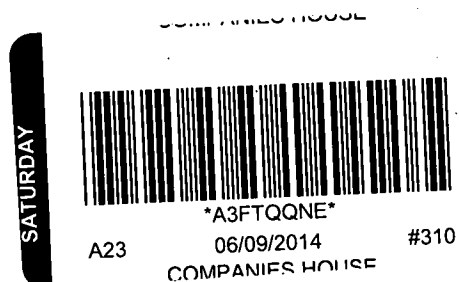


McLaren Performance Limited
(formerly McLaren Applied Technologies Limited)

**Annual report and financial
statements**

Registered number 04557358

31 December 2013



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Officers and professional advisers

Directors

R Dennis
M Whitmarsh – resigned 23/07/14
T Murnane

Secretary

T Murnane

Registered office

McLaren Technology Centre
Chertsey Road
Woking
Surrey
GU21 4YH

Auditor

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

Strategic report

Principal activities

Trading as McLaren Applied Technologies Limited during 2013, the principal activities of the Company were the commercial exploitation of intellectual property, capability and brand from the McLaren Group.

On 2 January 2014, McLaren Applied Technologies Limited changed its name to McLaren Performance Limited. At the same time the majority of the activities were transferred and merged with the existing McLaren Electronics business. The activities retained by McLaren Performance Limited were that of technical support for Formula One teams.

Results

The detailed result is shown in the profit and loss account on page 6. Profit on ordinary activities for the year after taxation amounted to £750,975 (2012: profit of £1,698,101).

Business review

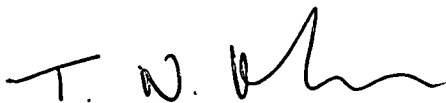
The level of technical support provided to Formula One teams reduced in 2013 and is reflected in the overall fall in turnover and profit. The other parts of the business fulfilled their strategic goals and grew in size and contribution. Key milestones reached throughout the year include the following:

- Established a track record for high performance design with leading consumer brands.
- Completed the development of a performance management system for measurement of human condition in the context of sports, health and wellness.
- Developed performance management systems and a programme to deliver measurable productivity and efficiency benefits in areas of pharmaceutical research and manufacturing.
- Maintained the high performance programme for professional race teams to train drivers and teams in a simulated race environment.
- Extended simulation systems to include decision support solutions for clients in the transport and energy sectors.

Future developments, risks and uncertainties

Under the new name of McLaren Performance Limited and a redefined focus, the Company will continue to provide technical support for Formula One teams. Retention and development of these types of contracts is fundamental to the business and the tough economic conditions that many teams within F1 currently find themselves presents the key risk to this type of technical consultancy and therefore the business.

By order of the board



T Murnane
Secretary

14 August 2014

Directors' report

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

Registered name and registered number

On 2 January 2014 the company's registered name was changed from McLaren Applied Technologies Limited to McLaren Performance Limited. The company's registered number is 04557358.

Results

The profit on ordinary activities for the year after taxation amounted to £750,975 (2012: profit of £1,698,101).

Employment policies

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.

Dividends

The directors do not propose a dividend for the year ended 31 December 2013 (2012: £nil).

Directors

The directors who served during the year are as reported on page 1. The directors served throughout the year unless otherwise stated.

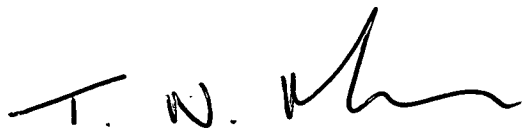
Disclosure of information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



T Murnane
Secretary

14 August 2014

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of McLaren Performance Limited

We have audited the financial statements of McLaren Performance Limited for the year ended 31 December 2013 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

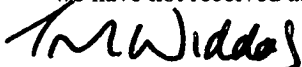
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Tim Widdas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
West Sussex
RH11 9PT

12 August 2014

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Turnover	<i>1</i>	22,559	26,056
Cost of sales		(18,770)	(22,019)
Gross profit		3,789	4,037
Administrative expenses		(2,700)	(1,718)
Operating profit		1,089	2,319
Interest payable and similar charges	<i>3</i>	(61)	(57)
Profit on ordinary activities before taxation	<i>4</i>	1,028	2,262
Tax on profit on ordinary activities	<i>5</i>	(277)	(564)
Profit for the financial year	<i>13</i>	751	1,698

In both the current year and preceding year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

Balance sheet
as at 31 December 2013

	<i>Note</i>	£000	2013 £000	£000	2012 £000
Fixed assets					
Intangible assets	6		121		708
Tangible assets	7		668		898
Investments	8		-		-
			<hr/>		<hr/>
			789		1,606
Current assets					
Stock		-		10	
Debtors	9	10,458		18,105	
Cash at bank and in hand		-		107	
			<hr/>	<hr/>	
			10,458	18,222	
Creditors: amounts falling due within one year	11	(5,048)		(14,380)	
			<hr/>	<hr/>	
Net current assets			5,410		3,842
			<hr/>		<hr/>
Net assets			6,199		5,448
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		6,199		5,448
			<hr/>		<hr/>
Equity	14		6,199		5,448
			<hr/>		<hr/>

These financial statements were approved by the board of directors on **14 August** 2014 and were signed on their behalf by:


R Dennis
Director

Notes

(Information forming part of the financial statements)

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules. The particular accounting policies adopted are described below, and have been applied consistently throughout the current and preceding period.

