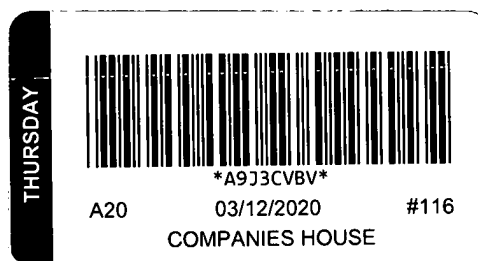


Company Registration No. 03087938 (England and Wales)

CLIPPER VENTURES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020



CLIPPER VENTURES PLC

COMPANY INFORMATION

Directors	Mr W Ward Sir Robin Knox-Johnston Mr J M Knight
Secretary	Mr J M Knight
Company number	03087938
Registered office	The Granary and Bakery Building Royal Clarence Yard Weevil Lane Gosport Hampshire PO12 1FX
Auditor	Moore (South) LLP City Gates 2 - 4 Southgate Chichester West Sussex PO19 8DJ
Bankers	HSBC Bank PLC 165 High Street Southampton Hampshire SO15 2AT
Solicitors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW

CLIPPER VENTURES PLC

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CLIPPER VENTURES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present the strategic report for the year ended 31 January 2020.

Business review

The Company is part of a group whose main business is staging round the world yacht races.

The results of the Company are set out on page 7, with a loss on ordinary activities before tax of £855,646 (2019 - profit of £3,278,349). The shareholder funds of the Company total £4,980,756 (2019 - £6,750,715).

The Company's principal product is the Clipper Round The World Yacht Race, the current edition of which started in August 2019, although the race is now suspended due to the COVID-19 pandemic.

Business environment

The UK economic environment is uncertain in the run up to Brexit. However, this is having minimal impact on the Company's income.

The current COVID-19 crisis is causing great uncertainty in the world and, as a global event, the Clipper Race therefore also faces great uncertainty. Users of these accounts should note the comments in Risks and Uncertainties below. We have had to suspend the 2019 edition of the race due to COVID-19 and this is planned to restart in 2021. All subsequent editions of the race will be delayed one year as a result. We have been pleased that our sales to crew members have continued strongly throughout the crisis. We anticipate a significant softening of the sponsorship market though. The Company has made a number of staff redundant in order to reduce costs during the crisis. The Company has also agreed a CBIL loan with HSBC.

Strategy

The Company and Group remains fully focused on developing the Clipper Round The World Yacht Race, as well as training partnerships in the Far East.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. Agreed operating procedures are used to manage risks arising from marine operations. All policies are subject to Board approval and ongoing review by management, risk management and internal audit.

Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance team, and the Group finance department take on an important oversight role in this regard. The CEO is responsible for satisfying himself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The principal risk to our Company arise from economic conditions, particularly with regards to the COVID-19 crisis, and marine operations/accidents/incidents. Assumptions have been made in the preparation of these accounts, particularly in the area of Deferred Income and Prepayments. Particular note should be made to the levels of deferrals and prepayments, details of which are outlined per Judgements and Key Estimates (note 2). The total deferred income is £11,446,943 which is greater than prepaid expenses of £1,097,295.

The current edition of the race is suspended. We are planning to restart the Clipper 19 Race in August 2021, but given the uncertainty over the resolution of the COVID-19 crisis there is significant risk to this plan.

Key performance indicators ('KPIs')

The Directors assess the performance of the Group using the following KPIs:

Net profit

Net working capital before deferred income and prepayments

Net shareholder funds

CLIPPER VENTURES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

s172 Statement

The Board takes account of the impact of its decisions on employees, customers and suppliers in its deliberations. Similarly the impact of the Company's activities on the community and environment are taken into account. For example, in setting the Company's actions in response to the COVID-19 crisis the Board has delayed the current edition of the Clipper Race to ensure the safety of its principle customers, the crew of the yachts, as well as coordinating our response with sponsors and key suppliers. Our overriding consideration has been to handle the COVID-19 crisis with the highest standards of professionalism and safety and to communicate our decisions effectively.

Future developments

The risks to UK and global economic growth remain significant and future prospects may be influenced by developments in the run in to and following Brexit as well as the COVID-19 crisis. The directors are watching developments in this area closely and will react appropriately once the future is clearer.

On behalf of the board



Sir Robin Knox-Johnston

Director

23rd November 2020

CLIPPER VENTURES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2020

The directors present their annual report and financial statements for the year ended 31 January 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W Ward
Sir Robin Knox-Johnston
Mr J M Knight

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a final dividend.

Auditor

The auditors, Moore (South) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, post balance sheet events and future developments.

