

SPARK VENTURE MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013



SPARK VENTURE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A D N Betton A B Carruthers C J Gee J R Patel T A Teichman M G Williams A D Duffy
Company secretary	A D N Betton
Registered number	2454345
Registered office	33 Glasshouse Street London W1B 5DG
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

SPARK VENTURE MANAGEMENT LIMITED

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SPARK VENTURE MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Principal activities and review of business

The principal activity of the company is the marketing, establishing, managing and operating of venture capital funds

The Company has had a satisfactory year, making profits before tax of £236,785 on a reduced turnover compared to the prior year. Turnover was lower due to the absence of income from the former Spark VCT's in the current year, but their loss was mitigated by reducing costs and from strong performance from the Spark Ventures plc portfolio which resulted in greater income being received from this client

Results and dividends

The profit for the year, after taxation, amounted to £196,281 (2012 - £642,116)

There were no paid or proposed dividends during the year (2012 - £nil)

Directors

The directors who served during the year were

A D N Betton
A B Carruthers
C J Gee
J R Patel
T A Teichman
M G Williams

Principal risks and uncertainties

Risk 1

The underlying portfolios managed by the company fall in value, with a corresponding reduction in investment management fees, and

Risk 2

Investment management contracts are terminated, again leading to the loss of future income

However, these risks can be mitigated by reducing costs accordingly to avoid the company making losses

Future developments

The company continues to provide investment management services under its current management contracts and is actively seeking new opportunities

Financial instruments

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with providing its services to its customers on credit, and these risks are managed through appropriate credit control procedures. At 31 March 2013, the company's working capital requirements and regulatory capital requirements were funded principally by retained earnings

SPARK VENTURE MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

This report was approved by the board on 20 December 2013 and signed on its behalf



A D N Betton
Director

SPARK VENTURE MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2013

The directors are responsible for preparing the directors' 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 company and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPARK VENTURE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK VENTURE MANAGEMENT LIMITED

We have audited the financial statements of SPARK Venture Management Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SPARK VENTURE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK VENTURE MANAGEMENT LIMITED

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Jason Homewood (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
London
United Kingdom

23 December 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SPARK VENTURE MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	2,087,619	2,807,975
Administrative expenses		(1,815,933)	(2,134,994)
Intercompany balances written off		(34,906)	(67,735)
Total administrative expenses		(1,850,839)	(2,202,729)
OPERATING PROFIT	3	236,780	605,246
Interest receivable and similar income		5	5
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		236,785	605,251
Tax on profit on ordinary activities	6	(40,504)	36,865
PROFIT FOR THE FINANCIAL YEAR	13	196,281	642,116

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

SPARK VENTURE MANAGEMENT LIMITED
REGISTERED NUMBER: 2454345

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	7		22,391		35,574
Investments	8		675		675
			<u>23,066</u>		<u>36,249</u>
CURRENT ASSETS					
Debtors	9	3,046,054		2,992,044	
Cash at bank		353,614		581,742	
		<u>3,399,668</u>		<u>3,573,786</u>	
CREDITORS amounts falling due within one year	10	(1,734,943)		(2,118,525)	
NET CURRENT ASSETS			<u>1,664,725</u>		<u>1,455,261</u>
NET ASSETS			<u>1,687,791</u>		<u>1,491,510</u>
CAPITAL AND RESERVES					
Called up share capital	12		16,510		16,510
Profit and loss account	13		1,671,281		1,475,000
SHAREHOLDERS' FUNDS	14		<u>1,687,791</u>		<u>1,491,510</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2013



A D N Betton
Director

The notes on pages 8 to 14 form part of these financial statements

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below and have been applied consistently in the current and preceding year

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to prepare consolidated accounts. These accounts therefore, present information about the individual company and not about the group

The Company is part of the SPARK Venture Management Holdings Limited Group. After reviewing the Company's budget and the forecasts for the future, taking into account reasonably possible changes in trading performance and the uncertain economic outlook, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to continue to adopt the going concern basis in preparing the financial statements

1.2 Turnover

Turnover represents amounts derived from the management and operation of venture capital funds and the provision of management or advisory services to third parties, excluding value added tax

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Computer equipment	-	33% Straight line
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1.4 Foreign exchange

Transactions in foreign currencies are reflected in the accounts using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Any exchange differences arising on translation are taken to the profit and loss account

1.5 Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

1.6 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.7 Current taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance date

1.8 Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment

2. TURNOVER

All turnover arose within the United Kingdom

3. OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets - owned by the company	18,961	4,667
Auditor's remuneration	15,000	27,838
Intercompany balances written off	34,906	67,735
	<u> </u>	<u> </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	955,182	485,328
Social security costs	128,601	66,324
Other pension costs	124,993	129,045
	<u> </u>	<u> </u>
	1,208,776	680,697
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No.	2012 No.
Executives and support staff	9	9
	<u> </u>	<u> </u>

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5 DIRECTORS' REMUNERATION

	2013 £	2012 £
Emoluments	911,955	422,200
Company pension contributions to defined contribution pension schemes	120,088	125,120

