Registered number: 05384316

MCLAREN CONSTRUCTION GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

COMPANY INFORMATION

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MCLAREN CONSTRUCTION GROUP PLC

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2023

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 the many sectors where it operates. It delivers new-build, refurbishment and fitout projects for blue-chip customers and public sector organisations operating in the UK and the UAE.

The business prides itself on the high calibre of its teams and its ability to bring technically innovative and creative solutions to projects.

McLaren's industry leadership in training and skills was recognised when it won the HR Team of the Year category at the Construction News Workforce Awards for their work up to June 2022. McLaren's innovation and quality in its projects were demonstrated when it made the final shortlist for other key industry awards. The London Construction Awards shortlisted glass recycling on the Chalcots Estate in its 'Excellence in Sustainability' category and McLaren's work on 150 Holborn was shortlisted for both the Construction News Awards Project of the Year and the Commercial Property Project of the Year category in the British Construction Industry Awards. McLaren came close to recognition as both Building's and The UK Real Estate Investment & Infrastucture Forum's (UKREiiF) Major Contractor of the Year through its place on shortlists of just four firms.

Customer relationships

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

Success is rooted in strong relationships with customers, private and public sector frameworks, consultants, and the supply chain, established through exemplary project management and high-quality delivery.

Business review

Under Chairman, Kevin Taylor, and Group Chief Executive Officer, Paul Heather's direction, the leadership team has continued to focus upon customer relationships and ensuring delivery capability aligns with market opportunities.

The London and South business units were united to create a single business unit under the leadership of Darren Gill (Managing Director). The merger maximises market opportunities by combining relationships with funds, customers and consultants across seven sectors and has allowed the business to share and develop skills and sector experience for the benefit of customers.

The business has continued its investment program enhancing business systems, digitisation and data management in response to business growth, existing and new sector requirements, and legislative change.

McLaren handed over 19 projects in the year, and continued construction of 75 projects, working on some of the UK's best projects in the past 12 months such as:

ADNEC:	ExCeL London convention facilities, exhibition halls and conference rooms
Camden Council:	Re-cladding of the Chalcots Estate, four high rise residential blocks
Quintain:	Continued development with them at Wembley Park
Salvation Army:	New headquarters
Aston Martin:	New engineering technology facility
Be First:	Affordable homes and innovative industrial spaces for Barking & Dagenham

McLaren has continued to value repeat business in the past year from leading developers and local authorities, including:

Argent:	A mixed use scheme at King's Cross
British Land:	Aldgate Place is the 27th project delivered during a 14-year partnership

The data centre market continues to be a key area of focus and growth, building upon relationships with facility providers in both the UK and UAE. In line with expectations, turnover of £964m was an increase of £213m from the previous year. With stability returning after challenging market conditions, the gross margin for the year was £41m.

The Group continues to deliver in other key market sectors: commercial offices (new build and refurbishment), industrial and logistics, residential, mixed-use buildings, retail, education, student accommodation, sports and leisure, data centres and healthcare.

The business' diversification strategy is ongoing with the business successfully attaining framework places on a further three frameworks, Pagabo Medium Work, Pagabo Refit & Refurbishment and Hyde Building & Fire Safety, supporting the emerging building safety, refurbishment, health and education sectors, alongside being re-appointed to the Procure Partnerships framework.

Overall, McLaren has secured places on a total of 21 frameworks which include central and local government frameworks, Be First, LCP, and various registered providers.

These frameworks along with direct relationship strategies within the health, education, building safety and refurbishment, and development sectors have achieved preferred bidder status and additional secured turnover values of over £215m and are predicted to provide an increasing proportion of turnover into 2023/24 from the public sector, with the greatest contribution coming from local authorities, Department for Education and the NHS.

Opportunities are positive across the business units in the UK and the UAE, with work winning teams converting tenders into live projects across all sectors and business units. Turnover is expected to increase further into 2024 with a forecast of £1.05bn.

Business unit: Major Projects

Major Projects' turnover continued to expand in line with its resilience and sector diversification strategy, with work winning teams focused upon expansion into sectors such as building safety and refurbishment and continued focus upon build to rent residential schemes. This strategy alongside delivering projects within multiple sectors for repeat customers such Landsec, Quintain, Argent, Muse and others has allowed turnover to increase by 55% in the financial year, with further increases predicted next year.

The Preconstruction services agreement for the substantial reclad and refurbishment of a commercial office for a leading property developer and repeat customer is nearing conclusion and should result in an imminent award of a contract award in excess of £150m.

The façade replacement of the building envelope of four 22-storey residential towers is progressing well, allowing the showcase of our abilities in the Building Safety & Refurbishment sector, with the business tendering a number of schemes in this sector and awaiting results on successful appointments.

The Major Projects team is also delivering a medium rise residential scheme for repeat customer which includes six social rent buildings with 191 homes and two privately owned buildings with 65 private rental apartments and the installation of a 30m footbridge to connect to a wildlife area.

The senior management team has grown to meet the expectations of increased tender activity with the suitable experience for large scale opportunities. Our focus upon skills, knowledge and experience ensures the team develop technical solutions to resolve complex design and engineering challenges for our customers in line with their business model.

The focus moving forward is to ensure Major Projects maintains its dynamic abilities to service customers in Central London and beyond. Attention is on delivering for repeat business customers as well as expanding and diversifying into further public sector works and repurposing existing assets. Turnover is anticipated to increase for the forthcoming year by a similar level to that reported this financial year.

