McLaren Technology Group Limited

Annual report and financial statements

Registered number 01967715

31 December 2017

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Strategic report

Principal activities

McLaren Technology Group Limited ("the Company") acts as the holding company for a range of related and complementary businesses including McLaren Racing Limited, McLaren Marketing Limited, McLaren Applied Technologies Limited and Team McLaren Limited.

The Company provides shared management services to all McLaren Group Limited companies covering Facilities Management, IT and Corporate Services. These costs are recharged out to the other Group companies as appropriate.

The Company also currently maintains the centralised funding arrangements for the McLaren Technology Group Limited and its subsidiaries monitoring the net cash position. The net currency risk exposure is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts.

Following the formation of the new McLaren Group in July 2017, the Group has established a new operational and management structure. The McLaren Group is now formed of three clear divisions: Applied Technologies, Automotive and Racing. The layer of McLaren Technology Group is being removed from the corporate structure as a parent company, but will continue to operate to provide shared management services to the Group.

Business review and key performance indicators

The results in 2017 reflect the services provided by the Company across all entities within the new McLaren Group. Prior to 20th July 2017, the Company provided some services to McLaren Automotive as a related party. The increased costs and recharges in 2017 reflect the consistent approach to all companies now serviced.

The Directors consider total costs to be the key performance indicator of the Company, distinguishing between those driven by specific business demand, and those controlled and managed by the Company on behalf of the Group as a whole.

KPIs are monitored at Group level, for further details please refer to the Annual Report of McLaren Group Limited (the "Group").

The key focus is in supporting the business demands alongside achieving efficiencies and delivering on identified synergies following the merger of the McLaren Automotive Limited and McLaren Technology Group Limited in July 2017.

Performance in relation to the strategies of the McLaren Group as a whole are monitored regularly.

Future Developments

As announced on 10th April 2018, following the merger of McLaren Automotive Limited and McLaren Technology Group Limited, the McLaren Group has announced several further developments in the Company's operational structure to bring greater efficiency and simplification to the business. One of these changes is to remove the current McLaren Technology Group layer. This will result in the trading subsidiaries of the Company being sold up to McLaren Holdings Limited, and the Company will therefore sit alongside these in the structure and continue to perform the centralised service functions. The dormant subsidiaries beneath the Company are in the process of being dissolved. All funding arrangements will be continued through McLaren Holdings Limited.

Principal risks and uncertainties

The principal risks of the Company are intrinsically linked to those of the Group as a whole to which it supports, for further details please refer it the Annual Report of McLaren Group Limited.

Strategic report (continued)

By order of the Board

T. N. [signature]

T Murnane
Secretary

4 September 2018

Registered Office:
McLaren Technology Centre
Chertsey Road
Woking
Surrey
GU21 4YH

Directors' report

The Directors present their annual report and the audited financial statements of the Company and independent auditors' report, for the year ended 31 December 2017.

Results

The profit for the financial year after taxation amounted to £3,433K (2016: loss of £9,460K).

Future developments

The future developments of the Company are explained in the Strategic report on pages 3 to 4.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 3b on page 14.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including foreign exchange risk, credit risk, and liquidity risk.

Foreign exchange and liquidity risk are managed via McLaren Group Limited, as the Company participates in the Group's centralised treasury arrangements. The Group uses long term and short term debt finance, and forward foreign exchange contracts to manage the net position of the Group as a whole.

The primary function of the Company is to act as a corporate services company for other Group entities. The ability of the Company to pay its liabilities will be dependent upon remittances or repayments from Group entities and, therefore, will be subject to all the risks to which the Group is subject. For details of these risks, please refer to the Annual Report of McLaren Group Limited.

Dividends

The Directors do not propose a dividend for the year ended 31 December 2017 (2016: £nil)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

P Buddin – appointed 31/07/18
J Neale – appointed 31/07/18
M Al Khalifa – resigned 01/08/18
M Al Kooheji – resigned 01/08/18
R Al Masri – resigned 01/08/18
M Ojjeh – resigned 01/08/18
J Allert – resigned 01/08/18
H Kirikian – resigned 14/06/18
W Griffiths – appointed 26/03/17
A Myers – resigned 28/02/18
R Dennis – resigned 20/07/17
J Riches – resigned 20/07/17

Directors' report *(continued)*

R Fakhri – resigned 26/03/17

Disabled employees

The policy of the Company is to give full and fair consideration to employment applications by disabled persons and to ensure that disabled employees receive appropriate training and career development opportunities. Employees who become disabled during their working life will be retained in employment wherever possible, with appropriate retraining being given if necessary.

