

McLaren Construction Group PLC

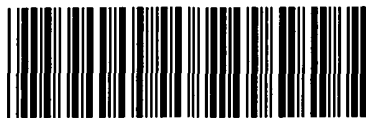
Annual Report and Financial Statements

Year Ended

31 July 2017

Company Number 05384316

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COMPANIES HOUSE

McLaren Construction Group PLC

Company Information

Directors	P J Pringle K R Taylor
Company secretary	Taylor Wessing Secretaries Limited
Registered number	05384316
Registered office	3rd Floor East Leconfield House Curzon Street London W1J 5JA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Lloyds Bank plc 47 High Street Brentwood Essex CM14 4RN
Solicitors	Taylor Wessing 5 New Street Square London EC4 3TW

McLaren Construction Group PLC

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McLaren Construction Group PLC

Group strategic report For the year ended 31 July 2017

The McLaren Construction Group

McLaren Construction Group PLC ("the Company") together with its subsidiary companies ("the Group") is an award-winning contractor with an established reputation for consistent delivery of outstanding projects across all market sectors. We specialise in new build, refurbishment and fit-out projects for major blue chip customers operating across the UK and in the UAE.

Through ongoing review and improvement, we continue to develop robust and practical procedures, from inception to completion, that focus on delivering high-quality solutions against challenging demands.

We pride ourselves on the high calibre and expertise of our team, and actively encourage creative engineering solutions that meet the complex needs of our customers.

Our success has been achieved through our relationships with our customers, consultants and supply-chain, managed by our excellent project management teams.

Business review

It has proven to be an extremely encouraging year for the Group, delivering strong year on year growth, an increased turnover and achieving an increased profit from operations. The results demonstrate a strong turnaround from the tough trading environment in 2015.

During the previous year, the Group underwent a reorganisation. This involved the creation of five regional construction companies with the intention of enabling the Group to align itself more closely with its customers and focus on key geographical areas whilst maintaining its core values throughout.

The Company created London, South, Midlands & North, Major Projects and International divisions operating under the existing McLaren Construction banner. The reorganisation has proven to be very successful, having been well received by both our customers and our supply chain. The reorganisation has positively contributed to our financial performance in the year.

We have remained fully focused on the quality of service that we provide to our customers whilst enhancing our profile and reputation in key market sectors such as commercial offices, residential, mixed-use, retail, student accommodation, distribution, hotels and leisure. We continue to work successfully with our existing customers, and take great pride in the level of repeat business, whilst securing workload with new blue chip customers.

Nationally, we have witnessed a good level of opportunities during the last year, and have continued to remain selective in terms of those projects that we have targeted and secured.

Internationally, the economic climate in the GCC region during 2016 was relatively tight, resulting in a general slowdown driven by the low oil price. However, the 2020 World Expo in Dubai, coupled with increasing tourism and business in the region, will provide continued and sustainable growth for our UAE business.

McLaren Construction Group PLC

Group strategic report (continued) For the year ended 31 July 2017

In London

The London business has continued to maintain strategic growth within the commercial offices, hotels, high-end residential, PRS accommodation and mixed use sectors. This growth is a direct result of early customer and consultant engagement, pre-planning assistance, involvement throughout the cost planning stage and in depth tendering process, followed by successful delivery on site to time, quality and cost with continued aftercare support.

Several projects have been completed in this period including; Archway Tower, the first PRS project by and for Essential Living, commercial offices for Hermes in Glasshouse Street, a new HQ for Banham Locks in Earlsfield and a new office development for Kajima at One King William Street in the City of London

We are currently completing; a 300-bedroom refurbishment / conversion of offices into a hotel for Crosstree Real Estate in Camden, a 120-unit residential project in Wimbledon for Lend Lease, a CAT A and B refurbishment at New Bracken House for Obayashi Corporation, opposite St Pauls Cathedral, a 30-bed boutique hotel for Cadogan Estates in Sloane Gardens and a new build office at 119 Farringdon Road for Viridis Real Estate.

In the South

In line with the Group's continuous growth and development, the South division has mirrored the success of the previous year in terms of delivery and quality, building upon existing solid relationships with repeat business and developing new relationships with a number of new prestigious organisations.

The region has seen significant growth in turnover this year, with some circa 3 million sq. ft. fast track automated distribution and logistics space for Ocado in Erith and Amazon in Tilbury, both delivered on time and on budget.

Education again proved a strong sector, with the successful delivery of a new academic building block for Brighton College and the award of a new sports and science block on the same campus.

The commercial sector remained strong, with the completion of a back to shell refurbishment of a 250,000 sq. ft. Uxbridge office building for Aviva, and 150,000 sq. ft. office development Herbal House in Farringdon for Aerium, along with the ongoing commercial office space for Grosvenor in Bermondsey.

Further cementing our position as a trusted tier one contractor, we have secured several prestigious projects for the forthcoming year including a mixed-use residential and education project for London Borough of Hackney, and an extension to the Lakeside Shopping Centre for Intu. Our reputation for successfully delivering cinema developments was enhanced with the award of the new Cineworld auditoriums within the O2.

McLaren Construction Group PLC

Group strategic report (continued) For the year ended 31 July 2017

In the Midlands and North

The Midlands and North division has continued to expand as a known entity, developing a strong presence within our targeted project sectors across the region.

