Registered number: 07739307

# MCLARENS GLOBAL LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

# MCLARENS GLOBAL LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | G Brown<br>N J Robinette |
| **Company secretary** | L Tubb |
| **Registered number** | 07739307 |
| **Registered office** | 1 World Business Centre Newall Road<br>Heathrow Airport<br>London<br>United Kingdom<br>TW6 2AS |
| **Independent auditor** | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>103 Colmore Row<br>Birmingham<br>B3 3AG<br>United Kingdom |

# MCLARENS GLOBAL LIMITED

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**MCLARENS GLOBAL LIMITED**

## GROUP STRATEGIC REPORT
## FOR THE YEAR ENDED 31 MARCH 2023

### Introduction

The Directors present their strategic report for the year ended 31 March 2023.

### Business review

The principal activity of the Group is as a best-in-class provider of claims management, loss adjusting, and auditing services, facilitating the investigation, negotiation, and settlement of insurance matters.

The Group's key financial and other performance indicators during the year were as follows:

| | **2023** **$000** | *2022* *$000* | *Change* *%* |
|---|---|---|---|
| Turnover | **70,101** | *64,924* | *8* |
| Operating profit/(loss) | **9,192** | *(67)* | *(13,819)* |
| Current assets as a percentage of current liabilities | **91%** | **81%** | *12* |

The company's Core business segment posted another year of strong results. Alongside encouraging uptake in property related claims, the new property surveying adjacency business set up in FY21-22 showed a significant business growth. Further, the business was bolstered with a set up of forensic engineering & investigation focussed adjacency, in Q1 of this fiscal FY23.

With a recovery of global travel industry to pre-pandemic levels, the aviation business segment also performed strongly. The claim activities were up driving higher revenue. The Assets Management division too was busy with recovery of airline assets.

Even though the business activities improved, the Company continued to maintain focus on cost optimisation by efficient resource management and control over discretionary spend. The administration expenses were at normal business levels as the company did not suffer from writing off any further Russia related debt.

### Principal risks and uncertainties

The principal risks and uncertainties of the Group can be broadly grouped as –financial, operational, and strategic risk.

- **Financial** – Liquidity risk is the exposure to volatility of cash flow that could result in the Group encountering difficulty in meeting its financial obligations. This is due to the nature of work where billing intervals differ and time to collect debt in certain areas of the business is cumbersome. The Group aims to mitigate this risk by detailed and continuous monitoring of weekly cash flows and efficient management of credit control function to ensure its processes and procedures are fit for purpose.

- **Operational** – Staff retention
  As a provider of services, employees are key to the success of our business. Therefore, retaining employees is essential. Our professional staff spend many years undergoing training and building relationships with clients and therefore, high levels of staff turnover could lead to difficulties in satisfying obligations to existing clients and securing new contracts. To mitigate against this risk the Group has an appraisal process and encourages two-way communication. Performance is regularly reviewed, and succession plans are in place supported by individual development programmes as appropriate.

**Principal risks and uncertainties (continued)**

- **Strategic** – The risk that clients will be unsatisfied with our service and decide to terminate our relationship, leading to loss of revenue and profits. We pride ourselves in developing and maintaining good client relationships and understanding the needs of our current and future clients. Personnel are assigned key accounts in order to build these relationships, holding regular meetings and gathering feedback in order to improve the quality of our service.

**Section 172 Statement**

The Directors consider, both individually and collectively, that they have taken decisions in a manner they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders, having regards to the matters set out in section 172 of the Companies Act 2006.

The Group's purpose is to provide best-in-class claims management, loss adjusting and auditing services, facilitating the investigation, negotiation, and settlement of insurance matters. We achieve this by:

- Operating the business in line with the strategic business plan.
- Recognizing the importance of the Group's employees as the main asset of the Group.
- Maintaining strong relationships with our clients and other stakeholders.
- Developing a robust IT infrastructure that streamlines the customer experience and provides increased personal productivity.
- Ensuring all support systems and processes are scalable, facilitating growth through acquisition.

The Directors consider that the Group's key stakeholders are its shareholders, employees, customers, suppliers, and communities. The Directors recognize that they are expected to consider the interests of those stakeholders whilst prioritizing the long-term success of the Group.

The Directors view the key stakeholders and principal methods of engagement as shown in the table below. In all cases, the level of engagement informs the Directors, both in relation to stakeholder concerns and the likely impact on decision making.

| Stakeholder Group | Principal Methods of Engagement |
|---|---|
| Shareholders | The Directors meet monthly to review business performance, determine key strategies, agree financing strategies, and review key risks to the business. This ensures that those Directors, who are also shareholders in McLarens Holdco LLC, which wholly owns the Company through various wholly owned subsidiaries, are kept up to date. The Directors are also in regular contact with other shareholders on the strategic vision and operational performance of the business. |
| Employees | Engaged employees play a substantial role in the operational and financial performance of the Company. The Directors interact with employees through regular online communications via the McLarens Global Intranet. With the relaxation of C-19 restrictions, the Company engaged with employees to plan a phased return-to-office programme. This facilitated engagement at a personal level. In addition, regular senior management meetings occur, which allows regular communication with employees, ensuring all employees are up to the date on performance and strategic vision. This also gives the Directors a chance to learn and address any concerns which are of importance to the employees. These engagements foster a healthy mutual understanding between the management and its teams. |

| Stakeholder Group | Principal Methods of Engagement |
|---|---|
| Customers | The Directors and the key business managers ensure continuous interactions with customers. With the easing of restrictions, the business managers have been engaging with the customers more in person. Meeting them at various industry events, conferences and inviting them to our Company events ensure that the customers are kept abreast of various business activities, initiatives, and key achievements. |
| Suppliers | The Group's major suppliers are contractors/consultants. They are treated as an extension of the Group's resources in the event of a shortage or skills gap during a business surge. The Directors ensure that they maintain relationships with existing contractors and hire them when the requirement arises.<br><br>The Group has actively managed its cash flow to ensure that supplier payments are executed on time. |
| Communities | The Company has taken various initiatives to engage with the local communities and support their initiatives. To enable more employee participation, the Company extended the Group initiative of annual "Day of Service", which allows employees one day of paid leave to support a community organisation of their choice.<br><br>In addition, the Company rolled out the scheme to enable the employees, who drive for work, to switch to more environment friendly vehicles. |

As McLarens Global Limited is a wholly owned subsidiary group of the larger McLarens Holdco LLC group (the "Holdco Group"), decisions for the Group are made by the Holdco Group board of directors. During 2023, the Holdco Group board met quarterly.

The 2024 budget was presented to the Holdco Group Board on April 2, 2023. The Holdco Group board reviewed and discussed the budget with management. The 2024 budget was approved after the Board meeting.

This report was approved by the board on 12/3/2024 and signed on its behalf.

Gary Brown

**G Brown**
Director

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

**Results and dividends**

The Group's profit for the year, after taxation and minority interests, amounted to $6,964,812 (*2022 $477,708*).

The group has overseas branches in Taiwan, Qatar, Abu Dhabi, and Puerto Rico. Additionally, as a part of the share-based payment schemes, for the Class A units awarded in place of cash bonuses, the various entities remit cash to McLarens Holdco LLC. In 2023, the amount of cash sent was $419,132.

**Directors**

The directors who served during the year were:

G Brown
N J Robinette

**Financial risk management objectives and policies**

The Group does not enter into any hedging or derivative transactions.

The Group has established unused loan and overdraft facilities at fixed and variable rates and manages its liquidity and cash flow risks by constant monitoring of cash positions and projections.

The Group's financial instruments comprise amounts receivable from customers, amounts payable to suppliers, loans and bank balances.

The Group is exposed to foreign currency risk due to its transactions with foreign subsidiaries, customers, and suppliers in foreign currencies. The Group is primarily exposed to foreign exchange risk in relation to US Dollar against Sterling, and the Euro. Foreign exchange gains and losses on transactions in foreign currencies are taken to profit or loss when the gain or loss occurs.

None of the financial instruments are subject to any other market movements affecting price risk. In summary therefore, exposure to price risk is not considered material.

The Group monitors credit risk via continual review of balances due from customers and also through use of credit limits.

