

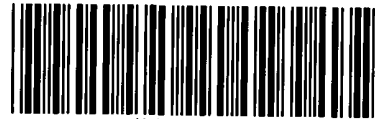
Registered number: 03087938

CLIPPER VENTURES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

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CLIPPER VENTURES PLC

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | William Ward Sir Robin Knox-Johnston |
| Company secretary | Jeremy Knight |
| Registered number | 03087938 |
| Registered office | 1a, The Granary and Bakery Building Royal Clarence Yard Weevil Lane Gosport Hampshire PO12 2NZ |
| Independent auditors | Nexia Smith & Williamson Chartered Accountants and Statutory Auditor Cumberland House 15 - 17 Cumberland Place Southampton Hampshire SO15 2BG |
| Bankers | HSBC Bank Plc 165 High Street Southampton Hampshire SO15 2AT |
| Solicitors | Hill Dickinson LLP 20 Primrose Street London EC2A 2EW |

CLIPPER VENTURES PLC

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CLIPPER VENTURES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2017**

Principal activities

The principal activities of the Company consist of the organisation and management of "The Clipper Round the World Yacht Race".

Business review

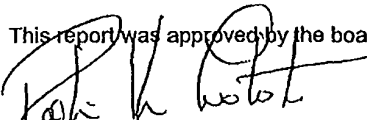
The Group's strategic development has continued in the year with the completion of the Clipper 15 Race at a fantastic event in London. The race showed a good growth in revenues and media exposure as expected. The Board is satisfied with the strength of the balance sheet and is happy that the group has sufficient funds to finance its growth and development.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks including the effects of changes in credit risk, liquidity risk, currency risk and interest rate risk. The company does not use derivative financial instruments to manage interest rate risk and as such no hedge accounting is applied. Given the size of the group the Board believes it is impractical to set up a sub committee of the Board to manage financial risk. The risk management policies of the Board as implemented by the group's finance department.

The group is exposed to inflationary risks. Policies and practices are in to obtain credit check on potential customers before sales are made or to limit the financial commitment of the group to individual customers. The group is exposed to liquidity risk and this is managed by the group's finance department running a financial forecast that models liquidity requirements of the business. Currency risk is managed by the group hedging where cost effective. Non financial risks which the group is exposed to are managed by taking out insurance policies where this is cost effective.

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



.....
Sir Robin Knox-Johnston
Director

Date: 31/7/17

CLIPPER VENTURES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their report and the financial statements for the year ended 31 January 2017.

Results and dividends

The profit for the year, after taxation, amounted to £988,611 (2016 - loss £1,236,633).

Dividends of £337,482 (2016: £2,000,000) have been paid in the year,

Directors

The directors who served during the year were:

William Ward
Sir Robin Knox-Johnston

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

CLIPPER VENTURES PLC

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2017

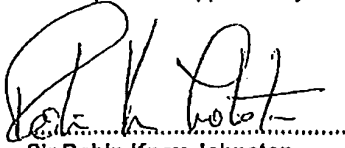
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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


.....
Sir Robin Knox-Johnston
Director

Date: 31/7/17

CLIPPER VENTURES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLIPPER VENTURES PLC

We have audited the financial statements of Clipper Ventures PLC for the year ended 31 January 2017, which comprise the Statement of Income and Retained Earnings, Balance Sheet and the related notes 1 to 26. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Directors' responsibilities statement on page 2, 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 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 Financial Reporting Council'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 January 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

CLIPPER VENTURES PLC

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLIPPER VENTURES PLC
(CONTINUED)**

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.

Nexia Smith & Williamson

Andrew Edmonds (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants and Statutory Auditor

Cumberland House
15 - 17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date:

31/7/17

CLIPPER VENTURES PLC

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JANUARY 2017**

| | Note | 2017 £ | Restated 2016 £ |
|---|------|------------------|-----------------------|
| Turnover | 3 | 6,774,742 | 10,517,347 |
| Cost of sales | | (2,796,128) | (4,743,819) |
| Gross profit | | 3,978,614 | 5,773,528 |
| Administrative expenses | | (2,647,904) | (5,508,225) |
| Operating profit | 4 | 1,330,710 | 265,303 |
| Amounts written off fixed asset investments | | (105,000) | (175) |
| Profit/ (loss) from current asset investments | | 32,165 | (1,358,515) |
| Interest receivable and similar income | 7 | 12 | 8,223 |
| Interest payable and expenses | 8 | (48,363) | (70,413) |
| Profit before tax | | 1,209,524 | (1,155,577) |
| Tax on profit | 9 | (220,913) | (81,056) |
| Profit after tax | | 988,611 | (1,236,633) |
| Retained earnings at the beginning of the year | | 3,093,530 | 6,330,163 |
| | | 3,093,530 | 6,330,163 |
| Profit for the year | | 988,611 | (1,236,633) |
| Dividends declared and paid | | (337,482) | (2,000,000) |
| Retained earnings at the end of the year | | 3,744,659 | 3,093,530 |

The notes on pages 9 to 25 form part of these financial statements.