During the year, we have seen the successful delivery of several logistics facilities. These include a new 950,000 sq. ft. distribution centre at Donnington Telford for Kuehne and Nagal, a 1 million sq. ft. fulfilment centre fit out for Amazon at Airport City Manchester, and a 1.2 million sq. ft. regional distribution centre in Avonmouth for the Range.

We have also successfully delivered commercial office facilities within the heart of Manchester's financial district for Allied London, together with the Bolton Market redevelopment into a 9 screen cinema with associated retail & leisure outlets.

The successful delivery for our repeat customer British Land at Broughton has further cemented our established retail and leisure sector work, with further opportunities continuing to emerge. This achievement has turned into successful contract awards for British Land, with projects including Speke, Liverpool, a mixed-use development including an 11 screen cinema and A3 units, and a development at Drakes Circus in Plymouth city centre, comprising a 12 screen cinema, A3 Units and a multi-level car park.

Our manufacturing facility capabilities continue to expand, with the successful completion of projects including for Jaguar Land Rover in the West Midlands, and Redhill Business Park Plot 7, Stafford for Goodman Logistics, with GE as the incoming tenant. We have also been awarded, and are nearing completion, on two further manufacturing sector projects including an additional development on Redhill Business Park for Goodman Logistics, with GE also taking the building. The other award is for a project for Magna UK Limited for their high pressure die cast facility, which is their first significant investment into the UK.

Further opportunities continue to emerge, allowing the Midlands and North division to move forward with regional growth generated through our established market sectors including distribution, commercial, mixed-use and retail and leisure with both new and existing customers.

Major Projects

The Major Projects division has continued building on the Group's excellent reputation for delivery focusing on large complex projects. As recognised in the Industry, McLaren has the skillset and capability to deliver demanding, high value schemes, and this in turn creates further opportunities as other customers call on our expertise. Projects on site are performing well, with a high rise residential project in Nile Street, London progressing out of the ground, and a mixed-use residential scheme for U&I in Bromley approaching completion in the 2nd quarter of 2018.

The Wembley Framework for Quintain has led to the award of a contract, an £89m PRS project that has started on site. Further schemes are also being delivered under various preconstruction arrangements at Wembley.

Other opportunities awarded include a key position on the Argent Framework, and marketing to customers such as Muse & Anthology will lead to further awards in the future, adding to the growth of the Major Projects division.

McLaren Construction Group PLC

Group strategic report (continued) For the year ended 31 July 2017

International

The UAE construction market remains extremely competitive, with clients focused on obtaining the best price through protracted tendering processes and the sourcing of alternative funding arrangements, where possible. Healthy opportunities remain within the market, however, and we continue to adopt a conservative approach, targeting specific projects and clients.

During the financial year ended 31 July 2017 we successfully completed Chef's new Cold Store Facility in Dubai for Gulf Capital, and Orbi, an entertainment and leisure facility for Majid Al Futtaim/BBC Earth/Sega JV. We have also completed the design and permitted phases of Deira City Centre roof replacement for Majid Al Futtaim, and a Cold Store Project in Al Aweer for Abbar, with the construction of both schemes now moved into the financial year ending 31 July 2018.

On site construction of newly awarded projects started in the financial year ended 31 July 2017 on a new 1m sq. ft Logistics Complex in Dubai South, a new ice cream production facility for London Dairy in Dubai Industrial Park for IFFCO, and a multi-storey car park scheme at the Dubai World Trade Centre for DWTC.

We are now in the process of tendering, and confident in securing, new projects during the current financial year, with our past and current clients in the Emirates, namely Etihad, DWTC and JAFZA EZW / DP World.

Our ability to provide construction finance through the UK Export Finance initiative remains a strong selling point for us, and we are offering the finance option to several clients in the UAE, Bahrain and Europe.

Future outlook

There are promising signs that margins are improving across the whole construction industry. We are seeing signs of this within our business, and we are forecasting a profitable outcome for the current year.

Despite negative economic predictions, we have not detected any discernible slowdown in either business or enquiries since Britain voted to leave the European Union. In fact, in those situations where we had anticipated contracts being cancelled or delayed, clients have chosen to proceed, and our market has returned to stability as a result.

We forecast continued growth in turnover whilst remaining selective on the contracts we undertake. We remain focused on our core operating sectors whilst selectively reviewing opportunities in new markets.

Through our continued dedication to the development of our people, coupled with the implementation of our business plan objectives and innovative "can do" culture, we remain fully committed to providing our valued customers with an exceptional level of service and delivery.

We have continued with our colleague retention and recruitment processes to ensure that McLaren Construction is an employer of choice for the most talented colleagues and candidates in the market place.

The outlook for McLaren Construction in the UK and internationally is one of optimism, and following last year's period of consolidation and reorganisation, the business is now strongly positioned to grow and further enhance its position as one of the industry's leading privately owned construction companies.

McLaren Construction Group PLC

Group strategic report (continued) For the year ended 31 July 2017

Principal risks and uncertainties

Decline in economy

The construction industry may be affected by a decline in the economy. The Group's strategy of diversification into new market sectors and customers has protected the Group's financial position.

Financing

The Group has strong liquidity, and cash has increased throughout the year with cash reserves at the end of the financial year of £54.1m (2016 - £47.4m). This level of liquidity has further enhanced the operating capability of the Group. Furthermore, it should be noted that the Group has no long-term financing.