**Directors' Responsibilities Statement**

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 viewof the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the directors are required to:

**Directors' Responsibilities Statement (continued)**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Please see the Section 172 Statement in the Group Strategic Report for discussion about the involvement of employees, and the Business Review Section for a commentary on key performance indicators and drivers.

**Streamlined Energy and Carbon Reporting**

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" unquoted company, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.Ther following disclosure reflects the data of MYI Limited, the largest entity in the Group operating in the UK. No other entities in the group meet the requirements for disclosure.

| Reporting year | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Location(s) covered by scope | UK | UK |
| Emissions from combustion of gas (tCO2e) (Scope 1) | 0 | 0 |
| Emissions from purchase of electricity (tCO2e) (Scope 2) | 26 | 17 |
| Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO2e) (Scope 3) | 231 | 181 |
| **Total gross emissions based on above (tCO2e)** | **257** | **198** |
| Energy consumption used to calculate emissions from combustion of gas (kWh) | 0 | 0 |
| Energy consumption used to calculate emissions from purchased electricity (kWh) | 132,124 | 80,357 |
| Energy consumption used to calculate emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (kWh) | 936,451 | 736,311 |
| **Total energy consumption based on above (kWh)** | **1,068,575** | **816,668** |
| Intensity ratio: tCO2e (gross Scope 1, 2 + 3) per full-time equivalent | 1.00 | 1.06 |

## Methodology

Anthesis has calculated the above greenhouse gas emissions estimates to cover all material sources of emissions for which MYI Limited is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach.

All available emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included, however like last year, this year's disclosure excludes emissions from electricity and gas consumption from the following serviced office locations: Belfast, Birmingham, Bristol, Cardiff, Chelmsford, Croydon, Glasgow, Leeds, Manchester, and Newcastle. Emissions from gas consumption at the Heathrow location have also been excluded. Efforts were made to obtain this data however as confirmed by the Landlords of each site, it was not possible to obtain consumption figures for MYI Limited. MYI Limited will endeavour to obtain this information in future reporting years. Data was available from the Cheltenham, Heathrow, and London sites.

This estimate covers a portion of MYI Limited's operations that are consolidated in the Group financial statements, the offices leased to conduct these operations and business travel carried out in employee-owned and rental vehicles. Raw data in the form of Landlord recharges, invoices and expenses spreadsheets held by Finance has been collected. Where there were data gaps, energy consumption was calculated using pro-rata extrapolation of available data. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2021.

## Energy Efficiency Action

The Group have made efforts to improve energy efficiency across their portfolio between 1st April 2022 and 31st March 2023. The Group have implemented an electric/hybrid car scheme. As of 2023, they currently possess three vehicles with an additional thirteen on order. Additionally, the company has endeavoured to adopt a paperless workflow whenever feasible.

## Future developments

The Group continues to explore new opportunities and invest in new business segments. During 2023, the Group has taken the following steps to grow its business:

### New business areas

The Group established a new business adjacency to focus on forensic engineering and investigation claims (Entertainment and Contingency) on 1st October 2023.

### Strengthening of existing business structure

The Group announced formation of Senior Management Board as of 1st April 2023 which includes representation from Finance, HR, & Legal.

### New infrastructure

The Group has currently invested in the upgrade of their claims management system as well new ERP role out to go live in 2024 which would significantly add value.

These actions and a continued aim of growth are the key developments planned for the future of the Company.

## Engagement with Employees

Employee engagement is of paramount importance to the Company. Communication on Company, employment and commercial matters is leveraged through a multitude of channels and resources including but not limited to business briefings and updates and in person and remote meetings. The establishment of the Diversity and Inclusion Committee and other Employee Resource Groups provides a further platform for communication and the engagement of employees on matters of importance from an internal and external perspective and with respect to current and future initiatives. The above are supported by communication channels such as our Intranet platform, email communications and internal newsletters that disseminate information and support awareness and consultation on matters impacting the business and its people.

## Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

## Stakeholder engagement

Consideration of stakeholder engagement has been made within the Strategic Report.

## Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## Post balance sheet events

The Group has continued its strategy of growth through acquisitions both in adjusting services and its adjacencies business lines. The Group has purchased Geoffrey Hunt & Partners LLP and Roberts International in FY24.

Management has evaluated subsequent events for potential recognition and disclosure through the date of approval of the consolidated financial statements, the date which the consolidated financial statements were available to be issued and determined that there were no other subsequent events that required recognition of disclosure in the consolidated financial statements.

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

This report was approved by the board on 12/3/2024 and signed on its behalf.

Gary Brown

**G Brown**
Director

GrantThornton

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLARENS GLOBAL LIMITED

**Opinion**

We have audited the financial statements of McLarens Global Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit 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.

**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 are independent of the group and the parent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living' crisis being driven by high and volatile inflation, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

GrantThornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLARENS GLOBAL LIMITED (CONTINUED)**

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

**Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

**Responsibilities of directors for the financial statements**

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

GrantThornton

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLARENS GLOBAL LIMITED (CONTINUED)

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant is FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.
- We understood how the Group is complying with the legal and regulatory frameworks by making enquiries of management on whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- We assessed the susceptibility of the Group's and Parent Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Our audit procedures included:
  - Obtaining an understanding of the Group's operations, including the nature of its revenue sources and services to understand the classes of transactions, account balances, expected financial statement disclosures and business risks;
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the company operates;
  - understanding of the legal and regulatory requirements specific to the entity.
- In assessing the potential risk of maternal misstatement, we obtained an understanding of:
  - the Group's operations, the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of maternal misstatements; and the Group's control environment, including:

GrantThornton

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLARENS GLOBAL LIMITED (CONTINUED)

- management's knowledge of relevant laws and regulations and how the Group is complying to those laws and regulations;
- procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

**David White BA FCA (Senior Statutory Auditor)**
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
17th Floor
103 Colmore Row
Birmingham
B3 3AG
**United Kingdom**
12/3/2024

## MCLARENS GLOBAL LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 MARCH 2023

| | Notes | 2023<br>$000 | Restated*<br>2022<br>$000 |
|---|---|---|---|
| Turnover | 4 | 70,101 | 64,924 |
| Cost of sales | 7 | (44,046) | (45,389) |
| **Gross profit** | | 26,055 | 19,535 |
| Administration expenses | | (14,969) | (17,732) |
| Other operating costs | 5 | (1,894) | (1,870) |
| **Operating profit/(loss)** | | 9,192 | (67) |
| Interest receivable and similar income | 8 | 109 | 231 |
| Interest payable and similar expenses | 9 | - | - |
| **Profit/(loss before taxation** | | 9,301 | 164 |
| Income tax (expense)/benefit | 10 | (2,418) | 362 |
| **Profit for the financial year** | | 6,883 | 526 |
| Currency translation differences | | | |
| Non-controlling interests | | 36 | (4) |
| Owners of the parent Company | | (2,016) | (1,258) |
| **Other comprehensive loss for the year** | | (1,980) | (1,262) |
| **Total comprehensive income/(loss) for the year** | | 4,903 | (736) |
| **Profit for the year attributable to:** | | | |
| Non-controlling interests | | (82) | 48 |
| Owners of the parent Company | | 6,965 | 478 |
| | | 6,883 | 526 |
| **Total comprehensive income/(loss) for the year attributable to:** | | | |
| Non-controlling interests | | (46) | 44 |
| Owners of the parent Company | | 4,949 | (780) |
| | | 4,903 | (736) |

**Refer to note 28*

The notes on pages 20 to 48 form part of these financial statements.

