

Spark44 Middle East DMCC

Financial Statements

For the year ended March 31, 2021

Spark44 Middle East DMCC
Financial Statements

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Director's report

The Director submits his report along with the audited financial statements of Spark44 Middle East DMCC (the "Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

The Company is mainly engaged in providing advertising consultancy services, marketing management, events management, organizing exhibitions and web-designing services.

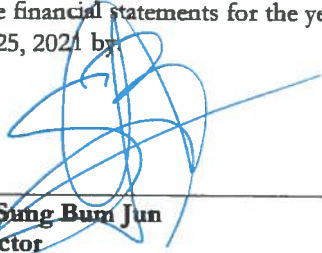
The operating results and financial position of the Company are fully set out in the attached financial statements. The Company generated a net profit of AED 799,289 for the year ended March 31, 2021 (2020: AED 1,055,761).

Subsequent to reporting date, the Ultimate Parent Company entered into an arrangement with a third party to restructure its marketing model with the view to increase its data and digital capabilities. Following the decision to restructure, on May 18, 2021, management of the Company resolved to wind down the operations of the Company and to deregister the Company. As at the date of issuance of these financial statements, the Company is operative and intends to commence formal liquidation procedures in accordance with the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020 in fiscal 2022. Accordingly, the Company is no longer viewed as a going concern and the accompanying financial statements have been prepared not on a going concern basis.

2. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the next fiscal year/period.

These financial statements for the year ended March 31, 2021 (including comparatives) were approved on May 25, 2021 by


Mr. Sung Bum Jun
Director





Grant Thornton

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Independent Auditor's Report **To the Shareholder of Spark44 Middle East DMCC**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spark44 Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation

We draw attention to Note 2.1 in the financial statements which indicates that management of the Company has resolved to wind down the operations of the Company and to deregister the Company in accordance with the procedures and in compliance with the laws and regulations of Dubai Multi Commodities Centre Regulations 2020 in fiscal 2022. Accordingly, the accompanying financial statements have not been prepared on a going concern basis. Our opinion is not modified with respect to this matter.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Dubai Multi Commodities Centre Authority Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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Independent Auditor's Report

To the Shareholder of Spark44 Middle East DMCC

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged With Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Independent Auditor's Report To the Shareholder of Spark44 Middle East DMCC

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements of the Company have been properly prepared, in all material respects, in accordance with the applicable provisions of the DMCC Companies Regulations 2020. Based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended March 31, 2021, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements, are not significantly different from the activities mentioned in the license issued to the Company by DMCC.

Grant Thornton

GRANT THORNTON

Farouk Mohamed

Registration No. 86

Dubai, May 25, 2021



Spark44 Middle East DMCC
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Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Property and equipment	6	-	256,632
Right-of-use assets	7	-	665,257
		-	921,889
Current			
Property and equipment	6	351,099	-
Right-of-use assets	7	311,533	-
Trade and other receivables	9	1,184,274	1,451,294
Due from a related party	15	1,295,556	1,111,904
Cash and cash equivalents	10	4,940,481	5,841,778
		8,082,943	8,404,976
TOTAL ASSETS		8,082,943	9,326,865
EQUITY AND LIABILITIES			
Equity			
Share capital	11	50,000	50,000
Retained earnings		5,562,509	6,763,220
TOTAL EQUITY		5,612,509	6,813,220
LIABILITIES			
Non-current			
Finance lease liability	12	-	296,430
Employees' end of service benefits	13	-	1,090,902
		-	1,387,332
Current			
Employees' end of service benefits	13	1,270,175	-
Trade and other payables	14	597,476	539,583
Due to related parties	15	306,353	219,825
Finance lease liability	12	296,430	366,905
		2,470,434	1,126,313
TOTAL LIABILITIES		2,470,434	2,513,645
TOTAL EQUITY AND LIABILITIES		8,082,943	9,326,865

These financial statements for the year ended March 31, 2021 (including comparatives) were approved on May 25, 2021 by:

Mr. Sung Bum Jun
Director



The accompanying notes from 1 to 20 form an integral part of these financial statements.

