

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Advertising and marketing
Directors	N Scheuble A Sharma
Registered office	The Woodlands 20 Woodlands Drive Woodmead 2191
Postal address	The Woodlands 20 Woodlands Drive Woodmead 2191
Registered auditor	Grace Hughes & Associates Chartered Accountants (S.A.) Registered Accountants and Auditors
Company registration number	2015/300314/07
Issued	20 May 2021

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
CONTENTS

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

Contents	Page
Directors' responsibilities and approval	3
Directors' report	4
Independent reviewer's report	5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Accounting policies	10 - 12
Notes to the annual financial statements	13 - 14
Statement of financial performance	15

Level of assurance

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

Preparer

These annual financial statements were prepared by:
T Vukoicic

Published

20 May 2021

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

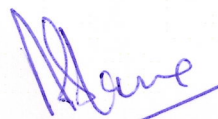
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for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

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

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved and signed by the directors on 20 May 2021

N Scheuble

20 May 2021



A Sharma

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Spark44 South Africa Proprietary Limited for the year ended 31 March 2021.

1. Nature of business

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

2. Review of financial results and activities

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

3. Share Capital

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

4. Directors

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

Name	Nationality	Appointed
Nicola Scheuble	South African	25 August 2015
Avanesh Sharma	British	14 December 2019

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

5. Events after the reporting period

The company's 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 in terms of an agreement signed on 5 May 2021. Before the transition to the new model with Accenture Interactive, the company will need to undergo a restructuring process which will impact on the number of employees, office locations and supplier contracts.

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

6. Going concern

As at the date of issuance of these financial statements the company is operative but intends to commence formal liquidation procedures during the next financial year ended 31 March 2022. Accordingly the financial statements have not been prepared on the going concern basis.

7. Review

The annual financial statements are subject to an independent review by Grace Hughes & Associates.

INDEPENDENT REVIEWER'S REPORT

To the shareholders of Spark44 South Africa Proprietary Limited

We have reviewed the annual financial statements of Spark44 South Africa Proprietary Limited, set out on pages 6 to 15, which comprise the statement of financial position as at 31 March 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Annual Financial Statements

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

Independent Reviewer Responsibility

Our responsibility is to express a conclusion on these annual financial statements. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Annual Financial Statements, ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the annual financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of annual financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Unqualified Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these annual financial statements do not present fairly, in all material respects the financial position of Spark44 South Africa Proprietary Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our independent review of the annual financial statements for the year ended 31 March 2021, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between that report and the reviewed annual financial statements. The Directors' Report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the reviewed annual financial statements. However, we have not reviewed the Directors' Report and accordingly do not express a conclusion thereon.

Grace Hughes & Associates

Chartered Accountants (S.A)

G.M. Hughes

Registered Auditor

20 May 2021

Johannesburg

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
STATEMENT OF FINANCIAL POSITION

		2021	2020
	Notes	R	R
NON-CURRENT ASSETS			
Property, plant and equipment	2	479 689	656 480
		<u>479 689</u>	<u>656 480</u>
CURRENT ASSETS			
Trade and other receivables		4 557 450	8 988 625
Taxation		180 130	-
Cash and cash equivalents		3 233 454	1 276 265
		<u>7 971 034</u>	<u>10 264 890</u>
Total Assets		<u><u>8 450 723</u></u>	<u><u>10 921 370</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3	1 000	1 000
Retained profit		3 165 177	3 094 955
		<u>3 166 177</u>	<u>3 095 955</u>
CURRENT LIABILITIES			
Trade and other payables		5 284 546	7 493 889
Taxation payable		-	331 526
Total Liabilities		<u>5 284 546</u>	<u>7 825 415</u>
Total Equity and Liabilities		<u><u>8 450 723</u></u>	<u><u>10 921 370</u></u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
STATEMENT OF COMPREHENSIVE INCOME

		2021	2020
	Notes	R	R
REVENUE			
Sales		11 119 941	11 726 918
OTHER INCOME			
Foreign exchange gain		88 140	49 998
		<hr/>	<hr/>
		11 208 081	11 776 916
Operating expenses		11 190 386	11 856 604
		<hr/>	<hr/>
Operating profit	4	17 695	(79 688)
Interest received		92 765	101 691
		<hr/>	<hr/>
Profit before taxation		110 460	22 003
Taxation	5	(40 238)	(4 481)
		<hr/>	<hr/>
Profit for the year		70 222	17 522
		<hr/>	<hr/>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained profit	Total equity
	R	R	R
Balance at 31 March 2019	1 000	3 077 433	3 078 433
Profit for the year		17 522	17 522
Balance at 31 March 2020	1 000	3 094 955	3 095 955
Profit for the year		70 222	70 222
Balance at 31 March 2021	1 000	3 165 177	3 166 177

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
STATEMENT OF CASH FLOWS

		2021	2020
	Notes	R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	2 416 318	(226 961)
Net Interest received		92 765	101 689
Taxation paid	7	(551 894)	(9 493)
Net cash from operating activities		1 957 189	(134 765)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	-	(265 426)
Net cash from investing activities		-	(265 426)
TOTAL CASH MOVEMENT FOR THE YEAR		1 957 189	(400 191)
Cash and cash equivalent at the beginning of the year		1 276 265	1 676 456
Total cash and cash equivalents at the end of the year		3 233 454	1 276 265

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
ACCOUNTING POLICIES

1. Presentation of annual financial statements

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

The annual financial statements are presented in South African Rands.