## MCLARENS GLOBAL LIMITED

## CONSOLIDATED BALANCE SHEET
## AS AT 31 MARCH 2023

| | Notes | | 2023 $000 | | (Restated) 2022 $000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | 11,486 | | 12,874 |
| Tangible assets | 13 | | 1,088 | | 1,174 |
| Investments accounted for using the equity method | 14 | | 63 | | 63 |
| | | | 12,637 | | 14,111 |
| **Current assets** | | | | | |
| Unbilled services, net of allowance, and cost advances | | 15,127 | | 13,279 | |
| Debtors: amounts falling due after more than one year | 15 | 2,071 | | 2,168 | |
| Debtors: amounts falling due within one year | 15 | 27,669 | | 25,020 | |
| Cash at bank and in hand | 16 | 8,638 | | 8,811 | |
| | | 53,505 | | 49,278 | |
| Creditors: amounts falling due within one year | 17 | (58,986) | | (60,787) | |
| **Net current liabilities** | | | (5,481) | | (11,508) |
| **Total assets less current liabilities** | | | 7,156 | | 2,603 |
| Creditors: amounts falling due after more than one year | 18 | | (5,340) | | (3,244) |
| **Net assets/(liabilities)** | | | 1,816 | | (641) |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | 72 | | 72 |
| Share premium account | 22 | | - | | - |
| Capital contributions reserve | 22, 24 | | 48,102 | | 48,232 |
| Foreign exchange reserve | 22 | | (5,777) | | (3,761) |
| Retained (losses) | | | (39,787) | | (44,666) |
| **Equity attributable to the owner of the company** | | | 2,610 | | (123) |
| Non-controlling interest | | | (794) | | (518) |
| | | | 1,816 | | (641) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/3/2024

Gary Brown

**G Brown**
Director

**Refer to note 27*

The notes on pages 20 to 48 form part of these financial statements.

## MCLARENS GLOBAL LIMITED

### COMPANY BALANCE SHEET
### AS AT 31 MARCH 2023

| | Note | | 2023<br>$000 | | *(Restated)*<br>*2022*<br>*$000* |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 14 | | 185,390 | | *185,390* |
| | | | 185,390 | | *185,390* |
| **Current assets** | | | | | |
| Debtors: amounts falling due after more than one year | 15 | - | | *-* | |
| Debtors: amounts falling due within one year | 15 | 19,177 | | *19,195* | |
| Cash at bank and in hand | 16 | 12 | | *96* | |
| | | 19,189 | | *19,291* | |
| Creditors: amounts falling due within one year | 17 | (150,411) | | *(139,970)* | |
| **Net current liabilities** | | | (131,222) | | *(120,679)* |
| **Total assets less current liabilities** | | | 54,168 | | *64,711* |
| **Net assets** | | | 54,168 | | *64,711* |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | 72 | | *72* |
| Contributed Capital | | | 45,200 | | *45,200* |
| Share-based payment reserve | 22, 24 | | - | | *-* |
| Profit and loss account brought forward | | 17,353 | | *26,744* | |
| (Loss)/profit for the year | | (8,457) | | *(7,305)* | |
| Other changes in the profit and loss account | | - | | *-* | |
| Profit and loss account carried forward | | | 8,896 | | *19,439* |
| | | | 54,168 | | *64,711* |

The parent company has taken advantage of Section 408 of the Companies Act of 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's loss for the year was $8,457,194 (2022: Loss of $7,305,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12/3/2024

Gary Brown

**G Brown**
Director

The notes on pages 20 to 48 form part of these financial statements.

## MCLARENS GLOBAL LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 MARCH 2023

| | Called up share capital | Capital contribution reserve | Foreign exchange reserve | Retained (losses) earnings | Equity attributable to owner of parent company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| At April 1. 2022 | 72 | 48,232 | (3,761) | (44,666) | (123) | (518) | (641) |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | 6,965 | 6,965 | (82) | 6,883 |
| Foreign currency translation | - | - | (2,016) | | (2,016) | 36 | (1,980) |
| **Total comprehensive income for the year** | - | - | (2,016) | 6,965 | 4,949 | (46) | 4,903 |
| Dividend paid | - | - | - | (2,086) | (2,086) | - | (2,086) |
| Dividends paid to non-controlling interests | - | - | - | - | - | (230) | (230) |
| Share-based payments | - | (130) | - | - | (130) | - | (130) |
| **Total transactions with owners** | - | (130) | - | (2,086) | (2,216) | (230) | (2,446) |
| **At March 31, 2023** | 72 | 48,102 | (5,777) | (39,787) | 2,610 | (794) | 1,816 |

## MCLARENS GLOBAL LIMITED

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

| | Called up share capital $000 | Capital contribution reserve $000 | Foreign exchange reserve $000 | Retained (losses) earnings $000 | Equity attributable to owner of parent company $000 | Non-controlling interest $000 | Total equity $000 |
|---|---|---|---|---|---|---|---|
| At April 1, 2021 | 72 | 45,966 | (2,500) | (45,147) | (1,609) | (225) | (1,834) |
| **Comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | 478 | 478 | 48 | 526 |
| Foreign currency translation | - | - | (1,261) | 3 | (1,258) | (4) | (1,262) |
| **Total comprehensive loss for the year** | - | - | (1,261) | 481 | (780) | 44 | (736) |
| Contribution from Parent | - | 2,171 | - | - | 2,171 | - | 2,171 |
| Dividends paid to non-controlling interests | - | - | - | - | - | (337) | (337) |
| Share-based payments | - | 95 | - | - | 95 | - | 95 |
| **Total transactions with owners** | - | 2,266 | - | - | 2,266 | (337) | 1,929 |
| **At March 31, 2022** | 72 | 48,232 | (3,761) | (44,666) | (123) | (518) | (641) |

The notes on pages 20 to 48 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2023

| | Called up share capital $000 | Capital contribution reserve $000 | Profit and loss account $000 | Total equity $000 |
|---|---|---|---|---|
| At 1 April 2022 | 72 | 45,200 | 19,439 | 64,711 |
| **Comprehensive income for the year** | | | | |
| Loss for the year | - | - | (8,457) | (8,457) |
| **Total comprehensive income for the year** | - | - | (8,457) | (8,457) |
| **Contributions by and distributions to owners** | | | | |
| Dividend paid | - | - | (2,086) | (2,086) |
| **Total transactions with owners** | - | - | (2,086) | (2,086) |
| **At 31 March 2023** | 72 | 45,200 | 8,896 | 54,168 |

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MARCH 2022

| | Called up share capital $000 | Capital contribution reserve $000 | Profit and loss account $000 | Total equity $000 |
|---|---|---|---|---|
| At 1 April 2021 | 72 | 45,200 | 26,744 | 72,016 |
| **Comprehensive income for the year** | | | | |
| Loss for the year | - | - | (7,305) | (7,305) |
| **Total comprehensive income for the** | - | - | (7,305) | (7,305) |
| **Contributions by and distributions to owners** | | | | |
| Dividend paid | - | - | - | - |
| **Total transactions with owners** | - | - | - | - |
| **At 31 March 2022** | 72 | 45,200 | 19,439 | 64,711 |

The notes on pages 20 to 48 form part of these financial statements.

## MCLARENS GLOBAL LIMITED

### CONSOLIDATED STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| **Cash flows from operating activities** | | |
| Profit for the year | 6,883 | 526 |
| Adjustments for noncash items: | | |
| Depreciation and amortisation | 1,894 | 1,870 |
| Loss on disposal of tangible assets | 9 | 9 |
| Interest Expense | (109) | (233) |
| Interest receivable | - | 2 |
| Tax charge | 2,418 | (362) |
| Share based payment expense and settlement of schemes | 2,624 | 4,806 |
| Foreign exchange gains and losses on financing activities | (1,762) | (1,524) |
| Adjustments for changes in assets and liabilities | | |
| (Decrease)/increase in unbilled services and cost advances | (2,361) | 267 |
| (Increase) in debtors | (3,905) | (4,247) |
| (Decrease)/increase in creditors | (154) | 5,817 |
| Corporate tax paid | (1,336) | (3,147) |
| **Net cash generated from operating activities** | 4,201 | 3,785 |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | (272) | (873) |
| Purchase of intangible assets | (276) | - |
| **Net cash used in investing activities** | (548) | (873) |
| **Cash flows from financing activities** | | |
| Contributions from Parent | - | 2,171 |
| Repayment of loan from related party | (566) | (6,727) |
| Consideration paid for parent shares | (419) | (378) |
| Dividends paid | (2,316) | (344) |
| **Net cash used in financing activities** | (3,301) | (5,278) |
| Net (decrease)/increase in cash and cash equivalents | 352 | (2,366) |
| Cash and cash equivalents at beginning of year | 8,811 | 11,582 |
| Foreign exchange effects on cash flows | (525) | (405) |
| Cash and cash equivalents at the end of the year | 8,638 | 8,811 |
| Cash and cash equivalents at the end of the year comprise: | | |
| Cash - unrestricted funds | 8,638 | 8,811 |

The notes on pages 20 to 48 form part of these financial statements.