CLIPPER VENTURES PLC

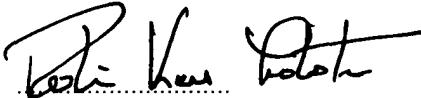
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Sir Robin Knox-Johnston
Director

Date: 23rd November 2020

CLIPPER VENTURES PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLIPPER VENTURES PLC

Opinion

We have audited the financial statements of Clipper Ventures PLC (the 'company') for the year ended 31 January 2020 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

CLIPPER VENTURES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CLIPPER VENTURES PLC

Matters on which we are required to report by exception

In the light of the 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.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrea Wulff (Senior Statutory Auditor)
for and on behalf of Moore (South) LLP

Chartered Accountants
Statutory Auditor

2nd December 2020

City Gates
2 - 4 Southgate
Chichester
West Sussex
PO19 8DJ

CLIPPER VENTURES PLC

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 JANUARY 2020

	Notes	2020 £	2019 £
Turnover	3	11,958,934	8,436,764
Cost of sales		(5,742,856)	(2,030,069)
Gross profit		6,216,078	6,406,695
Administrative expenses		(6,746,765)	(2,952,498)
Gain/(loss) from changes in fair value of foreign exchange contracts		-	(155,203)
Operating (loss)/profit	4	(530,687)	3,298,994
Interest receivable and similar income	8	50,828	6,214
Interest payable and similar expenses	9	-	(26,859)
Amounts written off loans to group undertakings		(375,787)	-
(Loss)/profit before taxation		(855,646)	3,278,349
Tax on (loss)/profit	10	85,687	(625,773)
(Loss)/profit for the financial year		(769,959)	2,652,576
Retained earnings brought forward		4,020,792	2,368,216
Dividends	11	(1,000,000)	(1,000,000)
Retained earnings carried forward		2,250,833	4,020,792

The profit and loss account has been prepared on the basis that all operations are continuing operations.

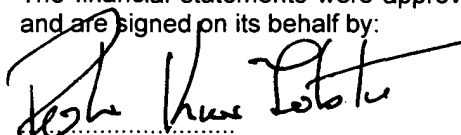
CLIPPER VENTURES PLC

BALANCE SHEET

AS AT 31 JANUARY 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12	6,654,169		6,987,070	
Investments	13	720,620		720,620	
		<u>7,374,789</u>		<u>7,707,690</u>	
Current assets					
Debtors falling due after more than one year	16	3,103,629	3,795,278		
Debtors falling due within one year	16	4,940,789	7,575,832		
Cash at bank and in hand		3,097,217	2,544,340		
		<u>11,141,635</u>	<u>13,915,450</u>		
Creditors: amounts falling due within one year	17	<u>(1,020,475)</u>	<u>(7,506,986)</u>		
Net current assets		<u>10,121,160</u>		<u>6,408,464</u>	
Total assets less current liabilities		<u>17,495,949</u>		<u>14,116,154</u>	
Creditors: amounts falling due after more than one year	18	(11,546,943)	(6,398,723)		
Provisions for liabilities	19	(968,250)	(966,716)		
Net assets		<u>4,980,756</u>		<u>6,750,715</u>	
Capital and reserves					
Called up share capital	22	585,195	585,195		
Share premium account		2,142,728	2,142,728		
Capital redemption reserve		2,000	2,000		
Profit and loss reserves		2,250,833	4,020,792		
Total equity		<u>4,980,756</u>		<u>6,750,715</u>	

The financial statements were approved by the board of directors and authorised for issue on 23rd November 2020 and are signed on its behalf by:



Sir Robin Knox-Johnston
Director

Company Registration No. 03087938

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

Company information

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

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Clipper Ventures Holdings PLC. These consolidated financial statements are obtainable as disclosed in note 27.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This expectation is based on a thorough review of the budgets and financial forecasts of the business.

The Directors have also taken account of the continued support of the business by HSBC bank as well as the sufficiency of financing arrangements currently agreed and contracted. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements incorporating all of the known impacts of Covid 19 as set out in note 25 to these financial statements.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales related taxes. The following criteria must also be met before turnover is recognised:

Race income is included in turnover based upon stage of completion. Where the duration of a race extends over more than one accounting period, the income and expenditure relating to that race is accounted for on a long-term basis with income and expenses brought into the Statement of Income and Retained Earnings 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 based upon stage completion of the race. Where a specific venue stopover is attached to sponsorship receivable, amounts are deferred until the stopover is reached.

Charter, training and other income is recognised along with related expenditure in the period when the activity is performed.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Race yachts	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. The estimated useful life of a race yacht is 5-7 races.
Fixtures and fittings	Straight line over 3-5 years.
Motor vehicles	Straight line over 5 years.