Employee consultation

The Company is committed to ensuring that its people are actively engaged in the ongoing management and future direction of the business. Regular formal, and informal, briefings are held with all sections of the workforce.

The Company takes reasonable steps to ensure that all employees, existing and prospective, are given fair and equal opportunity regardless of sex, race, ethnicity, religion or disability.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Directors' report (continued)

The Directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have been appointed as auditors and have indicated their willingness to continue in office. A resolution that they be reappointed will be proposed at the annual general meeting.

The financial statements on pages 11 to 34 were approved by the Board of Directors on 4th September 2018 and signed by order of the board:

T. N.

T Murnane
Secretary

4 September 2018

Registered Office:
McLaren Technology Centre
Chertsey Road
Woking
Surrey
GU21 4YH

Independent auditors' report to the members of McLaren Technology Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, McLaren Technology Group Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent auditors' report to the members of McLaren Technology Group Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of McLaren Technology Group Limited (continued)

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Mark Gill (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 September 2018

Profit and loss account

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover		**83,241**	54,239
Cost of Sales		**(53,991)**	(48,188)
Gross profit		**29,250**	6,051
Administrative expenses		**(19,645)**	(10,090)
Operating profit/(loss)	6	**9,605**	(4,039)
Interest receivable and similar income	8	**6,553**	874
Interest payable and similar expenses		**(10,337)**	(9,013)
Profit/(loss) before taxation		**5,821**	(12,178)
Tax on (loss)/profit	9	**(2,388)**	2,718
Profit/(loss) for the financial year		**3,433**	(9,460)

The profit for the current year is equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

Balance sheet
as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	10	**2,278**	2,720
Tangible assets	11	**182,322**	189,224
Investments	12	**74**	74
		184,674	192,018
Current assets			
Inventories	14	**316**	141
Debtors	15	**88,302**	67,441
Cash at bank and in hand		**-**	1,830
		88,618	69,412
Creditors: Amounts falling due within one year	16	**(142,623)**	(123,222)
Net current liabilities		**(54,005)**	(53,810)
Total assets less current liabilities		**130,669**	138,208
Creditors: Amounts falling due after more than one year	17	**(27,122)**	(35,109)
Provisions for liabilities	19	**(1,665)**	(993)
Deferred capital funding	21	**(103,807)**	(107,464)
Net liabilities		**(1,925)**	(5,358)
Capital and reserves			
Called up share capital	22	**30**	30
Capital redemption reserve		**20**	20
Accumulated losses		**(1,975)**	(5,408)
Total equity		**(1,925)**	(5,358)

The financial statements of McLaren Technology Group Limited were authorised for issue by the board of directors on 4 SEPTEMBER and signed on its behalf by:

P Buddin

P Buddin
Director

Co. number: 01967715

Statement of changes in equity
for the year ended 31 December 2017

	Called up share capital £000	Capital redemption reserve £000	Retained earnings/ (accumulated losses) £000	Total equity £000
At 1 January 2016	**30**	**20**	**4,052**	**4,102**
Loss for the financial year	-	-	(9,460)	(9,460)
Total comprehensive expense	-	-	(9,460)	(9,460)
At 31 December 2016	**30**	**20**	**(5,408)**	**(5,358)**
Balance as at 1 January 2017	**30**	**20**	**(5,408)**	**(5,358)**
Profit for the financial year	-	-	3,433	3,433
Total comprehensive income	-	-	3,433	3,433
Balance as at 31 December 2017	**30**	**20**	**(1,975)**	**(1,925)**

Notes to the financial statements

1. General Information

McLaren Technology Group Limited (the "Company") is a private limited company incorporated in the United Kingdom and registered in England. The address of the registered office is given on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 3 to 4.

The Company is limited by shares.

2. Statement of compliance

The individual financial statements of McLaren Technology Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b. Going concern

The Company's activities, together with the factors likely to affect its future development and position are set out in the Strategic report on pages 3 and 4.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company obtained one financial support letter from McLaren Group Limited, also the ultimate controlling party, to enable the Company to operate for the next 12 months.