## 1. General information

McLarens Global Limited ('the Company') and its subsidiaries (together "the Group") are a best-in-class provider of claims management, loss adjusting, pre-risk and damage surveying, and auditing services for companies throughout the world.

The Company is a private company limited by share capital, incorporated in England, and Wales under the Companies Act 2006. The address of its registered office is 1 World Business Centre Newall Road, Heathrow Airport, London, United Kingdom, TW6 2AS.

## 2. Accounting policies

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

### 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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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

The financial statements are stated in thousands of US Dollars. The US Dollar is the reporting currency of the group.

*Parent company disclosure exemptions*

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements to disclose non-audit remuneration as these are disclosed in the group amounts

This information is included within the group figures as part of this set of financial statements.

## 2. Accounting policies (continued)

### 2.2 Going concern

The Group saw positive revenue growth compared to FY22 in the claims adjusting business, and related risk management services.

The Group has received assurance from its parent McLarens Midco Inc. that in the event the Group shall not be able to meet its near-term obligations, the parent will provide support as necessary. This support will continue for at least 12 months from the date of approval of McLarens Global Limited financial statements for the year ended 31 March 2023.

Based on our current view of the available information, management currently believe that the Group has and will have sufficient cash liquidity, and as a result, management believe it is appropriate to consider the business a going concern.

The following principal accounting policies have been applied:

### 2.3 Basis of consolidation

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

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

### 2.4 Revenue

All revenues relate to the principal activity of the Group, which is the provision of claims processing services. There are broadly two methods of recognising revenue, depending on the nature of each individual contract:

**Time and expenses**
Revenues from this category of income are recognised based on the number of hours recorded by professionals at agreed hourly rates, as well as any expenses or disbursements directly relating to each individual assignment. Unbilled amounts arising from this category are included within unbilled services net of provisions made for the proportion estimated to be irrecoverable.

**Fixed fees**
The fee is fixed based on the size of the assignment and pre agreed with the customer; revenue is recognised based on an estimate of the percentage completion of a particular assignment as well as any expenses or disbursements directly relating to each individual assignment.

## 2. Accounting policies (continued)

### 2.5 Intangible assets

Intangible assets with a finite useful life are amortised and charged to profit or loss on a straight-line basis over their estimated useful lives. Amortisation commences when the asset is available for use. The residual values of intangible assets are assumed to be nil.

Intangible assets acquired in a business combination, including trade names, customer relationships, software and non-compete agreements, are identified and recognized separately from goodwill. Intangible assets are recognized at fair value at the acquisition date, where such assets are considered to be either contractual or separable under the criteria as defined by FRS 102. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulative amortization and accumulative impairment losses, on the same basis as intangible assets acquired separately.

*Trademarks*
Trademarks are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated over a period of seven years using the straight-line method.

*Domain names*
Domain names are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated over a period of seven years using the straight-line method.

*Goodwill*
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of its identifiable assets and liabilities. The Group has taken transitional relief for all pre-transition acquisitions and these are therefore amortised and charged to profit or loss over its estimated economic life, which was assumed to be 20 years unless there were factors which indicate otherwise. Any future business combinations will be amortised over 10 years, if no reliable estimate can be made.

At each reporting date the Group reviews the carrying value of goodwill for any indication of impairment. If such an indication exists, the difference is expensed to profit or loss.

*Negative goodwill*
Negative goodwill arises where the fair value of the net assets of certain associate interests exceeds the fair value of the consideration paid on acquisition by the company of these interests. Negative goodwill is recognised in the balance sheet and is only released upon disposal of the asset which it relates to.

## 2. Accounting policies (continued)

### 2.5 Intangible assets (continued)

*Software development*
Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or to sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software;
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets related to software development costs are generally amortised over 7 years.

*Customer relationships*
Customer relationships are recognised only on acquisition. The fair value is derived based on discounted cash flows from estimated revenue streams. The carrying value is stated at fair value at acquisition less accumulated amortisation and impairment losses. The useful economic life is assessed for each acquisition separately. Amortisation is charged over the useful life of the relationships in proportion to the estimated future cash flows.

### 2.6 Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis over the useful economic life of that asset as follows:

| | |
|---|---|
| Leasehold property | - The term of the lease, generally 25-40 years |
| Motor vehicles | - 5 years |
| Office equipment/furniture | - 5 - 7 years |
| Computers | - 3 - 5 years |

Office equipment/furniture and computers are classified as office equipment in note 13.

### 2.7 Investments

**Valuation**

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

**Share of profit/(loss)**

The Group records the profit/loss of subsidiaries and associates at full value and records a liability for the amount attributable to the non-controlling interest.

## 2. Accounting policies (continued)

### 2.8 Trade debtors and unbilled services and cost advances

Trade debtors are stated at amounts due from customers net of an allowance for doubtful accounts which is based on management's assessment of the collectability of trade debtors. Trade debtors are written off against the allowance when they are determined to be uncollectible.

Unbilled services and cost advances represent recoverable items such as fees for services rendered, outside contractors' costs, and administrative costs that have not yet been billed. Unbilled services and cost advances are stated at net realisable value discounted by management's assessments on chargeability of servicesrendered.

The determination of the adequacy of the allowances for doubtful trade debtors and unbilled services is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of estimated losses on billed work and unbilled services and cost advances, management reviews the age of services rendered, the payment history and correspondence with the group's clients.

### 2.9 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

### 2.10 Financial instruments

*Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

*Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

## 2. Accounting policies (continued)

### 2.11 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.

### 2.12 Funds held in trust

Cash held in trust represents customer funds, held by the Group, for the future settlements of claims and/or payment to subcontractors. Interest income on these funds is classified as operating income by the Group, net of amounts payable to certain customers.

### 2.13 Foreign currency translation

*Functional and presentation currency*
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US Dollars, which is the Company's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into US Dollars at average rates throughout the year. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in Other comprehensive income.

*Transactions and balances*
Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Where the company distributes its investments, it records the dividend payable at book cost. Where it receives equity investments by way of distribution, it records this as dividend income at fair value.

## 2. Accounting policies (continued)

### 2.16 Share-based payments

The Group provides share-based payment arrangements to certain of its employees.

*Equity-settled*

The cost of equity-settled units-based transactions is measured at the fair value of the equity instruments on the date of the grant. The cost of the equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in the statement of comprehensive income.

*Cash-settled*

The fair value of amounts payable to employees in respect of unit-based awards, which will be settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period over which the employee becomes unconditionally entitled to payment. The cost of the cash-settled transactions is measured initially at the fair value at the grant date. The liability is re-measured at each reporting date up to and including the settlement date. Any changes in the fair value of the liability are recognized as an expense in the statement of comprehensive income.

### 2.17 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

### 2.18 Pension contributions

The group operates a number of pension schemes throughout the world which are of a defined contribution type. The assets of the scheme are held separately from those of the group in independently administered funds. Contributions to the schemes are charged to profit or loss as they become payable.

## 2. Accounting policies (continued)

### 2.19 Current and deferred taxation

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

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

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

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

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

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The group has a legally enforceable right to offset current tax assets against current tax liabilities, and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

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

In preparing these financial statements, the directors have concluded that the following materialjudgements have been made:

The directors concluded that the share based payment schemes in place are classified as either equity settled or cash settled, with two schemes identified as equity settled and one as cash settled. The equity settled plans were on the conclusion that equity instruments in the ultimate parent were issued and therefore there is no obligation on the company to settle these. The cash settled scheme was as a result of the employee being given the option at the end of a determined vesting period to receive cash or equity and as a result of the cash option then this is recognised as cash settled.