During the year retirement benefits were accruing to 7 directors (2012 - 7) in respect of defined contribution pension schemes
The highest paid director received remuneration of £182,921 (2012 - £112,300)

6 TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	32,898	57,097
Adjustments in respect of prior periods	(4,074)	2,418
Total current tax	28,824	59,515
Deferred tax (see note 11)		
Origination and reversal of timing differences	11,680	(96,380)
Tax on profit on ordinary activities	40,504	(36,865)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	236,785	605,251
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	56,828	157,365
Effects of:		
Expenses not deductible for tax purposes	35,308	33,583
Group relief claimed for nil compensation	(57,664)	(97,255)
Capital allowances in excess of depreciation	(961)	(1,749)
Adjustments to tax charge in respect of prior years	(4,074)	2,418
Utilisation of brought forward losses	-	(37,367)
Small companies rate	(484)	-
Other timing differences	(129)	2,520
Current tax charge for the year (see note above)	28,824	59,515

SPARK VENTURE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

7. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 April 2012	40,241
Additions	5,778
At 31 March 2013	<u>46,019</u>
Depreciation	
At 1 April 2012	4,667
Charge for the year	18,961
At 31 March 2013	<u>23,628</u>
Net book value	
At 31 March 2013	<u>22,391</u>
At 31 March 2012	<u>35,574</u>

8 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
At 1 April 2012 and 31 March 2013	25,674
Impairment	
At 1 April 2012 and 31 March 2013	24,999
Net book value	
At 31 March 2013	<u>675</u>
At 31 March 2012	<u>675</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company which are all registered in England and Wales

Name	Class of shares	Holding	2013 £	2012 £
Quester Venture Participations Limited	Ordinary	100 %	-	-
Quester Academic GP Limited	Ordinary	100 %	160	160
Spark Impact Limited	Ordinary	51 %	515	515
			<u>675</u>	<u>675</u>

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

9 DEBTORS

	2013 £	2012 £
Trade debtors	77,967	112,214
Prepayments and accrued income	34,001	75,612
Amounts owed by undertakings in which the company has a participating interest	102,532	194,248
Amounts owed by group undertakings	2,739,070	2,465,918
Other debtors	7,784	47,672
Deferred tax asset (see note 11)	84,700	96,380
	<u>3,046,054</u>	<u>2,992,044</u>

The amount owed by group companies is interest free and repayable on demand

10 CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Trade creditors	63,351	44,979
Amounts owed to group undertakings	1,459,463	1,597,429
Corporation tax	28,807	59,515
Social security and other taxes	134,704	201,368
Other creditors	17,393	103,848
Accruals and deferred income	31,225	111,386
	<u>1,734,943</u>	<u>2,118,525</u>

The amount owed to group companies is interest free and repayable on demand

11 DEFERRED TAX ASSET

	2013 £	2012 £
At beginning of year	96,380	-
(Charge for)/released during year	(11,680)	96,380
At end of year	<u>84,700</u>	<u>96,380</u>

The deferred tax asset is made up as follows

	2013 £	2012 £
Accelerated capital allowances	12,857	21,285
Tax losses on transfer of trade from group company	71,843	75,095
	<u>84,700</u>	<u>96,380</u>

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

12 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
16,510 Ordinary shares of £1 each	16,510	16,510

13 RESERVES

	Profit and loss account £
At 1 April 2012	1,475,000
Profit for the year	196,281
At 31 March 2013	1,671,281

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	1,491,510	849,394
Profit for the year	196,281	642,116
Closing shareholders' funds	1,687,791	1,491,510

15. PENSION COMMITMENTS

The SPARK Venture Management Holdings Limited group operates a defined contribution pension scheme, membership of which is open to all employees. SPARK Venture Management Limited match employees contributions up to 7% of gross salary.

16. OPERATING LEASE COMMITMENTS

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2013 £	2012 £
Expiry date:		
Within 1 year	93,389	99,996

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Querist Limited and ultimate parent company and controlling party of the company is SPARK Venture Management Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the group accounts are available from 33 Glasshouse Street, London, W1B 5DG.

SPARK VENTURE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with related parties that are part of the SPARK Venture Management Holdings Group (SVMH) or investees of the group

During the year the company undertook commercial arms length transactions with related parties. In the year ended 31 March 2013, the SPARK Venture Management Limited (SVML) received management fees of £982k (2012 £804k) and secretarial fees of £100k (2012 £100k) from SPARK Ventures plc (SPARK), a 30% shareholder in the SVMH group, for the management of its portfolio and received £538k (2012 £819k) for the management of Quester Venture Partnership. In addition, SVML paid £100k (2012 £136k) to SPARK Services Ltd for office space and related services within 33 Glasshouse Street on short-term leases which expired in February 2013. At 31 March 2013, SPARK had a balance of £30k owing to SVML for secretarial fees.

SVML is wholly owned by Querist Limited which in turn is wholly owned by SPARK Venture Management Holdings Limited (SVMH) - a company owned and controlled by Andrew Carruthers (33.33%), Jay Patel (33.33%), Thomas Teichman (22.22%) and Andrew Betton (11.12%). On 27 February 2013, SVMH bought back its 30% holding from SPARK for £250k.