On the 20 July 2017, the two entities McLaren Technology Group Limited and McLaren Automotive Limited amalgamated under one holding company – McLaren Holding Limited. To finance the transaction, the Group issued a sterling Bond of £370,000K and a dollar Bond of $250,000K traded on the international stock exchange. The proceeds of these Bonds, together with £ 90,000K revolving credit and an additional £ 203,800K investment made in 2018 are more than sufficient to fund the new Group and its subsidiaries.

The Company's Directors therefore are confident that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

c. *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, McLaren Group Limited, includes the Company's cash flows in its own consolidated financial statements;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.41 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosure.

(iii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7

(iv) The financial statements contain information about McLaren Technology Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, McLaren Group Limited.

d. *Consolidated financial statements*

The Company is a wholly owned subsidiary of McLaren Holdings Limited, which in turn is a wholly owned subsidiary of McLaren Group Limited. It is included in the consolidated financial statements of McLaren Group Limited which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is McLaren Group Limited. The address of the parent's registered office is McLaren Technology Centre, Chertsey Road, Woking, Surrey, GU21 4YH.

e. *Foreign currency*

The Company's functional and presentational currency is the pound sterling.

Foreign currency transactions are translated into the functional currency at the rates ruling at the beginning of the month in which the transactions took place, unless they are deemed to be materially different to the spot rate, in which case spot exchange rates are used.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash and cash equivalents are presented in the profit and loss account within interest receivable/(payable).

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

Revenue represents recharges and management fee charges by the Company to other Group companies, and sales to external customers excluding value added tax. Revenue is recognised when the Company has performed its obligations in order to earn the revenue.

Interest income is recognised using the effective interest method.

g. Employee benefits

(i) *Defined contribution pension plans*

The Company participates in a defined contribution pension scheme and also pays contributions to personal pension schemes of certain employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

(ii) *Short term benefits*

Short term benefits, including holiday pay and other similar monetary benefits, are recognised as an expense in the period in which the service is rendered.

(iii) *Annual bonus plan*

The Company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

h. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

h. Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from inclusion of income and expenses in the tax assessments of different periods than those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference

i. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Research expenditure is written off in the period it is incurred. In accordance with section 18 of FRS 102, development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are not expected to exceed related future sales and adequate resources exist to enable the project to be completed.

Intangible fixed assets representing development costs incurred on new car programmes are capitalised at historical cost and amortised over the lifecycle of the car programme to which they relate. Development costs include materials, direct labour and the cost of work outsourced to third parties.

Development costs on each programme are capitalised up to the point at which the vehicle is formally handed over to production, which normally occurs 90 days following the first production vehicle being produced. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the profit and loss account as it is incurred.

IT Infrastructure expenditure is capitalised and amortised over 10 years from the date of implementation.

For all other intangible assets, amortisation is calculated using the straight line method to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, up to 10 years for development costs.

Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

j. Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided over the estimated useful lives of the assets at the following rates:

Freehold land and buildings	-	2% - 10% over straight line
Leasehold premises and improvements	-	written off over the life of the lease
Plant, machinery, tools and equipment	-	20% of reducing balance
Motor vehicles	-	25% of reducing balance
Fixtures, fittings and office equipment	-	20% of reducing balance

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account.

Repairs, maintenance and minor inspection costs are expensed as incurred.

k. Deferred capital funding

Capital based funding received for the construction of the McLaren Technology Centre is treated as deferred income and is credited to the profit and loss account in annual instalments over the estimated useful lives of the fixed assets concerned.

l. Leased assets

At inception the Company assesses agreements that transfer the right to use assets.

The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

l. Leased assets (continued)

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

m. Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

n. Investments

Investment in subsidiary companies is held at cost less accumulated impairment losses.

o. Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimating selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. Standard costs are used to value stock.

p. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

q. Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

r. Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables (except for prepayments) and cash and bank balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 assets original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables (except for deferred income), 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 receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements *(continued)*

3. Summary of significant accounting policies *(continued)*

r. Financial instruments (continued)

(ii) Financial liabilities *(continued)*

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 the profit and loss in finance costs or finance income as appropriate. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

s. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t. Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have considered the areas of judgement and estimation and believe the only area of significance in preparing the Company's financial statements is the potential impairment of intangible assets.