Spark44 Middle East DMCC
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Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	2020 AED
Revenue		11,506,663	12,761,077
Cost of revenue	16	(8,349,079)	(9,034,726)
GROSS PROFIT		3,157,584	3,726,351
Administrative and general expenses	17	(2,330,297)	(2,652,620)
Finance cost	12	(27,998)	(17,970)
NET PROFIT FOR THE YEAR		799,289	1,055,761
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		799,289	1,055,761

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Spark44 Middle East DMCC
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Statement of changes in equity
For the year ended March 31, 2021

	Share capital AED	Retained earnings AED	Total equity AED
Balance at April 1, 2019	50,000	5,707,459	5,757,459
Net profit for the year	-	1,055,761	1,055,761
Balance at March 31, 2020	50,000	6,763,220	6,813,220
Net profit for the year	-	799,289	799,289
Dividend declared and paid (note 11)	-	(2,000,000)	(2,000,000)
Balance at March 31, 2021	50,000	5,562,509	5,612,509

The accompanying notes from 1 to 20 form an integral part of these financial statements.

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Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	2020 AED
OPERATING ACTIVITIES			
Net profit for the year		799,289	1,055,761
<i>Adjustment for:</i>			
Depreciation on property and equipment	6	539,499	428,905
Depreciation on right-of-use assets	7	353,724	420,889
Amortisation of intangible asset	8	-	2,465
Provision for employees' end of service benefits	13	307,215	349,882
Finance cost	12	27,998	17,970
		<u>2,027,725</u>	<u>2,275,872</u>
<i>Net changes in working capital:</i>			
Trade and other receivables		267,020	(389,259)
Due from related parties		(183,652)	209,017
Due to a related party		86,529	219,825
Trade and other payables		57,893	(298,682)
		<u>2,255,515</u>	<u>2,016,773</u>
Employees' end of service benefits paid	13	(127,942)	(305,263)
Net cash from operating activities		<u>2,127,573</u>	<u>1,711,510</u>
INVESTING ACTIVITY			
Purchase of property and equipment	6	(633,967)	(4,400)
Net cash used in investing activity		<u>(633,967)</u>	<u>(4,400)</u>
FINANCING ACTIVITIES			
Repayment of finance lease liability	12	(394,903)	(440,781)
Dividend paid	11	(2,000,000)	-
Net cash used in financing activities		<u>(2,394,903)</u>	<u>(440,781)</u>
Net change in cash and cash equivalents		<u>(901,297)</u>	<u>1,266,329</u>
Cash and cash equivalents, beginning of year		5,841,778	4,575,449
Cash and cash equivalents, end of year	10	<u>4,940,481</u>	<u>5,841,778</u>

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Spark44 Middle East DMCC

Financial Statements

Notes to the financial statements

For the year ended March 31, 2021

1. Legal status and nature of operations

Spark44 Middle East DMCC (the “Company”) is incorporated in Dubai, United Arab Emirates (“UAE”) on July 14, 2015 (incorporation date) under the commercial license number DMCC-136145 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No. 1401, Swiss Tower, Cluster-Y, Jumeirah Lakes Towers, Dubai, UAE.

The principal activities of the Company is to provide advertising consultancy services, marketing management, events management, organizing exhibitions and web-designing services.

The Company is a wholly owned subsidiary of Spark44 JV Limited (the “Parent Company”), a company incorporated in United Kingdom. Jaguar Land Rover Limited is the Company’s Ultimate Parent Company (the “Ultimate Parent Company”).

2. Basis of preparation and statement of compliance

2.1 Basis of preparation

Subsequent to reporting date, the Ultimate Parent Company entered into an arrangement with a third party to restructure its marketing model with the view to increase its data and digital capabilities. Following the decision to restructure, on May 18, 2021, management of the Company resolved to wind down the operations of the Company and to deregister the Company in accordance with the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020 and subject to approval of the regulatory authorities. As at the date of issuance of these financial statements, the Company is operative and intends to commence formal liquidation procedures in fiscal 2022. Accordingly, the Company is no longer viewed as a going concern and the accompanying financial statements have been prepared not on a going concern basis. The Company has not recognized any additional costs and liabilities to carry out the liquidation as the liquidation costs are expected to be not significant.