*Key sources of estimation uncertainty*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees, such as the B Units, by reference to the fair value of the equity instruments at the date at which they are granted and measures the cost of cash-settled transactions by reference to the fair value of the equity instrument at the date of reporting. The Group has applied the Monte Carlo valuation model to the B Units to estimate the fair value. Using this model required management to make assumptions with regards to the risk-free rate, volatility, expected life and a discount rate for the lack of marketability.

The cash settled unit-based compensation fair value is subject to changes in inputs/assumptions. If these key assumptions, such as risk-free rate, volatility and discount rate were to change, it is possible that it would have a negative impact on fair value of the instruments. If volatility were to increase, the fair value would decrease. Likewise, if the discount rate were to increase, the fair value would decrease. The equity-settled unit-based compensation is not subsequently remeasured after grant date. However the estimate number of units expected to vest is a source of uncertainly based on input assumptions and discount rate.

The Group measure the value of RUE units based on valuation of the Group performed by a third-party. The third-party valuation firm used the Monte Carlo valuation method to value the Group based on management's estimates. The model uses volatility and applies a discount rate and an increase in either would decrease the value of the Group and vice versa. A lower value of the Group would result in a lower amount of liability recognized.

## 4. Turnover

Analysis of turnover by country of destination:

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| United Kingdom | **49,815** | *44,852* |
| Asia and Pacific | **5,439** | *6,279* |
| Central and South America | **9,143** | *8,373* |
| EMEA (excluding United Kingdom) | **5,704** | *5,420* |
| | **70,101** | *64,924* |

## 5. Operating profit

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Depreciation on tangible fixed assets | **281** | *290* |
| Amortisation of intangible assets, including goodwill | **1,613** | *1,580* |
| Loss on disposal of fixed assets | **21** | *9* |
| Operating lease costs - motor vehicles and office equipment | **56** | *26* |
| Operating lease costs - land and buildings | **875** | *1,028* |
| Exchange differences | **(1,762)** | *(1,522)* |
| Shared-based payment | **2,624** | *4,805* |
| Defined contribution pension cost | **4,165** | *1,785* |

## 6. Auditor's remuneration

| | **2023** | *2022* |
|---|---|---|
| | **$000** | *$000* |
| Auditor's Remuneration: Grant Thornton UK LLP | **148** | *185* |
| Auditor's remuneration for audit of subsidiary entities: Grant Thornton UK LLP | **93** | *82* |
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | **75** | *101* |
| | **316** | *368* |
| **Fees payable to the Group's auditor and its associates in respect of non-audit services:** | | |
| Tax compliance services: Grant Thornton UK LLP | **-** | *-* |
| Tax compliance services: Affiliates of Grant Thornton UK LLP | **3** | *3* |
| Tax advisory services: Grant Thornton UK LLP | **-** | *59* |
| Tax advisory services: Affiliates of Grant Thornton UK LLP | **-** | *1* |
| Corporate finance transaction services: Grant Thornton UK LLP | **-** | *-* |
| | **3** | *63* |
| Other non-audit services not covered above: Grant Thornton UK LLP | **323** | *22* |
| Other non-audit services not covered above: Affiliates of Grant Thornton UK LLP | **1** | *-* |
| Total Remuneration | **643** | *453* |

## 7. Particulars of directors and employees

The Group had 473 employees on average in 2023 compared to 423 in 2022. Of these 184 were employed in management and administration roles in 2023 compared to 172 in 2022 with another 289 were adjusters in 2023 compared to 251 in 2022.

Staff Employed

| | 2023 | 2022 |
|---|---|---|
| Management and administration | **184** | *172* |
| Adjusters | **289** | *251* |
| | **473** | **423** |

The aggregate payroll costs of the above were:

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Wages and Salaries | **31,246** | *30,597* |
| Social Security Costs | **4,228** | *4,122* |
| Cost of defined contribution scheme | **1,783** | *1,785* |
| **Total Wages & Salaries** | **37,257** | **36,504** |
| Share-based payment charge | **2,624** | *4,805* |
| Other related costs | **4,165** | *4,080* |
| | **44,046** | **45,389** |

In respect of McLarens Global Limited, there were no employees during the year *(2023: Nil)* and no costs were recharged *(2022: Nil)* in respect of employee services from other group companies.

The Director's remuneration was paid outside the Group. Further, the Directors of the Group are Directors of the wider McLarens Group. As a result, no remuneration paid to the Directors of the wider group is allocated to the Group.

During the year Nil directors were accruing benefits under a money purchase pension scheme *(2022: Nil)*.

## 8. Interest receivable

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Interest receivable from group undertakings | (109) | *(233)* |
| Interest receivable from banks | | *2* |
| | (109) | (231) |

## 9. Interest payable and similar expenses

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| Loans from group undertakings | - | - |

## 10. Taxation

| | 2023<br>$000 | 2022<br>$000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on (loss)/profit for the year | **1,579** | *815* |
| Adjustments in respect of previous periods | **358** | - |
| | **1,937** | *815* |
| **Foreign Tax** | | |
| Foreign tax on income for the year | **298** | *262* |
| Foreign tax in respect of prior periods | - | - |
| Withholding Tax | **120** | *108* |
| **Total current tax** | **2,355** | *1,185* |
| **Deferred Tax** | | |
| Origination and reversal of timing differences | **(137)** | *(570)* |
| Effect of change in tax rate on opening asset/liability | - | *(353)* |
| Adjustments in respect of prior periods | **200** | *(624)* |
| **Total deferred tax** | **63** | *(1,547)* |
| **Taxation on profit on ordinary activities** | **2,418** | *(362)* |
| **Effective Tax Rate** | **26.00%** | *-220.48%* |

## 10. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year differs from *(2022: differs from)* the standard rate of corporation tax in the UK of 19% *(2022: 19%)*. The differences are explained below:

| | 2023 $000 | *2022 $000* |
|---|---|---|
| Profit on ordinary activities before tax | **9,301** | *164* |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | **1,767** | *31* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill | | |
| Non-taxable income | **(177)** | *17* |
| Amortisation and Impairment | **628** | *309* |
| Other timing differences | **122** | *101* |
| Withholding tax suffered | **120** | *108* |
| Release uncertain tax position | **(500)** | *-* |
| Group relief not paid for | **(540)** | *(385)* |
| Remeasurement of deferred tax for changes in tax rates | **(62)** | *-* |
| Effect of change in tax rate on opening asset/liability | **-** | *(353)* |
| Difference in overseas tax rates | **502** | *383* |
| Adjustments in respect of prior periods - corporate tax | **358** | *-* |
| Adjustments in respect of prior periods - deferred tax | **200** | *(573)* |
| Total tax charge for the year | **2,418** | ***(362)*** |

### Factors that may affect future tax charges

Changes to UK corporation tax rates were enacted as part of the Finance Act 2021 which received Royal Assent on 10 June 2021. The rate will remain at 19% before increasing to 25% from 1 April 2023. The deferred tax liability has been calculated in accordance with the enacted rates where applicable.

## 11. Deferred taxation

| | 2023 | 2022 |
|---|---|---|
| | $000 | $000 |
| At beginning of year | 2,014 | 462 |
| Current Year Movement | 137 | 924 |
| Current Year Movement through Reserves | (26) | 4 |
| Adjustments in respect of prior periods | (200) | 624 |
| At end of year | 1,925 | 2,014 |

The deferred tax asset is made up as follows:

| | Group | Group |
|---|---|---|
| | 2023 | 2022 |
| | $000 | $000 |
| Other timing differences | 2,020 | 2,041 |
| Accelerated capital allowances | (95) | (27) |
| | 1,925 | 2,014 |

## 12. Intangible assets

| | Other $000 | Software $000 | Goodwill $000 | Negative goodwill $000 | Total $000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 31 March 2022 | **587** | **146** | **31,691** | **(280)** | **32,144** |
| Additions | - | 276 | - | - | 276 |
| Disposals | - | - | - | - | - |
| Foreign exchange movement | - | 7 | (292) | - | (285) |
| **At 31 March 2023** | **587** | **429** | **31,399** | **(280)** | **32,135** |
| **Amortization** | | | | | |
| At 31 March 2022 | **510** | **59** | **18,701** | - | **19,270** |
| Charged for the year | 28 | 53 | 1,532 | - | 1,613 |
| Disposals | - | - | | - | - |
| Foreign exchange movement | - | (1) | (233) | - | (234) |
| **At 31 March 2023** | **538** | **111** | **20,000** | - | **20,649** |
| **Net book value** | | | | | |
| **At 31 March 2023** | **49** | **318** | **11,399** | **(280)** | **11,486** |
| At 31 March 2022 | *77* | *87* | *12,990* | *(280)* | *12,874* |

Total Goodwill remaining was $11,119k which will be recognized over a weighted-average remaining requisite period of 12.1 years.

