

Registered number: 05384316

MCLAREN CONSTRUCTION GROUP PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2014



MCLAREN CONSTRUCTION GROUP PLC

COMPANY INFORMATION

Directors	P J Pringle J A Gatley
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 2014

Company overview

McLaren Construction

McLaren Construction 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.

Through continuous review and improvement, we continue to develop robust and practical procedures, from inception to completion, that centre 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 as a result of our relationships with our customers, consultants and supply-chain, managed by our project management teams.

McLaren International

From offices in Dubai, McLaren has expanded into Abu Dhabi. Here we have successfully applied the group's core values of delivery and collaboration to a wide range of international projects.

McLaren International provides customers with expert project management and construction capabilities. Our approach is consistent with McLaren in the UK; we have extensive design and construction expertise, and work with our customers to deliver innovation, an in-depth understanding of customer needs, and timely delivery.

We have experience of working on projects for the broadcasting sector, data centres, commercial offices and large-scale state-of-the-art industrial and distribution facilities.

Business review

This has been another successful year with a further strengthening of our Senior Management and the creation of a Major Projects Division to meet the demands of larger and more complex contract awards. This has allowed continued growth with turnover from continued operations increasing by 16% in the year.

We have remained fully focused on the quality of service we provide 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 despite difficult and challenging trading conditions, we have continued to remain selective in terms of those projects that we have targeted and secured.

Internationally, the economic climate in the GCC region remains positive. 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 2014

In London

The London region has continued to experience strong controlled growth during the period with key projects secured and delivered, particularly in the commercial office, residential, mixed use and student accommodation sectors.

We have completed projects including Paris Gardens Student Accommodation and Greenwich Student Quarter, for McLaren Property and Legal & General, Marble Arch House for British Land and Heal's Building Redevelopment for Bedford Estates/Threadneedle.

Work has been secured on a wide range of new projects in the capital including a commercial office refurbishment and new build in Euston for Stanhope Plc, a new commercial office building for Derwent London in Farringdon, the redevelopment of 399 Edgware Road for Development Securities, new commercial offices on Chancery Lane for Viridis UK and a residential development in Tufton Street for Legal & General. We are also pleased to have secured a position on Essential Living's Framework with imminent projects in Bethnal Green and Islington. These schemes include numerous loyal existing customers, alongside new customers, bolstering the company's London presence.

Along with our external client base, we continue to work closely with McLaren Property on a number of projects with two currently on site namely Paul Street Student Accommodation, and a high end residential development on Pall Mall.

With the above success, live projects and a clear pipeline of target opportunities, the London region is set to continue its structured growth and to enhance our positive reputation as a contractor that can deliver flagship, unique and complex projects in the London market.

In the South

During this year the southern business has successfully completed a number of projects including a 1 million sq ft distribution centre for IDI Gazeley at Magna Park, Milton Keynes, a refurbishment and new build designer outlet retail centre in Swindon for Henderson Global and a new Poundland distribution facility in Harlow on behalf of McLaren Property/Lynton Development JV.

We are also part way through delivering a refurbishment/conversion of 117,000 sq ft of office space for Precis Holdings at Shepherds Bush, a new commercial/residential scheme in Southampton for Grosvenor Estates and three further schools under the London Borough of Hackney B.S.F. framework at Hackney. These and other schemes will be delivered during our next financial year.

Furthermore, a number of key schemes have been secured going forward which include a new preparation and distribution Facility in Bognor Regis for Rolls Royce which is being developed by Bericote, a new 80 bedroom Premier Inn Hotel at Uxbridge for Segro and two new distribution facilities for IDI Gazeley at Magna Park in Milton Keynes and Daventry respectively.

The Southern Business is in an excellent position to ensure strategic growth through its current secured workload and the pipeline of opportunities which present themselves in a very diverse range of sectors and markets.

MCLAREN CONSTRUCTION GROUP PLC

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 JULY 2014

In the Midlands and North

The Midlands and North division has continued to develop and galvanise the company status in the region working closely with existing and new customers.

During the year we have successfully delivered a number of schemes including, two distribution units for IM Properties at Birch Coppice, Tamworth, a retail store in Bedford for Wm Morrison's and also in Hoyland for Tesco Stores Limited. In addition and as part of the Jaguar Land Rover framework we have delivered a large manufacturing facility at the Solihull plant.

