended 31 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company during the year 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.

In May 2021 the Group's principal client and parent company announced a restructuring of the creative offering, joining forces with Accenture Interactive. Having completed this the company intends to cease to trade. Under the 2006 Companies Act, section 414C(11), the information relating to future developments and risk management is included in the Strategic Report.

Directors

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

Dr. Ralf Speth	(Resigned 10/09/2020)
Dr. Alex Buck	
Mr. Felix Bräutigam	(Resigned 30/06/2021)
Mr. Avanesha Sharma	
Mr. Brian Fraser	(Resigned 29/07/2021)
Mr. Thierry Bollere	(Appointed 10/09/2020, Resigned 29/07/2021)
Mr. Finbar McFall	(Appointed 29/07/2021)

Results and dividends

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

Dividends of £1,211,480 were declared or paid to Class 'B' Shareholders during the year ended 31 March 2021.

Disabled persons

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

Employee involvement

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

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

Auditor

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

Spark44 (JV) Limited

Directors' Report (Continued)

For the year ended 31 March 2021

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:

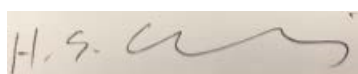
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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: 29 July 2021

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 2021 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 2021 and of its 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.

Accounts prepared on a basis other than that of a going concern

As disclosed in note 1.3 to the financial statements, in May 2021 the parent Company Jaguar Land Rover Ltd struck a new agreement for marketing services and demand creation with an external provider. Accordingly the Group will cease trading following the transfer of related staff and equipment to the new provider. The financial statements have therefore been prepared on a basis other than that of a going concern.

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.

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.

Spark44 (JV) Limited

Independent Auditor's Report (Continued)

To the Members of Spark44 (JV) Limited

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Spark44 (JV) Limited

Independent Auditor's Report (Continued)

To the Members of Spark44 (JV) Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and parent company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the group and parent company comply with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

Spark44 (JV) Limited

Independent Auditor's Report (Continued)

To the Members of Spark44 (JV) Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

05/08/2021
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Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Spark44 (JV) Limited

Group Profit and Loss Account

For the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	3	89,093,306	119,706,606
Cost of sales		(22,990,872)	(43,917,549)
Gross profit		66,102,434	75,789,057
Administrative expenses		(64,955,070)	(72,278,106)
Other operating income		1,022,823	85,967
Operating profit	4	2,170,187	3,596,918
Interest receivable and similar income	8	39,085	37,047
Interest payable and similar expenses	9	(2,921)	(26,163)
Profit before taxation		2,206,351	3,607,802
Taxation	10	(174,648)	(1,051,324)
Profit for the financial year		2,031,703	2,556,478

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 2021

	2021 £	2020 £
Profit for the year	2,031,703	2,556,478
Other comprehensive income		
Currency translation differences	(695,310)	231,907
Total comprehensive income for the year	<u>1,336,393</u>	<u>2,788,385</u>

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

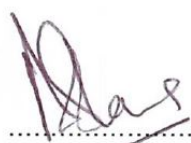
Spark44 (JV) Limited

Group Balance Sheet

As at 31 March 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	12		14,953		47,132
Tangible assets	13		2,012,377		3,082,789
			<u>2,027,330</u>		<u>3,129,921</u>
Current assets					
Debtors	17	22,099,605		17,777,310	
Cash at bank and in hand		12,998,427		18,099,526	
		<u>35,098,032</u>		<u>35,876,836</u>	
Creditors: amounts falling due within one year	18	(17,767,304)		(19,773,612)	
Net current assets			<u>17,330,728</u>		<u>16,103,224</u>
Total assets less current liabilities			<u>19,358,058</u>		<u>19,233,145</u>
Capital and reserves					
Called up share capital	22		943		943
Share premium account			2,516,354		2,516,354
Other reserves			(10,283,039)		(10,283,039)
Capital redemption reserve			93		93
Profit and loss reserves			27,123,707		26,998,794
Shareholders' funds			<u>19,358,058</u>		<u>19,233,145</u>

The financial statements were approved by the board of directors and authorised for issue on 29 July 2021 and are signed on its behalf by:



Mr. Avaneesh Sharma
Director

Spark44 (JV) Limited

Company Balance Sheet

As at 31 March 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	14		826,930		1,165,711
Current assets					
Debtors	17	145,308		147,002	
Cash at bank and in hand		212,597		1,475,030	
		<u>357,905</u>		<u>1,622,032</u>	
Creditors: amounts falling due within one year	18	<u>(3,779,777)</u>		<u>(4,763,596)</u>	
Net current liabilities			<u>(3,421,872)</u>		<u>(3,141,564)</u>
Total assets less current liabilities			<u>(2,594,942)</u>		<u>(1,975,853)</u>
Capital and reserves					
Called up share capital	22		943		943
Share premium account			2,516,354		2,516,354
Other reserves			(10,283,039)		(10,283,039)
Capital redemption reserve			93		93
Profit and loss reserves			5,170,707		5,789,796
Total equity			<u>(2,594,942)</u>		<u>(1,975,853)</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 £592,390 (2020: £3,495,834 profit).

The financial statements were approved by the board of directors and authorised for issue on 29 July 2021 and are signed on its behalf by:



Mr. Avanes Sharma
Director

Company Registration No. 07535151

Spark44 (JV) Limited

Group Statement of Changes in Equity For the year ended 31 March 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2019		929	2,380,448	95	(10,150,571)	25,691,809	17,922,710
Year ended 31 March 2020:							
Profit for the year		-	-	-	-	2,556,478	2,556,478
Other comprehensive income:							
Currency translation differences		-	-	-	-	231,907	231,907
Total comprehensive income for the year		-	-	-	-	2,788,385	2,788,385
Issue of share capital	22	14	135,906	-	-	-	135,920
Dividends	11	-	-	-	-	(1,481,400)	(1,481,400)
Own shares acquired		-	-	-	(420,239)	-	(420,239)
Share based payments	21	-	-	-	287,771	-	287,771
Other movements		-	-	(2)	-	-	(2)
Balance at 31 March 2020		943	2,516,354	93	(10,283,039)	26,998,794	19,233,145

Spark44 (JV) Limited

Group Statement of Changes in Equity (Continued) For the year ended 31 March 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 31 March 2020		943	2,516,354	93	(10,283,039)	26,998,794	19,233,145
Year ended 31 March 2021:							
Profit for the year		-	-	-	-	2,031,703	2,031,703
Other comprehensive income:							
Currency translation differences on overseas subsidiaries		-	-	-	-	(695,310)	(695,310)
Total comprehensive income for the year		-	-	-	-	1,336,393	1,336,393
Dividends	11	-	-	-	-	(1,211,480)	(1,211,480)
Balance at 31 March 2021		943	2,516,354	93	(10,283,039)	27,123,707	19,358,058

Spark44 (JV) Limited

Company Statement of Changes in Equity For the year ended 31 March 2021

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2019		929	2,380,448	95	(10,150,571)	3,775,362	(3,993,737)
Year ended 31 March 2020:							
Profit and total comprehensive income for the year		-	-	-	-	3,495,834	3,495,834
Issue of share capital	22	14	135,906	-	-	-	135,920
Dividends	11	-	-	-	-	(1,481,400)	(1,481,400)
Own shares acquired		-	-	-	(420,239)	-	(420,239)
Share based payments	21	-	-	-	287,771	-	287,771
Other movements		-	-	(2)	-	-	(2)
Balance at 31 March 2020		943	2,516,354	93	(10,283,039)	5,789,796	(1,975,853)
Year ended 31 March 2021:							
Profit and total comprehensive income for the year		-	-	-	-	592,391	592,391
Issue of share capital	22	-	-	-	-	-	-
Dividends	11	-	-	-	-	(1,211,480)	(1,211,480)
Balance at 31 March 2021		943	2,516,354	93	(10,283,039)	5,170,707	(2,594,942)

