

**CLIPPER VENTURES PLC**

**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2017**

THURSDAY



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COMPANIES HOUSE

<b>CLIPPER VENTURES PLC</b>
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**COMPANY INFORMATION**

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

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**CLIPPER VENTURES PLC**

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## CLIPPER VENTURES PLC

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

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#### Principal activities

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

#### Business review

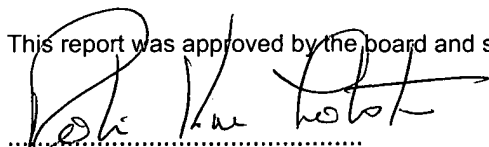
The Group's strategic development has continued in the year with the completion of the Clipper 15 Race at a fantastic event in London. The race showed a good growth in revenues and media exposure as expected. The Board is satisfied with the strength of the balance sheet and is happy that the group has 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 our 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: 9/10/17

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**CLIPPER VENTURES PLC**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JANUARY 2017**

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

**Re-issuing of financial statements**

The directors have chosen to re-issue the financial statements for the year ended 31 January 2017 under Companies Act 2006.

This revised report replaces the original report of the directors for the year, which was issued on 31 July 2017 (the Original Report). This revised report has been prepared at 31 July 2017 and not as at the date of the revision (being 7 September 2017) and accordingly does not deal with events between those dates. The Original Report did not comply with the requirement of the Act as follows:

A depreciation charge of £641,192 was recognised in the Statement of Income and Retained Earnings of the Original Report. This did not comply with the depreciation policy set out in note 1.5 which states that 'depreciation of race yachts is treated as a race cost and charged to the statement of income and retained earnings on the basis of race completion'. This has been amended, increasing race prepayments by £239,311 and decreasing depreciation recognised in the Statement of Income and Retained Earnings.

The purpose of re-issuing the financial statements is to re-present these financial statements following the remedying of the errors in the previously presented financial statements signed on 31 July 2017.

The Act requires that where revised financial statements are issued, a revised auditors' report is issued and this is attached.

Under the Act the directors have authority to revise annual financial statements and directors report if they do not comply with the act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,227,922 (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

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<b>CLIPPER VENTURES PLC</b>
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2017**

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**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.

**Post balance sheet events**

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

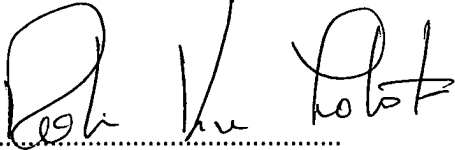
**Auditors**

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.

CLIPPER VENTURES PLC

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

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

A handwritten signature in black ink, appearing to read 'Rob Knox-Johnston', written over a dotted line.

**Sir Robin Knox-Johnston**  
Director

Date: 9/10/17

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## CLIPPER VENTURES PLC

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLIPPER VENTURES PLC

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We have audited the revised 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'. These revised financial statements replace the original financial statements approved by the directors on 31 July 2017.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 3, the directors are responsible for the preparation of the revised 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 revised 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 revised financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

In our opinion the revised 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 seen as at the date the original financial statements were approved; and
- the revised financial statements as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008; and
- the original financial statements for the year ended 31 January 2017 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the accounting policy note on page 11 of these revised financial statements.



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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

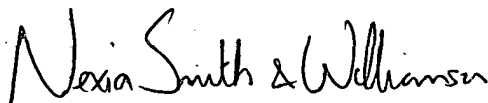
- the information given in the Strategic Report and the Directors' Report for the financial year for which the revised financial statements are prepared is consistent with those revised financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable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

**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 revised 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.



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: 16/10/17

**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		(2,556,817)	(4,743,819)
<b>Gross profit</b>		<b>4,217,925</b>	<b>5,773,528</b>
Administrative expenses		(2,647,904)	(5,508,225)
<b>Operating profit</b>	4	<b>1,570,021</b>	<b>265,303</b>
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)
<b>Profit before tax</b>		<b>1,448,835</b>	<b>(1,155,577)</b>
Tax on profit	9	(220,913)	(81,056)
<b>Profit after tax</b>		<b>1,227,922</b>	<b>(1,236,633)</b>
Retained earnings at the beginning of the year		3,093,530	6,330,163
		<b>3,093,530</b>	<b>6,330,163</b>
Profit for the year		1,227,922	(1,236,633)
Dividends declared and paid		(337,482)	(2,000,000)
<b>Retained earnings at the end of the year</b>		<b>3,983,970</b>	<b>3,093,530</b>

The notes on pages 10 to 27 form part of these financial statements.

