

Spark44 South Africa Proprietary Limited

Annual Financial Statements

For the year ended March 31, 2018

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Advertising and marketing
Directors	N Scheuble R Specht
Registered office	21 Forssman Close Barbeque Downs Midrand 1684
Postal address	21 Forssman Close Barbeque Downs Midrand 1684
Reviewer	Grace Hughes & Associates Chartered Accountants (S.A.) Registered Auditors
Company registration number	2015/300314/07
Issued	25 May 2018

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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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

The annual financial statements have been prepared by:
T Vukoicic

Published

25 May 2018

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
DIRECTORS RESPONSIBILITIES AND APPROVAL

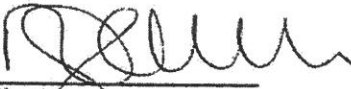
The directors are required by the Companies Act of South Africa, 71 of 2008, to maintain adequate records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual 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 place 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 independent reviewer is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the directors on 25 May 2018



Director



Director

Johannesburg
25 May 2018

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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 2018

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

Authorised

1000 Ordinary shares of no par value

Issued

1000 Ordinary shares

2018 2017

R

R

1000

1000

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 date of this report are as follows:

Nicola Scheuble

Ralf Specht

5. Events after the reporting period

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

6. Going Concern

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

7. Review

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

GRACE HUGHES & ASSOCIATES

Chartered Accountants (S.A.)

SAICA No.00167157

IRBA No. 583626

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2091

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2058

INDEPENDENT REVIEWER'S REPORT

To the shareholder 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 14, which comprise the statement of financial position as at 31 March 2018 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 Responsibility 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 Mach1 Aviation Academy Proprietary Limited as at 31 March 2018, 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 2018, 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

Grace Hughes & Associates
Chartered Accountants (S.A.)
Registered Auditor
G M Hughes
25 May 2018
Johannesburg

G.M HUGHES CA (SA)

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF FINANCIAL POSITION

	Notes	2018 R	2017 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	455,378	764,051
		<u>455,378</u>	<u>764,051</u>
CURRENT ASSETS			
Trade and other receivables		4,145,578	2,435,204
Taxation paid in advance		34,749	78,612
Cash and cash equivalents		1,770,359	5,736,248
		<u>5,950,687</u>	<u>8,250,063</u>
Total Assets		<u><u>6,406,065</u></u>	<u><u>9,014,115</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3	1,000	1,000
Retained profit		2,122,124	1,237,857
		<u>2,123,124</u>	<u>1,238,857</u>
SHARE CAPITAL AND RESERVES			
		<u>2,123,124</u>	<u>1,238,857</u>
NON-CURRENT LIABILITIES			
Loan payable	4	-	5,772,267
		<u>-</u>	<u>5,772,267</u>
CURRENT LIABILITIES			
Trade and other payables		4,282,941	2,002,991
		<u>4,282,941</u>	<u>2,002,991</u>
Total Liabilities		<u>4,282,941</u>	<u>7,775,258</u>
Total Equity and Liabilities		<u><u>6,406,065</u></u>	<u><u>9,014,115</u></u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF COMPREHENSIVE INCOME

		2018	2017
	Note	R	R
Revenue			
Rendering of services		15,345,948	11,377,494
Other income			
Profit on disposal of property, plant and equipment		1,836	1,000
Foreign exchange gain		117,592	1,133,873
		<u>15,465,376</u>	<u>12,512,367</u>
OPERATING EXPENSES			
Auditors remuneration		24,000	-
Accounting fees		3,000	16,025
Advertising costs		3,000	510
Bank charges		23,957	8,635
Cleaning		34,000	27,095
Computer expenses		496,547	376,700
Depreciation		312,650	186,736
Entertainment		42,711	38,424
Foreign exchange loss		385,553	475,800
Insurance		66,000	48,825
Legal fees		36,000	118,612
Management fees		2,587,462	1,837,375
Printing, stationery and postage		17,476	16,300
Rent and municipal expenses		185,366	148,851
Repairs and maintenance		8,443	24,245
Salaries, wages and contributions		9,306,981	6,882,925
Security		177,279	93,574
Subscriptions		32,939	1,140
Telephone and fax		131,952	98,426
Travel and accommodation		355,662	326,518
		<u>14,230,976</u>	<u>10,726,715</u>
Operating profit		<u>1,234,400</u>	<u>1,785,652</u>
Interest paid		(6,250)	(66,407)
PROFIT FOR THE YEAR		<u>1,228,150</u>	<u>1,719,245</u>
Taxation	5	343,882	481,388
Total profit for the year		<u><u>884,268</u></u>	<u><u>1,237,857</u></u>

