

Registered number: 08731010

BOAT BIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BOAT BIDCO LIMITED

COMPANY INFORMATION

DIRECTORS

N P Bell
C Downham
P Dubens
A D Wolfson

REGISTERED NUMBER

08731010

REGISTERED OFFICE

3 Cadogan Gate
London
SW1X 0AS

INDEPENDENT AUDITOR

Crowe Clark Whitehill LLP
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

BANKERS

Barclays Bank plc
27 Soho Square
London
W1D 3QR

BOAT BIDCO LIMITED

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 7
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated statement of changes in equity	11 - 12
Company statement of changes in equity	13
Consolidated statement of cash flows	14 - 15
Notes to the financial statements	16 - 36

BOAT BIDCO LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

INTRODUCTION

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

BUSINESS REVIEW

The results of the group for the period, as set out on pages 8 to 36, show a loss on ordinary activities before tax of £2,092,724 (2015: £3,015,594). The shareholders' funds of the group totalled £3,592,555 (2015: £6,150,207).

Following a transitional year in 2015, the directors view 2016 as a year of building on the investment made previously through developing the portfolio of products. They therefore, are satisfied with the results for the year and believe that the company will trade profitably in the future. The directors use the following Key Performance Indicators (KPIs) to monitor the performance of the business:

Overall Group Turnover – £11,152,410 (2015: £10,151,489); being turnover per the statutory profit and loss account

Administrative expenses as a % of turnover – 33.2% (2015: 52.2%); being administrative expenses and turnover per the statutory profit and loss account expressed as a percentage.

Gross margin – 24.2% (2015: 31.7%); being gross profit per the statutory profit and loss account as a percentage of turnover as shown in the statutory profit and loss account.

PRINCIPAL RISKS AND UNCERTAINTIES

The health of the underlying market the business serves is dependent on the number of ultra high net worth individuals (UHNWI) in existence and being created globally. The strength of the global economy means that the number of UHNWI has continued to increase and hence the underlying market has further strengthened. As the market improves, the outlook for the business is strong due to its market leading position, its ongoing product development and evolving digital platform.

The publishing industry in which the business operates has in general seen a flight to digital as magazine advertising and circulation revenues decline and online alternatives become more widely adopted by consumers. The group is well placed through its website to capitalise and manage the ongoing transition towards digital and to also mitigate the risk posed by activity from both existing competitors and new entrants.

FUTURE DEVELOPMENTS

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

GOING CONCERN

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors regard the going concern basis remain appropriate as the company has adequate resources to continue operational existence for the foreseeable future. There are sufficient cash reserves and thus the directors believe the company can meet all of its liabilities as they fall due.

BOAT BIDCO LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The main risks arising from the group's financial instruments are liquidity risk, cash flow interest rate risk, foreign currency risk and credit risk.

Liquidity risk

The group's borrowings consist of loan notes issued by Boat Bidco Limited of £1,525,000 and other loans amounting to £1,300,000 (2015: £600,000). A £500,000 loan was agreed in May 2015 with two additional £400,000 loans agreed in March and May 2016 with a £100,000 loan repaid in December 2016. Both the loan notes and the other loans are issued by shareholders in Boat Bidco Limited. The group's policy is to fund operations from trading cashflows, with short-term support from shareholders where required.

Cash flow interest rate risk

The group is not exposed to significant interest rate risk as the interest rate on the loan notes issued by Boat Bidco Limited of £1,525,000 and the interest rate on the £1,300,000 other loans are fixed. The group's policy is to monitor the level of borrowings and interest costs to ensure that any change in interest rates will not materially affect the ability of the group to manage its operations.

Foreign Currency risk

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

Credit risk

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

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

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

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

BOAT BIDCO LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

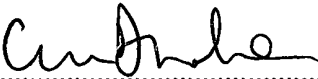
EMPLOYEE INVOLVEMENT

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

ENVIRONMENT

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

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



.....
C Downham
Director

Date: **8 JUNE 2017**

BOAT BIDCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation and minority interests, amounted to £2,150,699 (2015 - loss £3,085,792).