CLIPPER VENTURES PLC
REGISTERED NUMBER: 03087938

BALANCE SHEET
AS AT 31 JANUARY 2017

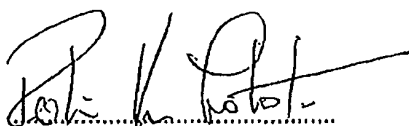
| | Note | 2017 £ | 2016 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | - | 31,135 |
| Tangible assets | 12 | 8,267,159 | 8,706,145 |
| Investments | 13 | 25,000 | 130,000 |
| | | <u>8,292,159</u> | <u>8,867,280</u> |
| Current assets | | | |
| Debtors: amounts falling due after more than one year | 14 | 3,515,020 | 5,208,308 |
| Debtors: amounts falling due within one year | 14 | 7,964,888 | 4,135,908 |
| Current asset investments | 15 | 43,552 | - |
| Cash at bank and in hand | 16 | 2,221,227 | 1,244,516 |
| | | <u>13,744,687</u> | <u>10,588,732</u> |
| Creditors: amounts falling due within one year | 17 | (8,243,712) | (6,004,641) |
| Net current assets | | <u>5,500,975</u> | <u>4,584,091</u> |
| Total assets less current liabilities | | <u>13,793,134</u> | <u>13,451,371</u> |
| Creditors: amounts falling due after more than one year | 18 | (6,383,175) | (6,674,509) |
| Provisions for liabilities | | | |
| Deferred tax | 20 | (935,377) | (953,409) |
| | | <u>(935,377)</u> | <u>(953,409)</u> |
| Net assets | | <u><u>6,474,582</u></u> | <u><u>5,823,453</u></u> |

CLIPPER VENTURES PLC
REGISTERED NUMBER: 03087938

BALANCE SHEET (CONTINUED)
AS AT 31 JANUARY 2017

| | Note | 2017 £ | 2016 £ |
|-----------------------------|------|------------------|------------------|
| Capital and reserves | | | |
| Called up share capital | 21 | 585,195 | 585,195 |
| Share premium account | 22 | 2,142,728 | 2,142,728 |
| Capital redemption reserve | 22 | 2,000 | 2,000 |
| Profit and loss account | 22 | 3,744,659 | 3,093,530 |
| | | <u>6,474,582</u> | <u>5,823,453</u> |

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



.....
Sir Robln Knox-Johnston
Director

31/7/17

The notes on pages 9 to 25 form part of these financial statements.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Clipper Ventures PLC is a public company, registered number 03087938, limited by shares, domiciled and incorporated in England. The registered office is 1a, The Granary and Bakery Building, Royal Clarence Yard, Weevil Lane, Gosport, Hampshire, PO12 2NZ.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing the financial instrument disclosures required under FRS 102 paragraphs 11.39 to 11.48A as the information is provided with the consolidated financial statements of the group in which the entity is consolidated and the relevant disclosures are included therein;

The following principal accounting policies have been applied:

1.2 Restatement of 2016 figures

The Directors have considered the presentation of the loss on investments in the 2016 financial statements, and consider that the restated presentation more accurately reflects the movements on investments in the year. The restatement has had no impact on the reported profit for 2016.

1.3 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Race income is included in turnover based upon stage completion. Where the duration of a race involves more than one accounting period, the income and expenditure relating to that race is accounted for on a long term basis where income and expenses are brought into the Statement on Income and Retained Earnings account by reference to the completed race stages at the end of the financial year. At the end of each accounting period, income received and expenditure incurred that relate to future activities are deferred.

Sponsorship income is recognised in accordance with milestones set out in the sponsorship contracts whereby the income is recognised when the conditions for that milestone have been met. Charter, training and other income are recognised as revenue along with related expenditure in the period when the activity is performed.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2017

1. Accounting policies (continued)

1.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and retained earnings over its useful economic life.