Losses on contracts

Unforeseen losses on construction contracts had a major impact on the Group's financial results in previous years. To safeguard the Group's position, sophisticated enhanced procedures are now in place in relation to estimating, design management and planning procedures. Robust cost controls and detailed periodic management reviews ensure profitability is delivered to budget.

Loss of customer

The Group's diversification into new sectors, proactive new business development in establishing new customer opportunities, and continued focus on maintaining existing customer relationships, have strengthened the Group's market position against its competitors in a difficult economic environment.

Corporate social responsibility

Community engagement

We are committed to having a positive impact in all the work that we do with our colleagues, customers and community stakeholders. We will always conduct our business in an ethical and sustainable way, and support the local communities in which we work.

Safety, health, environment & quality

At McLaren, the protection of our colleagues, sub-contractors and the public are carefully considered throughout the project lifecycle. Our aim is to provide a working environment that is free from harm by promoting a clear and positive safety culture, ensuring the well-being of all parties involved with our work.

In the UAE, we are targeting obtaining international ISO accreditations in Health, Safety, Environmental and Quality by the end of Q1 2018.

Equality & diversity

We provide an inclusive working environment based on the principle of equal opportunities, ensuring all applicants and colleagues are treated the same.

Training & development

This is fundamental to the continued growth of our colleagues within the business. We strive to ensure that our people can develop the knowledge and skills they need to realise their own potential, and thus help us to accomplish our business goals. To that end, there are a significant number of training programmes offered to our colleagues.

Sustainability

At the heart of McLaren Construction, we recognise the impact that we have on the environment and the long-term benefits of sustainable construction, and always try to minimise our impact on our environment in which we live.

McLaren Construction Group PLC

Group strategic report (continued)
For the year ended 31 July 2017

Our values

Integrity

Our work ethics are consistently governed by truthfulness and honesty.

Innovative and collaborative

We always work to achieve the best possible solutions working collaboratively between our customers, consultants and project management team.

Agile

We encourage an environment of quick decision-making to deliver solutions efficiently and successfully.

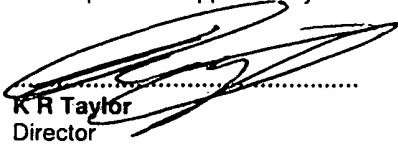
Customer service

At McLaren, we believe in building close relationships with our customers through consistently high standards of customer service and exceeding expectations throughout the Group.

Mission statement

Combine the aspirations, talent and beliefs of McLaren and our people to deliver the common goal of excellence and exceeding expectations repeatedly.

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


K R Taylor
Director

Date: 31/01/2018

McLaren Construction Group PLC

Group strategic report (continued)
For the year ended 31 July 2017

Finance Statement

McLaren Construction Group Plc demonstrated a very strong performance in the Financial Year Ended July 31 2017. The group has continued to build on its history of delivering robust year on year growth. Turnover for the year increased by 24.9% to £600.3m (2016 - £480.5m), generating an operating profit of £4.4m (2016 - £3.6m as restated).

The results highlight our continued growth, profitability, and our recovery from a tough trading environment in 2015 which impacted the whole industry.

Financial Highlights:

- Turnover growth in the year of £119.8m to £600.3m (2016 - £480.5m).
- Compound annual growth rate of turnover at 9.8% over the past five years.
- Operating profits of £4.4m (2016 - £3.6m as restated)
- Gross margin at 5.6% (2016 - 5.3%)
- Net cash of £54.1m, an increase of £6.7m (2016 - £47.4m)
- Net assets increased by £1.3m to £26.7m (2016 - £25.4m as restated)

We continue to maintain strong relationships with Lloyds Bank Plc, the group's banking partner in the UK, and Union National Bank, the group's banking partner in the UAE. Additionally, we continue to partner successfully with new and existing surety providers, allowing us access to a wide range of financial instruments that provide the required financial security to our customers and their projects.

We continue to invest in improving our financial systems and processes, driving efficiency and improvement in our financial reporting, and ensuring faster payments and support to our supply chain. We are also in the process of implementing a new company wide ERP system, which will support our approach to continuous improvement.

Our forward order book continues to be robust, with 100% of turnover secured for the 2018 year-end, and turnover forecast to again exceed £600m.


.....
Craig Young
Group Finance Director

Date: 31/1/2018

McLaren Construction Group PLC

Directors' report For the year ended 31 July 2017

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

Directors' responsibilities

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the financial statements 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £1,151,947 (2016 - £3,241,744).

During the year the directors declared a dividend of £Nil (2016 - £27,306,919). The directors do not recommend the payment of a final dividend.

Director

The directors who served during the year were:

P J Pringle
K R Taylor

Employee involvement

The Group places considerable value on the involvement of its employees, and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

McLaren Construction Group PLC

Directors' report (continued) For the year ended 31 July 2017

Disabled employees

It is the Group's policy that all persons should be considered for employment training, career development and promotion on the basis of their abilities and aptitudes, regardless of physical ability, age, gender, sexual orientation, religion or ethnic origin.

McLaren Construction applies employment policies that are fair and equitable for all employees and these ensure that entry into, and progression within the Group, are determined solely by application of job criteria and personal ability and competency.