## 13. Tangible fixed assets

| | Long-term leasehold property $000 | Motor vehicles $000 | Office equipment $000 | Total $000 |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 31 March 2022 | 921 | 268 | 2,112 | 3,301 |
| Additions | - | - | 272 | 272 |
| Disposals | - | (12) | (141) | (153) |
| Discontinued operations | - | - | - | - |
| Exchange adjustments | (58) | (17) | (147) | (222) |
| **At 31 March 2023** | 863 | 239 | 2,096 | 3,198 |
| **Depreciation** | | | | |
| At 31 March 2022 | 294 | 223 | 1,610 | 2,127 |
| Charge for the year on owned assets | 63 | 11 | 207 | 281 |
| Disposals | - | (12) | (141) | (153) |
| Discontinued Operations | - | - | - | - |
| Exchange adjustments | (15) | (17) | (113) | (145) |
| **At 31 March 2023** | 342 | 205 | 1,563 | 2,110 |
| **Net book value** | | | | |
| **At 31 March 2023** | 521 | 34 | 533 | 1,088 |
| *At 31 March 2022* | *627* | *45* | *502* | *1,174* |

Both computers and office equipment and furniture are included in the office equipment category for purposes of this disclosure.

## 14. Fixed asset investments

| Group | Investments in Associates $000 |
|---|---|
| At 1 April 2022 | 2,302 |
| Addititions | |
| At 31 March 2023 | 2,302 |
| **Impairment** | |
| At 1 April 2022 | 2,239 |
| At 31 March 2023 | 2,239 |
| **Net book Value** | |
| At 31 March 2023 | 63 |
| At 31 March 2022 | 63 |

| Company | Investments in Subsidiary Companies $000 |
|---|---|
| **Cost or valuation** | |
| At 1 April 2022 | 185,390 |
| Additions | - |
| Disposals | - |
| At 31 March 2023 | 185,390 |
| **Net book Value** | |
| At 31 March 2023 | 185,390 |
| At 31 March 2022 | 185,390 |

## 14. Fixed asset investments (continued)

### Subsidiary undertakings

The following were subsidiary undertakings of the Company as of 31 March 2023:

| Name | Registered office | Class of shares | Holding |
|---|---|---|---|
| **Subsidiaries** | | | |
| MYI Acquiror Limited* | UK | Ordinary | 100% |
| MYI UK Holdings (No.1) Limited* | UK | Ordinary | 100% |
| MYI US Holdings Limited* | UK | Ordinary | 100% |
| Halliwell Forensics Limited* | UK | Ordinary | 100% |
| McLarens Young International Limited* | UK | Ordinary | 100% |
| Airclaims Group (Overseas) Limited* | UK | Ordinary | 100% |
| Airclaims (Australia) Proprietary Limited | Australia | Ordinary | 100% |
| McLarens (Malaysia) SDN. BHD. | Malaysia | Ordinary | 100% |
| MYI Limited | UK | Ordinary | 100% |
| Airclaims Limited* | UK | Ordinary | 100% |
| McLarens Belgium S.A. | Belgium | Ordinary | 100% |
| McLarens France S.A.S. | France | Ordinary | 100% |
| McLarens Young International Jamaica Ltd | Jamaica | Ordinary | 100% |
| McLarens Young International (Trinidad and Tobago) Ltd | Trinidad | Ordinary | 100% |
| McLarens Toplis Caribbean Limited | Barbados | Ordinary | 100% |
| McLarens Toplis Caribbean (Antigua) Limited | Antigua | Ordinary | 100% |
| Brawdia Limited* | UK | Ordinary | 100% |
| Agrical Limited* | UK | Ordinary | 100% |
| McLarens Latin America, S.A | Panama | Ordinary | 100% |
| McLarens Colombia (Overseas), S.A | Panama | Ordinary | 100% |
| McLarens Mexico (Overseas), S.A | Panama | Ordinary | 99% |
| McLarens Venezuela (Overseas), S.A | Panama | Ordinary | 56% |
| McLarens Young Mexico, S.A de C.V | Mexico | Ordinary | 98% |
| McLarens Caribbean (Overseas), S.A | Panama | Ordinary | 99% |
| McLarens Argentina, S.A | Argentina | Ordinary | 79% |
| McLarens Chile (Liquidadores Oficiales) SpA | Chile | Ordinary | 100% |
| McLarens Young Bahamas | Bahamas | Ordinary | 80% |
| McLarens Young do Brazil Ltda | Brazil | Ordinary | 99% |
| McLarens Young Colombia, S.A | Colombia | Ordinary | 99% |
| McLarens Argentina Overseas S.A. | Panama | Ordinary | 79% |
| McLarens Chile Overseas S.A. | Panama | Ordinary | 100% |
| McLarens Aviation Brazil LTDA | Brazil | Ordinary | 100% |
| McLarens Brazil Overseas S.A | Panama | Ordinary | 100% |
| McLarens Chartered Loss Adjusters Limited | Ireland | Ordinary | 100% |
| McLarens Spain Loss Adjusting Services, S.L | Spain | Ordinary | 100% |
| McLarens Bulgaria Service Centre | Bulgaria | Ordinary | 100% |
| McLarens Korea Ltd | Korea | Ordinary | 50% |

*The subsidiaries denoted by asterisk above have claimed the exemption from audit under s479A of Companies Act 2006.

The financial year end of McLarens Young Latin America SA and its associated subsidiaries is non-coterminous with that of the Group, having a year end of 31 December 2022. The results of these entities were consolidated for the year to 31 March 2023.

## 15. Debtors

| | Group 2023 $000 | (Restated) *Group 2022 $000* | Company 2023 $000 | (Restated) *Company 2022 $000* |
|---|---|---|---|---|
| **Due within one year** | | | | |
| Trade debtors, net of allowance | **16,653** | *15,235* | - | - |
| Amounts owed by group undertakings | **7,142** | *6,692* | **19,177** | *19,195* |
| Other debtors | **713** | *788* | - | - |
| Prepayments | **2,690** | *1,999* | - | - |
| Prepaid income taxes | **471** | *306* | - | - |
| | **27,669** | *25,020* | **19,177** | *19,195* |

The trade debtors' figure at 31 March 2023 is net of a provision for doubtful debt of US $2,853,913 *(2022: US $2,640,622).*

All of the intercompany loans with partners outside of the group are non-interest bearing and payable on demand.

| | Group 2023 $000 | (Restated) *Group 2022 $000* | Company 2023 $000 | (Restated) *Company 2022 $000* |
|---|---|---|---|---|
| **Due after more than one year** | | | | |
| Other debtors | **146** | *154* | - | - |
| Deferred tax asset | **1,925** | *2,014* | - | - |
| | **2,071** | *2,168* | - | - |

## 16. Cash and cash equivalents

| | Group 2023 $000 | *Group 2022 $000* | Company 2023 $000 | *Company 2022 $000* |
|---|---|---|---|---|
| Cash - unrestricted funds | **8,638** | *8,811* | **12** | *96* |
| | **8,638** | *8,811* | **12** | *96* |

## 17. Creditors: Amounts falling due within one year

| | Group 2023 $000 | (Restated) Group 2022 $000 | Company 2023 $000 | Company 2022 $000 |
|---|---|---|---|---|
| Bank loans and finance leases | 35 | 18 | - | - |
| Trade creditors | 3,153 | 2,485 | - | - |
| Amounts owed to group undertakings | 38,444 | 43,598 | 150,411 | 139,970 |
| Corporation tax | 2,537 | 1,604 | - | - |
| Other taxation and social security | 1,281 | 1,102 | - | - |
| Other creditors | 173 | 155 | - | - |
| Accruals | 13,363 | 11,825 | - | - |
| | 58,986 | 60,787 | 150,411 | 139,970 |

All of the intercompany loans with partners outside of the group are non-interest bearing and payable on demand.