1.5 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

| | |
|----------------------|---|
| Yachts and equipment | - Straight line over 10 years |
| Fixtures & fittings | - Straight line over 3-5 years |
| Motor vehicles | - Straight line over 5 years |
| Race yachts | - Depreciation of race yachts is treated as a race cost and charged to the profit and loss account on the basis of race completion. The estimated useful life of a race yacht is 5 races. |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

1.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

1. Accounting policies (continued)

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.8 Debtors

Debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.10 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

1. Accounting policies (continued)

1.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

1.13 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.16 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

1. Accounting policies (continued)

1.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

1.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

2. Judgments in applying accounting policies and key sources of estimation uncertainty**Financial Instruments classification**

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units (CGU) to which goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the CGU and apply a suitable discount rate in order to calculate the present value.

Bad debt provisions

The trade debtors balances recorded in the company's balance sheet comprise a relatively large number of small balances. A full line by line review of trade debtors is regularly carried out. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Deferred Income

Race income is included in turnover based on stage completion. Income is brought into the Statement of Income and Retained Earnings by reference to the completed race stages at the end of the financial year. Income relating to future activities is deferred, on a type by type basis.

3. Turnover

An analysis of turnover by class of business is as follows:

| | 2017 £ | 2016 £ |
|---------------------------|------------------|-------------------|
| Race income | 5,031,154 | 7,793,784 |
| Charter income | 241,171 | 220,489 |
| Sponsorship income | 1,319,027 | 2,305,968 |
| Training and other income | 183,390 | 197,106 |
| | <u>6,774,742</u> | <u>10,517,347</u> |

All turnover arose within the United Kingdom.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

4. Operating profit

The operating profit is stated after charging:

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 641,192 | 686,766 |
| Amortisation of intangible assets, including goodwill | - | 5,474 |
| Write off of intangible fixed assets | 31,135 | - |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 13,800 | 13,250 |
| Defined contribution pension cost | 48,118 | 74,515 |
| | <u>644,045</u> | <u>779,995</u> |

5. Employees

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 1,374,297 | 2,882,951 |
| Social security costs | 204,171 | 215,157 |
| Cost of defined contribution scheme | 48,118 | 74,515 |
| | <u>1,626,586</u> | <u>3,172,623</u> |

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

| | 2017 No. | 2016 No. |
|-----------------|-------------|-------------|
| Management | 2 | 2 |
| Administrative | 44 | 40 |
| Yacht Personnel | 17 | 34 |
| | <u>63</u> | <u>76</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

6. Directors' remuneration

| | 2017 £ | 2016 £ |
|-----------------------|---------------|--------------|
| Directors' emoluments | 16,120 | 9,403 |
| | <u>16,120</u> | <u>9,403</u> |

During both financial periods, no directors received pension benefits.

7. Interest receivable

| | 2017 £ | 2016 £ |
|---------------------------|-----------|--------------|
| Other interest receivable | 12 | 8,223 |
| | <u>12</u> | <u>8,223</u> |

8. Interest payable and similar charges

| | 2017 £ | 2016 £ |
|-----------------------|---------------|---------------|
| Bank interest payable | 48,363 | 70,413 |
| | <u>48,363</u> | <u>70,413</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

9. Taxation

| | 2017 £ | 2016 £ |
|--|-----------------|----------------|
| Corporation tax | | |
| Current tax on profits for the year | 275,080 | 36,135 |
| Adjustments in respect of previous periods | (36,135) | 50,333 |
| | <u>238,945</u> | <u>86,468</u> |
| Total current tax | <u>238,945</u> | <u>86,468</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 29,639 | 42,524 |
| Adjustments in respect of previous period | (47,671) | (47,936) |
| Total deferred tax | <u>(18,032)</u> | <u>(5,412)</u> |
| Taxation on profit on ordinary activities | <u>220,913</u> | <u>81,056</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 21%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|------------------|--------------------|
| Profit/(loss) on ordinary activities before tax | <u>1,209,524</u> | <u>(1,155,577)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 21%) | 241,905 | (232,964) |
| Effects of: | | |
| Non-tax deductible amortisation of goodwill and impairment | - | 2,113 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 34,559 | 308,805 |
| Adjustments to tax charge in respect of prior periods | (36,135) | 44,921 |
| Short term timing difference leading to an increase (decrease) in taxation | (18,032) | (42,522) |
| Non-taxable income | - | (61) |
| Other differences leading to an increase (decrease) in the tax charge | (1,384) | 764 |
| Total tax charge for the year | <u>220,913</u> | <u>81,056</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

9. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015 and March 2016 budget provide that the main rate of corporation tax will fall to 19% with effect from 1 April 2017 and to 17% from 1 April 2020. This legislation has been substantively enacted; the impact of the additional tax rate reduction has been included within these accounts.