DIRECTORS

The directors who served during the year were:

N P Bell
C Downham
P Dubens
A D Wolfson

BOAT BIDCO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
C Downham
Director

Date: 8 JUNE 2017

BOAT BIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOAT BIDCO LIMITED

We have audited the financial statements of Boat Bidco Limited for the year ended 31 December 2016, set out on pages 8 to 36. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit or 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.

BOAT BIDCO LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOAT BIDCO LIMITED
(CONTINUED)**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report and the directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Anderson

Mark Anderson (senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

Date: *9 June 2017*

BOAT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	11,152,410	10,151,489
Cost of sales		<u>(8,452,887)</u>	<u>(6,937,457)</u>
GROSS PROFIT		2,699,523	3,214,032
Distribution costs		<u>(710,284)</u>	<u>(694,595)</u>
Administrative expenses		<u>(3,707,232)</u>	<u>(5,300,762)</u>
OPERATING LOSS	5	(1,717,993)	(2,781,325)
Interest receivable and similar income	9	1,090	777
Interest payable and expenses	10	<u>(375,821)</u>	<u>(235,046)</u>
LOSS BEFORE TAX		(2,092,724)	(3,015,594)
Tax on loss	11	<u>(58,139)</u>	<u>(70,475)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2,150,863)</u>	<u>(3,086,069)</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interest		<u>(164)</u>	<u>(277)</u>
Owners of the parent company		<u>(2,150,699)</u>	<u>(3,085,792)</u>
		<u>(2,150,863)</u>	<u>(3,086,069)</u>

There was no other comprehensive income for 2016 (2015: £NIL).

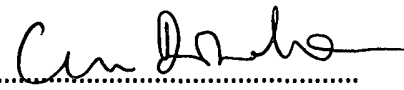
The notes on pages 16 to 36 form part of these financial statements.

BOAT BIDCO LIMITED
REGISTERED NUMBER: 08731010

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	13	8,251,608	9,669,572
Tangible assets	14	135,679	149,982
		<u>8,387,287</u>	<u>9,819,554</u>
CURRENT ASSETS			
Stocks	17	108,807	103,721
Debtors	18	2,688,016	2,722,700
Cash at bank and in hand	19	238,076	187,443
		<u>3,034,899</u>	<u>3,013,864</u>
Creditors: amounts falling due within one year	20	<u>(5,256,821)</u>	<u>(4,622,770)</u>
NET CURRENT LIABILITIES		(2,221,922)	(1,608,906)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,165,365	8,210,648
Creditors: amounts falling due after more than one year	21	<u>(2,572,810)</u>	<u>(2,060,441)</u>
NET ASSETS		3,592,555	6,150,207
CAPITAL AND RESERVES			
Called up share capital	25	7,870,333	7,870,333
Foreign exchange reserve		410,950	86,261
Profit and loss account		(4,682,674)	(1,800,497)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		3,598,609	6,156,097
Non-controlling interests		<u>(6,054)</u>	<u>(5,890)</u>
		<u>3,592,555</u>	<u>6,150,207</u>

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


.....
C Downham
Director

Date: **8 JUNE 2017**

The notes on pages 16 to 36 form part of these financial statements.

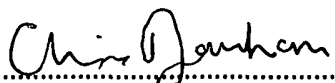
BOAT BIDCO LIMITED
REGISTERED NUMBER: 08731010

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	15	12,869,113	12,869,113
		<u>12,869,113</u>	<u>12,869,113</u>
CURRENT ASSETS			
Debtors	18	64,430	40,971
Cash at bank and in hand	19	4,741	20,783
		<u>69,171</u>	<u>61,754</u>
Creditors: amounts falling due within one year	20	(2,510,753)	(1,578,166)
NET CURRENT LIABILITIES		(2,441,582)	(1,516,412)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,427,531	11,352,701
Creditors: amounts falling due after more than one year	21	(1,525,000)	(1,525,000)
NET ASSETS		8,902,531	9,827,701
CAPITAL AND RESERVES			
Called up share capital	25	7,870,333	7,870,333
Profit and loss account		1,032,198	1,957,368
		<u>8,902,531</u>	<u>9,827,701</u>

The loss for the financial year dealt with in the financial statements of the parent company was £193,692 (2015: £192,475).

