

Registered number: 02650007

**BOAT INTERNATIONAL MEDIA LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

TUESDAY



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**BOAT INTERNATIONAL MEDIA LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	A C Harris C Downham
<b>REGISTERED NUMBER</b>	02650007
<b>REGISTERED OFFICE</b>	First Floor 41-47 Hartfield Road Wimbledon SW19 3RQ
<b>INDEPENDENT AUDITOR</b>	Crowe Clark Whitehill LLP 4 Mount Ephraim Road Tunbridge Wells Kent TN1 1EE
<b>BANKERS</b>	Barclays Bank Plc 27 Soho Square London W1D 3QR

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**BOAT INTERNATIONAL MEDIA LIMITED**

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## **BOAT INTERNATIONAL MEDIA LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their strategic report on the group for the year ended 31 December 2013.

#### **INTRODUCTION**

The principle activities of the company are the provision of media and marketing services relating to super yachts, including magazines, books, events and digital products.

#### **BUSINESS REVIEW**

The results of the company for the year, as set out on pages 8 to 21, show a profit on ordinary activities before tax of £268,118 (2012: £89,468). The shareholders' funds of the company total £7,468,340 (2012: £7,178,329).

The directors are satisfied with the results for the year and believe that the company will continue to trade profitably in the future. The directors use the following Key Performance Indicators (KPIs) to monitor the performance of the business:

Turnover - £11,100,096 (2012 - £11,379,508) being turnover per the statutory profit and loss account.

Administrative expenses as a % of turnover – 27.3% (2012 – 26.7%) being administrative expenses and turnover per the statutory profit and loss account expressed as a percentage.

Gross margin 37.0% (2012 – 42.2%) being gross profit per the statutory profit and loss account as a percentage of turnover as shown in the statutory profit and loss account.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The health of the underlying market the business serves is dependent on the number of ultra high net worth individuals in existence and being created globally. The beginnings of the recovery in the global economy means that the underlying market is starting to strengthen, although the directors consider that conditions will remain challenging in future periods. As the market improves, the outlook for the business is strong due to its market leading position, its ongoing product development and evolving digital platform.

The publishing industry in which the business operates has in general seen a flight to digital as magazine advertising and circulation revenues decline and online alternatives become more widely adopted by consumers. The business will continue to invest in both its print and digital platforms to manage this transition, and to mitigate the risk posed by activity from both existing competitors and new entrants.

#### **EVENTS SINCE THE YEAR END**

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in Boat International Group Limited, the company's ultimate parent undertaking, along with all the outstanding bank debt and loan notes together with accrued interest in Boat International Group Limited. On the same date these were converted to 12,488,925 A ordinary shares of £1 at par. As a result Boat International Group is now free from all senior bank debt and has been refinanced with loan notes from Boat Bidco Limited of £1,440,000 and a short-term loan facility of up to £200,000. These loan notes and facilities are all held by shareholders of Boat Bidco Limited.

#### **FUTURE DEVELOPMENTS**

The company intends to continue its principle activities in the future, and, supported by the new owners, develop and enhance its product offerings over time. Given its market leading position the outlook for the business remains strong.

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## **BOAT INTERNATIONAL MEDIA LIMITED**

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### **STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **GOING CONCERN**

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as the company has adequate resources' to continue operational existence for the foreseeable future. There are sufficient cash reserves and thus the directors believe the company can meet all of its liabilities as they fall due.

#### **FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES**

The company's principal financial instruments comprise amounts owed by and owed to group undertakings and sterling and foreign currency cash balances. The main purpose of these financial instruments is to fund the company's operations.

##### **Liquidity risk**

The company's policy is to ensure continuity of funding through arranging funding for operations via intra-group loans to aid short term flexibility.

##### **Cash flow interest rate risk**

The company's exposure to interest rate risk relates primarily to amounts owed to group undertakings, certain of which are interest bearing at a fixed rate. The directors monitor the overall levels of borrowings and interest costs to manage the effects of these on the financial performance of the company.

##### **Foreign Currency risk**

The company is exposed in its trading operations to the risk of changes in foreign currency exchange rates as it both buys and sells goods and services, principally in Europe and the USA. The main foreign currencies in which the group trades are the Euro and US dollar, with receipts exceeding costs in both currencies giving rise to the requirement to exchange foreign currency into Sterling.