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF CHANGES IN EQUITY

	Share capital R	Retained income R	Total equity R
Issue of share capital	1 000	-	1 000
Net profit		1 237 857	1 237 857
Balance at 31 March 2017	1 000	1 237 857	1 238 857
Net profit		884 268	884 268
Balance at 31 March 2018	1 000	2 122 124	2 123 124

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	2,116,625	1,540,175
Net interest paid		(6,250)	(66,407)
Taxation paid	8	300,019	(560,000)
Net cash from operating activities		2,410,394	913,768
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(3,977)	(950,787)
Net cash from investing activities		(3,977)	(950,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share capital		-	1,000
Loan payable		(5,772,267)	5,772,267
Net cash from financing activities		(5,772,267)	5,773,267
TOTAL CASH MOVEMENT FOR THE YEAR		(3,365,850)	5,736,248
Cash and cash equivalent at the beginning of the year		5,736,248	-
Total cash and cash equivalents at the end of the year		2,370,398	5,736,248

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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.

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 losses.

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.

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 previous estimate.

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

1.2 Financial instruments

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

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
ACCOUNTING POLICIES

1.2 Financial Instruments (continued)

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. These are initially and subsequently measured at fair value.

Loans and trade payables

Loans and trade payables are 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 assets 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 recovered from or paid to 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.

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
ACCOUNTING POLICIES

1.3 Taxation (continued)

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 Revenue recognition

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 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer hardware	842 139	446 390	395 749	841 142	171 385	669 757
Computer software	78 357	39 114	39 243	82 915	13 588	69 327
Office equipment	27 304	6 918	20 387	26 730	1 763	24 967
	<u>947 800</u>	<u>492 422</u>	<u>455 378</u>	<u>950 787</u>	<u>186 736</u>	<u>764 051</u>

Reconciliation of fixed assets- 2018

	Net carrying value	Additions	Depreciation	Carrying value
Computer hardware	669 756	1 394	279 732	391 418
Computer software	69 327	2 008	26 879	44 456
Office equipment	24 967	575	6 039	19 503
	<u>764 050</u>	<u>3 977</u>	<u>312 650</u>	<u>455 377</u>

Reconciliation of fixed assets- 2017

	Additions	Depreciation	Carrying value
Computer hardware	841 142	171 386	669 756
Computer software	82 915	13 588	69 327
Office equipment	26 730	1 763	24 967
	<u>950 787</u>	<u>186 736</u>	<u>764 050</u>

	2018	2017
	R	R
3. SHARE CAPITAL		
Authorised:		
1 000 Ordinary shares of no par value	<u>1 000</u>	<u>1 000</u>
Issued:		
1000 Ordinary shares	<u>1 000</u>	<u>1 000</u>
4. LOAN PAYABLE		
Spark44 GmbH	<u>-</u>	<u>5 772 267</u>

This loan was unsecured, interest bearing at 5% per annum and repaid during the year.

SPARK44 SOUTH AFRICA PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018	2017
	R	R
5. TAXATION		
Current taxation		
South African normal tax	343 882	481 388
6. STATEMENT OF CASH FLOWS		
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.		
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1 228 150	1 719 245
Adjustments for:		
Depreciation	312 650	186 736
Net interest paid	6 250	66 407
Changes in working capital:		
Trade and other receivables	(1710 374)	(2,435,204)
Trade and other payables	2,279,949	2,002,991
	<u>2,116,625</u>	<u>1,540,175</u>
8. TAXATION		
Balance at beginning of year	78,612	-
Current taxation for the year recognised in profit or loss	(343,882)	(481,388)
Balance at end of year	(34,749)	(78,612)
	<u>(300 019)</u>	<u>(560 000)</u>