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


.....
C Downham
Director

Date: 8 JUNE 2017

The notes on pages 16 to 36 form part of these financial statements.

BOAT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2016	7,870,333	86,261	(1,800,497)	6,156,097	(5,890)	6,150,207
COMPREHENSIVE INCOME FOR THE YEAR						
Loss for the year	-	-	(2,150,699)	(2,150,699)	(164)	(2,150,863)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(2,150,699)	(2,150,699)	(164)	(2,150,863)
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Dividends: Preference share capital	-	-	(731,478)	(731,478)	-	(731,478)
Foreign exchange translation	-	324,689	-	324,689	-	324,689
TOTAL TRANSACTIONS WITH OWNERS	-	324,689	(731,478)	(406,789)	-	(406,789)
AT 31 DECEMBER 2016	7,870,333	410,950	(4,682,674)	3,598,609	(6,054)	3,592,555

BOAT BIDCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 January 2015	7,870,000	5,141	1,960,739	9,835,880	(5,613)	9,830,267
COMPREHENSIVE INCOME FOR THE YEAR						
Profit for the period	-	-	(3,085,792)	(3,085,792)	(277)	(3,086,069)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(3,085,792)	(3,085,792)	(277)	(3,086,069)
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Dividends: Preference share capital	-	-	(675,444)	(675,444)	-	(675,444)
Shares issued during the year	333	-	-	333	-	333
Foreign exchange translation	-	81,120	-	81,120	-	81,120
TOTAL TRANSACTIONS WITH OWNERS	333	81,120	(675,444)	(593,991)	-	(593,991)
AT 31 DECEMBER 2015	7,870,333	86,261	(1,800,497)	6,156,097	(5,890)	6,150,207

The notes on pages 16 to 36 form part of these financial statements.

BOAT BIDCO LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	7,870,000	2,825,287	10,695,287
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(192,475)	(192,475)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(192,475)	(192,475)
Dividends: Preference share capital	-	(675,444)	(675,444)
Shares issued during the year	333	-	333
At 1 January 2016	7,870,333	1,957,368	9,827,701
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(193,692)	(193,692)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(193,692)	(193,692)
Dividends: Preference share capital	-	(731,478)	(731,478)
AT 31 DECEMBER 2016	<u>7,870,333</u>	<u>1,032,198</u>	<u>8,902,531</u>

The notes on pages 16 to 36 form part of these financial statements.

BOAT BIDCO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	(2,150,863)	(3,086,069)
ADJUSTMENTS FOR:		
Amortisation of intangible assets	1,506,604	1,437,335
Depreciation of tangible assets	74,475	46,772
Interest paid	375,821	235,046
Interest received	(1,090)	(777)
Taxation charge	58,139	70,475
(Increase)/decrease in stocks	(5,086)	26,973
(Increase) in debtors	(23,455)	(152,099)
(Decrease)/increase in creditors	(1,124,440)	1,268,788
Foreign exchange	322,278	79,343
NET CASH GENERATED FROM OPERATING ACTIVITIES	(967,617)	(74,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(88,640)	(444,798)
Purchase of tangible fixed assets	(57,761)	(68,261)
Interest received	1,090	777
NET CASH FROM INVESTING ACTIVITIES	(145,311)	(512,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	-	333
Other new loans	1,500,000	600,000
Repayment of other loans	(300,000)	-
Interest paid	(19,355)	(72,751)
NET CASH USED IN FINANCING ACTIVITIES	1,180,645	527,582

BOAT BIDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	67,717	(58,913)
Cash and cash equivalents at beginning of year	170,359	229,272
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	238,076	170,359
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	238,076	187,443
Bank overdrafts	-	(17,084)
	238,076	170,359

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The company is a private limited company, which is incorporated and registered in England (Registered Number: 08731010).

The address of the registered office is 3 Cadogan Gate, London, SW1X 0AS.

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

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

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

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue

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

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

Subscription revenue is recognised over the duration of the subscription.

Advertising revenue is recognised on the delivery of the service.

2.5 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

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

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Stocks

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and forward contracts on foreign currency.