The Directors regularly consider factors that could indicate that the carrying amount of intangible assets could be impaired. Whenever events or changes in circumstances indicate that the carrying amount will not be recovered, there is a need to estimate recoverable amount (refer to Note 3i for further details).

Notes to the financial statements *(continued)*

5. Turnover

Analysis of turnover by geography and category

	2017 £000	2016 £000
United Kingdom and corporate services	**83,241**	54,239

6. Operating profit/(loss)

Operating profit/(loss) is stated after (crediting)/charging	2017 £000	2016 £000
Depreciation of tangible assets	**7,893**	8,268
Amortisation of intangible assets	**662**	418
Amortisation of deferred capital funding	**(3,657)**	(3,657)
Operating lease rentals	**2,400**	92
Auditors' remuneration – audit of these financial statements	**33**	23
Profit on disposal of fixed assets	**(5)**	(3)

7. Employees and directors

Employees

	2017 £000	2016 £000
Employee costs during the year:		
Wages and salaries	**17,522**	14,741
Social security costs	**2,560**	2,159
Other pension costs	**612**	558
	20,694	17,458

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

	2017 Number	2016 Number
Administration	**237**	185

Notes to the financial statements *(continued)*

7. Employees and directors *(continued)*

Directors

The Directors' emoluments were as follows:	**2017 £000**	**2016 £000**
Aggregate emoluments	**3,109**	5,476
Pension contributions	**-**	20
Compensation for loss of office	**1,960**	-
	5,069	5,496

	2017 Number	**2016 Number**
Number of directors who are members of a defined contribution pension scheme	**2**	2

The amounts set out above include remuneration in respect of the highest paid director as follows:	**£000**	**£000**
Emoluments	**1,174**	3,617

8. Net interest

	2017 £000	**2016 £000**
(a) Interest receivable and similar income		
Interest receivable on Group loans	**838**	92
Interest receivable on related party loans	**-**	752
Bank interest received	**50**	30
Gains on derivative financial instruments	**5,665**	-
	6,553	874

Notes to the financial statements *(continued)*

8. Net interest *(continued)*

	2017 £000	2016 £000
(b) Interest payable and similar expenses		
Interest payable on Group loans	**2,799**	178
Interest payable on related party loans	**1,953**	1,783
Finance lease interest	**17**	35
Interest payable on bank loans and overdrafts	**1,338**	1,864
Other interest payable and finance charges	**442**	598
Net exchange losses	**3,788**	121
Losses on derivative financial instruments	**-**	4,434
	10,337	9,013

9. Tax on profit/(loss)

(a) Tax expense/(income) included in profit or loss	2017 £000	2016 £000
Current tax:		
- UK corporation tax on profits for the year at 19.25% *(2016: 20%)*	**-**	(1,434)
- Foreign corporation tax on profits for the year	**5**	3
- Adjustments in respect of prior years	**337**	(85)
Total current tax	**342**	(1,516)
Deferred tax:		
- Origination and reversal of timing differences	**(709)**	(948)
- Adjustments in respect of prior years	**2,678**	(356)
- Impact of change in tax rate	**77**	102
Total deferred tax (see note 18)	**2,046**	(1,202)
Tax on profit/(loss)	**2,388**	(2,718)

Notes to the financial statements *(continued)*

9. Tax on profit/(loss) *(continued)*

(b) Reconciliation of tax charge/(credit):

The total tax charge for the year is higher (2016: credit for the year is higher) than the standard rate of corporation tax in the UK of 19.25% *(2016: 20%)*. The differences are explained below:

	2017 £000	2016 £000
Profit/(loss) before taxation	**5,821**	(12,178)
Profit/(loss) multiplied by the standard rate of tax in the UK of 19.25% *(2016: 20%)*	**1,121**	(2,436)
Effects of:		
- Income not subject to tax	**(704)**	(731)
- Expenses not deductible for tax purposes	**1,034**	444
- Unrecognised deferred tax	**(2,160)**	139
- Withholding tax suffered	**5**	-
- Adjustments in respect of prior years	**3,015**	(441)
- Re-measurement of deferred tax	**77**	307
Tax charge/ (credit) for year	**2,388**	(2,718)

(c) Tax rate changes

The UK corporation is 19% effective for the three years from 1 April 2017 to 31 March 2020. In March 2016, the UK corporation tax rate was further reduced to 17%, effective from 1 April 2020. Deferred tax balances at 31 December 2016 and 31 December 2017 are measured at the rate at which they are expected to reverse.