Full and fair consideration, having regard to the person's particular aptitudes and abilities, is given to applications for employment and the career development of disabled persons. Our training and development policies also make it clear that it will take all steps practicable to ensure that employees who become disabled during the time they are employed by the Company are able to remain employed by the Company.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 7. These matters relate to the principal activity of the company, the principal risks that it faces and future developments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

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

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


K B Taylor
Director

Date: 31/01/2018

McLaren Construction Group PLC

Independent auditor's report to the members of McLaren Construction Group PLC

Opinion

We have audited the financial statements of McLaren Construction Group Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 July 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the 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 July 2017 and of the Group's loss for the year 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report in this regard.

McLaren Construction Group PLC

Independent auditor's report to the members of McLaren Construction Group PLC (continued)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept 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

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 determines 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.

McLaren Construction (South) Limited

Independent Auditor's Report to the Members of McLaren Construction (South) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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.

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.

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

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

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

Date: 31/01/2018

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

McLaren Construction Group PLC

Consolidated statement of comprehensive income For the year ended 31 July 2017

	Note	2017 £	As restated 2016 £
Turnover	4	600,344,832	480,518,859
Cost of sales		(566,662,933)	(454,914,982)
Gross profit		33,681,899	25,603,877
Administrative expenses		(29,843,984)	(22,689,492)
Other operating income		240,000	399,996
Fair value movements		301,832	250,966
Operating profit	5	4,379,747	3,565,347
Share of loss of joint venture		-	(66,312)
Total operating profit		4,379,747	3,499,035
Provision against related party debtors	28	(2,371,551)	-
Interest receivable and similar income	8	1,195,861	913,396
Interest payable and similar expenses	9	(27)	(20,420)
Profit before taxation		3,204,030	4,392,011
Tax on profit	10	(2,052,083)	(1,150,267)
Profit for the financial year		1,151,947	3,241,744
Movement on foreign exchange		171,813	301,985
Other comprehensive income for the year		171,813	301,985
Total comprehensive income for the year		1,323,760	3,543,729

All amounts relate to continuing operations.

The notes on pages 20 to 42 form part of these financial statements.

McLaren Construction Group PLC

Registered number: 05384316

Consolidated statement of financial position As at 31 July 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Tangible assets	14	3,529,019	3,483,961
Investments	15	29,294	29,294
		<u>3,558,313</u>	<u>3,513,255</u>
Current assets			
Debtors: amounts falling due after more than one year	16	16,568,172	13,031,098
Debtors: amounts falling due within one year	16	128,479,223	108,265,581
Cash at bank and in hand	17	54,133,171	47,427,049
		<u>199,180,566</u>	<u>168,723,728</u>
Creditors: amounts falling due within one year	18	(175,984,256)	(144,454,878)
Net current assets		<u>23,196,310</u>	<u>24,268,850</u>
Total assets less current liabilities		<u>26,754,623</u>	<u>27,782,105</u>
Creditors: amounts falling due after more than one year	19	-	(2,351,242)
Net assets		<u><u>26,754,623</u></u>	<u><u>25,430,863</u></u>
Capital and reserves			
Share capital	22	3,010,400	3,010,400
Share premium account	23	28,570,000	28,570,000
Foreign exchange reserve	23	419,580	247,767
Capital contribution reserve	23	1,948,562	1,948,562
Profit and loss account	23	(7,193,919)	(8,345,866)
		<u>26,754,623</u>	<u>25,430,863</u>

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


K R Taylor
Director

Date: 31/01/2018

The notes on pages 20 to 42 form part of these financial statements.

McLaren Construction Group PLC

Registered number: 05384316

Company statement of financial position As at 31 July 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Investments	15	21,958,573	21,958,573
		<u>21,958,573</u>	<u>21,958,573</u>
Current assets			
Debtors	16	1,387,426	13,730,545
Cash at bank and in hand	17	19,504,886	19,499,998
		<u>20,892,312</u>	<u>33,230,543</u>
Creditors: amounts falling due within one year	18	(9,299,387)	(21,637,748)
Net current assets		<u>11,592,925</u>	<u>11,592,795</u>
Total assets less current liabilities		<u>33,551,498</u>	<u>33,551,368</u>
Net assets		<u>33,551,498</u>	<u>33,551,368</u>
Capital and reserves			
Share capital	22	3,010,400	3,010,400
Share premium account	23	28,570,000	28,570,000
Capital contribution reserve	23	1,948,562	1,948,562
Profit and loss account		22,536	22,406
		<u>33,551,498</u>	<u>33,551,368</u>

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 profit after tax of the parent company for the year was £130 (2016 - profit of £27,430,425).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/01/2018

K R Taylor

Director

31/01/2018

The notes on pages 20 to 42 form part of these financial statements.

