

SPARK Venture Management Limited

Report and Accounts 31 March 2015

Company Registration: 2454345

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SPARK Venture Management Limited

Company Information

DIRECTORS	A D N Betton A B Carruthers C J Gee J R Patel T A Teichman A D Duffy
SECRETARY	A D N Betton
COMPANY NUMBER	2454345
REGISTERED OFFICE	5 St John's Lane London EC1M 4BH
AUDITOR	BDO 55 Baker Street London W1U 7EU

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SPARK Venture Management Limited

DIRECTORS' REPORT
For the year ended 31 March 2015

The directors present their report and financial statements for the year ended 31 March 2015.

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 has had a satisfactory year and has performed in line with expectations. Income from fund management was expected to fall, but costs (principally salaries) have been cut accordingly. Turnover was lower due to the cessation of income from Quester Venture Partnership from 30 June 2014 and from the fact that income from SPARK Ventures plc was on a fixed fee basis for the year to 31 March 2015 at a substantially lower amount than the prior year.

RESULTS

The profit for the period, after taxation, amounted to £206,627 (Year to March 2014: £327,232).

DIRECTORS

The directors who served during the year were:

A D N Betton	T A Teichman
J R Patel	C J Gee
A B Carruthers	A D Duffy

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 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 2015, 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 2015

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 27 July 2015 and signed on its behalf.



A D N Betton
Director
27 July 2015

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 2015 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 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 2015 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.

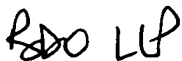
Opinion on other matter prescribed by the Companies Act 2006

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
27 July 2015

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 2015

	Notes	2015 £	2014 £
TURNOVER	2	612,628	1,480,773
Administrative expenses		<u>(739,246)</u>	<u>(1,223,377)</u>
OPERATING (LOSS)/ PROFIT	3	(126,618)	257,396
Income from shares in group undertakings		400,000	102,000
Interest receivable and similar income		515	5
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		273,897	359,401
Tax on profit on ordinary activities	6	<u>(67,270)</u>	<u>(32,169)</u>
PROFIT FOR THE YEAR AFTER TAXATION		<u>206,627</u>	<u>327,232</u>

All amounts relate to continuing operations.

There were no recognised gains or losses for 2015 or 2014 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: 2323420

BALANCE SHEET
as at 31 March 2015

	Notes	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible fixed assets	7		5,275		8,310
Investments	8		<u>675</u>		<u>675</u>
			5,950		8,985
CURRENT ASSETS					
Debtors	9	1,307,736		2,623,505	
Cash at bank		<u>153,716</u>		<u>260,870</u>	
		1,461,452		2,884,375	
CREDITORS - amounts falling due within one year	10	<u>(524,752)</u>		<u>(1,378,337)</u>	
NET CURRENT ASSETS			936,700		1,506,038
TOTAL NET ASSETS LESS CURRENT LIABILITIES			<u>942,650</u>		<u>1,515,023</u>
CAPITAL AND RESERVES					
Called up share capital	12		16,510		16,510
Profit and loss account	13		<u>926,140</u>		<u>1,498,513</u>
SHAREHOLDERS' FUNDS			<u>942,650</u>		<u>1,515,023</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board on 27 July 2015, and signed on its behalf by:



A D N Betton
Director

The notes on pages 7 to 12 form part of these financial statements

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2015

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 accounting standards.

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 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.

Consolidated financial statements are not prepared as the Company is a wholly owned controlled party of another corporate body incorporated in England and Wales, which prepared consolidated accounts. (Note 17)

Consequently the Company has taken advantage of the exemption from preparing a cash flow statement contained within FRS 1: Cash flow 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:

Office equipment - 33% straight line

1.4 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.

1.5 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.

1.6. 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.

2 TURNOVER

All turnover arose within the United Kingdom.

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2015

3 OPERATING PROFIT

The operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	7,443	16,385
Auditor's remuneration	<u>8,500</u>	<u>8,500</u>

4 STAFF COSTS

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

	2015	2014
	£	£
Wages and salaries	388,125	733,450
Social security costs	47,617	86,219
Pension contributions	<u>52,654</u>	<u>96,865</u>
	<u>488,396</u>	<u>916,534</u>

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

	2015	2014
	No.	No.
Employees	<u>9</u>	<u>9</u>

5 DIRECTORS' REMUNERATION

	2015	2014
	£	£
Emoluments	<u>334,309</u>	<u>573,494</u>
Company pension contributions	<u>42,526</u>	<u>87,498</u>

During the period retirement benefits were accruing to 5 directors (2014 - 7) in respect of defined contribution pension schemes.

