Company Registration No. 03087938 (England and Wales)

CLIPPER VENTURES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021

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

CONTENTS

CLIPPER VENTURES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2021

The directors present the strategic report for the year ended 31 January 2021.

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 £2,568,696 (2020 - loss of £855,646). The shareholder funds of the Company total £2,895,195 (2020 - £4,980,756).

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 delayed due to the Covid pandemic.

Business environment

The current Covid pandemic is causing great uncertainty in the world particularly for the travel industry worldwide. 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 delayed the 2019 edition of the race due to Covid and this is planned to restart in the early part of 2022. Currently the race yachts are safely berthed in Subic Bay, Philippines. Because the race has been suspended throughout the financial year ended 31 January 2021 the level of income recognised in these accounts has been very limited but has been deferred until the race has been restarted. We are very aware of the impact of the race delay on our crew and thank them for their continued commitment to completing the race once it restarts. We are also pleased that the majority of our sponsors have remained supportive of the race.

All subsequent editions of the race will be delayed as a result of the delay to the Clipper 19 Race. We have been pleased that our sales to crew members have continued strongly throughout the crisis.

The company has made a number of staff redundant in order to reduce costs during the crisis. The company has also agreed a CIBIL loan with its principal bankers, 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 panedmic, 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 £13,918,605 which is greater than prepaid race expenses of £1,530,130.

The current edition of the race is suspended. We are planning to restart the Clipper 19 Race in 2022, but given the uncertainty over the resolution of the Covid pandemic 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

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 pandemic 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 pandemic 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 Covid pandemic. The directors are watching developments in this area closely and will react appropriately once the future is clearer.

On behalf of the board

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Sir Robin Knox-Johnston
Director
23 July 2021

The directors present their annual report and financial statements for the year ended 31 January 2021.

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid in the year (2020 - £1,000,000). The directors do not recommend payment of a final dividend.

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

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.

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

Robin Knox Johnston

Sir Robin Knox-Johnston
Director

Date: 23 July 2021

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 2021 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior knowledge of the client and who had the required competence and skills to be able to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud. Management override was identified as a significant fraud risk. This is due to the ability to bypass controls and disclosure requirements.
- Completeness and cut off of income was identified as a significant risk to the audit, there is a risk that sales are not recognised correctly within the accounting records and within the correct accounting period.
- The accuracy and occurrence of job retention scheme income was also identified as a significant risk, there is a risk that claims could be incorrectly calculated in order to aid cash flow and overstate results for the year.
- We assessed going concern specifically in relation to reputational risk. Failure to adhere to the correct health and safety procedures could have a significant impact on the perception of the business and lead to a loss of future revenues.
- We obtained an understanding of the legal and regulatory requirements applicable to the company and we enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the risk of material misstatement in the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with responsibility for ensuring legal and regulatory compliance is adhered to and considering the internal controls in place to mitigate the identified risks.
- We obtained an understanding and assessed the impact of the Covid 19 pandemic on the operations of the business and adapted our audit approach accordingly. We enquired and obtained evidence to support the going concern assumption in the preparation of the financial statements and dovetailed this with knowledge gained from our audit work.
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures.

To address the risk of fraud through management override we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Tested journal entries to identify any unusual transactions.
- Assessed whether judgements and assumptions made by management in determining accounting. estimates were indicative of potential bias.
- Reviewed transactions with related parties in particular with group entities and transactions with directors.
- Reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation.

In response to the risk of fraud through revenue recognition policies we:

- Agreed a sample of income transactions from the nominal ledger to source documentation (race contracts).
- Performed analytical procedures on the gross margin achieved, comparing to prior year results and client budgets.
- Agreed a sample of sales invoices either side of the year end to agree they were recognised in the correct period.
- Review of credit notes raised either side of the year to ensure material credit notes have been appropriately authorised and recognised in the correct period.
- Reviewed management assumptions for deferred income and vouched transactions to supporting documentation to ensure the completeness and cut off of revenue.

In response to the risk of recognition of job retention scheme income we:

- Reviewed the occurrence of claims by comparing client calculations with amounts received per bank statements.
- Recalculated of a sample of job retention scheme calculations against HMRC legislation.
- Accounting policies and disclosure per the financial statements was reviewed to ensure compliance with the accounting framework and clear to the users understanding of the financial statements.