Business unit: London & South

The union of the London & South business has maximized market opportunities allowing the business to share and develop skills and sector experience for the benefit of customers, with the combined London & South business continuing to deliver across the multiple sectors of commercial offices, hotels, residential, industrial & logistics, data centers, health and education.

There are eight live commercial projects, Salvation Army HQ, The Hub, Berners Street, Nine Elms, 318 Oxford Street, 151 Buckingham Palace Road, 214 Oxford Street, 51-52 Sloane Street. Two hotel projects are in progress; RIU Hotels and Sloane Gardens Hotel for Cadogan. Residential and mixed use projects include Thames Road for Be First in Barking and a project for Clarion in West Hendon. There are three live Data Centre projects, with the extension of Excel Centre with Adnec and the Stevenage industrial project.

The drivers and specialist skills within the business unit will allow it to respond to growing demands by commercial developers to retain tenants in situ while redevelopment works are delivered, ensuring development appraisals are enhanced, with data center customers being assured by our robust data processes and systems in securing their data.

Within the year, we have entered into preferred bidder positions on five projects, Angel Square for Tishman Speyer, Pegasus House for Aviva, Seal House for Middlecap, Lexden Garden for Broadway Living and Grafton Street for O&H Properties.

The public sector strategy continues with healthcare sector active with three live projects, Queen Elizabeth Hospital for Lewisham and Greenwich NHS Trust, the St George's Health and Wellbeing Hub for NHS North East London Health and Care Partnership, and a new Cleveland Clinic on Moorgate. The Education sector is delivering the Chigwell school project with business attaining preferred bidder status on the Boxing Academy and High Leigh projects via the DFE framework.

There is a strong pipeline of opportunities across the main sectors for 2023-24 and beyond, including manufacturing, logistics, industrial, data centres, sports, and leisure. Industrial and Logistics is still a growing market, and the business unit will be using this expertise to expand its data centre portfolio.

Business unit: Midlands and North

The Midlands & North region continues to strengthen its position within our core market sectors by focusing upon

repeat business and core markets such as industrial and logistics, student residential, sports and leisure, and commercial. We are growing in line with our business plan and have established ourselves within the region and continue to diversify by utilising our recent selection on the Pagabo framework.

Our completed project portfolio for the year has seen successful completion of The Oaks student residential, Omega units 2 and 3 with end user Iceland taking the larger unit. Apollo at Ansty, Pets at Home, Aston Martin F1 world headquarters, West Midlands Ambulance Service hub, Deeside units 1 and 2 for Columbia Threadneedle, and unit 401 Manchester Airport.

Based on our strategy of repeat business and relationship focus, we continue to deliver a range of projects including 1200 student beds for McLaren Property and Topland at Warwick University, one million square feet of industrial and logistics at Ansty Park for Opus Land , one million square feet of industrial and logistics at Sherburn Leeds for Firethorn Trust, Konnect Knottingley, a 319-bed student scheme on Talbot Street, Nottingham, and the Phoenix cold store facility.

The Group's integrated investment, is enabling opportunities within the framework market and our investment in digitalisation ensures we are able to respond to building safety legislation and customer expectations.

We continue to see a very healthy pipeline and opportunity with repeat customers at the forefront but enhanced by further opportunity created by our strong delivery portfolio within the Midland and North regions.

Business unit: International

With 14 live projects during period, the UAE business continues to focus upon its core sectors in Dubai and Abu Dhabi including aviation, education, commercial, data centres, high end residential and food production with a variety of procurement solutions aligned with our client requirements.

Our management continues to focus upon the health, safety and wellbeing of employees, maintaining our excellent standards of worker welfare and the development of our people to improve business performance.

We remain active in the education sector with the new science building at the British School Al Khubairat in Abu Dhabi, we have successfully secured and successfully delivered a number of data centers in the UAE focused upon repeat business .With our success in delivering for global data centre providers in Dubai by the UAE business leading to project awards in the UK and evolving relationships for future opportunities in this sector.

New project awards in the residential sector, industrial regeneration, data centres, food production and commercial have supported significant increase in the UAE business annual turnover.

With a healthy pipeline of work, the UAE business continues to focus on serving existing customers and carefully identifying new opportunities. It sees significant growth in the industrial and technology sectors in both the UAE and the wider GCC.

Outlook

The outlook for the Group, in the UK and internationally, remains stable, with the business strongly positioned to grow and further enhance its position as one of the industry's leading privately-owned construction companies.

The Group's turnover is forecast to grow further into FY24 with turnover of £1.05bn. Increases in turnover continue to be driven by increased demand in core sectors such as data centres, industrial and logistics and commercial.

Internationally, the business continues to grow in the education and high-end residential markets and continues to link with the UK business with shared customers in the data centre market.

Commitment to core operating sectors remains, with a careful review of the capability of McLaren's teams to deliver the specialist skills required as market expectations evolve. To deliver new sectors, we have developed a focused leadership, recruitment and capability strategy to respond to the technical requirements of the health, education, and building safety and refurbishment sectors, along with integrating the expectations of building safety legislation, sustainability and digital capability across all sectors.

Health and safety

Our aim remains to provide a working environment that is free from harm by promoting a clear and positive safety culture, ensuring the wellbeing of all parties involved with our work. The health and wellbeing of our people is critical to how our business operates. Our "Work Safe Home Safe" programme has been re-focused into three clear headings, "Communicate, Be Aware, Be Accountable," and over the period, has achieved the improvement of our health and safety results:

RIDDOR:
46% reduction in incidents over 6 years from 13 in 2018 to 7 in 2023
AFR dropped 89% over 6 years from 0.79 in 2018, to 0.10 in 2023

Accident Incident Rate:
2023 AIR is 20.00
91% below construction industry/HSE average of 222.