A number of new key projects have been secured which include a new distribution hub and training facility in Amesbury, Salisbury for TJ Morris, a leisure and retail development in Chester for British Land and a new commercial office project in Spinningfields, Manchester for Allied London to name but a few.

Moving forward we see further growth within the region being generated through projects in the distribution, commercial, mixed use and leisure sectors with both existing and new clients.

International

The economic climate in the GCC region remains positive with an increase in the number of construction projects awarded in 2014. The award of Expo 2020 to Dubai has resulted in the announcement of significant new developments and the growth around the airports continues to support the increase of people visiting the UAE. The sharp decline in oil price may well temper the award of projects in 2015 although key strategic projects will proceed.

Over the past 12 months we have enhanced our delivery capability and strengthened key areas such as preconstruction and commercial management. This will provide a strong platform for growth and enable us to engage with clients in existing and new sectors.

Our work winning efforts have been acknowledged with the award of two new projects in Dubai; namely a beach villa scheme for Abdul Latif Jameel and an office / warehouse facility for General Electric, within Jebel Ali Freezone, for EZW.

Our existing Etihad project in Abu Dhabi Airport remains on track and will complete in June 2015; we are in discussions regarding future opportunities within their healthy pipeline of projects for 2015/2016.

The outlook remains positive in the UAE and in addition we are tracking key opportunities within the GCC region in Qatar and Oman. A further project award with EZW is imminent which will provide a bright start to 2015.

Major projects

The Major Projects Division was established in the financial year to meet the demands of larger and more complex projects. The division operates out of the company's London offices.

The division has been awarded a letter of intent to carry out enabling works on the City North Project, a mixed use development for Joint Venture Partners United House Developments & the Building Design Centre.

The McLaren profile and reputation has allowed further tender opportunities in the commercial, student accommodation and residential sector. The division is working closely with other key customers including Essential Living in supporting the rollout of their opportunities.

MCLAREN CONSTRUCTION GROUP PLC

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 JULY 2014

Future outlook

There are promising signs that the construction industry has emerged out of its recession and our opportunity pipeline both currently and moving forward reflects this.

We forecast continued growth within our core operating sectors whilst seeking to expand our diversification into new markets and major projects whilst maintaining a high level of repeat order business.

Through our continued dedication towards 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.

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

Principal risks and uncertainties

Losses on contracts

Unforeseen losses on construction contracts will have a major impact on the group's financial results. To safeguard the group's position a sophisticated estimating procedure for quotations is in place and when contracts are won, robust cost controls and detailed periodic management reviews ensure profitability is delivered to budget.

Decline in economy

The construction industry is affected by a decline in the economy. The group's strategy of diversification into new market sectors and investment in high-end property developments has protected the group's financial position.

Financing

Lack of financing will affect the operating capability of the group. The group has renewed its working capital facility with Lloyds Bank plc of £25m to facilitate the group's operating cash flow.

Loss of customer relationships

Losing customers will have direct impact on financial performance. 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.

MCLAREN CONSTRUCTION GROUP PLC

GROUP STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 JULY 2014

Corporate social responsibility

Community engagement

We are committed to having a positive impact in all the work that we do with our staff, 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 employees, sub-contractors and the general public is 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.

Equality & diversity

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

Training & development

This is fundamental to the continued growth of our employees 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.

Sustainability

At the heart of McLaren, we recognise the impact that we have on the environment and the long-term benefits of sustainable construction.

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

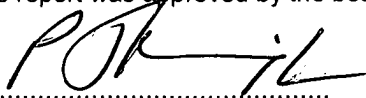
Customer service

At McLaren we believe in building close relationships with our customers through consistent high standards of customer service 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.



P J Pringle
Director

Date: 30 January 2015

MCLAREN CONSTRUCTION GROUP PLC

THIS REVIEW FORMS PART OF THE STRATEGIC REPORT

FINANCE REVIEW FOR THE YEAR ENDED 31 JULY 2014

The group continues to build on its history of delivering strong year on year growth by undertaking larger and more complex contracts across multiple sectors and regions within the UK and the UAE. Turnover in the year from continued operations increased by 16.7% to £410.8m (2013 - £352.1m) generating pre-tax profits before exceptional items of £4.3m (2013 - £5.8m).