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

1.5 Fixed asset investments

Interests in jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

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

Derecognition of financial assets

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

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Derivatives

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

1.11 Taxation

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

Current tax

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

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

1.13 Retirement benefits

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

1.14 Leases

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

1.15 Foreign exchange

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

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Deferred income

Income is brought into the Statement of Income and Retained Earnings by reference to the completed race stages at the end of each financial year. Income relating to future activities is deferred, based on the different activities as set out in note 1.3. Within deferred income at the year end is £4,227,558 related to the 2019/20 Clipper Round The World Yacht Race, £3,009,294 related to the 2021/22 race, £3,760,091 related to the 2019/20 race sponsorship and £450,000 related to the 2021/22 race sponsorship.

Bad debt provisions

The trade debtor 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 accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Race income	9,216,939	6,793,304
Charter income	171,540	135,361
Sponsorship income	2,536,586	1,496,981
Training and other income	33,869	11,118
	<u>11,958,934</u>	<u>8,436,764</u>

All income arose within the United Kingdom.

4 Operating (loss)/profit

	2020 £	2019 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	171,373	(10,170)
Depreciation of owned tangible fixed assets	569,475	178,607
Operating lease charges	101,018	77,624
	<u></u>	<u></u>

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,000	16,500
Audit of the financial statements of the company's parent	2,000	-
	<u>13,000</u>	<u>16,500</u>
For other services		
All other non-audit services	5,500	-
	<u>5,500</u>	<u>-</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Management	3	2
Administrative	36	36
Yacht	47	29
	<u>86</u>	<u>67</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	3,664,405	1,636,114
Social security costs	305,887	276,093
Pension costs	63,519	63,240
	<u>4,033,811</u>	<u>1,975,447</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	508,916	470,089
Company pension contributions to defined contribution schemes	3,746	-
	<u>512,662</u>	<u>470,089</u>

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	238,891	220,096
	<u>238,891</u>	<u>220,096</u>
8 Interest receivable and similar income		
	2020 £	2019 £
Interest income		
Other interest income	50,828	6,214
	<u>50,828</u>	<u>6,214</u>
9 Interest payable and similar expenses		
	2020 £	2019 £
Interest on bank overdrafts and loans	-	26,859
	<u>-</u>	<u>26,859</u>
10 Taxation		
	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	616,849
Adjustments in respect of prior periods	(87,221)	-
	<u>(87,221)</u>	<u>-</u>
Total current tax	<u>(87,221)</u>	<u>616,849</u>
Deferred tax		
Origination and reversal of timing differences	1,534	8,924
	<u>1,534</u>	<u>8,924</u>
Total tax (credit)/charge	<u>(85,687)</u>	<u>625,773</u>

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

10 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(855,646)	3,278,349
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(162,573)	622,886
Tax effect of expenses that are not deductible in determining taxable profit	76,886	3,254
	-	(367)
Taxation (credit)/charge for the year	(85,687)	625,773

11 Dividends

	2020 £	2019 £
Interim paid	1,000,000	1,000,000

12 Tangible fixed assets

	Race yachts £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 February 2019	11,560,834	541,229	10,750	12,112,813
Additions	-	24,531	-	24,531
At 31 January 2020	11,560,834	565,760	10,750	12,137,344
Depreciation and impairment				
At 1 February 2019	4,605,649	509,344	10,750	5,125,743
Depreciation charged in the year	335,225	22,207	-	357,432
At 31 January 2020	4,940,874	531,551	10,750	5,483,175
Carrying amount				
At 31 January 2020	6,619,960	34,209	-	6,654,169
At 31 January 2019	6,955,185	31,885	-	6,987,070

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

13 Fixed asset investments

	Notes	2020 £	2019 £
Investments in joint ventures	15	45,620	45,620
Unlisted investments		675,000	675,000
		<u>720,620</u>	<u>720,620</u>

Movements in fixed asset investments

	Shares in group undertakings and participating interests £	Other investments other than loans £	Total £
Cost or valuation			
At 1 February 2019 & 31 January 2020	45,620	675,000	720,620
Carrying amount			
At 31 January 2020	45,620	675,000	720,620
At 31 January 2019	45,620	675,000	720,620

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

14 Subsidiaries

Details of the company's subsidiaries at 31 January 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
Hamble Sea School Limited	Sailing school	Ordinary	100.00
Hamble School of Yachting Limited	Sailing school	Guarantee	100.00
Clipper Ventures Online Limited	Consultancy	Ordinary	98.00
Grand Prix of Ocean Racing Limited	Dormant	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Hamble Sea School Limited	348,435	88,577
Hamble School of Yachting Limited	5,293	34
Clipper Ventures Online Limited	100	-
Grand Prix of Ocean Racing Limited	2	-

The registered office of Hamble Sea School Limited and Hamble School of Yachting Limited is Mercury Yacht Harbour, Satchell Lane, Hamble, Hampshire, SO31 4HQ.

The registered office of Clipper Ventures Online Limited and Grand Prix of Ocean Racing Limited is The Granary and Bakery Building, Royal Clarence Yard, Weevil Lane, Gosport, Hampshire, PO12 1FX.