RoSPA and British Safety Council:
Gold Medal Award achieved for 2023, 6 years in a row For the second consecutive year British Safety Council Sword of Honour award 2023.

Managing risk

The business continues to monitor the impact of national and global events such as the effects of the Ukraine conflict upon materials and labour availability and price risk.

McLaren has the capacity and skills within its pre-construction teams to deliver single, two stage and negotiated contracts, with robust processes to manage inflation risk in conjunction with our supply chain.

From pre-construction to the delivery stage, the McLaren business units and project teams are required to schedule out the key risks and product action plans on a package-by-package basis, identifying opportunities to offer advance commitment to secure early manufacturing slots or to secure materials on long lead in periods. The Group has procured off site storage facilities where appropriate to protect against potential delays to delivery dates. McLaren's relationship with its supply chain has been a key area of focus with commercial and performance checks continuing throughout the delivery of projects to ensure any potential risk in the performance of the supply chain is effectively managed.

Investment

To meet evolving customer expectations both in private and public sector, and support new sectors such as health, education and re-cladding, carbon reduction targets, the Building Safety legislation, as well as corresponding digital and learning and development demands, the business has invested over £1.2m in additional specialist resource, digital systems and business improvement strategies to enhance our technical services and is in year two of a three-year programme to achieve industry leading capability.

Building safety

To inform our response to the Building Safety Act and achieve industry best practice, McLaren is a signatory to Building a Safer Future (BSF), is pursuing BSF Champion status 2023/24, and is part of the industry led Get It Right Initiative (GIRi).

As a signatory to Building a Safer Future, McLaren Construction's main board has approved a strategic plan to embed a culture of building safety into the business by establishing a Technical Leadership Team, reinforcing our QA and QC processes, providing more focused resources and restructuring the training team, with competency training and records in accordance with BSI Flex 8670.

Further, the business has committed to building upon its digital capability (accredited to ISO19650) by developing a fully integrated digital Building Safety Act process on the Asite digital centre of excellence which includes all project phases from pre-construction, design, operations, snagging, archive and data.

This investment targets Champion status within Building a Safer Future, and will ensure our systems, processes and competencies are compliant with the emerging ISO99001 standards.

Sustainability

From our 2020 third party verified emissions base line, the business is on target to deliver its goal to be Net Zero Carbon for Scope 1 and 2 emissions by 2025 and Scope 3 emissions by 2045. The business annually reports on its carbon emissions through Scopes 1, 2 and 3 and disclosed these through our Carbon Reduction Plan which is available on the company website. The baseline has been added to in 2023 with the verification of our materials transport and staff transport ensuring our baseline continues to develop in scope and robustness.

The main driver of the carbon reduction in Scope 1 in the Alternative Fuels Policy which looks to transition away from liquid fossil fuels as early as 2025. The has been a significant increase in the volume of alternative fuels in 2023 from previous years including HVO fuel and the electrification of plant and hand tools.

Sector focused embodied carbon baselines which calculate the carbon emissions mainly from material manufacture have been produced for core sectors and provide a robust baseline from which we will achieve our 2045 Scope 3 Net Zero Carbon target. These baselines focus project teams on where the largest areas of carbon emissions are, bringing us together with customers, colleagues, subcontractors, manufacturers, and materials providers to develop carbon reduction solutions through innovative design, program sequencing and material specification.

Scope 3 emissions from material manufacture at a group level is to be measured through our Science Based Targets approach which we are starting in 2024, with the aim to include the material emissions into our Carbon Reduction Plan in future years disclosures.

To support our sustainability goals the business has invested heavily in sustainability business systems such as SmartWaste, Biosite and Evotix, all of which hold live data on project energy consumption and waste tracking. The business has also increased the size of the Sustainability Team and rolled out more training colleagues to ensure carbon reduction commitments are embedded within the business.

Our People

McLaren has achieved sustainable and profitable growth through our people. We are transforming our business, culture and inspiring our people to excel in an inclusive, consistent and transparent manner. We treat everyone with respect, where we look after our colleagues, nurturing a high performing, learning culture and where we reward excellence. McLaren welcomed over 317 new colleagues into the business last year, most of the recruitment in areas that will further facilitate our growth.

As successful as we have been in attracting new talent, of equal importance to us is the retention of our highly skilled people. We have enhanced our people policies incorporating areas such as surrogacy, adoption and dependent care, as well as improvements to our maternity and paternity leave policies. Our 'culture of learning' strategy has resulted in winning the HR Team of the Year at the CN Workforce Awards 2023 and continues to support our position as employer of choice.

With a growing organization, we have redefined our core values that our colleagues have helped us develop and translate in today to day actions.

Together
McLaren is a team. Working together we exceed expectations. We recognise and celebrate the fact that the best teams are diverse in nature and thrive in a culture that is open and inclusive, making us stronger and more effective to safely deliver outstanding projects.

Agile
We are problem solvers and thinkers. We deliver real world solutions against any building challenge.

Supportive
Our people are our greatest strength: their well-being is fundamental to our shared success. We empower our colleagues to develop to their full potential and enhance communities we work within.

Proud
We are proud of our projects and the positive impact that they have on local communities. We are proud of our position in the market and the relationships we have with our customers.

Teams including sustainability, digital innovation, learning and development and inclusion have welcomed new colleagues who bring new expertise in these areas, reflecting our ambition to build technically strong and diverse teams, while solidifying our reputation as an inclusive organisation that values difference.