Spark44 (JV) Limited

Group Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	28	(2,674,393)		7,999,731	
Interest paid		(2,921)		(26,163)	
Income taxes paid		(1,078,037)		(2,496,723)	
Net cash (outflow)/inflow from operating activities		(3,755,351)		5,476,845	
Investing activities					
Purchase of intangible assets		-	(11,010)		
Proceeds on disposal of intangibles		2,135			
Purchase of tangible fixed assets		(449,071)	(475,715)		
Proceeds on disposal of tangible fixed assets		273,583	1,868		
Interest received		39,085	37,047		
Net cash used in investing activities		(134,268)		(447,810)	
Financing activities					
Proceeds from issue of shares		-	135,920		
Redemption of shares		-	(2)		
Purchase of own shares		-	(420,239)		
Dividends paid to equity shareholders		(1,211,480)	(1,481,400)		
Net cash used in financing activities		(1,211,480)		(1,765,721)	
Net (decrease)/increase in cash and cash equivalents		(5,101,099)		3,263,314	
Cash and cash equivalents at beginning of year		18,099,526		14,836,212	
Cash and cash equivalents at end of year		12,998,427		18,099,526	

Spark44 (JV) Limited

Notes to the Financial Statements

For the year ended 31 March 2021

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 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies 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

In May 2021 the Group's principal client and parent company announced a restructuring of the creative offering, joining forces with Accenture Interactive. In every location the majority of staff will be transferred over to Accenture Interactive as well as some property leases and contracts from the Group.

The company intends to cease to trade at this point and so accordingly these accounts have been prepared on a basis other than that of a going concern.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

1 Accounting policies

(Continued)

The group has assessed the risks and the potential impact of the Coronavirus (COVID-19) pandemic on the business and measures have been taken to mitigate such risks and their impact.

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 other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Software	Straight line over 3 years
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1.6 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 2021

1 Accounting policies

(Continued)

1.7 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 2021

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.

1.8 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.

1.9 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 2021

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.

1.10 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.

1.11 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 2021

1 Accounting policies

(Continued)

1.12 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.

1.13 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.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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 2021

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 21 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 2021

3 Turnover and other revenue

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

	2021 £	2020 £
Turnover		
Fees and sale of services	89,093,306	119,706,606
Other significant revenue		
Interest income	39,085	37,047
Grants received	969,022	-

Turnover analysed by geographical market

	2021 £	2020 £
United Kingdom	44,124,510	59,982,541
Europe	13,200,528	17,575,061
Rest of World	31,768,268	42,149,004
	89,093,306	119,706,606

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	59,919	16,174
Government grants	(969,022)	-
Depreciation of owned tangible fixed assets	1,327,032	1,733,047
Loss/(profit) on disposal of tangible fixed assets	67,074	(671)
Amortisation of intangible assets	29,758	135,373
Share-based payments	-	287,771
Operating lease charges	4,620,860	4,604,115
Non-recurring credits	-	(1,174,907)

There are no non-recurring credits recognised in the current year accounts. The prior year balances comprised of the following amounts where the liability did not crystallise in the year:

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

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

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

4 Operating profit (Continued)

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 -£59,919 (2020: -£16,174).

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	11,550	10,200
Audit of the company's subsidiaries	129,531	112,239
	<u>141,081</u>	<u>122,439</u>

6 Employees

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

	2021 Number	2020 Number
UK	404	440
Europe	148	170
Rest of the World	277	319
	<u>829</u>	<u>929</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	39,984,294	43,321,847
Social security costs	3,992,613	4,192,821
Pension costs	1,320,473	1,314,837
	<u>45,297,380</u>	<u>48,829,505</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	1,715,230	1,382,971
Company pension contributions to defined contribution schemes	39,504	74,637
Benefits in kind	3,781	42,498
	<u>1,758,515</u>	<u>1,500,106</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 3).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 3 (2020 - 4).

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

Remuneration for qualifying services	763,525	516,768
Company pension contributions to defined contribution schemes	-	27,500
	<u></u>	<u></u>

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	39,085	37,047
	<u></u>	<u></u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	39,085	37,047
	<u></u>	<u></u>

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,882	2,547
Other finance costs:		
Other interest	39	23,616
	<u></u>	<u></u>
Total finance costs	<u>2,921</u>	<u>26,163</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	176,637	561,964
Adjustments in respect of prior periods	(66,064)	58,931
Total UK current tax	110,573	620,895
Foreign current tax on profits for the current period	482,395	524,033
Adjustments in foreign tax in respect of prior periods	(475,616)	-
Total current tax	117,352	1,144,928
Deferred tax		
Origination and reversal of timing differences	57,296	(93,604)
Total tax charge	174,648	1,051,324

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:

	2021 £	2020 £
Profit before taxation	2,206,351	3,607,802
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	419,207	685,482
Tax effect of expenses that are not deductible in determining taxable profit	96,563	270,647
Adjustments in respect of prior years	(541,680)	-
Permanent capital allowances in excess of depreciation	(78,058)	(86,603)
Other non-reversing timing differences	(1,011)	1,420
Effect of overseas tax rates	252,184	277,732
Chargeable disposals	-	(30)
Movement on deferred tax	57,296	(93,604)
Provision adjustment	(29,853)	4,391
Capital item expensed	-	(8,111)
Tax expense for the year	174,648	1,051,324

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

11 Dividends

	2021 £	2020 £
Final paid	1,211,480	1,481,400

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 April 2020	182,043	1,722,890	1,904,933
Disposals	-	(96,526)	(96,526)
Exchange adjustments	21,430	(7,609)	13,821
At 31 March 2021	203,473	1,618,755	1,822,228
Amortisation and impairment			
At 1 April 2020	182,043	1,675,758	1,857,801
Amortisation charged for the year	-	29,758	29,758
Disposals	-	(94,391)	(94,391)
Exchange adjustments	21,430	(7,323)	14,107
At 31 March 2021	203,473	1,603,802	1,807,275
Carrying amount			
At 31 March 2021	-	14,953	14,953
At 31 March 2020	-	47,132	47,132

The company had no intangible fixed assets at 31 March 2021 or 31 March 2020.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2020	5,074,343	2,129,131	3,876,905	11,080,379
Additions	262,089	15,613	171,369	449,071
Disposals	(182,190)	(713,798)	(189,311)	(1,085,299)
Exchange adjustments	(16,644)	(28,755)	(76,848)	(122,247)
At 31 March 2021	5,137,598	1,402,191	3,782,115	10,321,904
Depreciation and impairment				
At 1 April 2020	3,506,516	1,158,366	3,332,708	7,997,590
Depreciation charged in the year	540,804	414,884	371,344	1,327,032
Eliminated in respect of disposals	(181,240)	(520,668)	(176,882)	(878,790)
Exchange adjustments	7,856	(18,423)	(125,738)	(136,305)
At 31 March 2021	3,873,936	1,034,159	3,401,432	8,309,527
Carrying amount				
At 31 March 2021	1,263,662	368,032	380,683	2,012,377
At 31 March 2020	1,567,827	970,765	544,197	3,082,789

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

14 Fixed asset investments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Unlisted investments	-	-	826,930	1,165,711

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

14 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Investments
other than
loans
£

Cost or valuation

At 1 April 2020 and 31 March 2021

1,165,711

At 31 March 2021

1,165,711

Impairment

At 1 April 2020

-

Impairment losses

338,781

At 31 March 2021

338,781

Carrying amount

At 31 March 2021

826,930

At 31 March 2020

1,165,711

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

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

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

16 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	18,883,812	14,994,560	51,637	53,330
Equity instruments measured at cost less impairment	-	-	826,930	1,165,711
Carrying amount of financial liabilities				
Measured at amortised cost	14,957,629	13,032,938	3,779,777	4,763,596

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	1,144,537	1,755,884	-	-
Corporation tax recoverable	1,172,406	387,765	93,671	93,672
Amounts due from group undertakings	13,744,817	10,173,302	51,637	53,330
Other debtors	1,881,866	2,197,156	-	-
Prepayments and accrued income	3,853,291	2,907,956	-	-
	21,796,917	17,422,063	145,308	147,002
Deferred tax asset (note 19)	302,688	355,247	-	-
	22,099,605	17,777,310	145,308	147,002

18 Creditors: amounts falling due within one year

	Group 2021 £	2020 £	Company 2021 £	2020 £
Trade creditors	3,069,755	4,668,538	-	-
Amounts due to group undertakings	-	-	3,417,233	3,385,244
Corporation tax payable	78,828	197,575	-	-
Other taxation and social security	1,399,064	1,376,968	-	-
Other creditors	369,118	1,748,974	4,500	1,191,991
Accruals and deferred income	12,850,539	11,781,557	358,044	186,361
	17,767,304	19,773,612	3,779,777	4,763,596

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

19 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 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Capital allowances	-	-	274,468	300,333
Other provisions	-	-	23,483	54,914
Foreign exchange movements	-	-	4,737	-
	-	-	302,688	355,247

Movements in the year:	Group 2021 £
Asset at 1 April 2020	355,247
Charge to profit or loss	(57,296)
Foreign exchange movements	4,737
Asset at 31 March 2021	302,688

20 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit and loss in respect of defined contribution schemes	1,320,473	1,314,837

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.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

21 Share-based payment transactions

During the year ended 31 March 2021, 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.

