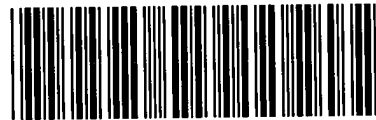


MCLAREN (FINANCE 2) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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MCLAREN (FINANCE 2) LIMITED

COMPANY INFORMATION

Directors	J A Gatley C R Young
Company secretary	Taylor Wessing Secretaries Limited
Registered number	10018095
Registered office	3rd Floor East Leconfield House Curzon Street London W1J 5JA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

MCLAREN (FINANCE 2) LIMITED

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MCLAREN (FINANCE 2) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

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

Directors' responsibilities statement

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 for the company's financial statements 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.

Results

The loss for the year, after taxation, amounted to £1,292,898 (2020 - loss £3,681,366).

Directors

The directors who served during the year were:

J A Gatley
C R Young

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 2) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

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.



.....
C R Young
Director

Date: 28/04/2022

MCLAREN (FINANCE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN (FINANCE 2) LIMITED

Opinion on the 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 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the financial statements of McLaren (Finance 2) Limited ("the Company") for the year ended 31 July 2021, which comprise statement of comprehensive income, the statement of financial position, the statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MCLAREN (FINANCE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN (FINANCE 2) LIMITED

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year 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.

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 in relation to which 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 in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

MCLAREN (FINANCE 2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN (FINANCE 2) LIMITED

Extent to which the audit was capable of detecting irregularities, including fraud

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

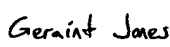
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 29 April 2022

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

MCLAREN (FINANCE 2) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021**

	Note	2021 £	2020 £
Turnover	4	3,139,391	3,861,312
Cost of sales		(3,512,300)	(6,120,575)
Gross loss		(372,909)	(2,259,263)
Administrative expenses		(906,848)	(1,115,320)
Operating loss		(1,279,757)	(3,374,583)
Tax on loss	6	(13,141)	(306,783)
Loss for the financial year		(1,292,898)	(3,681,366)

The notes on pages 9 to 14 form part of these financial statements.

MCLAREN (FINANCE 2) LIMITED
REGISTERED NUMBER: 10018095

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Note	2021 £	2020 £
Current assets			
Debtors	7	61,755,423	53,119,226
Bank and cash balances		55,286	6,995
		<u>61,810,709</u>	<u>53,126,221</u>
Creditors: amounts falling due within one year	8	(46,297,050)	(36,319,664)
Net current assets		<u>15,513,659</u>	<u>16,806,557</u>
Total assets less current liabilities		<u>15,513,659</u>	<u>16,806,557</u>
Net assets		<u><u>15,513,659</u></u>	<u><u>16,806,557</u></u>
Capital and reserves			
Called up share capital	9	21,921,012	21,921,012
Profit and loss account	10	(6,407,353)	(5,114,455)
		<u>15,513,659</u>	<u>16,806,557</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:

.....
C R Young
 Director

Date: 28/04/2022

The notes on pages 9 to 14 form part of these financial statements.

MCLAREN (FINANCE 2) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Share capital £	Profit and loss account £	Total equity £
At 1 August 2020	21,921,012	(5,114,455)	16,806,557
Comprehensive loss for the year			
Loss for the year	-	(1,292,898)	(1,292,898)
At 31 July 2021	21,921,012	(6,407,353)	15,513,659

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020**

	Share capital £	Profit and loss account £	Total equity £
At 1 August 2019	21,921,012	(1,433,089)	20,487,923
Comprehensive loss for the year			
Loss for the year	-	(3,681,366)	(3,681,366)
At 31 July 2020	21,921,012	(5,114,455)	16,806,557

The notes on pages 9 to 14 form part of these financial statements.

MCLAREN (FINANCE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. General information

McLaren (Finance 2) 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 have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires 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 11.42, 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 2021 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 Creditors

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

2.5 Expenses

Expenses are included on an accruals basis.

MCLAREN (FINANCE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.6 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' and are 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.