Notes to the financial statements *(continued)*

10. Intangible assets

	Software £000
Cost:	
At 1 January 2017	3,138
Additions	70
Reclassification	150
At 31 December 2017	**3,358**
Accumulated amortisation:	
At 1 January 2017	418
Charge for the year	662
At 31 December 2017	**1,080**
Net book value:	
At 31 December 2017	**2,278**
At 31 December 2016	2,720

During the year the Company reclassified £150K (2016:£3,025K) from Tangible assets in the course of construction to Intangible assets relating to software development costs.

Notes to the financial statements *(continued)*

11. Tangible assets

	Freehold land and buildings	Leasehold Premises and Improve-ments	Plant, machinery, tools and equipment	Motor vehicles	Fixtures, Fittings and office equipment	Assets in the course of construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:							
At 1 January 2017	225,061	2,941	23,166	86	36,820	3,200	291,274
Additions	-	489	-	14	347	326	1,176
Transfers	(16)	138	-	-	358	(630)	(150)
Disposals	-	-	-	(82)	-	-	(82)
At 31 December 2017	**225,045**	**3,568**	**23,166**	**18**	**37,525**	**2,896**	**292,218**
Accumulated depreciation:							
At 1 January 2017	54,265	507	16,006	52	31,220	-	102,050
Charge for the year	4,873	239	1,030	12	1,739	-	7,893
Disposals	-	-	-	(47)	-	-	(47)
At 31 December 2017	**59,138**	**746**	**17,036**	**17**	**32,959**	**-**	**109,896**
Net book value:							
At 31 December 2017	**165,907**	**2,822**	**6,130**	**1**	**4,566**	**2,896**	**182,322**
At 31 December 2016	170,796	2,434	7,160	34	5,600	3,200	189,224

Freehold land and buildings includes land with a net book value of £26,089K *(2016: £26,089K).*

12. Investments

	Shares in Group companies
	£000
Cost:	
At 1 January 2017	74
At 31 December 2017	74
Net book value:	
At 31 December 2017	**74**
At 31 December 2016	74

Notes to the financial statements *(continued)*

13. Investments *(continued)*

The subsidiaries are:

Name	Principal activity	Holding Ordinary share capital
Incorporated in the UK:		
McLaren Racing Limited	Racing car constructor	100%
McLaren Marketing Limited	Marketing	100%
Team McLaren Limited	Supporters' club	100%
McAllico Limited	Distributor of McLaren GT cars	100%
McLaren Applied Technologies Limited	Engine management systems design and manufacture and application of technologies	100%
McLaren Performance Limited	Provision of technical support to a Formula One team	100%
McLaren Cars Limited	Dormant – dissolved 29 May 2018	100%
McLaren Technologies Limited	Dormant	100%
McLaren Formula One Limited	Dormant – dissolved 29 May 2018	100%
McLaren Electronic Systems Limited	Dormant	100%
Trysome Limited	Dormant	100%
McLaren International Limited	Dormant – dissolved 29 May 2018	100%
McLaren Grand Prix Limited	Dormant – dissolved 29 May 2018	100%
Incorporated overseas:		
McLaren Applied Technologies Inc., incorporated in the United States of America	Marketing and sales of McLaren Applied Technologies Limited products	100%
McLaren Applied Technologies Pte Ltd, incorporated in the Republic of Singapore	Marketing and sales of McLaren Applied Technologies Limited products	100%

The registered office for all UK incorporated companies is: McLaren Technology Centre, Chertsey Road, Woking, Surrey, GU21 4YH.

McLaren Applied Technologies Inc. registered office is: 2711 Centerville Road, Suite 400, City of Wilmington, DE 19808.

McLaren Applied Technologies Pte Ltd registered office is: 8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore, 018981.

Shares in Group undertakings

In the Directors' opinion, the aggregate net value of the subsidiaries is not less than their aggregate cost.