Expenses related to equity settled share based payment transactions are recognised in the accounts over their vesting period, and included in Other Reserves is a share based payment reserve of £607,650 (2020: £607,650)

Group	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 April 2020	56,000	67,000	9.43	9.77
Forfeited	-	(418)	-	15.84
Exercised	-	(13,582)	-	10.85
Transfer between class of share	-	3,000	-	9.77
Outstanding at 31 March 2021	56,000	56,000	9.43	9.43
Exercisable at 31 March 2021	55,167	55,167	9.80	9.80

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

21 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	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 April 2020	201,750	109,000	31.05	28.93
Granted	-	104,750	-	33.40
Forfeited	-	(9,000)	-	33.40
Transfer between class of share	-	(3,000)	-	28.93
Outstanding at 31 March 2021	201,750	201,750	31.05	31.05
Exercisable at 31 March 2021	97,083	97,083	28.25	28.25
	Group 2021 £	2020 £	Company 2021 £	2020 £
Expenses recognised in the year				
Arising from equity settled share based payment transactions	-	287,771	-	-

No JSOPs or Share Options were granted or forfeited during the year due to the schemes being frozen. No charge arising from equity settled share based payment transactions was entered in the accounts as it was immaterial.

22 Share capital

	Group and company	
	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
433,000 Ordinary A shares of 0.1p each	433	433
510,000 Ordinary B shares of 0.1p each	510	510
	<u>943</u>	<u>943</u>

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

23 Other reserves

As per Note 21, consideration paid in relation to equity instruments has been deducted from equity. The value is maintained based on a recoverable share price, however with the transition to Accenture Interactive the estimated share price would present a material reduction in this value therefore impacting the distributable reserves. At present it is impossible to accurately quantify the share price and with it the impact and so has not been adjusted.

24 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 2021 £	2020 £	Company 2021 £	2020 £
Within one year	3,517,032	4,265,439	-	-
Between two and five years	9,886,501	14,573,595	-	-
In over five years	8,577,746	13,993,139	-	-
	<u>21,981,279</u>	<u>32,832,173</u>	<u>-</u>	<u>-</u>

Post transition to join forces with Accenture Interactive, office space in some locations across the group will no longer be required. The contracts related to these spaces will therefore not provide any future benefit to the group and so become onerous, however the amount is not currently quantifiable and so no provision has been included at this time.

25 Related party transactions

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

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

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

During the year a director invoiced the group £763,525 (2020: £283,266) of which their fees were £761,138 (2020: £274,154) and expenses of £2,387 (2020: £9,113).

Remuneration of key management personnel is as per note 7.

Spark44 (JV) Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

26 Events after the reporting date

As detailed in the strategic report, in May 2021 the Group's principal client and parent company announced the appointment of Accenture Interactive as the future marketing service provider joining forces with Spark44. As part of the transition Accenture Interactive will hire some of the staff from local entities and take on multiple property leases and service contracts from the group.

27 Controlling party

As at 31 March 2021 the ultimate controlling parent company was Tata Motors Limited, a company incorporated in India.

28 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	2,031,703	2,556,478
Adjustments for:		
Taxation charged	174,648	1,051,324
Finance costs	-	26,163
Investment income	(39,085)	(37,047)
(Gain)/loss on disposal of tangible fixed assets	(67,074)	671
Amortisation and impairment of intangible assets	29,758	135,373
Depreciation and impairment of tangible fixed assets	1,327,032	1,733,047
Equity settled share based payment expense	-	287,771
Movements in working capital:		
(Increase)/decrease in debtors	(1,859,346)	7,325,938
(Decrease) in creditors	(4,272,029)	(5,079,987)
Cash (absorbed by)/generated from operations	(2,674,393)	7,999,731