We are also building the next generation of construction talents and have increased our recruitment of entry level roles on fully supported apprenticeship programmes, with 16% of those recruited overall, being career entry level and 23% of our early careers population on internal upskilling apprenticeships.

Health & wellbeing
We continue our partnership with Lighthouse, a construction industry charity that provides emotional, physical and financial wellbeing support to construction workers and their families. To support the wellbeing of McLaren colleagues, we have established a wellbeing forum focused upon the wellbeing of colleagues and the communities we work in. We also partner with our key benefit providers to provide the whole range of support services from healthcare to mental health.

Competency and learning & development
Attracting and supporting new talent into the industry, alongside supporting the skills of existing colleagues, is an essential part of delivering excellent construction services for our customers. The McLaren Development Hub will house all key training content from commercial and technical through to personal development, leadership and management, automatically recording training.

A revised suite of Management Development Programmes has been launched alongside the McLaren Apprenticeship Programme and Professional Membership Support Scheme.

In response to the Building Safety legislation we launched our own competency hub aligning skills, knowledge, experience and behaviours with technical roles.

Ensuring a fair and inclusive working environment
To encourage diversity and embed a culture of inclusion, the main board has appointed an inclusion lead, and implemented a colleague engagement forum as well as associated affinity groups. These groups ensure senior leadership make informed decisions including the views, changing needs and opinions of colleagues and society. These working forums have aided us in refining a McLaren approach which now includes a D&I plan, triannual pulse surveys, awareness campaigns and training, volunteering days, and social events, as well as individual and team recognition awards.

We have a diverse range of clients and suppliers reflecting the local communities we work in. All our colleagues and business partners will have access to information and support and the relationship with McLaren will be transparent and inclusive.

Modern Slavery
McLaren strives for fair and equitable working conditions and promotes modern slavery awareness training to our colleagues and supply chain partners. We have launched a new code of conduct which underpins how we operate as a business and partner. Our approach to raising awareness around what modern slavery is and how to take action is an important part of the code. We will continue to promote awareness surrounding this important issue.

McLaren's attention to modern slavery within the supply chain has continued to evolve, with our supply chain and procurement teams developing supply chain package risk assessments to identify attendant low skilled labour risk within projects. This ensures suppliers have robust labour management processes.

Social impact
McLaren considers social impact in how it employs people, engages with communities and buys products and services.

The business has partnered with the Construction Youth Trust which aims to inspire and enable young people to overcome barriers and discover a career in the construction and built environment sector.

Highlights:
- Edward Street Quarter, Brighton: delivered over £9 million of benefits to the community
- Crown House, Barking: employment and training initiatives for 160 people, including 24 apprentices and 56 jobs for local residents; 160 students supported by education programmes; 180 days volunteering delivered
- Barking Mad about Christmas: £15,000 sponsorship supported a free event for 3,000 residents
- Over £6,000 raised for chosen charities: Construction Youth Trust, helping young people overcome barriers to construction careers; and Lighthouse Club, providing emotional and financial support to construction workers in need.

Creating local employment
With 80% of our overall spend being within the UK, McLaren directly supports local communities by targeting at least 50% of the services, supply chain and labour of project value to be procured within a 20-mile radius of the project.

This commitment to local spend combined with the resources of McLaren's supply chain, and the sharing of our learning and development resource through community relations teams, ensures local employment and upskilling adds value to local communities.

Section 172 Statement

Section 172 Companies Act 2006 Section 172(1) of the Companies Act 2006 imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the company for the benefit of its shareholders, while taking into account how the Company's activities and main board decisions will affect its stakeholders. This statement explains how the Board complies with its obligations under s172 is consistent with that disclosed in the consolidated McLaren Construction Limited annual report for the year ended 31 July 2023. The Company recognises the importance of its stakeholders' views and actively engage with them, proactively considering their interests in the decisions it makes.

The likely consequences of any decisions in the long term:

The Board operates a forward agenda of standard items appropriate to the Group's operating and reporting cycles. Items requiring Board approval or endorsement are defined clearly. These include strategy and key contracts, as well as items required by law and regulation. The Board monitors or reviews progress against strategic priorities, risk management, health and safety or the adequacy of internal controls. During much of 2022 & 23, the Board's focus has been primarily on implementing the Group's recovery response to the pandemic and updating business systems in response to evolving environmental and building safety legislation. The Board annually approves an updated strategic plan and monitors its implementation throughout the year using detailed reports on operating and financial performance. In approving the plan, the Board considers factors such as competitor behavior, the performance of the construction industry, as well as the evolving economic, political and market conditions. The Board established a list of strategic priorities that were to be addressed by management during 2023. Some specific 2022 & 23 outputs included diversification of the customer base, with the business successfully delivering sector specific strategies to include further expansion in the public sector targeting the health and education markets and evolving our industrial capacity to build our Data Centre delivery capability, ensuring the group intensifies its focus on the opportunities that lie ahead.

The strategy meetings also gave the Board the opportunity to determine where the Group's available capital should be invested, this included our digital, data, and sustainability goals in response to evolving environmental and building safety legislation, and to contribute to an industry wide focus upon enhancing skills and quality for building owners, operators and users. Investments will be made in a way that balances expected returns and the risks caused by changing economic and market conditions. In setting the long-term strategic plan, as well as the day-to-day management of the business, the Board considers the key stakeholders referred to as follows:

<u>The interest of the companies colleagues:</u>

We use the following mechanisms to outline our approach to colleague priorities and gather feedback on our interactions:

Wider communication tools such as emails, videos, webcasts, while also monitoring various metrics such as employee churn, sickness leave and wider health and safety KPI's.
Independent support such as access to our Employee Assistance Programme and whistleblowing hotline. Encouraging and analysing independent employee feedback via employee surveys or external sites.