The company pursues a policy of selling forward prudent amounts of currency to mitigate against foreign currency risk. In 2013 significant movements in exchange rates, especially on the Euro Sterling rate, gave rise to exchange losses of £202,828. In 2014 the company has continued to pursue this policy with some modification for current circumstances and the directors anticipate lower exposure in this period.

##### **Credit risk**

The company's principle financial assets are cash and trade debtors, which represent the company's main exposure to credit risk.

Cash balances are held with reputable financial institutions and the exposure to credit risk on these balances is not considered by the directors to be significant.

In relation to trade debtors, the company has no significant concentration of credit risk, with exposure spread over a large number of customers. The directors monitor the overall amount and duration of exposure to any one customer, and also require prepayment for goods and services where appropriate.

The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the directors based on prior experience and their assessment of the prevailing economic climate.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**EMPLOYEE INVOLVEMENT**

The quality and commitment of our people have played a major role in our business success. This has been demonstrated in many ways, including improvement in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements and new ways of working. Employees' performance is aligned to company goals through an annual performance review process that is carried out with all employees.

**ENVIRONMENT**

The company's policy with regard to the environment is to ensure that the directors understand and effectively manage the actual and potential environmental impact of our activities. The company's operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out business. During the period covered by this report the company has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

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



**A C Harris  
Director**

Date: 22 September 2014

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## **BOAT INTERNATIONAL MEDIA LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The directors present their report and the financial statements for the year ended 31 December 2013.

#### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 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.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £290,010 (2012 - £101,455).

The directors do not recommend the payment of a dividend (2012 - £nil).

#### **DIRECTOR**

The director who served during the year was:

A C Harris

On 17 June 2014 C Downham was appointed to be a director of the company.

#### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 auditor is aware of that information.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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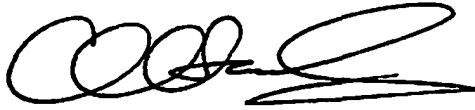
**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**AUDITOR**

Grant Thornton UK LLP resigned as auditors and Crowe Clark Whitehill LLP were appointed to fill the casual vacancy that arose. In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Crowe Clark Whitehill LLP will be put to the Annual General Meeting.

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



**A C Harris**  
Director

Date: 22 September 2014



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## **BOAT INTERNATIONAL MEDIA LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOAT INTERNATIONAL MEDIA LIMITED**

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We have audited the financial statements of Boat International Media Limited for the year ended 31 December 2013, set out on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the directors' responsibilities statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOAT INTERNATIONAL MEDIA LIMITED**

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**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.

*Mark Anderson*

Mark Anderson (senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

4 Mount Ephraim Road

Tunbridge Wells

Kent

TN1 1EE

Date: 29 September 2014

**BOAT INTERNATIONAL MEDIA LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2	<b>11,100,096</b>	<b>11,379,508</b>
Cost of sales		<u>(6,988,880)</u>	<u>(6,575,165)</u>
<b>GROSS PROFIT</b>		<b>4,111,216</b>	<b>4,804,343</b>
Distribution costs		<u>(608,978)</u>	<u>(633,334)</u>
Administrative expenses		<u>(3,034,130)</u>	<u>(3,043,508)</u>
Exceptional administrative expenses		<u>(200,000)</u>	<u>(1,069,927)</u>
Total administrative expenses		<u>(3,234,130)</u>	<u>(4,113,435)</u>
Other operating income	3	<u>66</u>	<u>31,907</u>
<b>OPERATING PROFIT</b>	4	<b>268,174</b>	<b>89,481</b>
Interest payable and similar charges	7	<u>(56)</u>	<u>(13)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>268,118</b>	<b>89,468</b>
Tax on profit on ordinary activities	8	<u>21,892</u>	<u>11,987</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	18	<b><u>290,010</u></b>	<b><u>101,455</u></b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account.

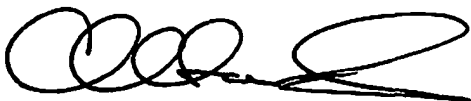
The notes on pages 10 to 21 form part of these financial statements.