2.7 Revenue recognition - interest income

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

2.8 Current and deferred taxation

Tax is recognised in profit or loss 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.

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 period.

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 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 2) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

4. Turnover

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

	2021	2020
	£	£
Interest receivable from group companies	2,104,862	3,098,725
Interest receivable from joint ventures on the group	994,781	762,587
Interest receivable from related parties	39,748	-
	<u>3,139,391</u>	<u>3,861,312</u>

5. Cost of sales - interest payable and similar charges

	2021	2020
	£	£
Interest payable on loans from group companies	1,386,453	808,760
Interest payable on loans from related parties	774,649	815,272
Provisions on loans from group companies	1,319,258	4,335,053
Write off on loans from group companies	29,662	161,470
Interest payable other	2,278	18
	<u>3,512,300</u>	<u>6,120,573</u>

MCLAREN (FINANCE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

6. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	13,141	306,783
Total current tax	<u>13,141</u>	<u>306,783</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(1,279,757)</u>	<u>(3,374,583)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	(243,154)	(641,171)
Effects of:		
Expenses not deductible for tax purposes	256,295	854,340
Adjustments to tax charge in respect of prior periods	-	93,614
Total tax charge for the year	<u>13,141</u>	<u>306,783</u>

MCLAREN (FINANCE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

7. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	48,235,362	40,623,546
Amounts owed by joint ventures	13,520,061	12,495,680
	<u>61,755,423</u>	<u>53,119,226</u>

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

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	24,292,784	19,523,716
Amounts owed to related parties	21,775,256	16,358,960
Corporation tax	226,310	434,308
Accruals and deferred income	2,700	2,680
	<u>46,297,050</u>	<u>36,319,664</u>

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

9. Share capital

	2021 £	2020 £
Allotted, called up and unpaid		
21,921,012 Ordinary shares of £1 each	<u>21,921,012</u>	<u>21,921,012</u>

10. Reserves

Profit and loss account

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

MCLAREN (FINANCE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

11. Related party transactions

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

McLarenPMG (Cardiff) Ltd (joint venture of McLaren Propetty Holdings LLP)

During the year the company made loans to McLarenPMG (Cardiff) Limited of £Nil (2020 - £Nil) and after making repayments to the company totalling £100,000 (2020 - £200,000), at the reporting date the amount owed to the company was £5,644,612 (2020 - £5,451,543), which included a capital amount of £3,880,188 (2020 - £3,980,188) and accrued interest of £1,764,424 (2020 - £1,471,355). Interest of £293,069 (2020 - £302,989) was charged during the year.

McLaren Construction Limited (company with common ultimate beneficial owners)

During the year the company received loans from McLaren Construction Limited of £9,159,549 (2020 - £8,027,100) and the company made repayments to McLaren Construction Limited totaling £4,517,901 (2020 - £22,759,882). At the reporting date the amount owed by the company was £21,775,256 (2020 - £16,358,960) which included a capital amount of £18,725,675 (2020 - £14,084,027) and accrued interest of £3,049,581 (2020 - £2,274,933). Interest of £774,648 (2020 - £661,429) was charged during the year.

McLaren Property (UBS 1) Limited (joint venture of McLaren Property Holdings LLP)

During the year, the company made loans of £139,400 (2020 - £185,607) and made repayments of £9,800 (2020 - £46,200). At the reporting date the amount owed by the company was £7,875,449 (2020 - £7,044,137) which included a capital amount of £5,782,461 (2020 - £5,652,861) and accrued interest of £2,092,988 (2020 - £1,391,276). Interest of £701,712 (2020 - £459,598) was charged during the year.

12. Controlling party

The company's immediate parent 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 2021 which will be publicly available.

The company's ultimate parent undertaking is McLaren Property Holdco Limited, a limited company incorporated in the United Kingdom, which will be preparing consolidated financial statements for the year ended 31 July 2021 which will be publicly available.

The ultimate controlling party is Optimus Corporate Services Limited in its capacity as Trustee of the McLaren Construction Employee Trust 2007 re Mr Kevin Robert Taylor and Family sub fund.