1.1 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

1.2 Financial instruments

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

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

1.2 Financial instruments (continued)

Loans and trade receivables

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

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

Cash and cash equivalents

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

Loans and trade payables

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

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

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

1.3 Taxation

Current taxation and liabilities

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

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

Deferred taxation assets and liabilities

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

The carrying amount of deferred taxation assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

Taxation expense

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

1.4 Provisions and contingencies

Provisions are recognised when:

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

1.5 Revenue

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

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

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost	d depreciatio	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer hardware	1 033 003	974 129	58 874	1 033 003	860 520	172 483
Computer software	78 357	78 356	1	78 357	78 356	1
Office equipment	587 517	166 703	420 814	587 517	103 521	483 996
	1 698 877	1 219 188	479 689	1 698 877	1 042 397	656 480

Reconciliation of property, plant and equipment - 2021

	Net carrying value	Additions / Disposal	Depreciation	Carrying value
Computer hardware	172 483	-	113 609	58 874
Computer software	1	-	-	1
Office equipment	483 996	-	63 182	420 814
	656 480	-	176 791	479 689

Reconciliation of property, plant and equipment - 2020

	Additions	Depreciation	Carrying value
Computer hardware	153 681	140 279	172 483
Computer software	-	17 241	1
Office equipment	111 745	69 803	483 996
	265 426	227 323	656 480
		2021	2020
		R	R

3. SHARE CAPITAL

Authorised and Issued :

1 000 Ordinary shares of no par value	1 000	1 000
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4. OPERATING PROFIT

Operating profit for the year is stated after accounting for the following expenses :

Auditors remuneration	24 000	24 000
Depreciation	176 791	227 323
Employee costs	8 440 317	8 658 715

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021	2020
	R	R
5. TAXATION		
Current taxation		
South African normal tax	40 238	4 481
Reconciliation between accounting profit and tax expense		
Accounting profit before tax	110 460	22 003
Tax at the applicable tax rate of 28%	30 928	6 161
Non - deductible expenses	9 310	-
Overprovision prior year	-	(1 680)
	40 238	4 481
6. CASH FLOW STATEMENT		
The following convention applies to figures other than adjustments:		
Outflows of cash are represented by figures in brackets. Inflows of cash are represented by figures without brackets.		
Cash generated by operations		
Net profit before taxation	110 460	22 003
Adjustments for:		
Depreciation	176 791	227 323
Net interest received	(92 765)	(101 691)
Operating profit before working capital changes	194 486	147 635
Increase in trade and other receivables	4 431 175	130 579
Increase in trade and other payables	(2209 343)	(505 175)
	2 416 318	(226 961)
7. TAXATION PAID		
Balance at beginning of year	(331 526)	(336 538)
Current taxation for the year recognised in profit or loss	(40 238)	(4 481)
Balance at end of year	(180 130)	331 526
	(551 894)	(9 493)

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
DETAILED INCOME STATEMENT

	2021	2020
	R	R
REVENUE		
Rendering of services	11 119 941	11 726 918
Other income		
Foreign exchange gain	88 140	49 998
	<u>11 208 081</u>	<u>11 776 916</u>
OPERATING EXPENSES		
Auditors remuneration	24 000	24 000
Accounting fee	6 750	6 750
Bank charges	31 592	10 937
Cleaning	37 400	37 460
Computer expenses	362 585	486 357
Depreciation	176 791	227 323
Entertainment	21 558	98 280
Foreign exchange loss	-	202 504
Insurance	92 058	78 466
Interest paid	-	2
Legal fees	33 250	14 175
Management fees	995 813	1 011 981
Printing, stationery and postage	1 272	3 016
Rent and municipal expenses	657 782	562 103
Repairs and maintenance	20 926	2 869
Salaries, wages and contributions	8 440 317	8 658 715
Security	22 250	21 000
Subscriptions	50 242	13 502
Telephone and fax	202 184	162 116
Travel and accomodation	13 616	235 048
	<u>11 190 386</u>	<u>11 856 604</u>
Operating profit	<u>17 695</u>	<u>(79 688)</u>