The results in 2014 continue to highlight our sustainable growth and profitability, and we forecast further growth in future years.

Financial highlights:

Turnover growth from continuing operations has grown by 16.7% to £410.8m (2013 - £352.1m).

Compound annual growth rate of turnover at 25.7% over the past five years.

Gross margins from continuing operations at 4.1% (2013 - 4.0%)

Pre-tax profits before exceptional items of £4.3m (2013 - £5.8m)

Net cash is £34.3m (2013 - £35.3m)

Net assets increased by £4.2m to £37.1m (2013 - £32.9m)

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 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 quicker payments and support to our supply chain.

Our forward order book continues to be robust with 75% of turnover secured for the 2015 year end.



Name **Craig Young**
Group Finance Director

Date 30 January 2015

MCLAREN CONSTRUCTION GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2014

The directors present their report and the financial statements for the year ended 31 July 2014.

Principal activities

The principal activity of the parent is that of a holding company.

The principal activities of the primary subsidiaries are detailed in note 29.

Results and dividends

The profit for the year, after taxation, amounted to £4,180,801 (2013 - £10,063,782).

The directors have not recommended the payment of a dividend for the year (2013 - £Nil).

Directors

The directors who served during the year were:

P J Pringle
J A Gatley

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.

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 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. McLaren's 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.

Provision 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 that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

MCLAREN CONSTRUCTION GROUP PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2014**

Auditor

Grant Thornton LLP resigned as auditors of the company and BDO LLP were appointed as auditors by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next general meeting.

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

A handwritten signature in black ink, appearing to read 'P J Pringle', written over a dotted line.

P J Pringle
Director

Date: 30 January 2015

MCLAREN CONSTRUCTION GROUP PLC

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the strategic report, 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

MCLAREN CONSTRUCTION GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN CONSTRUCTION GROUP PLC

We have audited the financial statements of McLaren Construction Group PLC for the year ended 31 July 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of total gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2014 and of the group's profit 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

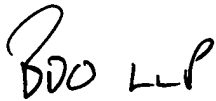
MCLAREN CONSTRUCTION GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN CONSTRUCTION GROUP PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



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

Date: 30 January 2015

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

MCLAREN CONSTRUCTION GROUP PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014**

	Note	2014 £	2013 £
TURNOVER	2		
Continuing operations		410,802,161	352,140,285
Discontinued operations		-	25,571,746
		<u>410,802,161</u>	<u>377,712,031</u>
Cost of sales	4	(394,152,610)	(363,508,728)
		<u>16,649,551</u>	<u>14,203,303</u>
GROSS PROFIT			
Administrative expenses	4	(15,521,788)	(14,983,923)
Other operating income	3	797,360	43,081
		<u>16,649,551</u>	<u>14,203,303</u>
OPERATING PROFIT/(LOSS)	5		
Continuing operations		1,925,123	2,466,968
Discontinued operations		-	(3,204,507)
		<u>1,925,123</u>	<u>(737,539)</u>
Share of operating profit in joint ventures		527,609	5,472,500
		<u>2,452,732</u>	<u>4,734,961</u>
TOTAL OPERATING PROFIT			
EXCEPTIONAL ITEMS			
Net profit on disposal of subsidiaries	11	-	5,929,534
		<u>2,452,732</u>	<u>10,664,495</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			
Income from other participating interests		-	808,935
Interest receivable and similar income	9	1,879,558	588,854
Interest payable and similar charges	10	(45,708)	(345,688)
		<u>4,286,582</u>	<u>11,716,596</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on profit on ordinary activities	12	(105,781)	(2,122,099)
		<u>4,180,801</u>	<u>9,594,497</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Minority interests		-	469,285
		<u>4,180,801</u>	<u>10,063,782</u>
PROFIT FOR THE FINANCIAL YEAR	22	<u>4,180,801</u>	<u>10,063,782</u>

The notes on pages 16 to 31 form part of these financial statements.

MCLAREN CONSTRUCTION GROUP PLC

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2014**

	Note	2014 £	2013 £
PROFIT FOR THE FINANCIAL YEAR		4,180,801	10,063,782
Unrealised surplus on revaluation of investment properties	15	14,000	-
Movement on foreign exchange	22,23	17,202	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		4,212,003	10,063,782

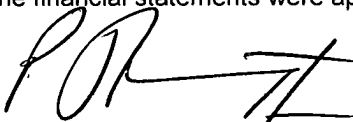
The notes on pages 16 to 31 form part of these financial statements.