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 page 2.

McLaren Performance Limited is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have made enquiries of the directors of the company's parent and following these enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of McLaren Group Limited to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position of the enquiries made of the directors of McLaren Group Limited, the company's directors have a reasonable expectation 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.

Consolidated financial statements

The company is a wholly owned subsidiary of a company incorporated in Great Britain and therefore has taken advantage of the exemption under Section 400 Companies Act 2006 not to produce consolidated financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not as a group.

Turnover

Turnover represents the value of goods sold and services provided in the year, exclusive of Value Added Tax. Sales are recognised when the goods are delivered to the customer.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on contracts are included in debtors or creditors and represent turnover recognised in excess of payments on account.

Intangible fixed assets

Intangible fixed assets represent development costs capitalised in accordance with SSAP13 'Research and Development'. These are stated at historical cost and will be amortised over the lifecycle of the product. Development costs include labour costs from internal resources and externally purchased.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided over the estimated useful lives of the assets at the following rates:

Premises improvements	- 20% straight line
Plant & machinery, tools & equipment	- 20% straight line
Office fixtures & fittings	- 20% straight line
Computer equipment	- 33.3% straight line

No depreciation is provided until the assets are brought into use.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Impairment

The carrying amount of the group's assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss. The recoverable amount of fixed assets is the greater of their net realisable value and value in use.

Stock

Stocks are stated at the lower of cost and net realisable value. In determining cost a weighted average purchase price is used.

Taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Foreign currency transactions are translated into sterling at the rates ruling at the beginning of the month in which the transactions took place, unless matching forward foreign exchange contracts have been entered into. Foreign currency assets and liabilities are translated into sterling at the period-end rates. All foreign currency differences are dealt with through the profit and loss account.

Derivative instruments utilised by the company are forward exchange contracts. The company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of an existing underlying exposure of the company in line with the company's risk management policies.

Pensions

The group operates a defined contribution pension scheme and also pays contributions to personal pension schemes of certain employees. The amounts payable to these schemes during the period are charged to the profit and loss account.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. Where the Company is a lessor under finance leases, the amounts due under the leases, after deduction of unearned charges, are included in debtors. Finance charges receivable are recognised over the periods of the leases in proportion to the funds invested.

Cash flow statement

Under FRS 1 (revised), the company is exempt from producing a cash flow statement as it is a subsidiary of a United Kingdom company which prepares a cash flow statement.

Notes (continued)

2 Information regarding directors and employees

R Dennis, M Whitmarsh and T Murnane were directors of other group companies during the year and their remuneration for services to the company have been borne by another group company. The share of the total emoluments of these directors allocated in respect of services to this company is £69,398 (2012: £103,424).

	2013 £000	2012 £000
<i>Employees costs during the period (including directors):</i>		
Wages and salaries	2,525	2,468
Social security costs	298	302
Other pension costs	81	70
	<hr/> 2,904 <hr/>	<hr/> 2,840 <hr/>
	Number	Number
<i>Average number of persons employed:</i>		
Design & production	37	36
Administration	7	7
	<hr/> 44 <hr/>	<hr/> 43 <hr/>

3 Interest payable and similar charges

	2013 £000	2012 £000
On group company loans	52	53
Net exchange losses	9	4
	<hr/> 61 <hr/>	<hr/> 57 <hr/>

4 Profit on ordinary activities before taxation

	2013 £000	2012 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and amortisation	520	311
Operating lease rentals - other	20	20
Auditor's remuneration - audit fees	12	11
- tax services	-	5
Loss on disposal of fixed assets	1	22
	<hr/>	<hr/>

In the opinion of the directors the company operates one class of business, as disclosed in the directors' report, which is all based in the United Kingdom.

Notes (continued)

5 Tax on profit on ordinary activities

	2013 £000	2012 £000
United Kingdom corporation tax at 23.25% (2012: 24.5%)	323	618
Adjustment in respect of prior year	(81)	(3)
	<hr/>	<hr/>
Total current tax	242	615
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	(33)	(60)
Adjustment in respect of prior years	68	9
	<hr/>	<hr/>
	277	564
	<hr/>	<hr/>

Factors affecting tax credit for the current year

The current tax charge for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before taxation	1,028	2,262
	<hr/>	<hr/>
Tax at 23.25% (2012: 24.5%) thereon	239	554
<i>Effects of:</i>		
Expenses not deductible for tax purposes	27	9
Depreciation in excess of capital allowances	59	60
R&D tax credits	(2)	(5)
Adjustment in respect of prior year	(81)	(3)
	<hr/>	<hr/>
Total actual amount of current tax	242	615
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

6 Intangible fixed assets

	Development costs £000
<i>Cost:</i>	
At 1 January 2013	774
Additions	136
	<hr/>
At 31 December 2013	910
	<hr/>
<i>Amortisation:</i>	
At 1 January 2013	66
Charge for the year	259
Impairment losses	464
	<hr/>
At 31 December 2013	789
	<hr/>
<i>Net book value:</i>	
At 31 December 2013	121
	<hr/> <hr/>
At 31 December 2012	708
	<hr/> <hr/>

During the year, the directors reviewed the carrying amount of the group's intangible assets. The carrying amount was assessed as in excess of the recoverable amount and accordingly an impairment of £464,000 (2012: nil) was recognised.