2.2 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3. Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. There is considerable uncertainty around the duration of this disruption to economies and businesses including the Company. Governments and central banks have devised various monetary and fiscal measures with a view to stabilize economic conditions. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company’s IFRS 9 estimates of expected credit loss provision at March 31, 2021.

4. Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after January 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to References to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on the financial statements.

Spark44 Middle East DMCC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies

5.1 Overall considerations

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency.

These financial statements have been prepared on a going concern basis and using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement basis is more fully described in the accounting policies below.

5.2 Foreign currency transactions

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

5.3 Property and equipment

Property and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

The cost of an item of property and equipment is recognized as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each item of property and equipment. The estimated useful lives are as follows:

Item	Estimated useful life (in years)
Leasehold improvements	2-3
Office equipment	3
Furniture and fittings	4

The residual value and the useful life of each asset reviewed at each financial year end. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each year is recognized in the statement of comprehensive income unless it is included in the carrying amount of another asset.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in statement of comprehensive income within 'other income/(expense) - net'.

In case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Notes to the financial statements (continued)
For the year ended March 31, 2021

5 Summary of significant accounting policies (continued)

5.4 Intangible asset

Intangible asset represents acquired computer software licenses that qualifies for recognition as an intangible asset. It is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 5.14. The estimated useful life of the Company's intangible assets is 3 years. Amortisation has been included within administrative and general expenses.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income/(expense) - net.

5.5 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and most other receivables, amounts due from a related party and cash and cash equivalents. These are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income - net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1')
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and most other payables, amounts due to related parties. Financial liabilities are measured subsequently at amortised cost using the effective interest method. Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Spark44 Middle East DMCC
Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

5.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances in bank, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose statement of cashflows, all cash and bank balances are considered to be cash and cash equivalents.

5.7 Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their years of service up to the reporting date in accordance with the UAE Labour Law and is reported as a separate line item under non-current liabilities. The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service year as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the year of employment

5.8 Equity and reserves

Share capital represents the nominal value of shares that have been issued. Retained earnings represents all current and prior year retained profits.

5.9 Provisions and contingencies

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Spark44 Middle East DMCC
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Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

5.10 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The five-step model, explained below, will apply to revenue arising from contracts with customers.

- Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal where it has control over the supply reflected at gross level. In arrangements where the Company does not have control over the supply, its revenue is reflected as on net basis i.e. after deducting all the associated costs.

Rendering of services

Revenue from services is recognised as and when services are performed. Consideration received for these services is initially deferred, included in other liabilities and is recognised as revenue in the year when the service is performed.

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Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

5.11 Expenses

Expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.12 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

5.12 Leases (continued)

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.13 Significant management judgments and estimates in applying accounting policies

When preparing the financial statements, management undertakes significant judgments, estimates and assumptions in applying the accounting policies of the Company that have the most significant effect on the financial statements and about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of financial asset

The Company assesses its financial asset for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial asset is calculated on an individual or specific identification basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Notes to the financial statements (continued)
For the year ended March 31, 2021

5. Summary of significant accounting policies (continued)

5.13. Significant management judgments and estimates in applying accounting policies (continued)

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Useful lives of depreciable and intangible assets

Management estimates the useful lives of depreciable and intangible assets based on the expected utility of these assets to the Company, and these are reviewed at each reporting date. For depreciable assets, actual results however, may vary due to physical wear and tear and technical obsolescence. For intangible assets, actual results, however, may vary due to additional or new information obtained from further research and development.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Spark44 Middle East DMCC
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Notes to the financial statements (continued)
For the year ended March 31, 2021

