

McLaren (Finance 1) Limited

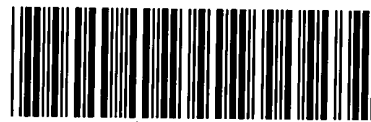
Report and Financial Statements

Period Ended

31 July 2017

Company Number 10018061

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McLaren (Finance 1) Limited

Company Information

Directors	G M Inglis J A Gatley
Company secretary	Taylor Wessing Secretaries Limited
Registered number	10018061
Registered office	3rd Floor East Leconfield House Curzon Street London W1J 5JA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

McLaren (Finance 1) Limited

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McLaren (Finance 1) Limited

Directors' Report for the Period Ended 31 July 2017

The directors present their report and the financial statements for the period ended 31 July 2017.

Directors' responsibilities

The directors are responsible for preparing 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 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the company is that of financing of fellow subsidiaries and entities where the group has a participating interest.

The company was incorporated on 22 February 2016 and began trading on 5 April 2016.

Results

The loss for the period, after taxation, amounted to £3,783,572.

Directors

The directors who served during the period were:

R M Bursby (appointed and resigned 22 February 2016)
Huntsmoor Limited (appointed and resigned 22 February 2016)
Huntsmoor Nominees Limited (appointed and resigned 22 February 2016)
G M Inglis (appointed 22 February 2016)
J A Gatley (appointed 22 February 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'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's auditor is aware of that information.

McLaren (Finance 1) Limited

Directors' Report (continued) for the Period Ended 31 July 2017

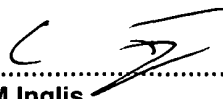
Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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


.....
G M Inglis
Director

Date: 22/11/17

McLaren (Finance 1) Limited

Independent Auditor's Report to the Members of McLaren (Finance 1) Limited

We have audited the financial statements of McLaren (Finance 1) Limited for the period ended 31 July 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 statement of directors' responsibilities, 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 (FRC'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 FRC'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 July 2017 and of its loss for the period 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.

Opinion on other matters 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

McLaren (Finance 1) Limited

Independent Auditor's Report to the Members of McLaren (Finance 1) Limited (continued)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements or the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Geraint Jones (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 22 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

McLaren (Finance 1) Limited

Statement of Comprehensive Income for the Period Ended 31 July 2017

	Note	17 month period ended 31 July 2017 £
Turnover	4	2,649,785
Cost of sales		(4,520,357)
Gross loss		(1,870,572)
Administrative expenses		(1,013,380)
Operating loss		(2,883,952)
Interest payable and similar charges	6	(899,620)
Loss before tax		(3,783,572)
Tax on loss	7	-
Loss and total comprehensive loss for the period		(3,783,572)

All amounts relate to continuing operations.

The notes on pages 8 to 15 form part of these financial statements.

McLaren (Finance 1) Limited


Registered number: 10018061

Statement of Financial Position as at 31 July 2017

	Note	2017 £
Current assets		
Debtors	8	20,016,688
Cash and cash equivalents		500,741
		<u>20,517,429</u>
Creditors: amounts falling due within one year	9	<u>(16,001,000)</u>
Net current assets		<u>4,516,429</u>
Net assets		<u><u>4,516,429</u></u>
Capital and reserves		
Share capital	10	592,809
Capital redemption reserve	11	2,247,191
Profit and loss account	11	1,676,429
		<u><u>4,516,429</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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


.....
G M Inglis
Director

Date: 22/4/17

The notes on pages 8 to 15 form part of these financial statements.

McLaren (Finance 1) Limited

Statement of Changes in Equity for the Period Ended 31 July 2017

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
Comprehensive loss for the period				
Loss and total comprehensive loss for the period	-	-	(3,783,572)	(3,783,572)
Contributions by owners				
Shares issued during the period	28,400,001	-	-	28,400,001
Reduction of share capital	(25,560,001)	-	25,460,001	(100,000)
Shares purchased and cancelled during the period	(2,247,191)	2,247,191	(20,000,000)	(20,000,000)
At 31 July 2017	<u>592,809</u>	<u>2,247,191</u>	<u>1,676,429</u>	<u>4,516,429</u>

The notes on pages 8 to 15 form part of these financial statements.

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

1. General information

McLaren (Finance 1) Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are the first financial statements of the company and have been prepared under the historical cost convention 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 are the first financial statements of the company and in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McLaren Property Holdings LLP as at 31 July 2017 and these financial statements may be obtained from Leconfield House, 3rd Floor East, Curzon Street, London, W1J 5JA.

2.3 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.

2.4 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.

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

2. Accounting policies (continued)

2.5 Creditors

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

2.6 Expenses

Expenses are included on an accruals basis.

2.7 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.

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 statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.8 Finance costs

Finance costs to the extent that they are directly attributable to loans to fellow group entities or those where the group has a participating interest are included within cost of sales' charged to the 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.