2.12 Creditors

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

2.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.15 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.17 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgments and estimates. The directors consider the significant judgments or estimates that would have a material impact on the financial statements is the annual impairment review of intangible assets, including goodwill.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. TURNOVER

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	1,672,193	1,659,519
Rest of Europe	4,292,548	4,333,447
Rest of the world	5,187,669	4,158,523
	<u>11,152,410</u>	<u>10,151,489</u>

5. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	74,475	46,772
Amortisation of intangible assets	1,506,604	1,437,335
Exchange differences	241,716	106,232
Fair value movement on financial instruments	11,563	-
Land and building operating leases	234,347	229,291
	<u>2,068,705</u>	<u>1,820,430</u>

6. AUDITOR'S REMUNERATION

	2016 £	2015 £
Auditor's remuneration in relation to:		
Audit	28,800	28,000
Tax compliance services	5,000	9,000
	<u>33,800</u>	<u>37,000</u>

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. EMPLOYEES

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

	2016 £	2015 £
Wages and salaries	4,174,926	3,831,257
Social security costs	416,466	374,454
Cost of defined contribution scheme	55,356	52,926
	<u>4,646,748</u>	<u>4,258,637</u>

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

	2016 No.	2015 No.
Editorial	23	17
Advertising	16	14
Corporate	6	6
Events	5	5
Digital	12	13
	<u>62</u>	<u>55</u>

8. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	167,375	272,388
Company contributions to defined contribution pension schemes	3,000	7,006
	<u>170,375</u>	<u>279,394</u>

During the year retirement benefits were accruing to 1 director (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £167,375 (2015 - £153,547).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,000 (2015 - £6,356).

The directors are considered to be the key management personnel.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. INTEREST RECEIVABLE

	2016	2015
	£	£
Other interest receivable	1,090	777

10. INTEREST PAYABLE

	2016	2015
	£	£
On bank loans and overdrafts	-	5,303
Other loan interest payable	375,821	229,743
	375,821	235,046

11. TAXATION

	2016	2015
	£	£
TOTAL CURRENT TAX	-	-
DEFERRED TAX		
Origination and reversal of timing differences	327	70,475
Adjustments in respect of prior periods	25,055	-
Effect of tax rate change on opening balance	32,757	-
TOTAL DEFERRED TAX	58,139	70,475
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	58,139	70,475

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(2,092,724)</u>	<u>(3,015,594)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	<u>(418,545)</u>	<u>(603,119)</u>
EFFECTS OF:		
Amortisation and depreciation on ineligible assets	189,781	198,915
Expenses not deductible for tax purposes	3,719	-
Difference in overseas tax rate	21,447	20,166
Adjustments to tax charge in respect of previous periods	25,055	-
Adjust deferred tax to average rate of 20.00%	107,131	40,195
Deferred tax not recognised	<u>129,551</u>	<u>414,318</u>
TOTAL TAX CHARGE FOR THE YEAR	<u>58,139</u>	<u>70,475</u>

12. DIVIDENDS

	2016 £	2015 £
Dividends accrued on preference share capital	<u>731,478</u>	<u>675,444</u>

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. INTANGIBLE ASSETS

Group and Company

	Goodwill £	Titles acquired £	Intellectual property rights £	Software £	Total £
COST					
At 1 January 2016	9,243,744	4,851,400	327,281	873,314	15,295,739
Additions	-	20,117	-	68,523	88,640
At 31 December 2016	<u>9,243,744</u>	<u>4,871,517</u>	<u>327,281</u>	<u>941,837</u>	<u>15,384,379</u>
AMORTISATION					
At 1 January 2016	1,848,748	3,303,844	149,907	323,668	5,626,167
Charge for the year	924,374	387,273	22,139	172,818	1,506,604
At 31 December 2016	<u>2,773,122</u>	<u>3,691,117</u>	<u>172,046</u>	<u>496,486</u>	<u>7,132,771</u>
NET BOOK VALUE					
At 31 December 2016	<u>6,470,622</u>	<u>1,180,400</u>	<u>155,235</u>	<u>445,351</u>	<u>8,251,608</u>
At 31 December 2015	<u>7,394,996</u>	<u>1,547,556</u>	<u>177,374</u>	<u>549,646</u>	<u>9,669,572</u>

During the period the group's titles acquired were reviewed for impairment. Cash flow forecasts were prepared which assumes a terminal value based on revenues growing a rate of 3% and future cash flows are discounted at 12%.