**BOAT INTERNATIONAL MEDIA LIMITED**  
**REGISTERED NUMBER: 02650007**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	9		2,553,871		3,085,229
Tangible assets	10		249,670		376,278
Investments	11		3,140		3,140
			<u>2,806,681</u>		<u>3,464,647</u>
<b>CURRENT ASSETS</b>					
Stocks	12	74,487		169,572	
Debtors	13	13,902,172		13,460,371	
Cash at bank and in hand		489,611		529,815	
			<u>14,466,270</u>	<u>14,159,758</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	(3,601,049)		(4,242,513)	
<b>NET CURRENT ASSETS</b>			<u>10,865,221</u>		<u>9,917,245</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>13,671,902</u>		<u>13,381,892</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		(6,203,563)		(6,203,563)
<b>NET ASSETS</b>			<u><u>7,468,339</u></u>		<u><u>7,178,329</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		10,000		10,000
Profit and loss account	18		7,458,339		7,168,329
<b>SHAREHOLDERS' FUNDS</b>	19		<u><u>7,468,339</u></u>		<u><u>7,178,329</u></u>

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



A C Harris  
Director

Date: 22 September 2014

The notes on pages 10 to 21 form part of these financial statements.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Going concern**

The directors have prepared cash flow forecasts and considered the cash flow requirement for the company for a period including twelve months from the date of the approval of these financial statements. These forecasts show that based on the cash reserves of the company, as at the date of these financial statements, and the cash expected to be generated from the company's operations that the company has sufficient resources available in order to continue trading for a period of at least 12 months from the date of signing these accounts. Based on these forecasts the directors are confident that the company has sufficient flexibility of resources to enable it to pay its debts as they fall due.

As a result of the above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

**1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Events revenue is recognised on the delivery of the relevant event.

Subscription revenue is recognised over the duration of the subscription.

Advertising revenue is recognised on the delivery of the service.

**1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. It is amortised to the profit and loss account over its estimated economic life to a maximum of 15 years.

Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

Titles and intellectual property rights acquired are included at cost and amortised on a straight line basis over their useful lives of 9 to 16 years. The carrying values of other intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	20% per annum on cost or over the remaining lease term if less than 5 years
Motor vehicles	-	25% per annum on cost
Fixtures and fittings	-	25% per annum on cost
Computer equipment and plant and machinery	-	33% per annum on cost

**1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.7 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.10 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.12 Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Where a liability is extinguished or repaid earlier than originally anticipated the associated deferred finance costs are released to the profit and loss account.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

**1.13 Exceptional items**

Where an item or items which arise from events or transactions that fall within the ordinary activities of the company are material either individually or in aggregate such that due to their size or incidence they require separate disclosure in order for the financial statements are to give a true and fair view these items are disclosed as exceptional items in the profit and loss account.

**2. TURNOVER**

A geographical analysis of turnover is as follows:

	2013 £	2012 £
United Kingdom	2,017,833	1,470,600
Rest of European Union	4,258,806	5,161,499
Rest of world	4,823,457	4,747,409
	<u>11,100,096</u>	<u>11,379,508</u>

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**3. OTHER OPERATING INCOME**

	2013 £	2012 £
Royalty receivable	66	31,907

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2013 £	2012 £
Amortisation - intangible fixed assets	331,358	346,264
Depreciation of tangible fixed assets:		
- owned by the company	159,672	190,331
Auditor's remuneration	22,500	29,500
Operating lease rentals:		
- other operating leases	124,880	156,100
Difference on foreign exchange	202,828	(31,907)
Impairment charge - intangible fixed assets	200,000	1,069,927

**5. STAFF COSTS**

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

	2013 £	2012 £
Wages and salaries	1,885,665	1,686,072
Social security costs	217,478	188,780
Other pension costs	58,880	45,951
	2,162,023	1,920,803

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

	2013 No.	2012 No.
Editorial	9	10
Advertising	10	8
Events	3	3
Digital	10	8
Corporate	5	5
	37	34



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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**6. DIRECTORS' REMUNERATION**

	2013 £	2012 £
Remuneration	<u>205,950</u>	<u>205,235</u>
Company pension contributions to defined contribution pension schemes	<u>9,534</u>	<u>9,534</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £205,950 (2012 - £205,235).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,534 (2012 - £9,534).