2.9 Revenue recognition - interest income

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

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the opinion of the directors, there are no key judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial year.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Recoverability of amounts of due from group undertakings, joint ventures and other related parties

Provision for impairment of the carrying value of amounts due from group undertakings, joint ventures and other related parties is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by the management.

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

4. Turnover - interest receivable and similar income

An analysis of turnover by class of business is as follows:

	17 month period ended 31 July 2017 £
Interest receivable from group companies	813,153
Interest receivable from joint ventures of the group	1,836,632
	<u>2,649,785</u>

5. Cost of sales

	17 month period ended 31 July 2017 £
Interest payable on loans from group companies	131,607
Provisions against loans	4,388,750
	<u>4,520,357</u>

6. Interest payable and similar charges

	17 month period ended 31 July 2017 £
Other loan interest payable	899,620
	<u>899,620</u>

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

7. Taxation

	17 month period ended 31 July 2017 £
Current tax	
Current tax on loss for the period	-
Taxation on profit on ordinary activities	-
Factors affecting tax charge for the period	
The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19.75%. The differences are explained below:	
	17 month period ended 31 July 2017 £
Profit on ordinary activities before tax	(3,783,572)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75%	(747,255)
Effects of:	
Expenses not deductible for tax purposes	87,317
Losses - deferred tax not recognised	659,938
Total tax charge for the period	-

The company has losses carried forward of £3,341,896. These losses will reduce the tax charge of future years until they are utilised

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

8. Debtors

	2017 £
Amounts owed by group undertakings	17,187,836
Amounts owed by undertakings which the group has a participating interest	2,670,761
Prepayments	158,091
	<u>20,016,688</u>

All amounts shown under debtors fall due for payment within one year.

9. Creditors: Amounts falling due within one year

	2017 £
Other loans	7,192,114
Amounts owed to group undertakings	7,892,648
Other creditors	172,165
Accruals	744,073
	<u>16,001,000</u>

The amounts owed to group undertakings are unsecured and repayable on demand.

The other loans are unsecured and are due for repayment on 31 May 2018.

10. Share capital

	2017 £
Allotted, called up and fully paid	
5,928,091 Ordinary shares of £0.10 each	<u>592,809</u>

On incorporation, the company allotted 1 Ordinary £1 share at par. The company further allotted 28,400,000 Ordinary £1 shares at par on 1 April 2016.

Subsequently on 27 April 2017, the directors agreed to reduce the 28,400,001 Ordinary shares of £1 each in issue to Ordinary shares of £0.10.

On 28 April 2017, the shareholders approved by Special Resolution the buyback of 22,471,910 Ordinary shares for a market value consideration of £20,000,000.

Stamp duty of £100,000 was payable on the repurchase of shares at 0.5% of the total consideration.

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

11. Reserves

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

12. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

McGrove Securities Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from McGrove Securities Limited from McLaren Property Limited for a total value of £1,855,561. Following further advances during the period amounting to £480,200, at the reporting date the amount owed to the company was £2,335,761. No interest was charged on this loan during the period.

Joshua Properties Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from Joshua Properties Limited from McLaren Property Limited for a total value of £2,745,517. Following repayments amounting to £2,637,156 and after making a provision against the loan balance of £240,688, at the reporting date the amount owed to the company was £335,000. Interest of £467,327 was charged during the period.

Benjamin Properties (Pall Mall) Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from Benjamin Properties (Pall Mall) Limited from McLaren Property Limited for a total value of £10,973,301. Following further advances during the period amounting to £1,147,467 and repayments amounting to £13,334,050, at the reporting date the amount owed to the company was £Nil. Interest of £1,213,282 was charged during the period.

Evala Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from Evala Limited from McLaren Property Limited for a total value of £3,789,894. Following repayments amounting to £3,860,970, at the reporting date, the amount owed to the company was £Nil. Interest of £71,076 was charged during the period.

Beaudream Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from Beaudream Limited from McLaren Property Limited for a total value of £1,662,179. Following further advances during the period amounting to £20,422, repayments amounting to £400,356 and after making a provision against the loan balance of £1,282,245, at the reporting date the amount owed to the company was £Nil. No interest was charged on this loan during the period.

McLaren (Finance 1) Limited

Notes to the Financial Statements for the Period Ended 31 July 2017

12. Related party transactions (continued)

McLaren Life Limited (joint venture of McLaren Property Holdings LLP)

During the period the company acquired a loan receivable from McLaren Life Limited from McLaren Property Limited for a total value of £5,642,446. Following further advances during the period amounting to £201,800, repayments amounting to £3,420,105 and after making a provision against the loan balance of £2,424,141, at the reporting date the amount owed to the company was £Nil. No interest was charged on this loan during the period.

13. Controlling party

The company's immediate and ultimate parent undertaking is McLaren Property Holdings LLP, a limited liability partnership incorporated in the United Kingdom, which will be preparing consolidated financial statements for the year ended 31 July 2017 which will be publicly available.

The ultimate controlling party is K R Taylor.