McLaren Construction Group PLC

Consolidated statement of changes in equity For the year ended 31 July 2017

	Share capital	Share premium account	Foreign exchange reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 August 2016 (as previously stated)	3,010,400	28,570,000	247,767	-	(1,490,879)	30,337,288
Prior year adjustment	-	-	-	1,948,562	(6,854,987)	(4,906,425)
At 1 August 2016 (as restated)	3,010,400	28,570,000	247,767	1,948,562	(8,345,866)	25,430,863
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,151,947	1,151,947
Movement on foreign exchange	-	-	171,813	-	-	171,813
Total comprehensive income for the year	-	-	171,813	-	1,151,947	1,323,760
At 31 July 2017	3,010,400	28,570,000	419,580	1,948,562	(7,193,919)	26,754,623

McLaren Construction Group PLC

Consolidated statement of changes in equity For the year ended 31 July 2016

	Share capital	Share premium account	Foreign exchange reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 August 2015	2,010,400	-	(54,218)	-	22,884,759	24,840,941
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,241,744	3,241,744
Movement on foreign exchange	-	-	301,985	-	-	301,985
Total comprehensive income for the year	-	-	301,985	-	3,241,744	3,543,729
Contributions by and distributions to owners						
Dividends (see note 11)	-	-	-	-	(27,306,919)	(27,306,919)
Shares issued during the year 22)	1,000,000	28,570,000	-	-	-	29,570,000
Assets distributed to shareholders (see note 24)	-	-	-	-	(7,165,450)	(7,165,450)
Assets contributed by shareholders (see note 24)	-	-	-	1,948,562	-	1,948,562
At 31 July 2016	3,010,400	28,570,000	247,767	1,948,562	(8,345,866)	25,430,863

The notes on pages 20 to 42 form part of these financial statements.

McLaren Construction Group PLC

Company statement of changes in equity For the year ended 31 July 2017

	Share capital £	Share premium account £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 August 2016 (as previously stated)	3,010,400	28,570,000	-	22,406	31,602,806
Prior year adjustment	-	-	1,948,562	-	1,948,562
At 1 August 2016 (as restated)	3,010,400	28,570,000	1,948,562	22,406	33,551,368
Comprehensive income for the year					
Profit for the year	-	-	-	130	130
At 31 July 2017	3,010,400	28,570,000	1,948,562	22,536	33,551,498

Company statement of changes in equity For the year ended 31 July 2016

	Share capital £	Share premium account £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 August 2015	2,010,400	-	-	7,064,350	9,074,750
Comprehensive income for the year					
Profit for the year	-	-	-	27,430,425	27,430,425
Contributions by and distributions to owners					
Dividends (see note 11)	-	-	-	(27,306,919)	(27,306,919)
Shares issued during the year (see note 22)	1,000,000	28,570,000	-	-	29,570,000
Assets distributed to shareholders (see note 24)	-	-	-	(7,165,450)	(7,165,450)
Assets contributed by shareholders (see note 24)	-	-	1,948,562	-	1,948,562
At 31 July 2016	3,010,400	28,570,000	1,948,562	22,406	33,551,368

The notes on pages 20 to 42 form part of these financial statements.

McLaren Construction Group PLC

Consolidated statement of cash flows For the year ended 31 July 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		1,151,947	3,241,744
Adjustments for:			
Depreciation of tangible assets	14	255,790	182,420
Provision against related party debtors	28	2,371,551	-
Loss on disposal of tangible assets		-	9,278
Interest payable	9	27	20,420
Interest receivable	8	(1,195,861)	(913,396)
Tax on profit	10	2,052,083	1,150,267
(Increase)/decrease in debtors		(16,276,720)	15,744,329
Increase/(decrease) in creditors		28,501,778	(6,312,346)
Fair value movements		(301,832)	(250,966)
Share of loss of joint ventures		-	66,312
Corporation tax paid		(300,000)	(137,895)
Corporation tax refunded		1,138,535	-
Movement in foreign exchange		171,813	301,985
Net cash generated from operating activities		17,569,111	13,102,152
Cash flows from investing activities			
Purchase of tangible fixed assets		(300,848)	(587,606)
Interest received		583,070	35,412
Loan advanced to third parties		(13,145,184)	-
Loan repaid by third parties		2,000,000	-
Net cash from investing activities		(10,862,962)	(552,194)
Cash flows from financing activities			
Interest paid		(27)	(20,420)
Net cash used in financing activities		(27)	(20,420)
Cash and cash equivalents at beginning of year		47,427,049	34,897,511
Cash and cash equivalents at the end of year		54,133,171	47,427,049
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		54,133,171	47,427,049
		54,133,171	47,427,049

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

1. General information

McLaren Construction Group PLC is a company incorporated in England under the Companies address of the registered office is stated on the company information page and company's operations and its principal activities is stated in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

Parent company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the parent Company would be identical;
- No statement of cash flows has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Parent Company and its own subsidiaries ("the Group") 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 statement of financial position, 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.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 August 2014.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

2. Accounting policies (continued)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Turnover

Turnover represents the value of contracting work executed during the year as measured by quantity surveyors, the invoiced value of goods and services supplied during the year together with the the rentals receivable from commercial and investment properties on an accruals basis, exclusive of Value Added Tax and trade discounts.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line method (land at nil)
Motor vehicles	- 10% straight line method
Fixtures and fittings	- 15% reducing balance method
Office equipment	- 25-50% straight line method
Computer equipment	- 25-50% straight line method
Improvements to property	- over period of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.7 Investment property

Investment property is carried at fair value determined annually by internal valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Derivative profit share arrangements are initially recognised at fair value and subsequently revalued to their fair value at each reporting date. Changes in fair value are recognised in the consolidated statement of comprehensive income.

2.10 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.

2.11 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. 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.