<u>The need to foster the company's business relationships with suppliers customers and others:</u>

Our strategy promoted diversification of sectors and growth, driven by continuing to focus upon core sectors, repeat customers and bringing in new customers to the Group, with a focus upon new sectors. To do this, we maintained strong customer relationships, and curated sector specialist teams to evolve our business process in response to new markets.

Our suppliers and subcontractors are fundamental to our business success and we value all of our relationships with them.

We expect all our suppliers and subcontractors to adhere to our standards, such as those relating to environmental responsibility, data protection and ethics.

The directors understand the importance of the group's supply chain and one of the ways we can maintain effective relationships is to pay them on time.

The impact of the company's operations on the community and the environment:

We construct buildings and infrastructure in communities and must meet the needs of local groups so we are welcomed and can carry out our work. This is achieved through;

Direct engagement such as through our membership of the Considerate Constructors Scheme, local newsletters, town hall meetings and exhibitions, school and college visits, site tours, Open Doors and local community engagement plans.

Indirect engagement such as an up-to-date website, press coverage and engaging in social media.

Environmental impact:

The group is committed to playing its part in achieving the 2015 Paris agreement limited global warming to 1.5 degrees. The group has invested heavily in building up its sustainability team, and evolving business process' and training to focus upon reducing carbon. The group is developing its strategy to deliver Net Zero for Scope 1 & 2, with scope 3 with our consultant and supply chain partners. During 2023 the Board continued to successfully verify its net zero commitments.

The reputation for a high standard of business conduct:

The Board is acutely aware of the need to maintain high standards of business conduct.

The Group has a strong ethical culture, underpinned by our values, policies and our Code of Conduct, all of which are endorsed by the Board. The Code of Conduct sets out the ethical standards everyone in McLaren Construction must adhere to and provides a framework to ensure we always behave in a way that reflects our values. The Group also has specific policies and procedures to prevent bribery and corruption.

The need to act fairly as between members of the company:

The primary responsibility of the Board is to promote the long-term success of the Group by creating and delivering shareholder value as well as contributing to society. To achieve this, the Group relies on key inputs and positive relationship with a wide range of stakeholders. Stakeholders are impacted by, or benefit from decisions made by the Board. It is the Board's responsibility to ensure that they have acted both individually and collectively in a manner that is most likely to promote the success of the Group for the benefit of its members as a whole, taking into consideration all of its stakeholders and the matters set out in paragraphs a-f Section 172 of the Companies Act 2006.

During the period, the directors have focused business units on sharing and promoting sector specific capability, and will enhance sector specific solutions within the business strategy.

Mission statement

We combine the values, behaviors and culture of McLaren with our exceptional people to deliver the common goal of excellence and exceeding expectations creating exceptional places for our customers.

Group non-financial and sustainability information statement

From our 2020 third party verified emissions base line, the business is on target to deliver its goal to be Net Zero Carbon (with offsets) for Scope 1 and 2 emissions by 2025 and Scope 3 emissions by 2045. The business annually reports on its Scopes 1, 2 and 3 activities and climate related financial disclosures in accordance with the Companies Act – Section 414CB. Both our Carbon Reduction Plan and Climate Related Financial Disclosure are available on the company website to comply with additional regulations. The carbon baseline has been added to in 2023 with the verification of our materials transport and staff transport ensuring our baseline continues to develop in scope and robustness.

The main policy driving carbon reduction in Scope 1 is the McLaren Alternative Fuels Policy which aims to transition away from liquid fossil fuels as early as 2025, with the offset of any residual emissions. The policy has driven significant uptake in the use of alternative fuels in 2023 from previous years, particularly Hydro-treated Vegetable Oil (HVO) fuel and the electrification of small plant and hand tools.

a) Governnance arrangements of the company in relation to assessing and managing climate-related risks and opportunities

The Main Board (MB) is chaired by the Group Chairman and attended by all Main Board members, meeting three times per year and agreeing all policy positions as recommended by supplicant Group Management Boards. This includes group commitments to limit climate change via our actions and is the ultimate board responsible for delivery of McLaren climate change commitments. The MB approves or declines technical recommendations presented by the Senior Leadership Team, Technical Leadership Team and Construction Board and instructs supplicant boards to enhance performance if required. Technical compliance with legislation is a standing agenda item – and includes compliance with all Environmental, Climate Change, Building Regulations and Health & Safety Legislation and it is the responsibility of the Group Pre-Construction Director to bring technical compliance items to the MB.

Key performance Indicators are presented to the board aligned with policy commitment and legislative requirements. The KPI most relevant to McLaren's sustainability goals which is addressed at the MB is the tons of carbon dioxide that are emitted in relation to McLaren's Scope 1 and 2 emissions and the policies which sit underneath these such as the Alternative Fuels Policy. At the Construction Board, if there are any items such as legislation change/ internal policy change or notable changes to KPIs positive or negative, the Head of Sustainability will raise this and then if required the Group Pre-Construction Director will raise the item at the MB.

b) How the company identify, assesses and manages climate-related risks and opportunities

Management level responsibility for sustainability and climate risk mitigation sits with the Group Pre-Construction Director and Head of Sustainability. There is also management level responsibility from the Group Director of Safety, Health, Environment and Quality (SHEQ). Climate-related risks and opportunities management is then devolved to the different Regional Managing Directors, responsible for each Business Unit. The risks are assessed and managed through site-based risk assessments, where climate and environmental risks and opportunities are identified and mitigation measures are put in place where required. Risk management is also integrated into McLaren's working processes through our ISO 14001 (Environmental Management System) and 9001 (Quality Management System) accreditations, both of which have been held for over for 15 years.