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

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

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

14. TANGIBLE FIXED ASSETS

Group

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment and plant and machinery £	Total £
COST OR VALUATION					
At 1 January 2016	105,423	321	212,288	320,554	638,586
Additions	7,532	-	-	50,229	57,761
Exchange adjustments	-	-	22,811	-	22,811
At 31 December 2016	112,955	321	235,099	370,783	719,158
DEPRECIATION					
At 1 January 2016	96,774	140	184,896	206,794	488,604
Charge for the period	7,069	109	15,244	52,053	74,475
Exchange adjustments	-	-	20,400	-	20,400
At 31 December 2016	103,843	249	220,540	258,847	583,479
NET BOOK VALUE					
At 31 December 2016	9,112	72	14,559	111,936	135,679
At 31 December 2015	8,649	181	27,392	113,760	149,982

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. FIXED ASSET INVESTMENTS**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Boat International Group Limited	Ordinary	100 %	Holding company
Boat International Media Limited	Ordinary	100 %	Provision of media and marketing services
Luxury Yacht Listing Services Limited	Ordinary	80 %	Provision of media and marketing services
Edimer SAS	Ordinary	100 %	Provision of media and marketing services
Boat International Media Inc	Ordinary	100 %	Provision of media and marketing services
Superyacht Media Limited	Ordinary	100 %	Dormant

Name	Registered office
Boat International Group Limited	Hartfield House, First Floor, 41-47 Hartfield Road, SW19 3RQ.
Boat International Media Limited	Hartfield House, First Floor, 41-47 Hartfield Road, SW19 3RQ.
Luxury Yacht Listing Services Limited	Hartfield House, First Floor, 41-47 Hartfield Road, SW19 3RQ.
Edimer SAS	La Christofferie, 242000 Marcillac St Quentin, France
Boat International Media Inc	101 NE 3rd Avenue, Suite 1220, Fort Lauderdale, Florida 33301, USA.
Superyacht Media Limited	Hartfield House, First Floor, 41-47 Hartfield Road, SW19 3RQ.

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Boat International Group Limited	(1,574,777)	-
Boat International Media Limited	1,923,834	(1,200,882)
Luxury Yacht Listing Services Limited	(30,271)	(821)
Edimer SAS	821,872	16,572
Boat International Media Inc	1,341,150	96,465
Superyacht Media Limited	(7,800)	-
	2,474,008	(1,088,666)

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

15. FIXED ASSET INVESTMENTS (CONTINUED)

Company

	Investments in subsidiary companies £
COST	
At 1 January 2016	12,869,113
At 31 December 2016	12,869,113
NET BOOK VALUE	
At 31 December 2016	12,869,113
At 31 December 2015	12,869,113

16. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £193,692 (2015 - loss £192,475).

17. STOCKS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and goods for resale	108,807	103,721	-	-

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

Stock recognised in cost of sales during the year as an expense was £92,794 (2015: £194,551)

An impairment loss of £90,624 (2015: £21,647) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. FIXED ASSET INVESTMENTS (CONTINUED)

Company

	Investments in subsidiary companies £
COST	
At 1 January 2016	<u>12,869,113</u>
At 31 December 2016	<u>12,869,113</u>
 NET BOOK VALUE	
At 31 December 2016	<u>12,869,113</u>
At 31 December 2015	<u>12,869,113</u>

16. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £193,692 (2015 - loss £192,475).