2.14 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

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 the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and 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 statement of financial position 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 reporting date.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

3. Judgements and other key sources of estimation uncertainty

- Tangible fixed assets (see note 14)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Long term contracts

Recognition of turnover and profit on long term contracts requires management judgment regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the year end date. Management undertakes detailed reviews on a monthly basis in order to exercise judgment over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the year end date is assessed by undertaking surveys and completing internal valuations on each element of works completed and in progress. Regular management reviews of contract progress include a comparison of internal valuations to the applications for payment made by supply chain partners and to external valuations completed on behalf of clients. Any material variances are investigated and updates made where appropriate.

Consistent procedures and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

- Impairment of investments

The group makes an estimate of the realisable value of its investments. When assessing impairment of investments, management considers factors including the current and predicted future probability of the investment, future cash flows from the investments and the discount factors to be applied.

- Recoverability of debtors

The recoverability of debtor balances is uncertain and can depend on a number of factors which may affect repayment conditions and could lead to possible impairment. The Group assesses the recoverability of debtors based on historical experience of losses and recognise impairments where there is objective evidence of a loss having incurred, with reference to the financial position and performance of the counterparty amongst other factors.

4. Turnover

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	572,766,603	454,327,359
United Arab Emirates	27,578,229	26,191,500
	<u>600,344,832</u>	<u>480,518,859</u>

Turnover includes aggregate rental income of £Nil (2016 - £140,575).

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	255,791	182,420
Exchange differences	(646)	(788,655)
Fees payable to the Group's auditors for:		
The audit of the Group and subsidiaries' financial statements	80,500	88,450
Preparation of the Group and subsidiaries' financial statements	17,500	20,000
	<u> </u>	<u> </u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	44,404,449	40,792,234
Social security costs	4,361,400	3,879,821
Cost of defined contribution scheme	1,859,430	1,700,387
	<u> </u>	<u> </u>
	50,625,279	46,372,442
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Executive board of directors	2	2
Technical directors	57	58
Senior managers and site managers	341	296
Pre-construction staff	18	19
Administration and support	165	164
Onsite staff	65	69
	<u> </u>	<u> </u>
	648	608
	<u> </u>	<u> </u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	416,005	257,315
Company contributions to defined contribution pension schemes	17,167	18,750
	<u>433,172</u>	<u>276,065</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £216,005 (2016 - £216,065).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,165 (2016 - £16,500).

8. Interest receivable and similar income

	2017 £	2016 £
Interest receivable from related parties	658,906	478,524
Other interest receivable	536,955	434,872
	<u>1,195,861</u>	<u>913,396</u>

9. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	27	20,420
	<u>27</u>	<u>20,420</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	1,414,324	329,085
Adjustments in respect of previous periods	(266,393)	75,632
	<u>1,147,931</u>	<u>404,717</u>
Total current tax	<u>1,147,931</u>	<u>404,717</u>
Deferred tax		
Origination and reversal of timing differences	834,752	148,125
Changes to tax rates	(34,925)	170,251
Adjustment in respect of prior periods	104,325	427,174
Total deferred tax	<u>904,152</u>	<u>745,550</u>
Taxation on profit on ordinary activities	<u>2,052,083</u>	<u>1,150,267</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.67% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>3,204,030</u>	<u>4,392,011</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016 - 20%)	630,233	878,402
Effects of:		
Expenses not deductible for tax purposes	50,536	17,048
Foreign branch exemption	566,988	(335,782)
Adjustments to tax charge in respect of prior periods	(162,068)	427,174
Deferred tax not provided	1,351	(6,826)
Tax rate changes	(34,957)	170,251
Uncertain tax provision	1,000,000	-
Total tax charge for the year	<u>2,052,083</u>	<u>1,150,267</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Distributions

	2017 £	2016 £
Ordinary A, B, C		
Dividends paid interim	-	27,306,919
Assets distributed to shareholder (see note 24)	-	7,165,450
	<u>-</u>	<u>34,472,369</u>

On the 24th March 2016 the company declared dividends of £2,487.58 per A Ordinary share and £6,686.96 per B Ordinary share.

12. Capital Contributions

	2017 £	2016 £
Asset contributed by shareholder (see note 24)	-	1,948,562
	<u>-</u>	<u>1,948,562</u>

13. Parent company profit for the year

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 profit after tax of the parent company for the year was £130 (2016 - profit of £27,430,425).

McLaren Construction Group PLC

Notes to the financial statements
For the year ended 31 July 2017

14. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation						
At 1 August 2016	3,016,886	391,782	173,670	232,919	284,774	4,100,031
Additions	-	-	198,763	102,085	-	300,848
At 31 July 2017	3,016,886	391,782	372,433	335,004	284,774	4,400,879
Depreciation						
At 1 August 2016	509,432	16,324	22,227	48,519	19,568	616,070
Charge for the year on owned assets	61,279	-	34,002	95,240	65,269	255,790
At 31 July 2017	570,711	16,324	56,229	143,759	84,837	871,860
Net book value						
At 31 July 2017	2,446,175	375,458	316,204	191,245	199,937	3,529,019
At 31 July 2016	2,507,454	375,459	151,442	184,400	265,206	3,483,961

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	2,446,175	2,507,454
	<u>2,446,175</u>	<u>2,507,454</u>