6. Property and equipment

	Leasehold improvements AED	Office equipment AED	Furniture and fittings AED	Total AED
2021				
Cost				
As at April 1, 2020	809,285	573,928	297,379	1,680,592
Additions	554,867	71,750	7,350	633,967
As at March 31, 2021	1,364,152	645,678	304,729	2,314,559
Accumulated depreciation				
As at April 1, 2020	697,769	511,460	214,732	1,423,961
Charge for the year (note 17)*	382,415	101,816	55,268	539,499
As at March 31, 2021	1,080,184	613,276	270,000	1,963,460
Net carrying amount at March 31, 2021	283,968	32,402	34,729	351,099
2020				
Cost				
As at April 1, 2019	809,286	569,528	297,379	1,676,193
Additions	-	4,400	-	4,400
As at March 31, 2020	809,286	573,928	297,379	1,680,593
Accumulated depreciation				
As at April 1, 2019	435,932	409,681	149,443	995,056
Charge for the year (note 17)	261,837	101,779	65,289	428,905
As at March 31, 2020	697,769	511,460	214,732	1,423,961
Net carrying amount at March 31, 2020	111,517	62,468	82,647	256,632

*Depreciation charge for the year ended March 31, 2021 includes additional depreciation recorded to write down the carrying value of property and equipment in light of the Ultimate Parent Company's intention to restructure operations and deregister the Company in fiscal 2022 as described in note 2.1.

7. Right-of-use assets

	2021 AED	2020 AED
Cost		
Balance at April 1,	1,086,146	-
On adoption of IFRS 16	-	1,086,146
Balance at March 31,	1,086,146	1,086,146
Accumulated amortization		
Balance at April 1,	420,889	-
Charge for the year (note 17)	353,724	420,889
Balance at March 31,	774,613	420,889
Net carrying amount at March 31,	311,533	665,257

The Company has a lease contract for the offices building located in Jumeirah Lake Towers, Dubai, UAE.

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2021

8. Intangible asset

Software license	2021	2020
Cost	AED	AED
Opening balance	22,168	22,168
Additions	-	-
Closing balance	22,168	22,168
Accumulated amortization		
Opening balance	22,168	19,703
Charge for the year (note 17)	-	2,465
Closing balance	22,168	22,168
Net carrying amount at March 31,	-	-

9. Trade and other receivables

	2021	2020
<i>Financial assets</i>	AED	AED
Trade receivables	487,365	526,651
Deposits	100,022	154,179
	587,387	680,830
<i>Non-financial assets</i>		
Advance to employees	37,918	93,176
Prepayments	558,969	677,288
	596,887	770,464
	1,184,274	1,451,294

10. Cash and cash equivalents

	2021	2020
	AED	AED
Cash in hand	2,500	2,500
Cash at bank	4,937,981	5,839,278
	4,940,481	5,841,778

11. Share capital

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

	2021	2020
	AED	AED
Authorised and issued, subscribed and paid up share capital	50,000	50,000

The Company's issued share capital is held by the following Shareholder:

	2021	2020
	% AED	% AED
Spark44 JV Limited	100 50,000	100 50,000

During the year, the Company declared and paid dividend amounting to AED 2,000,000 (2020: Nil).

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Notes to the financial statements (continued)
For the year ended March 31, 2021

12. Finance lease liability

	2021	2020
	AED	AED
As at April 1,	663,335	-
On adoption of IFRS 16	-	1,086,146
Finance cost on lease liability	27,998	17,970
Repayments during the year	(394,903)	(440,781)
As at March 31,	<u>296,430</u>	<u>663,335</u>

Finance lease liabilities are repayable as follows:

	Within one year	2 to 5 years	Total
	AED	AED	AED
2021			
Finance lease	296,430	-	296,430
2020			
Finance lease	366,905	296,430	663,335

Finance lease liabilities with respect to leased assets are unsecured. Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year	2 to 5 years	Total
	AED	AED	AED
March 31, 2021			
Lease payments	306,908	-	306,908
Finance charges	(10,478)	-	(10,478)
Net present value	<u>296,430</u>	<u>-</u>	<u>296,430</u>
March 31, 2020			
Lease payments	394,902	306,908	701,810
Finance charges	(27,997)	(10,478)	(38,475)
Net present value	<u>366,905</u>	<u>296,430</u>	<u>663,335</u>

13. Employees' end of service benefits

	2021	2020
	AED	AED
Opening balance	1,090,902	1,046,283
Charge for the year	307,215	349,882
Payments made during the year	(127,942)	(305,263)
Closing balance	<u>1,270,175</u>	<u>1,090,902</u>

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Financial Statements

Notes to the financial statements (continued)
For the year ended March 31, 2021

14. Trade and other payables

	2021	2020
<i>Financial liabilities</i>	AED	AED
Trade payables	120,874	130,231
Accruals	425,302	284,831
VAT payable – net	49,500	47,491
Other payables	1,800	77,030
	597,476	539,583

15. Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its Ultimate Parent Company, Parent Company, key management personnel and entities under common control.