In response to the risk of going concern due to reputational risks in relation to health and safety:

- Discussions were held with management and those charged with responsibility for ensuring compliance with health and safety regulations are adhered to.
- Consideration of the internal controls in place to mitigate health and safety risks and the prevention of any adverse reputational risk.
- Review of sensitive nominal ledger codes for evidence of any undisclosed situations involving potential litigation or claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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

29th July 2021

Chartered Accountants
Statutory Auditor

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 2021

	Notes	2021 £	2020 £
Turnover	3	246,155	11,958,934
Cost of sales		(1,393,764)	(5,742,856)
Gross (loss)/profit		(1,147,609)	6,216,078
Administrative expenses		(2,395,310)	(6,746,765)
Other operating income		960,120	-
Operating loss	4	(2,582,799)	(530,687)
Interest receivable and similar income	8	39,103	50,828
Amounts written off investments	9	(25,000)	(375,787)
Loss before taxation		(2,568,696)	(855,646)
Tax on loss	10	483,135	85,687
Loss for the financial year		(2,085,561)	(769,959)
Retained earnings brought forward		2,250,833	4,020,792
Dividends	11	-	(1,000,000)
Retained earnings carried forward		165,272	2,250,833

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 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	13		6,301,876		6,654,169
Investments	14		695,620		720,620
			6,997,496		7,374,789
Current assets					
Debtors falling due after more than one year	17	3,627,050		3,103,629	
Debtors falling due within one year	17	5,161,049		4,940,789	
Cash at bank and in hand		3,810,760		3,097,217	
		12,598,859		11,141,635	
Creditors: amounts falling due within one year	18	(227,638)		(1,020,475)	
Net current assets			12,371,221		10,121,160
Total assets less current liabilities			19,368,717		17,495,949
Creditors: amounts falling due after more than one year	19		(15,518,605)		(11,546,943)
Provisions for liabilities					
Deferred tax liability	21	954,917		968,250	
			(954,917)		(968,250)
Net assets			2,895,195		4,980,756
Capital and reserves					
Called up share capital	23		585,196		585,195
Share premium account			2,142,728		2,142,728
Capital redemption reserve			2,000		2,000
Profit and loss reserves			165,271		2,250,833
Total equity			2,895,195		4,980,756

The financial statements were approved by the board of directors and authorised for issue on 23 July 2021 and are signed on its behalf by:

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Sir Robin Knox-Johnston
Director

Company Registration No. 03087938

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.

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).

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.

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.

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 *Government grants*

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 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.

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 £4,216,733 related to the 2019/20 Clipper Round The World Yacht Race, £5,484,298 related to the 2023/24 race, £3,982,574 related to the 2019/20 race sponsorship and £235,000 related to the 2023/24 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

	2021	2020
	£	£
Turnover analysed by class of business		
Race income	21,363	9,216,939
Charter income	53,200	171,540
Sponsorship income	127,971	2,536,586
Training and other income	43,621	33,869
	246,155	11,958,934

	2021	2020
	£	£
Other significant revenue		
Interest income	39,103	50,828
Grants received	960,120	-

All income arose within the United Kingdom.

The company participated in the Coronavirus Job Retention Scheme implemented by the government to support UK businesses during the pandemic. In general, employees were furloughed in response to customer reduced activity and reduced demand. The amount received and accrued for the year was £925,120. The company is continuing to use this government support in the 2022 year end.

4 Operating loss

Operating loss for the year is stated after charging/(crediting):	2021 £	2020 £
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(97,921)	171,373
Government grants	(960,120)	-
Depreciation of owned tangible fixed assets	309,956	569,475
Operating lease charges	61,113	101,018

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	2021 £	2020 £
For audit services		
Audit of the financial statements of the company	12,000	11,000
Audit of the financial statements of the company's parent	2,000	2,000
	14,000	13,000
For other services		
All other non-audit services	6,075	5,500

6 Employees

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

	2021 Number	2020 Number
Management	3	3
Administrative	29	36
Yacht	23	47
Total	55	86

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,923,510	3,664,405
Social security costs	230,289	305,887
Pension costs	48,933	63,519
	2,202,732	4,033,811

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	480,868	508,916
Company pension contributions to defined contribution schemes	3,575	3,746
	484,443	512,662

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

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

	2021	2020
	£	£
Remuneration for qualifying services	227,083	238,891

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	39,103	50,828

9 Amounts written off investments

	2021	2020
	£	£
Amounts written back to/(written off) current loans	-	(375,787)
Other gains and losses	(25,000)	-
	(25,000)	(375,787)

10 Taxation

	2021	2020
	£	£
Current tax		
Adjustments in respect of prior periods	(380,000)	(87,221)
Deferred tax		
Origination and reversal of timing differences	(103,135)	1,534
Total tax credit	(483,135)	(85,687)

10 Taxation **(Continued)**

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

	2021	2020
	£	£
Loss before taxation	(2,568,696)	(855,646)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(488,052)	(162,573)
Tax effect of expenses that are not deductible in determining taxable profit	4,917	76,886
Taxation credit for the year	(483,135)	(85,687)

