

Registered number: 2454345

# **SPARK VENTURE MANAGEMENT LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**



# **SPARK VENTURE MANAGEMENT LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Directors' responsibilities</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 14</b>

## **SPARK VENTURE MANAGEMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014**

The directors present their report and the financial statements for the year ended 31 March 2014.

#### **Principal activities**

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

#### **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 (resigned 31 May 2013)  
A D Duffy

#### **Principal risks and uncertainties**

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

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 2014, the company's working capital requirements and regulatory capital requirements were funded principally by retained earnings.

#### **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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**SPARK VENTURE MANAGEMENT LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

This report was approved by the board and signed on its behalf.



**A D N Betton**  
Director

Date: 25 July 2014

## **SPARK VENTURE MANAGEMENT LIMITED**

### **DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2014**

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 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 2014 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](http://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 2014 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 matters 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.

*BDO LLP*

**Michelle Carroll** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 25 July 2014

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 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>TURNOVER</b>	<b>1,2</b>	<b>1,480,773</b>	<b>2,087,619</b>
Administrative expenses		<b>(1,223,377)</b>	<b>(1,850,839)</b>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>257,396</b>	<b>236,780</b>
Income from shares in group undertakings		<b>102,000</b>	<b>-</b>
Interest receivable and similar income		<b>5</b>	<b>5</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>359,401</b>	<b>236,785</b>
Tax on profit on ordinary activities	<b>6</b>	<b>(32,169)</b>	<b>(40,504)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>13</b>	<b>327,232</b>	<b>196,281</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

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

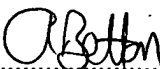


**SPARK VENTURE MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 2454345**

**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	7		8,310		22,391
Investments	8		675		675
			<u>8,985</u>		<u>23,066</u>
<b>CURRENT ASSETS</b>					
Debtors	9	2,623,505		3,046,054	
Cash at bank		260,870		353,614	
		<u>2,884,375</u>		<u>3,399,668</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	(1,378,337)		(1,734,943)	
<b>NET CURRENT ASSETS</b>			<u>1,506,038</u>		<u>1,664,725</u>
<b>NET ASSETS</b>			<u>1,515,023</u>		<u>1,687,791</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		16,510		16,510
Profit and loss account	13		1,498,513		1,671,281
<b>SHAREHOLDERS' FUNDS</b>	14		<u>1,515,023</u>		<u>1,687,791</u>

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

  
 .....  
**A D N Betton**  
 Director

Date: 25 July 2014

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 2014**

#### **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 have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### **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
--------------------	---	-------------------

##### **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.

##### **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.

**SPARK VENTURE MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the company	<b>16,385</b>	18,961
Auditor's remuneration	<b>17,000</b>	15,000
	<u><b>33,385</b></u>	<u><b>33,961</b></u>

**4. STAFF COSTS**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>733,450</b>	955,182
Social security costs	<b>86,219</b>	128,601
Other pension costs	<b>96,865</b>	124,993
	<u><b>916,534</b></u>	<u><b>1,208,776</b></u>

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
Executives and support staff	<b>9</b>	9
	<u><b>9</b></u>	<u><b>9</b></u>

**5. DIRECTORS' REMUNERATION**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Remuneration	<b>573,494</b>	911,955
	<u><b>573,494</b></u>	<u><b>911,955</b></u>
Company pension contributions to defined contribution pension schemes	<b>87,498</b>	120,088
	<u><b>87,498</b></u>	<u><b>120,088</b></u>

During the year retirement benefits were accruing to 7 directors (2013 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £146,025 (2013 - £182,921).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2013 - £27,300).