**7. INTEREST PAYABLE**

	2013 £	2012 £
On bank loans and overdrafts	<u>56</u>	<u>13</u>

**8. TAXATION**

	2013 £	2012 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profit for the year	-	15,420
Adjustments in respect of prior periods	(419)	-
<b>Total current tax</b>	<u>(419)</u>	<u>15,420</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(41,001)	22,600
Effect of increased tax rate on opening liability	19,528	34,639
Adjustments in respect of prior periods	-	(84,646)
<b>Total deferred tax (see note 16)</b>	<u>(21,473)</u>	<u>(27,407)</u>
<b>Tax on profit on ordinary activities</b>	<u>(21,892)</u>	<u>(11,987)</u>

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**8. TAXATION (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 25.67%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>268,118</u>	<u>89,468</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 25.67%)	62,337	22,966
<b>Effects of:</b>		
Ineligible depreciation	5,867	931
Expenses not deductible for tax purposes	12,926	20,007
Capital allowances for year in excess of depreciation	(13,340)	(4,928)
Utilisation of tax losses	(45,945)	(34,099)
Short term timing difference	(13,145)	10,543
Transfer pricing adjustments	39,577	-
Adjustments to tax charge in respect of prior periods	(419)	-
Group relief	(48,277)	-
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>(419)</u>	<u>15,420</u>

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**9. INTANGIBLE FIXED ASSETS**

	Goodwill £	Titles acquired £	Intellectual property rights £	Total £
<b>Cost</b>				
At 1 January 2013 and 31 December 2013	215,000	4,851,400	327,281	5,393,681
<b>Amortisation</b>				
At 1 January 2013	42,999	2,178,179	87,274	2,308,452
Charge for the year	14,333	297,024	20,001	331,358
Impairment charge	-	200,000	-	200,000
At 31 December 2013	57,332	2,675,203	107,275	2,839,810
<b>Net book value</b>				
At 31 December 2013	157,668	2,176,197	220,006	2,553,871
At 31 December 2012	172,001	2,673,221	240,007	3,085,229

During the year the company's intangible fixed assets were reviewed for impairment. Cash flow forecasts were prepared which assume that the revenues of that element of the business will grow in the period ending 31 December 2014 and will gradually decline thereafter.

Over the last few years the publishing industry has seen a flight to digital as magazine advertising and circulation has declined with the development of online media offerings. Whilst this decline has not been as steep in the company's publications, the company has already launched a website listing yachts for sale (BI.com) and for charter (Charterfleet.com). The view is that these online listings will ultimately replace the Broker print listings and that the decline in print revenues and, therefore, profitability will continue.

At the end of 2012 management carried out an impairment review which concluded that the original useful economic life of the titles of 15 years was too long and that a remaining useful economic life of 9 years was more realistic. The review at the end of 2012 used a discount rate of 8%.

At the end of 2013 a further impairment review was completed that concluded that the change to a useful economic life of 9 years was appropriate but that the discount rate should reflect the average cost of capital to the company, which following the events described in note 24 is 12%. A discount rate of 12% has, therefore, been used.

This review identified an impairment to titles acquired of £200,000.

A sensitivity analysis was undertaken on unimpaired intangibles and based on the results of this and the impairment reviews, the directors consider the carrying value of the remaining intangible fixed assets to be recoverable.

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**10. TANGIBLE FIXED ASSETS**

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment and plant and machinery £	Total £
<b>Cost</b>					
At 1 January 2013	101,038	31,045	159,469	1,010,931	1,302,483
Additions	-	-	5,969	28,247	34,216
Disposals	-	-	(2,393)	-	(2,393)
At 31 December 2013	101,038	31,045	163,045	1,039,178	1,334,306
<b>Depreciation</b>					
At 1 January 2013	80,990	31,045	148,105	666,065	926,205
Charge for the year	11,187	-	6,967	142,072	160,226
On disposals	-	-	(1,795)	-	(1,795)
At 31 December 2013	92,177	31,045	153,277	808,137	1,084,636
<b>Net book value</b>					
At 31 December 2013	8,861	-	9,768	231,041	249,670
At 31 December 2012	20,048	-	11,364	344,866	376,278

**11. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	3,140
<b>Net book value</b>	
At 31 December 2013	3,140
At 31 December 2012	3,140

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**11. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Holding</b>
Boat International Media Inc	USA	100%
SuperYacht Media Limited	England & Wales	100%
Luxury Yacht Listing Services Limited	England & Wales	80%

**12. STOCKS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Finished goods	<b>74,487</b>	<b>169,572</b>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**13. DEBTORS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>1,415,601</b>	<b>927,415</b>
Amounts owed by group undertakings	<b>11,432,768</b>	<b>11,558,177</b>
Other debtors	<b>92,257</b>	<b>133,901</b>
Prepayments and accrued income	<b>790,361</b>	<b>691,166</b>
Deferred tax asset (see note 16)	<b>171,185</b>	<b>149,712</b>
	<b>13,902,172</b>	<b>13,460,371</b>