10. Dividends

| | 2017 £ | 2016 £ |
|-----------|----------------|------------------|
| Dividends | 337,482 | 2,000,000 |
| | <u>337,482</u> | <u>2,000,000</u> |

11. Intangible assets

| | Goodwill £ |
|---------------------|---------------|
| At 1 February 2016 | 109,475 |
| Amounts written off | (109,475) |
| At 1 February 2016 | 78,340 |
| Amounts written off | (78,340) |
| Net book value | |
| At 31 January 2017 | <u>-</u> |
| At 31 January 2016 | <u>31,135</u> |

The goodwill relating to the Velux 5 Oceans race has been written off during the year.

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

12. Tangible fixed assets

| | Motor vehicles £ | Fixtures & fittings £ | New fleet under construction £ | Race yachts £ | Total £ |
|--|------------------------|-----------------------------|---|------------------|------------|
| Cost or valuation | | | | | |
| At 1 February 2016 | 10,750 | 473,719 | 35,803 | 12,038,942 | 12,559,214 |
| Additions | - | 38,009 | - | 200,000 | 238,009 |
| Disposals | - | - | (35,803) | - | (35,803) |
| At 31 January 2017 | 10,750 | 511,728 | - | 12,238,942 | 12,761,420 |
| Depreciation | | | | | |
| At 1 February 2016 | 10,750 | 302,293 | - | 3,540,026 | 3,853,069 |
| Charge for the year on owned assets | - | 86,694 | - | 554,498 | 641,192 |
| At 31 January 2017 | 10,750 | 388,987 | - | 4,094,524 | 4,494,261 |
| Net book value | | | | | |
| At 31 January 2017 | - | 122,741 | - | 8,144,418 | 8,267,159 |
| At 31 January 2016 | - | 171,426 | 35,803 | 8,498,916 | 8,706,145 |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

13. Fixed asset investments

| | Unlisted Investments £ |
|--------------------------|------------------------------|
| Cost or valuation | |
| At 1 February 2016 | 130,000 |
| Amounts written off | (105,000) |
| | <hr/> |
| At 31 January 2017 | 25,000 |
| | <hr/> |
| Net book value | |
| At 31 January 2017 | 25,000 |
| | <hr/> |
| At 31 January 2016 | 130,000 |
| | <hr/> |

The amount written off in the year relates to the investment in Palmello Limited. The remaining investment relates to Otreus Limited, a company incorporated in England.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|------------------------------------|--------------------|---------|--------------------------|
| Clipper Ventures Online Limited | England | 98 % | Training and consultancy |
| Grand Prix of Ocean Racing Limited | England | 100 % | Dormant |

The aggregate of the share capital and reserves as at 31 January 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £ |
|------------------------------------|---|
| Clipper Ventures Online Limited | 100 |
| Grand Prix of Ocean Racing Limited | 2 |
| | <hr/> |
| | 102 |
| | <hr/> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

13. Fixed asset investments (continued)

Participating Interests

Joint ventures

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--------------------------------------|-----------------------------|-----------------|---------|--------------------------|
| Clipper Greening Ventures Limited | England | Ordinary | 50% | Training and consultancy |
| Clipper Telemed Limited | England | Ordinary | 50% | Remote medical services |

14. Debtors

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Due after more than one year | | |
| Trade debtors | 1,017,380 | 2,552,205 |
| Amounts owed by group undertakings | 1,257,483 | 1,250,593 |
| Other debtors | 950,000 | 937,500 |
| Prepayments and accrued income | 290,157 | 468,010 |
| | <u>3,515,020</u> | <u>5,208,308</u> |
| | | |
| | 2017 £ | 2016 £ |
| Due within one year | | |
| Trade debtors | 5,065,462 | 2,372,313 |
| Amounts owed by group undertakings | 272,833 | 938,725 |
| Amounts owed by joint ventures and associated undertakings | 6,614 | 14,588 |
| Other debtors | 33,202 | 103,168 |
| Prepayments and accrued income | 2,399,277 | 707,114 |
| Tax recoverable | 187,500 | - |
| | <u>7,964,888</u> | <u>4,135,908</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

15. Current asset investments

| | 2017 £ | 2016 £ |
|--------------------|---------------|-----------|
| Listed investments | 43,552 | - |
| | <u>43,552</u> | <u>-</u> |

16. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 2,221,227 | 1,244,516 |
| | <u>2,221,227</u> | <u>1,244,516</u> |

17. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Bank loans | 627,767 | 604,097 |
| Trade creditors | 420,038 | 547,527 |
| Listed Investments | - | 175,555 |
| Amounts owed to group undertakings | 43,594 | 27,529 |
| Corporation tax | 275,080 | 36,135 |
| Other taxation and social security | 48,354 | 57,388 |
| Other creditors | 45,984 | 90,807 |
| Accruals and deferred income | 6,782,895 | 4,465,603 |
| | <u>8,243,712</u> | <u>6,004,641</u> |

18. Creditors: Amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|------------------------------|------------------|------------------|
| Bank loans | 459,744 | 1,089,986 |
| Accruals and deferred income | 5,923,431 | 5,584,523 |
| | <u>6,383,175</u> | <u>6,674,509</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

19. Loans

Analysis of the maturity of loans is given below:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Amounts falling due within one year | | |
| Bank loans | 627,767 | 604,097 |
| | <u>627,767</u> | <u>604,097</u> |
| Amounts falling due 1-2 years | | |
| Bank loans | 459,744 | 627,767 |
| | <u>459,744</u> | <u>627,767</u> |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 462,219 |
| | <u>-</u> | <u>462,219</u> |
| | <u>1,087,511</u> | <u>1,694,083</u> |

The amount of the secured loan which falls due after 5 years or more from the balance sheet date is £nil (2016: £462,219)

Interest is payable on the bank loans at a fixed rate of 3% over base rate.

The bank loans are secured on specific assets of the company.

20. Deferred taxation

| | 2017 £ | 2016 £ |
|---------------------------|------------------|------------------|
| At beginning of year | (953,409) | (958,821) |
| Charged to profit or loss | 18,032 | 5,412 |
| At end of year | <u>(935,377)</u> | <u>(953,409)</u> |

CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2017 £ | 2016 £ |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | 935,377 | 953,916 |
| Short term timing differences | - | (507) |
| | <u>935,377</u> | <u>953,409</u> |

21. Share capital

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 38,992,942 Ordinary shares of £0.01 each | 389,929 | 389,929 |
| 19,526,627 Deferred shares of £0.01 each | 195,266 | 195,266 |
| | <u>585,195</u> | <u>585,195</u> |

22. Reserves**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

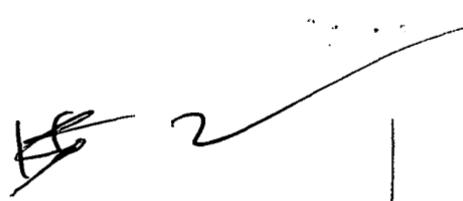
The Capital redemption reserve relates to the cumulative amount of share capital repurchased by the company.

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £48,118 (2016: £74,515). Contributions totalling £472 (2016: £nil) were payable to the fund at the balance sheet date and are included in creditors.



CLIPPER VENTURES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

24. Commitments under operating leases

At 31 January 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Not later than 1 year | 77,624 | 77,624 |
| Later than 1 year and not later than 5 years | 239,732 | 297,614 |
| Later than 5 years | 38,164 | 58,119 |
| | <u>355,520</u> | <u>433,357</u> |

Lease payments recognised as an expense in the year amounted to £77,624 (2016: £77,624)

25. Related party transactions

The company has previously made a loan in the ordinary course of business to its joint venture, Clipper Greening Ventures Limited. At the period end there was a balance of £6,614 (2016: £14,588) outstanding from Clipper Greening Ventures Limited.

The company has previously made interest-free loans to director William Ward and Sir Robin Knox-Johnston. At the year end there was a balance of £550,000 (2016: £550,000) outstanding from William Ward and £400,000 (2016: £200,000) outstanding from Sir Robin Knox-Johnston.

Key management remuneration is £115,764 (2016: £106,671).

As permitted by Section 33 of FRS102, transactions between wholly owned group companies have not been disclosed.

26. Controlling party

At 31 January 2017, the immediate and ultimate parent company was Clipper Ventures Holdings Plc, a company incorporated in England and Wales, company registration number 07061468. The controlling party was Mr William Ward, a director, who owns 60% of Clipper Ventures Holdings Plc.

Consolidated accounts may be obtained from Clipper Ventures Holdings Plc at 1a, The Granary and Bakery Building, Weevil Lane, Gosport, Hampshire, PO12 1FX.