15. Fixed asset investments

Group

	Investment in joint ventures £
Cost	
At 1 August 2016	29,294
At 31 July 2017	<u>29,294</u>
Net book value	
At 31 July 2017	<u>29,294</u>
At 31 July 2016	<u>29,294</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

15. Fixed asset investments (continued)

Company

Investments
in
subsidiary
companies
£

Cost

At 1 August 2016 and 31 July 2017

21,958,573

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Due after more than one year				
Trade debtors	16,568,172	13,031,098	-	-
	<u>16,568,172</u>	<u>13,031,098</u>	<u>-</u>	<u>-</u>
	Group 2017 £	Group As restated 2016 £	Company 2017 £	Company As restated 2016 £
Due within one year				
Trade debtors	66,394,908	46,249,588	-	-
Amounts owed by group undertakings	-	-	30,134	-
Other debtors	34,942,554	31,013,029	1,357,099	13,730,478
Prepayments and accrued income	1,892,335	855,524	-	-
Amounts recoverable on long term contracts	24,621,405	28,615,201	-	-
Deferred taxation	628,021	1,532,240	193	67
	<u>128,479,223</u>	<u>108,265,582</u>	<u>1,387,426</u>	<u>13,730,545</u>

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	54,133,171	47,427,049	19,504,886	19,499,998
	<u>54,133,171</u>	<u>47,427,049</u>	<u>19,504,886</u>	<u>19,499,998</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Payments received on account	26,508,798	17,968,854	-	-
Trade creditors	15,011,485	7,557,606	-	-
Amounts owed to group undertakings	-	-	9,296,886	21,635,248
Corporation tax	1,114,324	437,966	-	-
Other taxation and social security	9,635,067	11,316,015	-	-
Other creditors	22,648,867	18,720,733	-	-
Accruals and deferred income	101,065,715	88,453,704	2,501	2,500
	<u>175,984,256</u>	<u>144,454,878</u>	<u>9,299,387</u>	<u>21,637,748</u>

19. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other taxation and social security	-	2,351,242	-	-
	<u>-</u>	<u>2,351,242</u>	<u>-</u>	<u>-</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

20. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,018,000	716,168	-	-
Financial assets that are measured at amortised cost	192,982,808	137,720,764	20,819,970	33,230,476
	<u>194,000,808</u>	<u>138,436,932</u>	<u>20,819,970</u>	<u>33,230,476</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(138,760,214)	(109,917,832)	(9,299,386)	(14,472,298)
	<u>(138,760,214)</u>	<u>(109,917,832)</u>	<u>(9,299,386)</u>	<u>(14,472,298)</u>

Financial assets measured at fair value through profit or loss comprise derivative financial instruments that are profit share arrangements.

Financial assets that are measured at amortised cost comprise cash at bank, trade debtors and certain other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade and other creditors, accrued expenses and pension liability.

21. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	1,532,240	2,277,790
Charged/credited to profit or loss	(196,762)	(745,550)
Utilised in year	(707,457)	-
At end of year	<u>628,021</u>	<u>1,532,240</u>

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

21. Deferred taxation (continued)

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	38,172	29,684	-	67
Tax losses carried forward	548,783	1,501,719	193	-
Short term timing differences	41,066	837	-	-
	<u>628,021</u>	<u>1,532,240</u>	<u>193</u>	<u>67</u>

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
10,400 ordinary A, B, C shares of £1 each	10,400	10,400
3,000,000 non-cumulative redeemable preference shares of £1 each	3,000,000	3,000,000
	<u>3,010,400</u>	<u>3,010,400</u>

The non-cumulative redeemable preference shares are redeemable at £1 per share and carry no right to vote. On winding up of the company the holders of the shares have a right to receive the nominal amount paid up in preference to the ordinary shares. The company has the right to redeem any or all of the non-cumulative preference shares at any time by giving not less than one months notice.

On 1 April 2016 the company issued 1,000,000 non-cumulative preference shares of £1.00 each at a subscription price of £29.57 per share equating to a total consideration of £29.57m.

The ordinary A, B and C shares rank pari passu.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

23. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Foreign exchange reserve

This reserve represents the gains and losses arising on retranslating the net assets/liabilities of overseas operations into British sterling.

Capital contribution reserve

Capital contribution reserve relates to the amount of capital contributed by the owner.

Profit and loss account

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

24. Prior year adjustment

On 31 March 2016 the Company distributed £7,165,450 to its owner through forgiveness of an element of the ultimate owner's loan account with a subsidiary. As a transaction with the Company's ultimate owner, this distribution has been recognised directly through reserves which have resulted in a reduction in the Group's Shareholder's funds at 31 July 2016 by £7,165,450. As the loan forgiven was in a subsidiary, the amount is treated as having been received by the Company thus increasing the Company's profit for the year ended 31 July 2016 by £7,165,450. Thus the prior year adjustments has not impacted the Company's shareholders funds.

On 31 March 2016, in consideration for the forgiveness of, the Company's owner contributed the right to two income streams, a debt instrument which had a fair value at the date of contribution of £1,483,316 and a derivative instrument which had fair value at the date of contribution of £465,202. The combined fair value of the contribution being £1,948,562. These assets were passed down as a capital contribution to a subsidiary of the the Company, thus increasing the value of the investment in subsidiary as at 31 July 2016 by their combined fair value.