# SPARK VENTURE MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

### 6. TAXATION

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	22,809	32,898
Adjustments in respect of prior periods	2	(4,074)
<b>Total current tax</b>	<b>22,811</b>	<b>28,824</b>
<b>Deferred tax (see note 11)</b>		
Origination and reversal of timing differences	9,358	11,680
<b>Tax on profit on ordinary activities</b>	<b>32,169</b>	<b>40,504</b>

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	359,401	236,785
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	82,662	56,828
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4,614	35,308
Capital allowances for year in excess of depreciation	(3)	(961)
Group relief claimed for nil compensation	-	(57,664)
Reversal of intercompany provision	(9,430)	-
Adjustments to tax charge in respect of prior years	2	(4,074)
Small companies rate	-	(484)
Non-taxable income	(23,460)	-
Other timing differences	1,946	(129)
Group relief claimed	(32,879)	-
Marginal relief	(641)	-
<b>Current tax charge for the year (see note above)</b>	<b>22,811</b>	<b>28,824</b>

**SPARK VENTURE MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**7. TANGIBLE FIXED ASSETS**

	<b>Computer equipment £</b>
<b>Cost</b>	
At 1 April 2013	46,019
Additions	2,304
At 31 March 2014	<u>48,323</u>
<b>Depreciation</b>	
At 1 April 2013	23,628
Charge for the year	16,385
At 31 March 2014	<u>40,013</u>
<b>Net book value</b>	
At 31 March 2014	<u>8,310</u>
At 31 March 2013	<u>22,391</u>

**8. FIXED ASSET INVESTMENTS**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 April 2013 and 31 March 2014	<u>675</u>
<b>Net book value</b>	
At 31 March 2014	<u>675</u>
At 31 March 2013	<u>675</u>

**Subsidiary undertakings**

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

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>2014 £</b>	<b>2013 £</b>
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 2014**

### **9. DEBTORS**

	2014 £	2013 £
Trade debtors	166,239	77,967
Amounts owed by group undertakings	2,173,087	2,739,070
Amounts owed by undertakings in which the company has a participating interest	102,532	102,532
Other debtors	106,305	7,784
Prepayments and accrued income	-	34,001
Deferred tax asset (see note 11)	75,342	84,700
	<u>2,623,505</u>	<u>3,046,054</u>

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

### **10. CREDITORS: Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	72,128	63,351
Amounts owed to group undertakings	1,069,463	1,459,463
Corporation tax	22,811	28,807
Other taxation and social security	79,549	134,704
Other creditors	25,088	17,393
Accruals and deferred income	109,298	31,225
	<u>1,378,337</u>	<u>1,734,943</u>

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

### **11. DEFERRED TAX ASSET**

	2014 £	2013 £
At beginning of year	84,700	96,380
Charged for year (P&L)	(9,358)	(11,680)
	<u>75,342</u>	<u>84,700</u>

The deferred tax asset is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	11,178	12,857
Tax losses on transfer of trade from group company	-	71,843
Other timing differences	64,164	-
	<u>75,342</u>	<u>84,700</u>

# **SPARK VENTURE MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

### **12. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
16,510 Ordinary shares of £1 each	<b>16,510</b>	16,510

### **13. RESERVES**

	Profit and loss account £
At 1 April 2013	1,671,281
Profit for the financial year	327,232
Dividends: Equity capital	(500,000)
At 31 March 2014	<b>1,498,513</b>

### **14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Opening shareholders' funds	1,687,791	1,491,510
Profit for the financial year	327,232	196,281
Dividends (Note 15)	(500,000)	-
Closing shareholders' funds	<b>1,515,023</b>	1,687,791

### **15. DIVIDENDS**

	2014 £	2013 £
Dividends paid on equity capital	<b>500,000</b>	-

### **16. 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.

### **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 5 St John's Lane, London, EC1M 4BH.

## **SPARK VENTURE MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

#### **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 investee companies.

In the year ended 31 March 2014, SPARK Venture Management Limited (SVML) received management fees of £824k (2013: £989k) and secretarial fees of £100k (2013: £100k) from SPARK Ventures plc for the management of its portfolio and received £338k (2013: £538k) for the management of Quester Venture Partnership (QVP). At 31 March 2014, SPARK Ventures PLC had a balance of £30k owing to SVML for secretarial fees and QVP had a balance of £90k owing for management fees.

The company received £24,500 during the year from Spark Advisory Partners Limited for FCA regulation, accounting and general administration support. At the year end, £35,883 is due from Spark Advisory Partners Limited.

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%).

During the year the company had made payments on behalf of one of the directors, Andrew Carruthers amounting to £92k (2013: £Nil) towards legal fees relating to setting up a new fund in Africa. At the year end the outstanding amount is £92k (2013: £Nil).

All the above transactions were conducted at arms length.