14. Inventories

	2017 £000	2016 £000
Raw materials and consumables	**14**	3
Finished goods and goods for resale	**302**	138
	316	141

Notes to the financial statements _(continued)_

15. Debtors

	2017 £000	2016 £000
Trade debtors	**236**	2,872
Amounts owed by Group undertakings	**82,084**	26,740
Amounts owed by related parties (note 25)	**31**	31,765
Other debtors	**1,945**	1,385
Deferred tax asset	**825**	2,871
Derivative financial assets	**914**	395
Prepayments and accrued income	**2,267**	1,413
	88,302	67,441

Amounts owed by Group undertakings include business transactions, under normal commercial terms, and Group loans. Group loans attract interest at 2.5% above Bank of England base rate, are unsecured, and repayable on demand.

Amounts owed by related parties include business transactions, under normal commercial terms and conditions, and related party loans. The loans are unsecured, and attract interest at 2.5% above Bank of England base rate.

16. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Bank loans and overdrafts (note 18)	**882**	64,750
Obligations under finance leases (note 18)	**-**	175
Trade creditors	**5,309**	3,041
Amounts owed to Group undertakings	**126,937**	44,137
Amounts owed to related parties (note 25)	**-**	39
Taxation and social security	**2,086**	1,823
Derivative financial liabilities	**446**	4,710
Accruals and deferred income	**6,963**	4,547
	142,623	123,222

Notes to the financial statements *(continued)*

17. Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Amounts owed to related parties (note 25)	-	34,213
Amounts owed to Group undertakings	**27,107**	-
Derivative financial liabilities	**15**	896
	27,122	35,109

18. Loans and other borrowings

	2017 £000	2016 £000
Bank loans	-	64,750
Overdraft	**882**	-
Obligations under finance leases	-	175
Amounts owed to Group undertakings	**154,044**	44,137
Amounts owed to related parties (see note 25)	-	34,252
	154,926	143,314

Bank loans and overdraft

In 2016 the bank loans comprised £64,750K of drawings under a revolving credit facility. The commitment under the revolving credit facility totalled £100,000K with a final maturity date of 31 October 2017. The facility was not renewed beyond this date as alternative financing arrangements were made within the parent company as part of the Group restructuring.

Finance leases

The future minimum finance lease payments are as follows:

	2017 £000	2016 £000
Not later than one year	-	192
Later than one year and not later than five years	-	-
Total gross payments	-	192
Less finance charges	-	(17)
Carrying amount of liability	-	175

Amounts owed to Group undertakings

Amounts owed to Group undertakings include business transactions, under normal commercial terms, and Group loans. £27,107K of the group loans attract interest of 5.3% and are repayable by July 2023. £98,118K of the Group loans bear interest at 5.5%, are unsecured and repayable on demand.

Notes to the financial statements *(continued)*

18. Loans and other borrowings *(continued)*

Amounts owed to Group undertakings

The remaining of Group loans bear interest at Bank of England base rate, are unsecured and are repayable on demand.

Amounts owed to related parties

Amounts owed to related parties in 2016 were loans from shareholders, unsecured and bearing interest at 5.3% which was added to the outstanding balance.

19. Provisions for liabilities

	2017 £000	2016 £000
Provision for charges relating to leased premises	**865**	490
Other provisions	**800**	503
	1,665	993

The provision for charges relating to leased premises relates to the contractual obligation to reinstate all leased premises to their original condition upon cessation of the lease. The cost is charged to the profit and loss as the obligation arises. The provision is expected to be utilised between 2018 and 2020 as the leases terminate. Other provisions includes various legal matters where the outcome is not certain and has been estimated. This provision is expected to be utilised between 2018 and 2019.

20. Deferred tax

The deferred tax asset consists of the following deferred tax assets:

	2017 £000	2016 £000
Depreciation in excess of capital allowances	**118**	2,347
Financial instruments	**309**	357
Other timing differences	**317**	167
Trading losses carried forward	**81**	-
	825	2,871

The deferred tax asset expected to reverse in 2017 totals £445K *(2016: £398K)*. This primarily relates to the revaluation of tangible assets.

Notes to the financial statements (continued)

21. Deferred capital funding

	2017	2016
	£000	**£000**
Cost:		
At 1 January 2017	107,464	111,121
Amortisation credit for the year	(3,657)	(3,657)
At 31 December 2017	**103,807**	**107,464**

22. Called up share capital

	2017	2016
	£000	**£000**
Authorised, called up and fully paid		
120,372 (2016: 120,372) ordinary shares of 25p each	**30**	30

The Company has one class of ordinary shares which carry no right to fixed income.