17. STOCKS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and goods for resale	<u>108,807</u>	<u>103,721</u>	<u>-</u>	<u>-</u>

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

Stock recognised in cost of sales during the year as an expense was £92,794 (2015: £194,551)

An impairment loss of £90,624 (2015: £21,647) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

18. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,489,327	1,571,922	-	-
Amounts owed by group undertakings	-	-	64,430	40,971
Other debtors	94,723	182,876	-	-
Prepayments and accrued income	853,365	659,161	-	-
Deferred taxation	250,601	308,740	-	-
	<u>2,688,016</u>	<u>2,722,699</u>	<u>64,430</u>	<u>40,971</u>

19. CASH AND CASH EQUIVALENTS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	238,076	187,443	4,741	20,783
Less: bank overdrafts	-	(17,084)	-	-
	<u>238,076</u>	<u>170,359</u>	<u>4,741</u>	<u>20,783</u>

20. CREDITORS: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	-	17,084	-	-
Other loans	441,892	99,918	-	-
Trade creditors	1,222,601	1,748,006	12,225	24,864
Amounts owed to group undertakings	-	-	94,213	88,977
Other taxation and social security	104,660	107,286	-	-
Accruals and deferred income	3,476,105	2,650,476	2,404,315	1,464,325
Financial instruments	11,563	-	-	-
	<u>5,256,821</u>	<u>4,622,770</u>	<u>2,510,753</u>	<u>1,578,166</u>

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. CREDITORS: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Loan notes	1,525,000	1,525,000	1,525,000	1,525,000
Other loans	1,047,810	535,441	-	-
	<u>2,572,810</u>	<u>2,060,441</u>	<u>1,525,000</u>	<u>1,525,000</u>

22. LOANS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Other loans	441,892	99,918	-	-
	<u>441,892</u>	<u>99,918</u>	<u>-</u>	<u>-</u>
AMOUNTS FALLING DUE 2-5 YEARS				
Loan notes	1,525,000	1,525,000	1,525,000	1,525,000
Other loans	1,047,810	535,441	-	-
	<u>2,572,810</u>	<u>2,060,441</u>	<u>1,525,000</u>	<u>1,525,000</u>

The group has loan notes totalling £1,440,000 with investors which include Pembroke VCT plc, Lepe Partners (Boat) LP, Oakley Capital Limited and Peter Dubens. These loan notes are repayable over the period until 31 December 2018. The interest on the loan notes is 12%.

The group's remaining loan notes amount to £85,000. The loan notes are repayable over the period to 31 December 2018. The interest on the loan notes is 8%.

The group has other loans with Pembroke VCT plc including two amounts of £400,000 and one of £500,000.

The two £400,000 loans are repayable over 5 years until 2 March 2021 and 19 May 2021 respectively. The interest rate on these loans is 12% per annum. The £500,000 loan is repayable over 5 years until 5 May 2020. The interest rate on this loan is 12% per annum.

The other loans are presented net of issue costs totalling £1,324, £991 and £3,200 respectively.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. FINANCIAL INSTRUMENTS

	Group 2016 £	<i>Group 2015 £</i>	Company 2016 £	<i>Company 2015 £</i>
FINANCIAL ASSETS				
Financial assets measured at amortised cost	1,700,092	<i>1,889,019</i>	64,430	<i>40,971</i>
	<u>1,700,092</u>	<i><u>1,889,019</u></i>	<u>64,430</u>	<i><u>40,971</u></i>
FINANCIAL LIABILITIES				
Derivative financial instruments measured at fair value through profit or loss	(11,563)	<i>-</i>	-	<i>-</i>
Financial liabilities measured at amortised cost	(7,707,893)	<i>(6,575,925)</i>	(4,035,753)	<i>(3,103,166)</i>
	<u>(7,719,456)</u>	<i><u>(6,575,925)</u></i>	<u>(4,035,753)</u>	<i><u>(3,103,166)</u></i>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, amounts owed by group companies and accrued income.

Financial liabilities measured at amortised cost comprise bank overdrafts, other loans, trade creditors, amounts owed to group undertakings and accruals.

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

24. DEFERRED TAXATION

Group

	2016 £
At beginning of year	308,740
Charged to the profit or loss	(58,139)
	<u>250,601</u>

The deferred tax asset is made up as follows:

	Group 2016 £	<i>Group 2015 £</i>
Depreciation in excess of capital allowances	(29,391)	<i>(27,764)</i>
Tax losses carried forward	1,554	<i>334,301</i>
Short term timing differences	278,438	<i>2,203</i>
	<u>250,601</u>	<i><u>308,740</u></i>

25. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
97,040 A Ordinary shares of £0.10 each	9,704	<i>9,704</i>
3,330 B Ordinary shares of £0.10 each	333	<i>333</i>
78,602,959 Preference shares of £0.10 each	7,860,296	<i>7,860,296</i>
	<u>7,870,333</u>	<i><u>7,870,333</u></i>

The preference shares are irredeemable. Dividends on the preference shares are compounded annually and are capped at the lower of available profits and 8%.