Across the different sectors that McLaren works in there are a range of approaches used to identify and assess the climate related risks and opportunities. For example, the education sector within the Department for Education framework involves McLaren from the projects inception (RIBA Stage 0), meaning we have greater opportunity to influence the buildings design and material specification. Our standard operating model starts at RIBA stage 3 (developed design) or 4 (technical design) where a buildings design and material specification are much more defined, but we can still bring forward recommendations to reduce the risk to climate exposure. In addition, when developing the design of Data Center there is more exposure to climate risk in the Mechanical and Electrical package where the largest embodied carbon emissions will be generated putting further emphasis on defining this area.

Opposing the risks are the opportunities that have been highlighted through the review process as detailed in section c below. Some key opportunities that have been identified are; the increasing requirements for sustainability services in the build environment, including building certification (BREEAM. WELL, LEED, NABERS), the use of sustainable buildings materials and the complexity of specific tools being used to help understand the data. A fuller list of opportunities identified through our internal management processes as well as the scenario analysis can be found in section e.

c) How processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company

The McLaren Management Process (MMP) is used to identify, assess, and manage climate-related risks and is governed by a series of gateways:

Work Winning – Gateways 1 – 6
- Opportunity Assessment
- PQQ - ITT
- Settlement & Resettlement -Gateway 4 / 5

Delivery – Gateways 7 - 10
- Project Controls Plan
- Commercial Management Procedures
- Project Management Procedures

Aftercare & DLP – Gateways 11 – 12

Gateway 4 (Tender Settlement) is where the business approves technical and price proposals to be presented to customers. At this gateway the risk to the business regarding cost of offset payments in relation to McLarens Net Zero Carbon targets is addressed and approved or rejected by the business. The key Management document at this gateway that considers climate change is the "Tender Briefing Note ref; EST011" This workbook contains a series of technical tabs, including a requirement for the project tender team to consider "Climate Change" linked to a project risk register through our governance gateways 3 – 6. All projects are "settled" with a Managing Director and Group Chief Executive Officer sign off who review the project risk register.

As part of a quarterly review process the risks, opportunities and trends of climate-related items are reviewed by the Sustainability Team, who review the Tender Briefing Notes submitted in the period. The trends which come out of the review process are raised by the Head of Sustainability at the Construction Board and raised further at the MB where required.

d) What are (i) the principal climate-related risks and opportunities arising in connection with the operations of the company, and (ii) the time periods by reference to which those risks and opportunities are assessed

The principal climate-related risks and opportunities in connection with the companies operations in the short term are; changing construction standards, specialists in climate-resilient construction, extreme weather events and increased fuel and electricity costs, in the medium term; reputational risk, cost of compliance and market demands (supply chain), and in the long term; energy efficiency construction, renewable energy integration, sustainable construction processes, increased insurance costs and client resilient design.

McLaren has identified key climate-related risks and opportunities which the company is likely to be exposed to in the short, medium and long-term: Short term: 1-3 years (2026); Medium term: 3-10 years (2033); Long term: 10-22 years (2045). These time horizons are compatible with the company's capital planning and investment horizons, as well as the useful life of major company assets. Furthermore, these time horizons are anchored to key existing and anticipated national and international climate policies.

e) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company

Climate risks and opportunities have been defined over short, medium and long term time horizons of which the time lines are highlighted above. As part of McLarens due diligence, we have identified and categorised these risks into actual and potential risks and opportunities.

The actual risks identified are; legislation including regulation including United Kingdom Climate-Related Financial Disclosures (UK CFD), Energy Savings Opportunity Scheme (ESOS), Streamline Energy Carbon Reporting (SECR), Procurement Policy Note 06/21 (PPN06/21) and, building safety regulations (cladding & fire). Increased costs in fuel and materials as specifications become more onerous, acute physical risk including flood damage, high winds impacting construction operations, market risk including the increase in demand of sustainability measures (embodied carbon, rating systems) and technological risk including increase in costs of new technologies.

The potential risks that have been identified are; chronic physical risk of increased temperatures requiring more comfort cooling in building design, the introduction of embodied carbon regulations into building regulations and UK Taxonomy of carbon emissions.

The actual opportunities are; clean energy sources (such as HVO fuel and renewable energy) driving down carbon emissions and onsite pollution, market opportunities including the demands for sustainable products and buildings with higher specifications, including the reduction of embodied carbon – aligned to McLaren's embodied carbon baselining work which is currently on-going. Most of the above opportunities relate to materiality, whether it be products, fuels or construction processes, the demand for sustainable materials and processes is key to the innovation of the construction industry. Regarding sustainable building materials – concrete, steel, glass, plasterboard and aluminum are all materials which McLaren have identified as key products and are committed to using more sustainable manufacturing processes, such as electric arc furnace steel instead of blast furnace steel.