This finance income on the debt instrument from the date contributed to 31 July 2016 should have resulted in the recognition of interest income of £59,497 and the change in fair value of the derivative instrument from the date contributed to 31 July 2016 should have resulted in the recognition of a change in fair value of £250,966.

On 31 March 2016 the Company's owner also contributed the contractual right to a derivative profit participation arrangement on a speculative property development, subject to successful application of planning permission. At the date of contribution, as no planning permission had been awarded, the directors consider that the fair value was immaterial.

At 31 July 2016 the combined effect of these transactions meant that the profit for the year was understated by £310,463, and the net asset position was overstated by £4,906,419.

25. Contingent liabilities

As at 31 July 2016, Lloyds Bank plc has a right to set off with all companies within the Group holding a Lloyds Bank account.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

26. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,859,430 (2016 - £1,700,387).

Contributions totalling £420,630 (2016 - £197,743) were payable to the scheme at the end of the year and are included in creditors.

27. Commitments under operating leases

At 31 July 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	195,788	528,217
Later than 1 year and not later than 5 years	-	195,788
	195,788	724,005

The company has no operating lease commitments.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

28. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that the subsidiaries party to the transactions are wholly owned members of the group.

P J Pringle (director)

As at the balance sheet date the amount due from P J Pringle was £55,817 (2016 - £78,278 due to P J Pringle). Interest was charged in respect of this loan amounting to £333 (2016 - £570).

K R Taylor (director)

During the year work undertaken by the group on personal contracts for K R Taylor amounted to £596,000 (2016 - £2,690,000). During the previous year, the group's investment property was sold to K R Taylor for its book value of £4,325,000. As at the balance sheet date the amount due from K R Taylor was £1,147,238 (2016 - £13,580,026 as restated). Interest was charged in respect of this loan amounting to £381,789 (2016 - £171,298).

McLaren Furniture Limited (Under common control)

At the balance sheet date the amount due to the Group from McLaren Furniture Limited was £2,371,551 (2016 - £2,263,028). The balance was fully provided against in the year.

Arthur Brett & Sons Limited (Under common control)

At the balance sheet date the amount due to the Group from Arthur Brett & Sons Limited was £1,183,649 (2016 - £927,954). Interest was charged in respect of this loan amounting to £53,375 (2016 - £43,728).

Golden Apple Limited (Under common control)

During the year £Nil sales were made by the Group to Golden Apple Limited (2016 - £Nil). At the balance sheet date the amount due to the group from Golden Apple Limited was £2,952,803 (2016 - £2,565,753). Interest was charged in respect of this loan amounting to £126,927 (2016 - £118,172).

McLaren Property Limited (Under common control)

During the year sales of £Nil were made by the Group to subsidiaries of McLaren Property Limited (2016 - 659,146). During the year other income of £240,000 (2016 - £394,996) was receivable from McLaren Property Limited. At the balance sheet date the amount due to the Group from McLaren Property Limited was £588,079 (2016 - £13,815). Interest was charged in respect of this balance amounting to £Nil (2016 - £144,756).

McLaren Property Services SARL (Under common control)

At the balance sheet date the amount due to the Group from McLaren Property Services (SARL) was £689,718 (2016 - £689,718).

McLaren (Finance 2) Limited (Under common control)

At the balance sheet date the amount due to the Group from McLaren (Finance 2) Limited was £10,092,822 (2016 - £Nil). Interest was charged in respect of this loan amounting to £92,822 (2016 - £Nil).

29. Controlling party

The Group is under the control of Optimus Corporate Services Limited as trustee of the McLaren Construction Limited Employee Trust 2007 who hold the shares of the Parent company for the benefit of K R Taylor, a director of the Parent company, and family.

McLaren Construction Group PLC

Notes to the financial statements For the year ended 31 July 2017

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding	Principal activity
Celcool Limited	100 %	Rental of investment property
McLaren Construction (UK) Ltd	100 %	Design and construction specialist
McLaren Construction (South) Ltd	100 %	Design and construction specialist
McLaren Construction (Midlands) Ltd	100 %	Design and construction specialist
McLaren Construction (London) Ltd	100 %	Design and construction specialist
McLaren Construction (International) Ltd	100 %	Design and construction specialist
McLaren Construction (Major Projects) Ltd	100 %	Design and construction specialist
McLaren Construction Ltd	100 %	Management services
McLaren Parking Limited	100 %	Upgrade, maintenance and construction of car parks
Joint ventures		
Maximilian Properties Limited	60 %	Property development

The percentage shareholding represents the aggregate group interest in the shares. All subsidiaries & participating interests are incorporated in the United Kingdom.

The above joint venture has been referred to through the accounts as a participating interest.

31. Guarantees

The Company has entered directly into certain financial guarantees concerning delivery obligations and performance of construction contracts entered into by McLaren Construction Limited, a 100% owned subsidiary company, in the normal course of business. The Company has also entered directly into certain financial guarantees concerning development and other contracts of related parties, which are listed below:

McLaren Life Limited, a 50% JV of McLaren Property Limited, a related party under common control. Guarantee of finance and ground rent payable to council. Maximum exposure estimated at £0.1m.

Golden Apple Limited, a related party under common control. Guarantee of development covenants. Guarantee of finance principal £1m.

McLaren (Upper Brook Street) Limited, a related party under common control. Guarantee of obligations in sale contract. Maximum exposure estimated at £0.8m.