

Company Registration No. 06762963 (England and Wales)

SPARKOL LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
PAGES FOR FILING WITH REGISTRAR



SPARKOL LIMITED

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SPARKOL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Non-current assets					
Intangible assets	3	372,408		456,384	
Property, plant and equipment	4	44,294		51,551	
		<u>416,702</u>		<u>507,935</u>	
Current assets					
Trade and other receivables falling due after more than one year	5	273,071		273,071	
Trade and other receivables falling due within one year	5	1,566,226		1,188,987	
Cash and cash equivalents		2,066,293		2,127,627	
		<u>3,905,590</u>		<u>3,589,685</u>	
Current liabilities	6	(1,650,967)		(1,909,738)	
Net current assets		<u>2,254,623</u>		<u>1,679,947</u>	
Total assets less current liabilities		<u>2,671,325</u>		<u>2,187,882</u>	
Provisions for liabilities - Deferred tax		(7,600)		(10,000)	
Net assets		<u><u>2,663,725</u></u>		<u><u>2,177,882</u></u>	
Equity					
Called up share capital	8	9,000		9,000	
Share premium account		690		690	
Capital redemption reserve		50		50	
Share based payment reserve		355,025		318,469	
Retained earnings		2,298,960		1,849,673	
Total equity		<u><u>2,663,725</u></u>		<u><u>2,177,882</u></u>	

The director of the company has elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The director acknowledges her responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

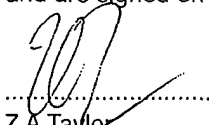
These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

SPARKOL LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2018

The financial statements were approved by the board of directors and authorised for issue on 13/12/18 and are signed on its behalf by:


.....
Z A Taylor
Director

Company Registration No. 06762963

SPARKOL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Share based payment reserve £	Retained earnings £	Total £
Balance at 1 April 2016		9,000	-	-	-	1,178,467	1,187,467
Year ended 31 March 2017:							
Profit and total comprehensive income for the year		-	-	-	-	776,677	776,677
Issue of share capital		50	690	-	-	-	740
Dividends		-	-	-	-	(100,000)	(100,000)
Own shares acquired		-	-	-	-	(5,471)	(5,471)
Redemption of shares		(50)	-	50	-	-	-
Share based payment	7	-	-	-	318,469	-	318,469
Balance at 31 March 2017		9,000	690	50	318,469	1,849,673	2,177,882
Year ended 31 March 2018:							
Profit and total comprehensive income for the year		-	-	-	-	425,112	425,112
Share based payment	7	-	-	-	60,731	-	60,731
Equity settled share options forfeited	7	-	-	-	(24,175)	24,175	-
Balance at 31 March 2018		9,000	690	50	355,025	2,298,960	2,663,725

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Sparkol Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor, Thavies Inn House, 3-4 Holborn Circus, London, United Kingdom, EC1N 2HA. The company's principal place of business is 5th Floor, 1 Temple Way, Bristol, United Kingdom, BS2 0BY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Turnover arises from the development and licensing of computer software and related services and represents amounts receivable net of VAT and trade discounts. Revenue is recognised when the service is performed to the extent that it is probable that economic benefits will flow into the Company.

1.4 Intangible fixed assets other than goodwill

In accordance with UK GAAP costs of designing and producing prototype software for specific projects up to the stage of commercial application are capitalised. The resultant fixed asset is amortised over its estimated useful life in proportion to the projected income from the licensing of the software at the following rates:

Software development costs	20% / 33%
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1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website development	25% straight line
Fixtures, fittings & equipment	25% reducing balance
Computer equipment	25% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the income statement.

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 22 (2017 - 21).

3 Intangible fixed assets

	Software development costs £
Cost	
At 1 April 2017 and 31 March 2018	749,552
Amortisation and impairment	
At 1 April 2017	293,168
Amortisation charged for the year	83,976
At 31 March 2018	377,144
Carrying amount	
At 31 March 2018	372,408
At 31 March 2017	456,384

4 Property, plant and equipment

	Plant and machinery etc £
Cost	
At 1 April 2017	174,550
Additions	26,910
Disposals	(15,551)
At 31 March 2018	185,909
Depreciation and impairment	
At 1 April 2017	122,999
Depreciation charged in the year	30,455
Eliminated in respect of disposals	(11,839)
At 31 March 2018	141,615
Carrying amount	
At 31 March 2018	44,294
At 31 March 2017	51,551

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5 Trade and other receivables

	2018 £	2017 £
Amounts falling due within one year:		
Trade receivables	8,671	1,213
Corporation tax recoverable	69,000	-
Other receivables	1,488,555	1,187,774
	<u>1,566,226</u>	<u>1,188,987</u>
Amounts falling due after more than one year:		
Other receivables	<u>273,071</u>	<u>273,071</u>
Total debtors	<u>1,839,297</u>	<u>1,462,058</u>

6 Current liabilities

	2018 £	2017 £
Trade payables	97,049	84,449
Corporation tax	-	185,314
Other taxation and social security	41,223	44,092
Other payables	1,512,695	1,595,883
	<u>1,650,967</u>	<u>1,909,738</u>

7 Share-based payment transactions

The company has granted options to certain employees to subscribe for Ordinary "B" shares in the company under the terms of an approved EMI scheme. A summary of the agreed terms and conditions of all options is as follows.

Grant Date	Brought Forward	Issued	Exercised	Forfeited	Carried Forward	Number of Employees	Exercise Price
03.10.2014	300	-	-	-	300	2	93.50
04.01.2017	700	-	-	-	700	1	109.41
03.08.2017	-	103	-	(41)	62	2	1.00
	<u>1,000</u>	<u>103</u>	<u>-</u>	<u>(41)</u>	<u>1,062</u>	<u>5</u>	

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

7 Share-based payment transactions

(Continued)

Options brought forward may be exercised over a minimum period of 4 years after the grant date providing the employee remains in employment with the company after which time the employee has 6 years in which to exercise the option. Additionally, in the event of a sale of the company, option holders will be given the opportunity to exercise their holding in full.

Options issued during the year may be exercised on the sale of the company if certain criteria are met and the employee is still in employment with the company at the date of sale. Any options not exercised at the date of sale will lapse.

The weighted average fair value of the options granted in the year was determined using the Black-Scholes option pricing model. The inputs used in the model were as follows: value per share £590.53, option exercise price £1, risk free rate 1%, time until expiry of option 10 years, and volatility 29%.

During the year, the company recognised a total share-based payment expenses of £60,731 (2017: £318,469).

8 Called up share capital

	2018 £	2017 £
Ordinary share capital Issued and fully paid 9,000 Ordinary A shares of £1 each	9,000	9,000

9 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2018 £	2017 £
39,869	35,507

SPARKOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

10 Related party transactions

Included in other receivables is an amount of £nil (2017: £5,433) due from The Inspiration Engine Limited, a company which is wholly owned by J M C Air. This loan is interest free and repayable on demand.

11 Directors' transactions

During the year dividends of £nil (2017 - £51,000) and £nil (2017 - £49,000) were paid to J M C Air and R J Air respectively.

During the year advances totalling £327,600 were issued to J M C Air and R J Air.

At 31 March 2018 other receivables include £1,416,651 (2017 - £1,089,051) due from J M C Air and R J Air. This loan is interest free and repayable on demand, and was repaid in full on 16 April 2018.

12 Events after the reporting date

On 16 April 2018 J M C Air and R J Air sold their controlling interest in the company to What Engages Ltd, a company 100% owned by Z A Taylor.