The potential opportunities which were identified include: resource efficiencies when driving down cost and carbon emissions through efficiencies in design/construction and resilience of supply chain mitigating risks and producing more resilient buildings and workforce.

f) An analysis of the resilience of the business model and strategy of the company, taking into consideration of different climate-related scenarios

The table below uses the IPCC's Representative Concentration Pathway (RCP) scenarios on the RPC 2.6 aligned to 1.5 degrees warming and 4.5 aligned with the 2 degrees warming scenario. Using international-standard scenarios for atmospheric greenhouse gas concentrations, RCP, we're able to analyse a range of future climate possibilities and meet international TCFD and UK CFD guidelines. The timeline in the table align to the above statements. Short term: 1-3 years (2026); Medium term: 3-10 years (2033); Long term: 10-22 years (2045).

In each scenario, McLaren has defined key considerations to assist decision-making, based on plausibility of interventions required. Through the company's commitment to being Net Zero (with offsets) by 2025 for Scopes 1 & 2 and 2045 for Scope 3, McLaren has demonstrated alignment with an ambitious scenario that increases the likelihood of staying below 2°C global warming by the end of the century. However, achieving this goal is reliant on several environmental and socioeconomic drivers and variables which are subject to change and outside of McLaren's direct control. Further information on next steps and methodology are detailed in the full report which is available on the company website

	Scenario:		
Time horizon	Risks and Opportunities		Vulnerability to potential impacts
	RCP 2.6	RCP 4.5	
Short term	- stranded assets and additional capital expenditure. - increased temperatures can pose health risks to construction workers, leading to decreased productivity. - construction standards may evolve to account for heat-related challenges and planning for this will reduce costs and demonstrate key thought leadership. - fluctuations in the availability and cost of traditional construction materials, due to climate-related factors and if carbon taxes are passed through the value chain.	- despite aims to stabilise radiative forcing, there may still be an increased frequency and severity of extreme weather events, disrupting construction projects, causing delays, and resulting in increased costs. - firms can proactively mitigate heat-related illnesses caused by changes in temperature and weather patterns, as well as the effect the changing weather can have on the availability and costs of construction materials. - reduced availability of energy and resources due to climate-related factors may impact the stability and cost of construction materials.	•Changing Construction Standards: McLaren has strict policies to ensure additional measures are in place to prioritise workers health, such as providing shaded areas, cooling stations, or altering work schedules to mitigate heat-related illnesses where applicable. •Specialisation in Climate-Resilient Construction: McLaren can position itself as a leader in climate-resilient construction by incorporating innovative designs and materials that are better suited to withstand higher temperatures and other climate-related challenges. •Extreme Weather Events: By monitoring extreme weather events, McLaren can reduce damage to infrastructure, as well as insurance costs. •Supply Chain Disruptions: If McLaren considers the effects of extreme weather as part of planning, this will minimise disruptions in the supply chain and within internal operations. •Assessment: McLaren will continue to identify vulnerable assets. •Supply chain vulnerabilities: McLaren continues to monitor for heavy reliance on specific materials, to reduce the risk of supply constraints. •Increase in fuel and electricity costs: The use of an alternative fuel policy, implementing energy efficiency measures and transitioning to renewable energy will reduce exposure to increased costs for non-renewable energy sources.

Medium term	- commitment to environmentally responsible practices can create opportunities to differentiate in the market. - conduct materials price sensitivity assessments early. - stricter building codes and regulations to enhance energy efficiency and reduce carbon emissions. - compliance likely entails additional costs.	- with the transition to cleaner energy sources and sustainable practices, companies not adapting to these shifts may face challenges in maintaining market share. - capitalise on the growing demand for environmentally sustainable construction, if able to reduce exposure to volatility in price of raw materials, energy etc.	•Reputation: By continuing to construct to meet the requirements of leading sustainable building certifications and green labels, McLaren enhances the company's reputation and attracts/retains environmentally conscious clients. •Market demand: By adopting energy-efficient designs, utilising eco-friendly materials, and incorporating renewable energy solutions into construction practices and buildings, McLaren can position itself ahead of competitors. •Cost of compliance: McLaren should plan for the likelihood that beyond inflation, construction companies will see increased costs, timelines and adjustments to construction practices. By already introducing an internal carbon tax, McLaren mitigates the impact of when UK Carbon Taxonomy comes into effect.
Long term	- shift to low-carbon technologies and materials - need to adapt practices, supply chains, and skill sets - need to incorporate new technologies and methodologies to meet targets. - increased frequency and severity of climate-related events could disrupt construction projects, leading to delays, damages, and increased costs for construction companies.	- competition for green/energy-efficient building projects may intensify - increased interest in sustainable and energy-efficient construction practices. - lack of investment creates risk of becoming technologically obsolete. - rising temperatures may necessitate changes in construction designs and materials to ensure structures can withstand higher temperatures and more extreme weather conditions.	•Energy-Efficient Construction: McLaren is in a position to capitalise on this by offering designs and technologies that enhance energy efficiency, reduce cooling needs, and align with sustainability goals. •Renewable Energy Integration: McLaren could identify opportunities in projects related to the installation of renewable energy infrastructure, such as solar panels or geothermal systems. •Sustainable Construction Practices: McLaren is increasingly incorporating green building technologies, renewable energy solutions, and eco-friendly materials into their projects. This, together with the implementation of an alternative fuel policy and commitment to Net Zero provides a demonstrable transition to a low carbon economy.