MCLAREN CONSTRUCTION GROUP PLC
REGISTERED NUMBER: 05384316

CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2014

	Note	£	2014 £	As restated 2013 £
FIXED ASSETS				
Intangible assets	13		-	5,381
Tangible assets	14		3,004,600	3,116,070
Investment property	15		4,325,000	4,311,000
Investments in joint ventures				
-Share of gross assets		4,684,238	5,264,920	
-Share of gross liabilities		(181,235)	(1,190,548)	
Share of net assets	16		4,503,003	4,074,372
			11,832,603	11,506,823
CURRENT ASSETS				
Debtors	17	131,498,184	112,986,911	
Cash at bank and in hand		34,344,014	35,299,754	
		165,842,198	148,286,665	
CREDITORS: amounts falling due within one year	18	(140,534,691)	(126,722,646)	
NET CURRENT ASSETS			25,307,507	21,564,019
TOTAL ASSETS LESS CURRENT LIABILITIES			37,140,110	33,070,842
PROVISIONS FOR LIABILITIES				
Other provisions	20		-	(142,735)
NET ASSETS			37,140,110	32,928,107
CAPITAL AND RESERVES				
Called up share capital	21		2,010,400	2,010,400
Revaluation reserve	22		62,939	48,939
Foreign exchange reserve	22		17,202	-
Profit and loss account	22		35,049,569	30,868,768
SHAREHOLDERS' FUNDS	23		37,140,110	32,928,107

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


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P J Pringle
Director

Date: 30 January 2015

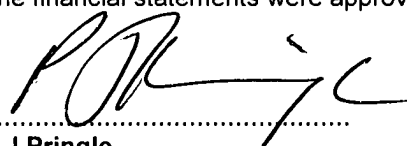
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MCLAREN CONSTRUCTION GROUP PLC
REGISTERED NUMBER: 05384316

COMPANY BALANCE SHEET
AS AT 31 JULY 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Investments	16		10,001		10,413
CURRENT ASSETS					
Debtors	17	8,293,513		5,893,396	
CREDITORS: amounts falling due within one year	18	<u>(3,482,641)</u>		<u>(1,466,064)</u>	
NET CURRENT ASSETS			<u>4,810,872</u>		<u>4,427,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,820,873</u>		<u>4,437,745</u>
CREDITORS: amounts falling due after more than one year			<u>-</u>		<u>(60)</u>
NET ASSETS			<u><u>4,820,873</u></u>		<u><u>4,437,685</u></u>
CAPITAL AND RESERVES					
Called up share capital	21		2,010,400		2,010,400
Profit and loss account	22		<u>2,810,473</u>		<u>2,427,285</u>
SHAREHOLDERS' FUNDS	23		<u><u>4,820,873</u></u>		<u><u>4,437,685</u></u>

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


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P J Pringle
Director

Date: 30 January 2015

The notes on pages 16 to 31 form part of these financial statements.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable accounting standards.

1.2 Going concern

The group remains in a sound financial position with net cash and banking facilities totalling in excess of £54 million and well-established relationships with key customers and suppliers. No single customer accounts for more than 8.8% of annual turnover.

The directors have a reasonable expectation that the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual financial statements.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Basis of consolidation

The financial statements consolidate the accounts of McLaren Construction Group PLC and all of its subsidiary undertakings ('subsidiaries').

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account includes the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

The results of subsidiaries sold are included up to the effective date of disposal.

1.5 Turnover

Turnover represents the invoiced value of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts, together with the value of contracting work executed during the year as measured by quantity surveyors.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES (continued)

1.6 Intangible fixed assets and amortisation

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Single farm payment entitlement - 33% straight line method

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.8 Investments

(i) **Subsidiary undertakings**

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) **Joint venture undertakings**

Investments in joint ventures are stated at the group's share of net assets. The group's share of the profits or losses of the joint ventures is included in the Profit and Loss Account using the equity accounting basis.