Due from a related party

	2021	2020
<i>Ultimate Parent Company</i>	AED	AED
Jaguar Land Rover Limited	1,295,556	1,111,904
	1,295,556	1,111,904

Due to related parties

<i>Entities under common control</i>		
Spark44 JV Limited	296,119	217,324
Spark44 Demand Creations Partners Private Limited	10,234	2,501
	306,353	219,825

Transactions with related parties

Significant transactions carried out with related parties:

	2021	2020
	AED	AED
Revenue	10,656,015	12,050,660
Management fees (note 17)	466,975	466,306

Key management personnel compensation

Key management personnel of the Company is the Director of the Company. During the year, the key management personnel compensation was as follows:

	2021	2020
	AED	AED
Salaries and other benefits	722,052	894,576
End of service benefits	33,492	33,492

16. Cost of revenue

	2021	2020
	AED	AED
Salaries and other benefits	6,452,947	6,862,130
Outsourced service costs	1,896,132	2,172,596
	8,349,079	9,034,726

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Notes to the financial statements (continued)
For the year ended March 31, 2021

17. Administrative and general expenses

	2021	2020
	AED	AED
Management fees (note 15)	466,975	466,306
Salaries and other benefits	425,943	459,903
Depreciation on property and equipment (note 6)	539,499	428,905
Others	375,878	418,532
Depreciation on right-of-use assets (note 7)	353,724	420,889
Consultancy and professional fees	88,167	172,361
Recruitment cost	32,400	25,200
Rent expense*	26,667	69,333
Training and conferences costs	13,312	33,088
Travelling expense	7,732	155,638
Amortisation (note 8)	-	2,465
	2,330,297	2,652,620

*Rent expense of AED 26,667 (2019: AED 69,333) pertains to leases with a term of less than 12 months for which the Company has chosen to apply the practical expedient as per IFRS 16 and has accounted for the lease expense on a straight-line basis over the remaining lease term.

18. Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the Parent Company, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

18.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company undertakes transactions denominated in foreign currencies, consequently, exposures to exchange rate fluctuations arise.

The Arab Emirates Dirham (AED) is effectively pegged to the USD, thus balances in USD are not considered to represent significant currency risks. Most of the Company's transactions are carried out in AED and USD. The risk related to the transactions denominated in USD is low as the AED is pegged against the USD.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Company is not exposed to interest rate risk.

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Notes to the financial statements (continued)
For the year ended March 31, 2021

18. Financial instruments risk (continued)

18.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021 AED	2020 AED
Trade and other receivables (note 9)	587,387	680,830
Due from a related party	1,295,556	1,111,904
Cash at bank (note 10)	4,937,981	5,839,278
	<u>6,820,924</u>	<u>7,632,012</u>

The Company's management considers that all the above financial assets that are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

18.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Within 1 year AED	More than 1 year AED	Total AED
At March 31, 2021			
Finance lease liability (note 12)	306,908	-	306,908
Due to related parties (note 15)	306,353	-	306,353
Trade and other payables (note 14)	597,476	-	597,476
Total	<u>1,210,737</u>	<u>-</u>	<u>1,210,737</u>
At March 31, 2020			
Finance lease liability (note 12)	394,902	306,908	701,810
Due to related parties (note 15)	219,825	-	219,825
Trade and other payables (note 14)	539,583	-	539,583
Total	<u>1,154,310</u>	<u>306,908</u>	<u>1,461,218</u>

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Notes to the financial statements (continued)
For the year ended March 31, 2021

19. Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

20. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the Shareholders.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.