15 Joint ventures

Details of the company's joint ventures at 31 January 2020 are as follows:

Name of undertaking	Interest held	% Held Direct
Clipper Greening Ventures Limited	Ordinary	50.00
Clipper Sports Shanghai Limited	Ordinary	60.00

The registered office of Clipper Greening Ventures Limited is The Granary and Bakery Building, Royal Clarence Yard, Weevil Lane, Gosport, Hampshire, PO12 1FX.

The registered office of Clipper Sports Shanghai Limited is 5F, 1018 Xikang Road, Shanghai, 20060, China.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	3,669,615	5,080,826
Corporation tax recoverable	381,806	-
Amounts owed by group undertakings	-	481,464
Amounts owed by undertakings in which the company has a participating interest	138,609	121,539
Other debtors	501,320	35,103
Prepayments and accrued income	249,439	1,856,900
	<u>4,940,789</u>	<u>7,575,832</u>
Amounts falling due after more than one year:		
	2020 £	2019 £
Amounts owed by group undertakings	1,356,334	1,341,008
Other debtors	650,000	700,000
Prepayments and accrued income	1,097,295	1,754,270
	<u>3,103,629</u>	<u>3,795,278</u>
Total debtors	<u>8,044,418</u>	<u>11,371,110</u>

17 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	422,392	468,190
Corporation tax	-	389,349
Other taxation and social security	64,864	69,519
Other creditors	103,154	362,222
Accruals and deferred income	430,065	6,217,706
	<u>1,020,475</u>	<u>7,506,986</u>

18 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	100,000	-
Accruals and deferred income	11,446,943	6,398,723
	<u>11,546,943</u>	<u>6,398,723</u>

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

19 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	20	968,250	966,716

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	968,706	967,143
Other short term timing differences	(456)	(427)
	<u>968,250</u>	<u>966,716</u>
Movements in the year:		2020 £
Liability at 1 February 2019		966,716
Charge to profit or loss		1,534
Liability at 31 January 2020		<u>968,250</u>

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>63,519</u>	<u>63,240</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £2,399 (2019 - £2,249) were payable to the fund at the balance sheet date and are included within creditors.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2020

22 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
38,992,942 Ordinary shares of 1p each	389,929	389,929
19,526,627 Deferred shares of 1p each	195,266	195,266
	<u>585,195</u>	<u>585,195</u>

23 Reserves

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.

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

The profit and loss account relates to the cumulative retained earnings after deduction of amounts distributed to shareholders.

24 Operating lease commitments

Lessee

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

	2020 £	2019 £
Within one year	61,113	77,624
Between two and five years	38,142	122,648
	<u>99,255</u>	<u>200,272</u>

25 Events after the reporting date

On 11 March 2020 the World Health Organisation declared the outbreak of COVID-19 a pandemic.

The pandemic is causing great uncertainty in the world and, as a global event, the Clipper Race therefore also faces great uncertainty. Users of these accounts should note the comments in Risks and Uncertainties. We have had to suspend the 2019 edition of the race due to COVID-19 and this is planned to restart in August 2021. All subsequent editions of the race will be delayed one year as a result. We have been pleased that our sales to crew members have continued strongly throughout the crisis. We anticipate a significant softening of the sponsorship market though. The Company has made a number of staff redundant in order to reduce costs during the crisis.

The Company has received a Coronavirus Business Interruption Loan post year end of £1.6m. The loan is interest free for a period of 12 months and subsequently accrues interest at 3.49% over the Bank of England Base Rate. The loan is repayable in full within 2 years and 6 months from the date of the first drawdown, May 2020.

CLIPPER VENTURES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

26 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 year end there was a balance of £6,614 (2019 - £6,614) outstanding.

The Company has previously made interest free loans to its directors. At the year end there was a balance of £650,000 (2019 - £700,000) outstanding.

The Company has provided services totalling £385,222 (2019 - £114,925) to its joint venture, Clipper Sports Shanghai Limited. At the year end there was a balance of £131,995 (2019 - £114,925) outstanding due from that company and a balance of £nil (2019 - £45,620) due to that company.

Included within other debtors is a balance of £500,000 (2019 - £nil) due from a company to which one of the directors has a 25% shareholding.

As at the year end the company wrote off a loan balance of £375,787 owed from its fellow group undertaking, Clipper Ventures Australia.

27 Ultimate controlling party

At 31 January 2020, 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 W Ward, a director, who owns 60% of the share capital of Clipper Ventures Holdings PLC.

The smallest and largest group in which the financial statements of the company are consolidated is that headed by Clipper Ventures Holdings PLC. The consolidated financial statements of this company are available from its registered office, The Granary and Bakery Building, Royal Clarence Yard, Weevil Lane, Gosport, Hampshire, PO12 1FX.