1.9 Investment properties

Investment properties are included in the Balance Sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

1.10 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES (continued)

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

The results of overseas operations where the local currency is not sterling are translated into sterling at the average rate of exchange during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date.

Exchange gains and losses arising from the translation of the opening net assets and results of foreign operations are taken to reserves. All other exchange gains and losses are recognised in the Profit and Loss Account.

1.13 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on contracts are valued at cost with an appropriate addition or provision for estimated profits or losses and after deduction of amounts received and applications for payments receivable. Where amounts invoiced exceed the amount of work completed, the excess is included within payments on account.

Preconstruction costs are expensed until such time as the related contract becomes virtually certain.

1.14 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

1. ACCOUNTING POLICIES (continued)

1.15 Short-term cash deposits

The group has a policy of investing surplus monies on deposit to earn additional interest for up to three months.

1.16 Employee Benefit Trust (EBT) and Employer Funded Retirement Benefit Scheme (EFRBS)

The group has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the group retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the group on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

1.17 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	404,533,530	374,693,836
United Arab Emirates	6,268,631	3,018,195
	<u>410,802,161</u>	<u>377,712,031</u>

Segmental analysis has not been disclosed as the directors consider that this would be seriously prejudicial to the group's interest.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

3. OTHER OPERATING INCOME

	2014 £	2013 £
Inter group recharge of costs	601,045	-
Release of provision (see note 20)	142,735	-
Sundry income - rural payments agency	53,580	43,081
	<u>797,360</u>	<u>43,081</u>

4. ANALYSIS OF OPERATING PROFIT/(LOSS)

	2014		2013	
	Continuing £	Discontinued £	Continuing £	Discontinued £
Turnover	410,802,161	-	352,140,285	25,571,746
Cost of sales	(394,152,610)	-	(336,998,773)	(26,509,955)
Gross profit	16,649,551	-	15,141,512	(938,209)
Administrative expenses	(15,521,788)	-	(12,717,625)	(2,266,298)
Other operating income	797,360	-	43,081	-
	<u>1,925,123</u>	<u>-</u>	<u>2,466,968</u>	<u>(3,204,507)</u>

5. OPERATING PROFIT/(LOSS)

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

	2014 £	2013 £
Amortisation - intangible fixed assets	5,381	8,033
Depreciation of tangible fixed assets:		
- owned by the group	111,470	103,286
Operating lease rentals:		
- other operating leases	438,420	117,136
Difference on foreign exchange	124,576	(70,342)
	<u></u>	<u></u>

6. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor for the audit of the company's annual accounts	1,900	2,500
Fees payable to the company's auditor in respect of:		
The auditing of accounts of associates of the company	33,400	57,500
Taxation compliance services	-	14,000
Other non-audit services	10,700	-
	<u></u>	<u></u>

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

7. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	24,230,009	20,196,261
Social security costs	2,476,649	2,180,326
Other pension costs	886,780	1,207,353
	<u>27,593,438</u>	<u>23,583,940</u>

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

	2014 No.	2013 No.
Executive board of directors	2	2
Technical directors	44	43
Senior managers and site managers	257	237
Pre-construction staff	10	12
Administration and support	84	72
Onsite staff	63	34
	<u>460</u>	<u>400</u>

8. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>290,867</u>	<u>357,490</u>
Company pension contributions to defined contribution pension schemes	<u>12,375</u>	<u>14,726</u>

During the year retirement benefits were accruing to 1 director (2013 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £290,867 (2013 - £282,973).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,375 (2013 - £12,375).

9. INTEREST RECEIVABLE

	2014 £	2013 £
Interest receivable from group companies	582,555	-
Share of joint ventures' interest receivable	-	154,503
Other interest receivable	1,297,003	434,351
	<u>1,879,558</u>	<u>588,854</u>

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

10. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	45,708	68,103
On other loans	-	277,585
	<u>45,708</u>	<u>345,688</u>

11. EXCEPTIONAL ITEMS

	2014 £	2013 £
Profit on disposal of subsidiaries	-	5,929,534
	<u>-</u>	<u>5,929,534</u>

In the prior year the group sold its investment in McLaren Property Limited on 21 December 2012.

12. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,133,838	52,344
Adjustments in respect of prior periods	(1,146,527)	1,058,274
	<u>(12,689)</u>	<u>1,110,618</u>
Share of joint ventures' current tax	98,978	1,090,418
	<u>86,289</u>	<u>2,201,036</u>
Total current tax		
	<u>86,289</u>	<u>2,201,036</u>
Deferred tax		
Origination and reversal of timing differences	(27,971)	(56,624)
Effect of increased tax rate on opening liability	2,921	-
Adjustments in respect of prior periods	44,542	(22,313)
	<u>19,492</u>	<u>(78,937)</u>
Total deferred tax (see note 19)		
	<u>19,492</u>	<u>(78,937)</u>
Tax on profit on ordinary activities	<u>105,781</u>	<u>2,122,099</u>

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

12. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>4,286,582</u>	<u>11,716,596</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%)	957,194	2,773,318
Effects of:		
Expenses not deductible for tax purposes	90,942	56,768
Differences between depreciation and capital allowances	(6,012)	74,357
Higher rate taxes on overseas earnings	207,324	-
Adjustments to tax charge in respect of prior periods	(1,165,269)	1,058,274
Short term timing difference leading to an increase (decrease) in taxation	33,983	(6,855)
Non-taxable income	(31,873)	(229,930)
Group relief	-	(1,524,896)
Current tax charge for the year (see note above)	<u><u>86,289</u></u>	<u><u>2,201,036</u></u>

Factors that may affect future tax charges

In prior periods £1 million was paid into an Employer Funded Retirement Benefit Scheme and a tax deduction was claimed for this amount. Had the tax deduction not been claimed an extra payment of £273,315 would have been payable by the company. No provision has been included for this in the accounts as the directors believe that a tax deduction should be available for this payment.

13. INTANGIBLE FIXED ASSETS

Group	Single farm payment entitlement £
Cost	
At 1 August 2013 and 31 July 2014	<u>24,098</u>
Amortisation	
At 1 August 2013	18,717
Charge for the year	5,381
At 31 July 2014	<u>24,098</u>
Net book value	
At 31 July 2014	<u><u>-</u></u>
At 31 July 2013	<u><u>5,381</u></u>

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

14. TANGIBLE FIXED ASSETS

Group	Freehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Improve- ments to property £	Total £
Cost or valuation						
At 1 August 2013 and 31 July 2014	<u>2,979,667</u>	<u>264,383</u>	<u>32,965</u>	<u>133,524</u>	<u>521,820</u>	<u>3,932,359</u>
Depreciation						
At 1 August 2013	324,269	166,669	13,392	133,524	178,435	816,289
Charge for the year	<u>63,658</u>	<u>13,522</u>	<u>8,241</u>	<u>-</u>	<u>26,049</u>	<u>111,470</u>
At 31 July 2014	<u>387,927</u>	<u>180,191</u>	<u>21,633</u>	<u>133,524</u>	<u>204,484</u>	<u>927,759</u>
Net book value						
At 31 July 2014	<u>2,591,740</u>	<u>84,192</u>	<u>11,332</u>	<u>-</u>	<u>317,336</u>	<u>3,004,600</u>
At 31 July 2013	<u>2,655,398</u>	<u>97,714</u>	<u>19,573</u>	<u>-</u>	<u>343,385</u>	<u>3,116,070</u>

15. INVESTMENT PROPERTY

Group	Freehold investment property £
Valuation	
At 1 August 2013	4,311,000
Surplus on revaluation	<u>14,000</u>
At 31 July 2014	<u>4,325,000</u>
Comprising	
Cost	4,291,460
Annual revaluation surplus/(deficit):	
2012	19,540
2014	<u>14,000</u>
At 31 July 2014	<u>4,325,000</u>

The 2014 valuations were made by Smiths Gore, an external RICS registered valuer, on an open market value for existing use basis.

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

16. FIXED ASSET INVESTMENTS

Group	Investment in joint ventures £
Cost or valuation	
At 1 August 2013	4,074,372
Share of profit/(loss)	428,631
	<hr/>
At 31 July 2014	4,503,003
	<hr/>
Net book value	
At 31 July 2014	4,503,003
	<hr/> <hr/>
At 31 July 2013	4,074,372
	<hr/> <hr/>

Participating interests

The group's aggregate share of the joint ventures' net assets at the Balance Sheet date was as follows:

	2014 £	2013 £
Share of assets		
Current assets	4,684,238	5,264,920
Share of liabilities		
Due within one year or less	(181,235)	(1,190,548)
	<hr/>	<hr/>
Share of net assets	4,503,003	4,074,372
	<hr/> <hr/>	<hr/> <hr/>

The only joint venture interest held by the group at current and prior year end was in Maximilian Properties Limited (see note 29 for further details).