23. Financial commitments

At 31 December, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
	£000	**£000**
Payments due:		
Not later than one year	**978**	338
Later than one year and not later than five years	**493**	213
	1,471	551

24. Contingent liability

McLaren Technology Group Limited is party to an unlimited cross company guarantee securing all monies due, or to become due, in respect of the overdraft and £90,000K loan facility provided to McLaren Holdings Limited by its bankers. As at 31 December 2017 the balance guaranteed was £10,000K. In addition, McLaren Technology Group Limited is party to a guarantee securing all monies due, or to become due, in respect of £370,000K of sterling-denominated Senior Secured Notes and $250,000K of dollar-denominated Senior Secured Notes issued by the Group in July 2017.

McLaren Technology Group Limited has given guarantees in favour of third parties. As at 31 December 2017, the balances guaranteed were EUR 550K (2016: EUR nil) in favour of Cedric Cornebois.

Notes to the financial statements *(continued)*

25. Related party transactions

Transactions with related companies during the year were as follows:

	Year ended 31 December 2017 £000	Balance outstanding at 31 December 2017 £000	Year ended 31 December 2016 £000	Balance outstanding at 31 December 2016 £000
Sales to related parties				
Absolute Taste Limited	-	-	267	-
Logically Applied Solutions Limited	45	-	1	-
McLaren Automotive Limited	-	-	34,065	6,765
R Dennis	32	-	92	-
M Ojjeh	31	31	-	-
Loans to related parties:				
McLaren Automotive Limited		-		25,000
Amounts owed by related parties at 31 December		31		31,765
Split by:				
Amounts owed by related parties due < 1 year		31		3,653
Amounts owed by related parties due > 1 year		-		28,112
		31		31,765

	Year ended 31 December 2017 £000	Balance outstanding at 31 December 2017 £000	Year ended 31 December 2016 £000	Balance outstanding at 31 December 2016 £000
Purchases from related parties				
Absolute Taste Limited	-	-	1,158	-
Logically Applied Solutions Limited	-	-	580	-
McLaren Automotive Limited	-	-	55	39
Loans from shareholders:				
Bahrain Mumtalakat Holding Company		-		18,436
R Dennis		-		7,892
TAG Group Limited		-		7,885
Amounts owed to related parties at 31 December		-		34,252
Split by:				
Amounts owed to related parties due < 1 year		-		39
Amounts owed to related parties due > 1 year		-		34,213
		-		34,252

Notes to the financial statements *(continued)*

25. Related party transactions *(continued)*

Other than the transactions disclosed above the Company's other related party transactions were with wholly owned subsidiaries and other wholly owned subsidiaries of McLaren Group Limited and so have not been disclosed.

26. Ultimate parent company and controlling party

In the opinion of the Directors, the Company's immediate parent is McLaren Holdings Limited. During 2016, McLaren Technology Group Limited was the parent undertaking of the largest and only group which included the Company and for which group financial statements were prepared.

Ownership of McLaren Technology Group Limited at 31 December 2016 was as follows: 50% Bahrain Mumtalakat Holding Company, 25% Mr R Dennis and 25% TAG Group Limited.

On 20 July 2017, the Group was restructured, and a new ultimate holding company created called McLaren Group Limited. The ultimate controlling party is Bahrain Mumtalakat Holding Company.

Ownership of McLaren Group Limited at 31 December 2017 was as follows: 62.55% Bahrain Mumtalakat Holding Company, 15.89% TAG Group Limited, 6.40% Favorita Limited, 6.40% Perlman Investments Limited, 5.81% McKal Holdings Limited, 2.94% Acanitt Limited.

Copies of the Group financial statements for McLaren Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

27. Other matters

In connection with an ongoing investigation, UK government authorities have approached the Group for information concerning certain third party companies and concerning executive and other persons who have been, or are currently, associated with the Group. Upon inquiry, we have been advised that neither the Company nor any other Group companies are currently the subject of the investigation for which the requests for information relate, and we intend to fully cooperate with these requests for information.

Whether or not any such investigation is pursued, extended or results in any finding of culpability against those subject to the investigations, any negative publicity surrounding assertions against executive persons and other persons who have been, or are currently, associated with the Group could adversely affect the Group's brand and reputation and may consequently have a negative impact upon the financial performance of the Group.