The highest paid director received a remuneration of £107,797 (2014 - £146,025)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid directors amounted to £16,336 (2014 - £15,000)

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2015

6 TAXATION

	2015	2014
	£	£
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	(28,435)	22,809
Adjustments in respect of prior periods	<u>33,360</u>	<u>2</u>
Total current tax	<u><u>4,925</u></u>	<u><u>22,811</u></u>
Deferred tax (see note 11)		
Origination and reversal of timing differences	<u>62,345</u>	<u>9,358</u>
Tax on profit on ordinary activities	<u><u>67,270</u></u>	<u><u>32,169</u></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% (2013: 23%). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>273,897</u>	<u>359,401</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 21% (2014: 23%)	57,518	82,662
Effects of:		
Expenses not deductible for tax purposes	2,831	4,614
Capital allowances for period in excess of depreciation	(1,789)	(3)
Reversal of intercompany provision		(9,430)
Adjustments to tax charge in respect of prior periods	33,360	2
Non-taxable income	(84,000)	(23,460)
Small companies rate	(2,995)	-
Other timing differences		1,946
Group relief claimed		(32,879)
Marginal relief		(641)
Current tax charge for the period	<u><u>4,925</u></u>	<u><u>22,811</u></u>

7 TANGIBLE FIXED ASSETS

	Computer equipment
	£
Cost	
At 1 April 2014	48,323
Additions	<u>4,408</u>
At 31 March 2015	<u><u>52,731</u></u>
Depreciation	
At 1 April 2014	40,013
Charge for the period	<u>7,443</u>
At 31 March 2015	<u><u>47,456</u></u>
Net book value	
At 31 March 2015	<u><u>5,275</u></u>
At 31 March 2014	<u><u>8,310</u></u>

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2015

8 FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost	
at 1 April 2014 and 31 March 2015	675
Net book value	
At 31 March 2015	<u>675</u>
At 31 March 2014	<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	2015 £	2014 £
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>

Shares in group undertakings are held at cost.

9 DEBTORS

	2015 £	2014 £
Trade debtors	76,751	166,239
Prepayments and accrued income	24,292	-
Amounts owed by undertakings in which the company has a participating interest	148,052	102,532
Amounts owed by group undertakings	1,030,004	2,173,087
Other debtors	15,640	106,305
Deferred tax asset (see note 11)	12,997	75,342
	<u>1,307,736</u>	<u>2,623,505</u>

10 CREDITORS:

Amounts falling due within one year

	2015 £	2014 £
Trade creditors	318	72,128
Amounts owed to group undertakings	400,459	1,069,463
Corporation tax	4,918	22,811
Social security and other taxes	58,306	79,549
Other creditors	30,751	25,088
Accruals	30,000	109,298
	<u>524,752</u>	<u>1,378,337</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 2013

11 DEFERRED TAX ASSET

	2015	2014
	£	£
At beginning of year	75,342	84,700
Released during year	<u>(62,345)</u>	<u>(9,358)</u>
At end of year	<u><u>12,997</u></u>	<u><u>75,342</u></u>

	2015	2014
	£	£
Accelerated capital allowances	9,474	11,178
Other timing differences	<u>3,523</u>	<u>64,164</u>
	<u><u>12,997</u></u>	<u><u>75,342</u></u>

12 SHARE CAPITAL

	2015	2014
	£	£
Allotted, called up and fully paid		
16,510 Ordinary shares of £1 each	<u><u>16,510</u></u>	<u><u>16,510</u></u>

13 RESERVES

	Profit and loss account
	£
At 1 Apr 2014	1,498,513
Profit for the period	206,627
Dividends paid	<u>(779,000)</u>
At 31 Mar 2015	<u><u>926,140</u></u>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2015	2014
	£	£
Opening shareholders' funds	1,515,023	1,687,791
Profit for the year	206,627	327,232
Dividends paid	<u>(779,000)</u>	<u>(500,000)</u>
Closing shareholders' funds	<u><u>942,650</u></u>	<u><u>1,515,023</u></u>

15 DIVIDENDS

	2015	2014
	£	£
Dividends paid on equity capital	<u><u>779,000</u></u>	<u><u>500,000</u></u>

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.

SPARK Venture Management Limited

NOTES TO THE ACCOUNTS
for the period ended 31 March 2015

17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Querist Limited and the 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.

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 2015, the SPARK Venture Management Limited (SVML) received management fees of £213k (2014: £824k) and secretarial fees of £100k (2014: £100k) from SPARK Ventures plc (SPARK) for the management of its portfolio and received £75k (2014: £338k) for the management of Quester Venture Partnership (QVP). All these transactions were negotiated at arms length. At 31 March 2015, SPARK had a balance of £30k owing to SVML for secretarial fees.

The company received £17,642 during the year from Spark Advisory Partners Limited for FCA regulation, accounting and general administration support. At the year end £6,104 is due from Spark Advisory Partners Limited.