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2013	10,413
Amounts written off	(412)
	<hr/>
At 31 July 2014	10,001
	<hr/>
Net book value	
At 31 July 2014	10,001
	<hr/> <hr/>
At 31 July 2013	10,413
	<hr/> <hr/>

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

17. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2014	As restated 2013	2014	2013
	£	£	£	£
Trade debtors	35,710,506	32,078,789	-	-
Amounts owed by group undertakings	37,712,607	25,821,700	2,416,798	4,811,464
Amounts owed by undertakings in which the company has a participating interest	-	10,140	-	10,140
Directors' current accounts	5,476,626	735,602	5,476,626	-
Other debtors	12,059,273	9,141,741	400,089	1,071,792
Prepayments and accrued income	132,782	227,901	-	-
Amounts recoverable on long term contracts	40,374,929	44,916,152	-	-
Tax recoverable	-	3,933	-	-
Deferred tax asset (see note 19)	31,461	50,953	-	-
	<u>131,498,184</u>	<u>112,986,911</u>	<u>8,293,513</u>	<u>5,893,396</u>

**18. CREDITORS:
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2014	As restated 2013	2014	2013
	£	£	£	£
Payments received on account	19,776,873	17,407,662	-	-
Trade creditors	9,873,535	13,398,960	-	-
Amounts owed to group undertakings	-	-	10	-
Amounts owed to joint ventures	3,480,000	3,512,339	3,480,000	-
Corporation tax	14,175	-	-	383,600
Other taxation and social security	2,236,062	4,118,624	-	-
Other creditors	13,663,175	10,026,443	131	1,079,964
Accruals and deferred income	91,490,871	78,258,618	2,500	2,500
	<u>140,534,691</u>	<u>126,722,646</u>	<u>3,482,641</u>	<u>1,466,064</u>

At the balance sheet date, Lloyds Bank plc had a fixed and floating charge over all property and assets of the group.

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

19. DEFERRED TAXATION

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
At beginning of year	50,953	19,054	-	-
(Charge for)/released during the year (P&L)	(19,492)	56,624	-	-
Release deferred tax on disposal of investments in subsidiary undertakings	-	(24,725)	-	-
At end of year	<u>31,461</u>	<u>50,953</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Difference between accumulated depreciation and amortisation	(2,129)	43,649	-	-
Short term timing differences	33,590	7,304	-	-
	<u>31,461</u>	<u>50,953</u>	<u>-</u>	<u>-</u>

20. PROVISIONS

Group	Other provision £
At 1 August 2013	142,735
Amounts reversed	<u>(142,735)</u>
At 31 July 2014	<u>-</u>

Other provision

This amount represented the monies received from the insurers in respect of damage to a building caused by a fire in 2009. The provision has been released in full during the year.

The Company has no provisions

MCLAREN CONSTRUCTION GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014**

21. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
10,400 ordinary A, B, C shares of £1 each	10,400	10,400
2,000,000 non-cumulative redeemable preference shares of £1 each	2,000,000	2,000,000
	<u>2,010,400</u>	<u>2,010,400</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.

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

22. RESERVES

	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £
Group			
At 1 August 2013	48,939	-	30,868,768
Profit for the year	-	-	4,180,801
Surplus on revaluation of freehold property	14,000	-	-
Movement on foreign exchange	-	17,202	-
	<u>62,939</u>	<u>17,202</u>	<u>35,049,569</u>
At 31 July 2014			
			<u>2,810,473</u>
Company			
At 1 August 2013			2,427,285
Profit for the year			383,188
			<u>2,810,473</u>
At 31 July 2014			

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

23. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014	2013
Group	£	£
Opening shareholders' funds	32,928,107	22,864,325
Profit for the financial year	4,180,801	10,063,782
Other recognised gains and losses during the year	31,202	-
	<u>37,140,110</u>	<u>32,928,107</u>
Closing shareholders' funds	<u>37,140,110</u>	<u>32,928,107</u>

	2014	2013
Company	£	£
Opening shareholders' funds	4,437,685	3,214,262
Profit for the financial year	383,188	1,223,423
	<u>4,820,873</u>	<u>4,437,685</u>
Closing shareholders' funds	<u>4,820,873</u>	<u>4,437,685</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £383,188 (2013 - £1,223,423).