## 18. Creditors: Amounts falling due after more than one year

| | Group 2023 $000 | (Restated) Group 2022 $000 | Company 2023 $000 | Company 2022 $000 |
|---|---|---|---|---|
| Net obligations under finance leases and hire purchase contracts | - | 25 | - | - |
| Other creditors | 5,340 | 3,219 | - | - |
| | 5,340 | 3,244 | - | - |

## 19. Commitments under operating leases

At 31 March 2023 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2023 $000 | Group 2022 $000 |
|---|---|---|
| Not later than 1 year | 407 | 460 |
| Later than 1 year and not later than 5 years | 804 | 859 |
| Later than 5 years | 283 | 424 |
| | 1,494 | 1,743 |

## 20. Related party transactions

As a subsidiary Group of McLarens Midco Inc, the Group has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned members of the Midco Group.

The following material balances were due (to)/from related parties which are owned by the Midco Group at 31 March 2023. These are arms-length transactions related to services provided on behalf of the group and is consistent with the practices of Holdco the largest group.

Each subsidiary is still considered a subsidiary of its immediate parent due to control exerted by the Group over the subsidiary.

| | | | 2023 | | | |
|---|---|---|---|---|---|---|
| | | | Sales | Purchases | Cash | Closing |
| **Related Party** | **Relationship** | **Nature of balance** | **$000** | **$000** | **$000** | **$000** |
| McLarens Korea Ltd | Related Party | Trading balance | 2 | - | - | - |
| McLarens Venezuela (Overseas), S.A | Related Party | Trading balance | - | - | - | 570 |
| McLarens Argentina, S.A. | Related Party | Trading balance | 12 | 35 | 49 | (246) |
| McLarens Argentina Overseas S.A. | Related Party | Trading balance | - | - | - | (1,202) |
| McLarens Young Saudi Co. Limited | Related Party | Trading balance | 104 | 5 | 49 | (101) |

| | | | 2022 | | | |
|---|---|---|---|---|---|---|
| | | | | | Cash | Closing |
| | | | Sales | Purchases | Rec/(Pd) | Balance |
| **Related Party** | **Relationship** | **Nature of balance** | **$000** | **$000** | **$000** | **$000** |
| McLarens Korea Ltd | Related Party | Trading balance | - | (2) | - | (2) |
| McLarens Venezuela (Overseas), S.A | Related Party | Trading balance | - | 1 | - | 571 |
| McLarens Argentina, S.A. | Related Party | Trading balance | 105 | 1 | - | (293) |
| McLarens Argentina Overseas S.A. | Related Party | Trading balance | 55 | 15 | - | (1,198) |
| McLarens Young Saudi Co. Limited | Related Party | Trading balance | 33 | - | - | - |

The trading balances between McLarens Young Saudi Co. Limited and other group entities arise through intra-group sales and recharges. The total sales made to the group by McLarens Young Saudi Co. Limited in the year were $104,547 *(2022: $33,267)*.

The total cost to the Group of remunerating key management personnel was $Nil *(2022: $Nil)*.

## 21. Share capital

| Allotted, called up and fully paid | **2023** **$000** | *2022* *$000* |
|---|---|---|
| 32,343,832 (2020: 32,343,832) Class A shares of $0.001 each | **32** | *32* |
| 31,720,986 (2020: 31,720,986) Class B shares of $0.001 each | **32** | *32* |
| 7,295,863 (2020: 7.295,863) Class B Restricted shares of $0.001 each | **8** | *8* |
| | **72** | *72* |

All three classes of share capital rank pari passu in respect of distribution and voting rights.

## 22. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account - includes all current and prior period retained profits and losses.

Foreign exchange reserve - compromises foreign exchange translation differences arising from the translation of financial statements of the Group's foreign entities into US Dollars ($).

Capital contribution reserve - Contributions by Owner relating to amounts provided to entity that are not expected to be repaid.

## 23. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to $1,506,911 (*2022: $1,449,873*). Contributions totaling $12,271 (*2022: $12,687*) were payable to the fund at the balance sheet date and are included in creditors.

## 24. Share-based payments

McLarens Holdco LLC ("McLarens Holdco") maintains several unit-based compensation plans. These plans provide for grants of unit options, performance awards that vest upon the achievement of an objective performance goal, restricted unit awards and other types of unit-related awards.

The following table summarized the amount of unit-based compensation expenses, net of forfeitures, included in the Consolidated Statement of Comprehensive Income.

| | **2023** | *2022* |
|---|---|---|
| | **$000** | *$000* |
| Class A Employee Unit awards | 266 | *461* |
| Class A RUE awards | 1,992 | *4,177* |
| Class B Unit-based compensation | 366 | *167* |
| | 2,624 | *4,805* |

**Class A Units**

During March 2019, the Board of Managers of the McLarens Holdco (the "Board") adopted the McLarens Holdco LLC Class A Unit Cash Bonus Plan ("Class A Bonus Plan"). Under the terms and conditions of the Class A Bonus Plan, eligible employees as determined by the Board have the right to purchase an ownership interest in McLarens Holdco. Pursuant to the Class A Bonus Plan, employees will have the right to purchase Class A Membership Units ("Class A Employee Units") of McLarens Holdco with the proceeds of certain annual and quarterly cash bonuses and signing bonusses paid to them and/or receive restricted Class A Unit equivalents ("Class A RUE") in lieu of such bonusses. Eligible employees have the option to make an election before the first day of the Company's fiscal year to receive their bonuses in cash, Class A Employee Units or Class A RUE. The bonus amount is determined during June following the end of the Company's fiscal year ("Bonus Award Date") and Class A Employee Units and Class A RUE are issued during December following the determination of the bonus amounts. Employees that elected to receive their annual bonuses in Class A RUE receive a number of unvested Class A RUE with a value equal to 110% of the bonus.

**Class A Employee Unit Awards**

Class A Employee Units are issued to employees under a Class A Subscription Agreement ("Class A Agreement") enter into McLarens Holdco and each eligible employee. Under the terms of the amended and restated limited liability company agreement of McLarens Holdco ("LLC Agreement"), the holders of the Class A Employee Units are considered to be Class A Members and include a call and put option when the employee's services are terminated ("Terminated Employee"). McLarens Holdco has the right to repurchase the Class A Employee Units from the Terminated Employee. If McLarens Holdco does not exercise the call option, the Terminated Employee has the right to require McLarens Holdco to purchase all the Class A Employee Units that the Terminated held.

If a Terminated Employee leaves the Group prior to the 6th anniversary of the grant date, the termination price payable will be reduced to 50% if the termination date is before the 3rd anniversary of the grant date, to 75% if the termination date is between the 3rd and 6th anniversary, or to 35% is the termination is for cause. The Group has determined that these awards are to be classified as equity-settled unit-based payments. The unit-based compensation expense is measured at the fair value of McLarens Holdco LLC and its subsidiaries at grant date.

## 24. Share-based payments (continued)

The cost of equity-settled transactions is recognized in profit or loss, together with a corresponding increase in equity, during the period in which the service conditions are satisfied, ending on the date on which the relevant employees become fully entitled to the award.

The following table summarizes Class A Employee Units activity for the year ended 31 March 2023:

| | Number of Nonvested Class A Units | | Weighted-average grant date fair value |
|---|---|---|---|
| Nonvested at 1 April 2022 | 156,577 | $ | 1.95 |
| Granted | 121,254 | | 2.70 |
| Vested | (105,360) | | 2.33 |
| Forfeited | (15,416) | | 1.12 |
| Nonvested at 31 March 2023 | 157,055 | $ | 2.26 |

The total unrecognized compensation expenses at 31 March 2023 was approximately $352,079, which will be recognized over a weighted-average remaining requisite service period of 4.90 years.