**14. CREDITORS:**

**Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>1,161,508</b>	<b>1,256,121</b>
Amounts owed to group undertakings	<b>1,522,274</b>	<b>2,456,864</b>
Corporation tax	<b>-</b>	<b>419</b>
Other taxation and social security	<b>75,645</b>	<b>68,501</b>
Accruals and deferred income	<b>841,622</b>	<b>460,608</b>
	<b>3,601,049</b>	<b>4,242,513</b>

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**BOAT INTERNATIONAL MEDIA LIMITED**

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**15. CREDITORS:**  
**Amounts falling due after more than one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<b>6,203,563</b>	<b>6,203,563</b>

Amounts owed to group undertakings are repayable on 31 December 2016, are unsecured and attract a variable rate of interest.

**16. DEFERRED TAX ASSET**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
At beginning of year	<b>149,712</b>	<b>149,712</b>
Released during year	<b>21,473</b>	<b>-</b>
At end of year	<b>171,185</b>	<b>149,712</b>

The deferred tax asset is made up as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>100,239</b>	<b>90,072</b>
Tax losses carried forward	<b>28,504</b>	<b>-</b>
Short term timing differences	<b>42,442</b>	<b>59,640</b>
	<b>171,185</b>	<b>149,712</b>

There is an unprovided deferred tax asset of £159,523 at the year end relating to unrelieved losses on financing activities. This can be relieved in the future against non-trading income. This deferred tax asset has not been recognised due to uncertainty as to when this non trading income will arise.

**17. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
10,000 Ordinary shares shares of £1 each	<b>10,000</b>	<b>10,000</b>

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**18. RESERVES**

	Profit and loss account £
At 1 January 2013	7,168,329
Profit for the financial year	290,010
	<u>7,458,339</u>
At 31 December 2013	<u>7,458,339</u>

**19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Opening shareholders' funds	7,178,329	7,076,874
Profit for the financial year	290,010	101,455
	<u>7,468,339</u>	<u>7,178,329</u>
Closing shareholders' funds	<u>7,468,339</u>	<u>7,178,329</u>

**20. CONTINGENT LIABILITIES**

The company's previous bankers, Lloyds Bank, held a composite guarantee between BIP1 Limited and BIP2 Limited, Boat International Publications Limited, Boat International Media Limited, Boat International Holdings 1 Limited, Boat International Holdings 2 Limited, Boat International Holdings Limited and Boat International Group Limited. The total indebtedness covered by the cross guarantee at 31 December 2013 amounts to £10,880,618 (2012: £10,889,330). The bank also had a fixed and floating charge over all the current and future assets of the company.

The composite guarantee and fixed asset floating charge were released subsequent to the transaction detailed in note 24.

**21. 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 £58,880 (2012 - £46,227).

**22. OPERATING LEASE COMMITMENTS**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2013 £	2012 £
Expiry date:		
Between 2 and 5 years	<u>156,100</u>	<u>124,880</u>

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**23. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in 'FRS 8 Related Party Disclosures' from disclosing transactions with companies where 100% of the voting rights are controlled within the group as consolidated accounts are publicly available.

During the year ended 31 December 2013, the company recharged expenses of £358,801 (2012: £336,055) to Luxury Yacht Listings Limited. At the balance sheet date, the company owed £104,709 (2012: £80,952) from Luxury Yacht Listings Limited.

During the year management fees of £58,288 (2012: £75,000) were paid to August Equity LLP. August Equity Capital LLP is a related party by virtue of its shareholding in the ultimate parent.

**24. POST BALANCE SHEET EVENTS**

On 10 January 2014 Boat Bidco Limited acquired 100% of the shares in Boat International Group Limited, the company's ultimate parent undertaking, along with all the outstanding bank debt and loan notes together with accrued interest in Boat International Group Limited. On the same date these were converted to 12,488,925 A ordinary shares of £1 at par. As a result Boat International Group is now free from all senior bank debt and has been refinanced with loan notes from Boat Bidco Limited of £1,440,000 and a short-term loan facility of up to £200,000. These loan notes and facilities are all held by shareholders of Boat Bidco Limited.

Boat Bidco Limited is owned by an investment consortium led by Pembroke VCT plc (Pembroke), with support from Lepe Capital.

**25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At the balance sheet date, the company considered its ultimate parent undertaking to be Boat International Group Limited; the majority of shares in the company being owned by funds managed by August Equity LLP. Note 24 includes details of a change in control subsequent to the year-end. By virtue of the spread of shareholdings there is no one controlling party.