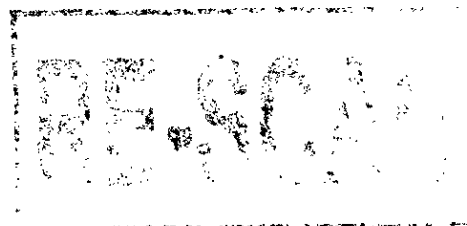


SPARK Venture Management Limited

Report and Accounts 31 March 2016



Company Registration: 2454345

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SPARK Venture Management Limited

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SPARK Venture Management Limited

DIRECTORS' REPORT
For the year ended 31 March 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company is that of providing venture capital investment management services to its clients. The Company had a very good year - principally as a result of receiving an incentive fee of £2.265m from Spark Ventures plc in relation to the float of IMI mobile. However *Spark Ventures plc is no longer a client of the Company and with two other funds reaching the end of their fund lives, the Company now has just the one fund management contract from which it earns fees.* Costs have therefore been cut considerably to give the Company sufficient time in which to find new sources of income.

RESULTS

The profit for the period, after taxation, amounted to £2,048,420 (Year to March 2015: £206,627).

DIRECTORS

The directors who served during the year were:

A D N Betton	A B Carruthers (resigned 9 April 2015)
A D Duffy	C J Gee
J R Patel	T A Teichman

GOING CONCERN

Having reviewed the cash flow forecasts of the Company, the Directors are satisfied that the Company has adequate resources to continue its operations. The directors have therefore prepared the financial statements of the Company on a going concern basis.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks affecting the Company are:

- 1 The underlying portfolios managed by the Company fall in value, with a corresponding reduction in investment management fees; and
- 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 to the Second ISIS College fund under the management contract which has recently been extended to run until June 2018. The Company is actively seeking new sources of funding to exploit the strong track record of the Investment team that has been recorded over recent years. It is too early to report on the likelihood of these activities being successful.

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 2016, 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 2016

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) each of the directors has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgments and estimates that are reasonable and prudent;
- state whether applicable 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.

In preparing this directors' report advantage has been taken of the small companies' exemption.

The report was approved by the board on 25 July 2016 and signed on its behalf.



A D N Betton
Director
25 July 2016

SPARK Venture Management Limited

INDEPENDENT AUDITORS' 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 2016 which comprise the Income statement, the statement of financial position, the statement of changes in equity 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 auditors

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 2016 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.

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.


Michelle Carroll (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditors
London, UK
25 July 2016

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

SPARK Venture Management Limited

INCOME STATEMENT
for the year ended 31 March 2016

	Notes	2016 £	2015 £
TURNOVER	2	2,877,786	812,628
Administrative expenses		<u>(481,493)</u>	<u>(739,246)</u>
OPERATING PROFIT/(LOSS)	3	2,396,293	(126,618)
Income from shares in group undertakings		98,000	400,000
Interest receivable and similar income		3,526	515
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,497,819	273,897
Tax on profit on ordinary activities	8	<u>(449,400)</u>	<u>(67,270)</u>
PROFIT FOR THE YEAR AFTER TAXATION		<u>2,048,420</u>	<u>206,627</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for 2016 or 2015 other than those included in the profit and loss account.

The notes 1 to 18 form part of these financial statements.

SPARK Venture Management Limited
Registered number: 2454345

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Notes	2016	2015
		£	£
FIXED ASSETS			
Tangible fixed assets	7	2,565	5,275
Investments	8	<u>675</u>	<u>675</u>
		3,240	5,950
CURRENT ASSETS			
Debtors	9	1,417,323	1,307,736
Cash at bank		<u>331,643</u>	<u>153,716</u>
		1,748,966	1,461,452
CREDITORS - amounts falling due within one year	10	<u>(1,719,640)</u>	<u>(524,752)</u>
NET CURRENT ASSETS		29,326	936,700
TOTAL NET ASSETS LESS CURRENT LIABILITIES		32,566	942,650
CAPITAL AND RESERVES			
Called up share capital	12	16,510	16,510
Profit and loss account	13	<u>16,056</u>	<u>926,140</u>
SHAREHOLDERS' FUNDS		32,566	942,650

The financial statements were approved and authorised for issue by the board on 25 July 2016, and signed on its behalf by:



A D N Betton
Director

The notes on pages 8 to 13 form part of these financial statements

SPARK Venture Management Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

	Called up share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 1 April 2014	16,510	-	1,498,513	1,515,023
Profit and total comprehensive income for the year	-	-	206,627	206,627
Issue of shares	-	-	-	-
Dividends paid	-	-	(779,000)	(779,000)
At 31 March 2015	16,510	-	926,140	942,650
Profit and total comprehensive income for the year	-	-	2,048,420	2,048,420
Issue of shares	-	-	-	-
Dividends paid	-	-	(2,958,504)	(2,958,504)
At 31 March 2016	16,510	-	16,066	32,566

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS for the period ended 31 March 2016

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. Information on the impact of first-time adoption of FRS 102 is given in note 18.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Company's accounting policies.

The Company has taken advantage of exemptions available to qualifying entities and has not prepared a statement of cash flows statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The directors have carefully considered the going concern statement and after making enquiries, including review of forecast profit and loss, balance sheet and cash flow for a period of no less than 12 months from the date of signing the accounts, the Board have continued to adopt the going concern assumption in preparing the financial statements.

The following principal accounting policies have been applied:

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.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Office equipment - 33% straightline

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2016

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.

Reserves

The Company reserves are as follows:

- Called up share capital reserve represents the nominal values of shares issued.
- Profit and loss account represents cumulative profit and losses net of dividends paid and other adjustments.