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

26. SHARE BASED PAYMENTS

During 2015 the group made an award of 19,331 share options. Of these 7,557 vested immediately and the fair value of the option was assessed as 0p. The exercise price of the options is 10p and the share price at the grant date was 10p.

A further 8,441 options granted can be exercised at any time between 1 and 2 years after the date of grant, or on a takeover if earlier. The remaining 3,333 can only be exercised on an exit event.

During the current year the group made an award of 3,333 share options.

If an individual leaves the group before 3 years after the date of grant, their options will lapse.

If an individual dies before 3 years after the date of grant, the options may be exercised by their representatives within twelve months. After 3 years after the date of grant, if an individual leaves, their options must be exercised within two months. There are no performance conditions attached to the options.

The estimated fair value for the remaining options was calculated by applying a Black-Scholes option pricing model is as follows:

	Weighted average exercise price (pence) 2016	Number 2016	Weighted average exercise price (pence) 2015	Number 2015
Outstanding at the beginning of the year	10	15,331		-
Granted during the year	10	3,333	10	19,331
Lapsed during the year	10	(5,333)	10	(4,000)
OUTSTANDING AT THE END OF THE YEAR	10	13,331	10	15,331

BOAT BIDCO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. SHARE BASED PAYMENTS (CONTINUED)

The number of options exercisable at the end of the year is 6,335 (2015: 10,225).

	2016	2015
Exercise price (pence)	10	10
Expected volatility	60%	60%
Expected dividend growth rate	0%	0%
Risk-free interest rate	1%	1%

The share option charge has not been recognised in the group financial statements on the grounds that the impact on the financial statements would be insignificant.

27. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £57,128 (2015: £52,926).

At the year end £16,352 was owed to the pension provider (2015: - £11,595).

28. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	156,100	156,100
Later than 1 year and not later than 5 years	65,042	221,142
	<u>221,142</u>	<u>377,242</u>

BOAT BIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

29. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in 'FRS 102 Section 33 Related Party Disclosures' from disclosing transactions with companies where 100% of the voting rights are controlled within the group as consolidated accounts are publicly available.

During the period ended 31 December 2016, the company recharged expenses of £4,544 (2015: £277,946) to Luxury Yacht Listing Services Limited, a company in which the group holds 80% of the issued share capital. At the balance sheet date, the group was due £19,422 (2015: £56,957) from Luxury Yacht Listing Services Limited.

Peter Dubens, a director of the company, owns loan notes totalling £20,000. £20,000 of the loan notes remain outstanding at the period end. At the beginning of the period the company owed Peter Dubens £2,807 in respect of loan note interest. During the period the loan notes attracted £2,737 (2015: £2,472) of interest and the company paid interest totalling £nil (2015: £937). At the period end loan note interest amounting to £5,544 (2015: £2,807) was owed to Peter Dubens. During the period preference dividends amounting to £7,415 (2015: £6,866) became payable to Peter Dubens. At the balance sheet date £20,205 (2015: £12,790) of preference dividends were outstanding.

During the year a major shareholder advanced £1,000,000 (2015: £600,000) of other loans to the group. The group repaid £300,000 (2015: £nil) other loans during the year. The other loans attracted interest totalling £161,794 (2015: £132,252). At the balance sheet date, £1,300,000 (2015: £600,000) of the other loan balance was outstanding along with £184,187 (2015: £37,068) of accrued loan interest.

At the balance sheet date certain major shareholders owned loan notes totalling £1,370,000 (2015: £1,370,000). The loan notes attracted interest of £193,921 (2015: £169,332) of which £363,253 (2015: £169,332) was outstanding at the balance sheet date.

During the year, the group invoiced amounts totalling £100,483 (2015: £42,196) to and were invoiced £140 (2015: £nil) from companies with common directorships, and that directorship role granted significant influence over each entity. At the balance sheet date no balance was outstanding (2015: £45,574 was owed to the group).