11 Dividends

	2021	2020
	£	£
Interim paid	-	1,000,000

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021	2020
		£	£
In respect of:			
Fixed asset investments	14	25,000	-
Recognised in:			
Amounts written off investments		25,000	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

13 Tangible fixed assets

	Race yachts	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 February 2020	11,560,834	565,760	10,750	12,137,344
Additions	-	691	-	691
At 31 January 2021	11,560,834	566,451	10,750	12,138,035
Depreciation and impairment				
At 1 February 2020	4,940,874	531,551	10,750	5,483,175
Depreciation charged in the year	335,223	17,761	-	352,984
At 31 January 2021	5,276,097	549,312	10,750	5,836,159
Carrying amount				
At 31 January 2021	6,284,737	17,139	-	6,301,876
At 31 January 2020	6,619,960	34,209	-	6,654,169

14 Fixed asset investments

	Notes	2021	2020
		£	£
Investments in joint ventures	16	45,620	45,620
Unlisted investments		650,000	675,000
		695,620	720,620

Movements in fixed asset investments

	Shares in joint ventures	Other investments	Total
	£	£	£
Cost or valuation			
At 1 February 2020 & 31 January 2021	45,620	675,000	720,620
Impairment			
At 1 February 2020	-	-	-
Impairment losses	-	25,000	25,000
At 31 January 2021	-	25,000	25,000
Carrying amount			
At 31 January 2021	45,620	650,000	695,620
At 31 January 2020	45,620	675,000	720,620

15 *Subsidiaries*

Details of the company's subsidiaries at 31 January 2021 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	336,742	11,693
Hamble School of Yachting Limited	5,320	27
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.

16 Joint ventures

Details of the company's joint ventures at 31 January 2021 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.

17 Debtors

Amounts falling due within one year:	**2021** £	**2020** £
Trade debtors	3,888,993	3,669,615
Corporation tax recoverable	566,215	381,806
Amounts owed by undertakings in which the company has a participating interest	24,895	138,609
Other debtors	500,347	501,320
Prepayments and accrued income	180,599	249,439
	5,161,049	4,940,789

Amounts falling due after more than one year:	**2021** £	**2020** £
Amounts owed by group undertakings	1,357,118	1,356,334
Other debtors	650,000	650,000
Prepayments and accrued income	1,530,130	1,097,295
	3,537,248	3,103,629
Deferred tax asset (note 21)	89,802	-
	3,627,050	3,103,629
Total debtors	8,788,099	8,044,418

18 *Creditors: amounts falling due within one year*

	2021 £	**2020** £
Trade creditors	27,744	422,392
Taxation and social security	47,360	64,864
Other creditors	102,637	103,154
Accruals and deferred income	49,897	430,065
	227,638	1,020,475

19 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	20	1,600,000	-
Deferred income		13,918,605	11,446,943
Other creditors		-	100,000
		15,518,605	11,546,943

20 Loans and overdrafts

	2021 £	2020 £
Bank loans	1,600,000	-
Payable after one year	1,600,000	-

The long-term loans are secured by fixed charges over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future. Floating charges over all assets and undertaking both present and future dated 22 October 2010.

The first repayment on the loan is to be made 13 months after draw down. The loan will be repaid in 18 monthly instalments. Interest is charged at 3.49% over Bank of England Base Rate.

21 Deferred taxation

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

Balances:	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	954,917	968,706	-	-
Tax losses	-	-	89,368	-
Other short term timing differences	-	(456)	434	-
	954,917	968,250	89,802	-

21 Deferred taxation (Continued)

Movements in the year:	2021 £
Liability at 1 February 2020	968,250
Credit to profit or loss	(103,135)
Liability at 31 January 2021	865,115

22 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	48,933	63,519

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 £2,282 (2020 - £2,399) were payable to the fund at the balance sheet date and are included within creditors.

23 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £	2020 £
Issued and fully paid				
Ordinary shares of 1p each	38,992,942	38,992,942	389,930	389,929
Deferred shares of 1p each	19,526,627	19,526,627	195,266	195,266
	58,519,569	58,519,569	585,196	585,195

24 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.

25 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:

	2021	2020
	£	£
Within one year	19,900	61,113
Between two and five years	18,242	38,142
	38,142	99,255

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 (2020 - £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 (2020 - £650,000) outstanding.

The Company has provided services totalling £113,714 (2020 - £385,222) to its joint venture, Clipper Sports Shanghai Limited. At the year end there was a balance of £18,281 (2020 - £131,995) outstanding due from that company.

Included within other debtors is a balance of £500,000 (2020 - £500,000) due from a company to which one of the directors has a 25% shareholding.

27 Ultimate controlling party

At 31 January 2021, 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.