2 TURNOVER

All turnover arose within the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the Company	3,233	7,443
Auditor's remuneration	<u>14,000</u>	<u>8,500</u>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2016	2015
	£	£
Wages and salaries	334,226	388,125
Social security costs	40,946	47,617
Pension contributions	71,166	52,654
	<u>446,338</u>	<u>488,396</u>

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

	2016	2015
	No.	No.
Employees	<u>8</u>	<u>9</u>

5 DIRECTORS' REMUNERATION

	2016	2015
	£	£
Emoluments	<u>241,969</u>	<u>334,309</u>
Company pension contributions	<u>62,742</u>	<u>42,526</u>

During the period retirement benefits were accruing to 4 directors (2015 - 5) in respect of defined contribution pension schemes.

The highest paid director received a remuneration of £92,898 (2015 - £107,797)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid directors amounted to £13,917 (2015 - £16,336)

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2016

6 TAXATION

	2016	2015
	£	£
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	457,862	(28,435)
Adjustments in respect of prior periods	1,538	33,360
Total current tax	<u>459,400</u>	<u>4,925</u>
Deferred tax (see note 11)		
Origination and reversal of timing differences	1,343	62,345
Tax on profit on ordinary activities	<u>460,743</u>	<u>67,270</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2015: 21%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before taxation	<u>2,497,819</u>	<u>273,897</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 20% (2015: 21%)	499,664	57,518
Effects of:		
Expenses not deductible for tax purposes	47	2,831
Capital allowances for period in excess of depreciation	(1,353)	(1,789)
Group income	(30,796)	
Adjustments to tax charge in respect of prior periods	1,538	33,360
Non-taxable income	(19,600)	(84,000)
Small companies rate	(2,995)	(2,995)
Current tax charge for the period	<u>449,400</u>	<u>4,925</u>

7 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 April 2015	52,731
Additions	523
At 31 March 2016	<u>53,254</u>
Depreciation	
At 1 April 2015	47,456
Charge for the period	3,233
At 31 March 2016	<u>50,689</u>
Net book value	
At 31 March 2016	<u>2,565</u>
At 31 March 2015	<u>5,275</u>

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2016

8 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
at 1 April 2015 and 31 March 2016	675
Net book value	
At 31 March 2016	<u>675</u>
At 31 March 2015	<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	2016 £	2015 £
Quester Venture Participations Limited	Ordinary	100%	-	-
Quester Academic GP Limited	Ordinary	100%	160	160
Spark Impact Limited	Ordinary	51%	<u>515</u>	<u>515</u>
			<u>675</u>	<u>675</u>

Shares in group undertakings are held at cost.

9 DEBTORS

	2016 £	2015 £
Trade debtors	28,359	76,751
Prepayments and accrued income	6,828	24,292
Amounts owed by undertakings in which the company has a participating interest	43,370	148,052
Amounts owed by group undertakings	1,194,061	1,030,004
Other debtors	133,061	15,640
Deferred tax asset (see note 11)	<u>11,654</u>	<u>12,987</u>
	<u>1,417,323</u>	<u>1,307,736</u>

10 CREDITORS:

Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,175	318
Amounts owed to group undertakings	1,350,515	400,459
Corporation tax	219,365	4,918
Social security and other taxes	40,096	56,306
Other creditors	88,489	30,751
Accruals	<u>20,000</u>	<u>30,000</u>
	<u>1,718,640</u>	<u>524,752</u>

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

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2016

11 DEFERRED TAX ASSET

	2016	2015
	£	£
At beginning of year	12,997	75,342
Released during year	(1,343)	(62,345)
At end of year	<u>11,654</u>	<u>12,997</u>
	2016	2015
	£	£
Accelerated capital allowances	7,308	9,474
Other timing differences	4,346	3,523
	<u>11,654</u>	<u>12,997</u>

12 SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
16,510 Ordinary shares of £1 each	<u>16,510</u>	<u>16,510</u>

13 RESERVES

	Profit and loss account
	£
At 1 Apr 2015	926,140
Profit for the period	2,048,420
Dividends paid	(2,958,504)
At 31 Mar 2016	<u>16,056</u>

14 DIVIDENDS

	2016	2015
	£	£
Dividends paid on equity capital	<u>2,958,504</u>	<u>779,000</u>

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.

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS for the period ended 31 March 2016

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent Company is Querist Limited which is also now the ultimate parent Company and controlling party of the Company. Previously the ultimate parent Company of the Company was SPARK Venture Management Holdings Limited but Querist was removed from its control in a group reconstruction in March 2016. Querist Ltd is a Company incorporated in Great Britain and registered in England and Wales. Copies of the group accounts will be available from 62 Dean Street, London, W1D 4QF.

17 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 Querist Group or investee companies.

In the year ended 31 March 2016, the SPARK Venture Management Limited (SVML) received management and secretarial fees of £240k (2015: £213k) from Gresham House Strategic Plc (previously SPARK Ventures plc) for the management of its portfolio. In addition, SVML received an incentive fee of £2.3m from Gresham House Strategic Plc for the realisation of IMImobile. There were no further management fees for the management of Quester Venture Partnership (QVP) (2015: £75k) but instead, SVML received a £218k manager's incentive fee for realising the QVP portfolio. All these transactions were negotiated at arms length.

The Company received £16,000 during the year from Spark Advisory Partners Limited for FCA regulation, accounting and general administration support (2015: £17,842). At the year end £5,250 is due from Spark Advisory Partners Limited.

18 Transition to FRS102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There were no changes to the Company's results for the financial year ended 31 March 2015 and the total Company's equity as at 1 April 2014 and 31 March 2015 as a result of the adoption of FRS 102.