24. 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 £886,780 (2013 - £1,207,353).

Contributions totalling £167,953 (2013 - £15,776) were payable to the scheme at the end of the year and are included in creditors.

25. OPERATING LEASE COMMITMENTS

At 31 July 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
Group	£	£
Expiry date:		
Between 2 and 5 years	<u>526,104</u>	<u>526,104</u>

The company has no operating lease commitments.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

26. RELATED PARTY TRANSACTIONS

Directors' advances and credits

As at the balance sheet date the amount due from P J Pringle was £1,266,643 (2013 - £671,703). No interest was charged in respect of this loan (2013 - £Nil).

As at the balance sheet date the amount due from J A Gatley was £3,078 (2013 - £Nil). No interest was charged in respect of this loan (2013 - £Nil).

The group has taken advantage of the exemption in FRS 8 "Related Party Disclosures" from disclosing transactions with other members of the group.

K R Taylor (director and shareholder of the ultimate parent undertaking)

During the year work undertaken by the group on personal contracts for K R Taylor amounted to £588,682 (2013 - £2,310,820). As at the balance sheet date the amount due from K R Taylor was £4,206,905 (2013 - £63,125). No interest was charged in respect of this loan (2013 - £Nil).

McLaren Furniture Limited (company under common control)

At the balance sheet date the amount due to the group from McLaren Furniture Limited was £1,249,004 (2013 - £270,760). Interest was charged in respect of this loan amounting to £13,521 (2013 - £Nil).

Arthur Brett & Sons Limited (company under common control)

At the balance sheet date the amount due to the group from Arthur Brett & Sons Limited was £741,876 (2013 - £708,399). Interest was charged in respect of this loan amounting to £33,478 (2013 - £Nil).

Golden Apple Limited (company under common control)

During the year sales of £834,633 were made by the group to Golden Apple Limited (2013 - £479,358). At the balance sheet date the amount due to the group from Golden Apple Limited was £3,144,768 (2013 - £3,710,134). No interest was charged in respect of this loan.

Sparmax Limited (beneficial interest held by the ultimate controlling party)

At the balance sheet date, the amount due to the group from Sparmax Limited was £1,108,583 (2013 - £4,800,013). Interest in respect of this balance amounted to £352,604 (2013 - £Nil). Sales were made by the group to Sparmax Limited totalling £3,049 (2013 - £12,782,003).

Maximilian Properties Limited (joint venture)

At the balance sheet date the company owes £3,480,000 (2013 - £3,512,339) to Maximilian Properties Limited. No interest was charged in respect of this loan.

Segaun Capital Partners (beneficial interest held by the ultimate controlling party)

During the year sales were made by the group to Segaun Capital amounting to £Nil (2013 - £157,904).

Beaudream Limited (company under common control)

At the balance sheet date the group were owed £Nil (2013 - £Nil) by Beaudream Limited. Interest of £Nil (2013 - £174,927) was charged on this balance during the year.

27. PRIOR YEAR ADJUSTMENTS

The prior year financial statements have been restated to remove from the consolidated balance sheet amounts due between group undertakings at 31 July 2013 which the directors identified as not having been eliminated. The effect of this has been to reduce amounts owed to and from group undertakings by £6,401,590. There was no impact on the result for the prior period or net assets of the company as a result of this restatement.

MCLAREN CONSTRUCTION GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2014

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is McLaren S.A., a company registered in Luxembourg, which will be preparing consolidated financial statements for the year which will be publicly available.

The group is controlled by K R Taylor.

29. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

a. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Celcool Limited	United Kingdom	100%	Rental of investment property
McLaren Construction Limited	United Kingdom	100%	Design and construction specialist
Verve Construction Limited	United Kingdom	100%	Dormant

b. Principal joint ventures

Company name	Country	Percentage Shareholding	Description
Maximilian Properties Limited	United Kingdom	50%	Property development

The percentage shareholding represents the aggregate group interest in the shares.

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