7 Tangible fixed assets

	Premises improvements £000	Plant and machinery, tools and equipment £000	Office equipment and fixtures and fittings £000	Total £000
<i>Cost:</i>				
At 1 January 2013	36	1,024	164	1,224
Additions	-	2	44	46
Disposals	(14)	-	(1)	(15)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	22	1,026	207	1,255
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation:</i>				
At 1 January 2013	1	252	73	326
Charge for the year	3	213	45	261
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	4	465	118	587
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>				
At 31 December 2013	18	561	89	668
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2012	35	772	91	898
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Investments

During the year the company invested in McLaren Applied Technologies PTE Ltd. The company owns the entire share capital of McLaren Applied Technologies PTE Ltd which is incorporated in Singapore. The cost and net book value of this investment is 1 share priced at \$1.00 SGD.

9 Debtors

	2013 £000	2012 £000
Trade debtors	2,895	9,416
Amounts owed by group undertakings	7,072	8,359
Amounts owed by related parties (note 17)	-	12
Corporation tax	3	3
Prepayments and accrued income	81	68
Deferred tax asset (note 10)	166	201
Other debtors	241	46
	<u>10,458</u>	<u>18,105</u>

10 Deferred tax asset

	2013 £000	2012 £000
<i>Reconciliation of movement in the deferred tax asset:</i>		
At 1 January	201	150
(Charge)/credit to profit and loss account	(35)	51
At 31 December	<u>166</u>	<u>201</u>

	2013 £000	2012 £000
<i>The deferred tax asset consists of:</i>		
Capital allowances in excess of depreciation	164	199
Short-term timing differences	2	2
	<u>166</u>	<u>201</u>

11 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	155	77
Amounts owed to group undertakings	3,403	8,884
Amounts owed to related parties (note 17)	1	-
Taxation and social security	219	921
Accruals and deferred income	1,270	4,498
	<u>5,048</u>	<u>14,380</u>

Notes (continued)

12 Called up share capital

	2013 £	2012 £
<i>Called up, allotted and fully paid:</i>		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

13 Profit and loss account

	£000
At 1 January 2013	5,448
Profit for the year	751
	<u>6,199</u>
At 31 December 2013	6,199

14 Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Profit for the year	751	1,698
	<u>751</u>	<u>1,698</u>
Net change in shareholders' funds	751	1,698
Opening shareholders' funds	5,448	3,750
	<u>5,448</u>	<u>3,750</u>
Closing shareholders' funds	6,199	5,448
	<u>6,199</u>	<u>5,448</u>

15 Operating lease commitments

At 31 December 2013, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2013 £000	2012 £000
<i>Leases which expire:</i>		
Within one year	20	20
	<u>20</u>	<u>20</u>

Notes (continued)

16 Contingent liability

McLaren Performance Limited is party to an unlimited cross company guarantee securing all monies due, or to become due, in respect of the overdraft and loan facility provided to McLaren Group Limited by its bankers. As at 31 December 2013 the balance guaranteed was £44,500,000 (2012:£65,000,000).

17 Related party transactions

Transactions with related companies during the period were as follows:

	Year to 31 December 2013 £000	Year to 31 December 2012 £000	Balance outstanding at 31 December 2013 £000	Balance outstanding at 31 December 2012 £000
Purchases from related parties:				
Absolute Taste Limited	15	7	1	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Sales to related parties:				
McLaren Automotive Limited	-	201	-	12
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All related party transactions have been made under normal commercial terms and conditions.

Pursuant to the exemption granted by FRS 8 'Related Party Disclosures', transactions with other undertaking within the McLaren Group have not been disclosed within these financial statements.

18 Ultimate parent company

In the opinion of the directors, the company's controlling entity is McLaren Group Limited, a company registered in England and Wales. This is also the parent undertaking of the largest and only group which includes the company and for which group financial statements are prepared.

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

Ownership of McLaren Group Limited at 31 December 2013 was as follows: 50% Bahrain Mumtalakat Holding Company (incorporated in Bahrain), 25% Mr R Dennis and 25% TAG Group Limited (incorporated in Jersey).

19 Post balance sheet event

On 2 January 2014, the majority of the trade, assets and liabilities, of the company were transferred to another group company, McLaren Electronic Systems Limited. At that time McLaren Applied Technologies Limited changed its name to McLaren Performance Limited.