**CLIPPER VENTURES PLC**  
**REGISTERED NUMBER: 03087938**

**BALANCE SHEET**  
**AS AT 31 JANUARY 2017**

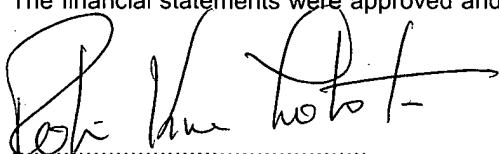
	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	11	-	31,135
Tangible assets	12	8,267,159	8,706,145
Investments	13	25,000	130,000
		<u>8,292,159</u>	<u>8,867,280</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	14	3,515,020	5,208,308
Debtors: amounts falling due within one year	14	8,204,199	4,135,908
Current asset investments	15	43,552	-
Cash at bank and in hand	16	2,221,227	1,244,516
		<u>13,983,998</u>	<u>10,588,732</u>
Creditors: amounts falling due within one year	17	(8,243,712)	(6,004,641)
<b>Net current assets</b>		<u>5,740,286</u>	<u>4,584,091</u>
<b>Total assets less current liabilities</b>		<u>14,032,445</u>	<u>13,451,371</u>
Creditors: amounts falling due after more than one year	18	(6,383,175)	(6,674,509)
<b>Provisions for liabilities</b>			
Deferred tax	20	(935,377)	(953,409)
		<u>(935,377)</u>	<u>(953,409)</u>
<b>Net assets</b>		<u><u>6,713,893</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 £
<b>Capital and reserves</b>			
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	3,983,970	3,093,530
		<u>6,713,893</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

 9/10/17

.....  
**Sir Robin Knox-Johnston**  
Director

The notes on pages 10 to 27 form part of these financial statements.

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

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**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:

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**CLIPPER VENTURES PLC**

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

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**1. Accounting policies (continued)**

**1.2 Re-issued financial statements - general information**

The Directors have chosen to re-issue the financial statements for the year ended 31 January 2017 under Companies Act 2006.

This revised report replaces the original report of the directors for the year, which was issued on 31 July 2017 (the Original Report). This revised report has been prepared as at 31 July 2017 and not as at the date of revision (being 7 September 2017) and accordingly does not deal with events between those dates. The Original Report did not comply with the requirement of the Act as follows:

1) A depreciation charge of £641,192 was recognised in the Statement of Income and Retained Earnings of the Original Report. This did not comply with the depreciation policy set out in note 1.5 which states that 'depreciation of race yachts is treated as a race cost and charged to the statement of income and retained earnings on the basis of race completion'. This has been amended, increasing race prepayments by £239,311 and decreasing depreciation recognised in the Statement of Income and Retained Earnings.

The purpose of re-issuing the financial statements is to re-present these financial statements following the remedying of the errors in the previously presented financial statements signed on 31 July 2017.

The Act requires that where revised financial statements are issued, a revised auditors' report is issued and this is attached.

Under the Act the directors have authority to revise annual financial statements and directors report if they do not comply with the act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

**1.3 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.

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

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**1. Accounting policies (continued)**

**1.4 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.

**1.5 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.

**1.6 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.

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

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**1. Accounting policies (continued)****1.6 Tangible fixed assets (continued)**

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.

**1.7 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.

**1.8 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.

**1.9 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

**1.10 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.

**1.11 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



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

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**1. Accounting policies (continued)****1.11 Financial instruments (continued)**

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.

**1.12 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.

**1.13 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.

**1.14 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.

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

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**1. Accounting policies (continued)****1.15 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.

**1.16 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.

**1.17 Borrowing costs**

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

**1.18 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.

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

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**1. Accounting policies (continued)****1.19 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.

**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.

# CLIPPER VENTURES PLC

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

### 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.

### 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	<u>48,118</u>	<u>74,515</u>

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**CLIPPER VENTURES PLC.**

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

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**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>

**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>

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

8. Interest payable and similar charges

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

9. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
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>
<b>Total current tax</b>	<u>238,945</u>	<u>86,468</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	29,639	42,524
Adjustments in respect of previous period	(47,671)	(47,936)
<b>Total deferred tax</b>	<u>(18,032)</u>	<u>(5,412)</u>
<b>Taxation on profit on ordinary activities</b>	<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 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	1,448,835	(1,155,577)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 21%)	289,767	(232,964)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	2,113
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(13,303)	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
<b>Total tax charge for the year</b>	<b>220,913</b>	<b>81,056</b>

#### 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
	<b>337,482</b>	<b>2,000,000</b>

**CLIPPER VENTURES PLC**

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

**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)
<b>Net book value</b>	
At 31 January 2017	-
At 31 January 2016	31,135

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

**12. Tangible fixed assets**

	Motor vehicles £	Fixtures & fittings £	New fleet under construction £	Race yachts £	Total £
<b>Cost or valuation</b>					
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
<b>Depreciation</b>					
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
<b>Net book value</b>					
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 £
<b>Cost or valuation</b>	
At 1 February 2016	130,000
Amounts written off	(105,000)
	<hr/>
At 31 January 2017	25,000
	<hr/>
<b>Net book value</b>	
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 Palmetto 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**

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

**14. Debtors**

	<b>2017 £</b>	<b>2016 £</b>
<b>Due after more than one year</b>		
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>
	<b>2017 £</b>	<b>2016 £</b>
<b>Due within one year</b>		
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	2,638,588	707,114
Tax recoverable	187,500	-
	<u>8,204,199</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 £
<b>Amounts falling due within one year</b>		
Bank loans	627,767	604,097
	<u>627,767</u>	<u>604,097</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	459,744	627,767
	<u>459,744</u>	<u>627,767</u>
<b>Amounts falling due 2-5 years</b>		
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
<b>At end of year</b>	<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 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
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.

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**CLIPPER VENTURES PLC**

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

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**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.