### Class A RUE

Under the terms of the Restricted Class A Unit Equivalent Award Agreement ("Class A RUE Agreement") a Class A RUE represents the right to receive a future cash payment equal to the fair market value of a Class A Unit of McLarens Holdco on the vesting date. Class A RUE cliff vest on either the fifth or seventh anniversary of the Bonus Award Date.

Under the terms of the Class A Plan, vesting of Class A RUE is accelerated upon a qualifying termination event of the employee's services and forfeited upon other termination events. The Group has determined that these awards are to be classified as cash-settled share-based payments. The unit-based compensation expense is measured at the fair value of McLarens Holdco LLC and its subsidiaries at grant date.

The cost of cash-settled transactions is measured at fair value based on the expected cash amount the Group is required to pay on settlement, which is based on the Class A share price. The fair value is recognized as an expense over the vesting period and a corresponding liability is recognized. The liability is remeasured at fair value at each reporting date until settled with any changes in fair value recognized in profit and loss.

The following table summarizes Class A RUE activity for the year ended 31 March 2023:

## 24. Share-based payments (continued)

| | Number of Nonvested Restricted Units | Weighted-average grant date fair value |
|---|---|---|
| Nonvested at 1 April 2022 | 2,368,983 | $ 1.64 |
| Granted | 1,003,526 | 2.65 |
| Vested | (802,964) | 1.78 |
| Forfeited | (53,040) | 1.52 |
| Nonvested at 31 March 2023 | 2,516,505 | $ 1.66 |

The total unrecognized compensation expenses at 31 March 2023 was approximately $6,531,195, which will be recognized over a weighted-average remaining requisite service period of 3.7 years.

**Class B Units**

During December 2018, McLarens Holdco has established an equity incentive unit plan ("2018 Equity Plan") under which Class B units in McLarens Holdco are granted to eligible employees as determined by the Board. Under the terms and conditions contained in Class B membership units grant agreement ("Class B Grant Agreement") and the limited liability company agreement of McLarens Holdco, LLC ("LLC Agreement"), Class B units granted based on services provided by the employees vest as follows:

- 50% of the Class B units will vest based on the passage of time ("Time-based Units"),
- 25% of the Class B units will vest based on certain performance goals (the "Tranche 1 Performance-based Units"), and
- 25% of the Class B units will vest based on certain performance goals (the "Tranche 2 Performance-based Units" and, collectively with Tranche 1 Performance-based Units, Performance-based Units).

The time-based unit awards will vest over a 4-year service period from the grant date, with 25% vesting 12-months after the grant date and 75% thereafter. The performance-based unit awards will vest on any measurement date, as defined in the Class B Grant Agreement, based on total shareholder return targets and continuous employment.

The Class B Grant Agreement includes call rights and put rights, under which the McLarens Holdco has the right to repurchase all vested Class B units when an employee ceases ("Terminated Employee") to be employed by the Company. If the McLarens Holdco does not exercise the call right, the Terminated Employee has the option to require the McLarens Holdco to buy the vested Class B units. The Company has determined that the Class B unit awards are equity-settled unit-based.

The value of the Class B units is determined using a Monte Carlo model, using an expected life of 3 years and a discount for lack of marketability.

## 24. Share-based payments (continued)

The following table summarizes unit option activity for the year ended 31 March 2023:

| | Time-Based Units | Tranche 1 Performance Units | Tranche 2 Performance Units |
|---|---|---|---|
| Balance as of 1 April 2022 | 1,313,223 | 656,612 | 656,612 |
| Granted | 1,090,000 | 545,000 | 545,000 |
| Forfeited | - | - | - |
| Exercised | - | - | - |
| Balance as of 31 March 2023 | 2,403,223 | 1,201,612 | 1,201,612 |

The Group uses the Monte-Carlo model to determine the fair value of the Class B unit awards, using the following assumption for the awards granted during the period:

2022 units issued at the following:

| | Time-Based Units | Tranche 1 Performance Units | Tranche 2 Performance Units |
|---|---|---|---|
| Fair value at grant date | $0.29 | $0.15 | $0.15 |
| Expected volatility | 53% | 53% | 53% |
| Expected life (years) | 2.25 | 2.25 | 2.25 |
| Expected dividends | - | - | - |
| Risk-free interest rate | 0.79% | 0.79% | 0.79% |

2023 Group A units issued at the following:

| | Time-Based Units | Tranche 1 Performance Units | Tranche 2 Performance Units |
|---|---|---|---|
| Fair value at grant date | $0.27 | $0.13 | $0.13 |
| Expected volatility | 31% | 31% | 31% |
| Expected life (years) | 1.73 | 1.73 | 1.73 |
| Expected dividends | - | - | - |
| Risk-free interest rate | 4.22% | 4.22% | 4.22% |

## 24. Share-based payments (continued)

2023 Group B units issued at the following:

| | Time-Based Units | Tranche 1 Performance Units | Tranche 2 Performance Units |
|---|---|---|---|
| Fair value at grant date (USD) | $0.27 | $0.07 | $0.05 |
| Expected volatility | 31% | 31% | 31% |
| Expected life (years) | 1.73 | 1.73 | 1.73 |
| Expected dividends | - | - | - |
| Risk-free interest rate | 4.22% | 4.22% | 4.22% |

The total unrecognized compensation expenses at 31 March 2023 was approximately $785,511, which will be recognized over a weighted-average remaining requisite service period of 1.9 years.

## 25. Controlling party

The company's immediate parent undertaking is McLarens Acquisition Inc., a company registered in Delaware.

The ultimate parent and controlling party at the year-end is McLarens Holdco LLC, a company registered in USA, and the ultimate controlling party of McLarens Holdco LLC is Lee Equity Partners. The smallest group of companies which prepares consolidated accounts which this company is included in is McLarens Global Limited, a company registered in England. The largest group of companies which prepares consolidated accounts which this company is included in is McLarens Midco Inc.

The Group guarantees the obligations under the Margaux Credit agreement and has granted a security interest in and lien upon substantially all of the Group's property. The UK Obligations are also guaranteed by each of the direct and indirect wholly owned Subsidiaries of McLarens Acquisition Inc. that are incorporated or organized under the laws of any jurisdiction within the United States, England and Wales, Panama and Canada, who have granted security interests in and lien upon substantially all of its property.

## 26. Post balance sheet events

The Group has continued its strategy of growth through acquisitions both in adjusting services and its adjacencies business lines. The Group has purchased Geoffrey Hunt & Partners LLP and Roberts International in FY24.

## 27. Prior Year Restatement

Amounts due from and to group undertakings within both Company and Group financial statements in prior period have been reclassified from non-current assets and non-current liabilities respectively to current assets and current liabilities respectively. The restated classification correctly reflects these balances being repayable on demand according to the underlying loan agreements. The net asset position and profit and loss account of the Company and Group is unaffected. The impact of the restatement on Company and Group balance sheet financial statement line items is shown below.

## 27. Prior Year Restatement (continued)

| Consolidated Balance Sheet | As previously reported $000 | Prior period adjustment $000 | As restated $000 |
|---|---|---|---|
| Debtors: amounts falling due after more than one year | 2,896 | (728) | 2,168 |
| Debtors: amounts falling due within one year | 24,292 | 728 | 25,020 |
| Creditors: amounts falling due within one year | 36,215 | 24,572 | 60,787 |
| Creditors: amounts falling due after more than one year | 27,816 | (24,572) | 3,244 |

| Company Balance Sheet | As previously reported $000 | Prior period adjustment $000 | As restated $000 |
|---|---|---|---|
| Debtors: amounts falling due after more than one year | 5,792 | (5,792) | 0 |
| Debtors: amounts falling due within one year | 13,403 | 5,792 | 19,195 |

## 28. Prior Period Reporting Change

The Group has amended the presentation of the Consolidated Statement of Comprehensive Income to comply with reporting requirements. This change does not represent a change in any amounts previously reported. Changes include the recategorization of expense items previously categorized by nature into categories by function. Depreciation and amortization $1.89 million (2022: $1.87 million) has been re-labled Other operating costs, and Other operating costs $14.97 million (2022: $17.73 million) has been re-labled Administration expenses. A subtotal line item Gross profit has also been added and represents Turnover less Salaries and related costs. This amount $26.05 million (2022: $19.53 million) was not previously reported.