Long-term continued	- involvement in infrastructure projects may create opportunities in adapting and constructing resilient structures e.g. capable of withstanding higher temperatures and more extreme weather conditions.	-increasingly severe impacts of climate change emphasizes the need for infrastructure resilient to climate change impacts, creating opportunities for companies specialising in this.	•Costs: there is a chance of increased insurance risk. •Resilient: McLaren should ensure that development projects can withstand the impacts of climate change, such as extreme weather events, whilst meeting Net Zero targets. •Increased Project Complexity: As regulation necessitates changes in construction practices, this could lead to increased project complexity and potential delays if this is not planned for. •Climate-Resilient Designs: By specialising in climate-resilient construction designs that consider the local climate conditions and potential impacts of climate change, McLaren can create structures that are adaptable to temperature variations and extreme weather events.

g) A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets

McLaren's principal target to manage climate related risks is to be Net Zero Carbon (with offsets) for Scopes 1 and 2 by 2025 and Scope 3 by 2045. Scopes 1 and 2 are now in their third year of reporting as well as Scope 3 waste associated emissions and business travel. Employee commuting and upstream transportation and distribution are now in their second year of reporting, we anticipate Scope 3 to noticeably increase in 2023 as a result of making the reporting processes more robust for these items. In addition, we also anticipate a significant rise in Scope 1 emissions from fuel use due to large earthworks movement projects from the Data Centre and Industrial and Logistics sectors in 2023.

Embodied carbon emissions are currently monitored on a project-by-project basis where there is a client requirement but are not currently reported at a business level. However, in 2024 the company will be aligning itself with the Science Based Target initiative (SBTi) and a full disclosure on our Scope 3 embodied carbon emissions will become available by 2025/26.

Emissions have been reported and recorded in accordance with; the Carbon Reduction Plan (PPN06/21) reporting standard, the Greenhouse Gas (GHG) Reporting Protocol Corporate Standard and the Streamline Energy and Carbon Reporting (SECR) guidelines, while using the appropriate UK Government emission conversion factors (2022/23) for greenhouse gas company reporting.

Other GHG emissions are reported on including methane and hydrofluorocarbons regarding the use of LPG, waste disposal and the top up of air conditioning units in McLaren offices, as this falls into our scope of measurements for our carbon reporting. The final reporting figures set our below are as tCO2e, the 'e' aspect displaying other GHG emission factors into a carbon dioxide equivalent figure.

(h) The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based

McLaren Construction Group is committed to achieving Net Zero Carbon (with offset) for its Scope 1 and 2 carbon emissions by 2025 and 2045 for Scope 3 emissions. Net Zero Carbon (with offsets) means at the end of 2025 McLaren Construction Group will offset its outstanding Scope 1 and 2 emissions which have yet not been eliminated from our operations. Any offsets will be purchased through an international recognised standard e.g. Gold Standard.

The KPI's which have been put in place around the target are primarily located in the Sustainability Project Report which is produced monthly. The report looks at the compliance of data uploads on McLaren's sustainability systems highlighted below. Compliance with data submissions from sites is required to be above 95% for it not to be raised as a non-conformity, if the compliance score was below the threshold it would be raised by the Head of Sustainability at the Construction Board meeting.

To support our sustainability target, the business has invested heavily in business systems such as SmartWaste, Biosite and McLaren Assure, all of which hold live data on project energy consumption, waste tracking and transport data. The business has also increased the size of the Sustainability Team and rolled out more training of colleagues to ensure carbon reduction commitments are embedded within the business and understood by our employees.

Policies which support our Net Zero Carbon Targets are the Alternative Fuels Policy which looks to eliminate the use of liquid fossil fuels on McLaren construction sites as early as 2025, which includes the adoption of HVO and the electrification of plant. For electricity all new McLaren construction sites run off a renewable energy tariff and this is monitored as part of our annual carbon reporting process.

Regarding embodied carbon, McLaren has produced sectoral baselines which calculates the carbon emissions mainly from material manufacture, from which we are creating performance targets to allow us to achieve our 2045 Scope 3 Net Zero Carbon (with offsets) target. These baselines focus project teams on where the largest areas of carbon emissions are, bringing us together with customers, colleagues, subcontractors and manufacturers, to develop carbon reduction solutions through innovative design, program sequencing and material specification.

Streamlined Energy Carbon Reporting (SECR)

McLaren recognises the impact the climate change is having on the environment and is committed to managing and measuring the carbon emissions associated with its business activities.

McLaren Construction (Major Projects, London, Midlands & North and South) Ltd has been successfully certified by The Plant Mark Certification Scheme for the reporting year ended 31st July 2023 which is McLaren's fourth year of certification by reducing its office's footprint by 15%. The Plant Mark is a sustainability certification which recognises continuous improvements, encourages action, and builds and empowered community of like-minded individuals. The Group also makes a commitment upon certification of The Plant Mark to achieve a minimum of 2.5% reduction in their measured carbon footprint year on year.

The following methodologies are used within the calculation of our emissions and energy consumption:

- GHG Protocol Corporate Accounting and Reporting Standard
- The Planet Mark Certification Scheme

Total emissions, in tonnes of Carbon Dioxide equivalent (tCO2e), for the year amounted to:

	2023	2022 as restated
Scope 1 - Combustion of fuel and operation of facilities including fuel use on site	4,616.3	2,171.9
Scope 2 - Emissions from purchased energy	629.2	472.9
Scope 3 - Indirect emissions including fuels from transport	4,843.3	1,519.1
Total tCO2e	**10,088.9**	**4,163.9**

This translates as a tCO2e per £1m of turnover of 11.3 (2022 – 5.5) whilst the total kWh used for the period was recorded at 30,595,635 (2022 – 15,663,641).

As a leading contractor the Group aims to operate all our sites in accordance with best practice environment management techniques. This includes providing environmental training to colleagues and working with our supply chain partners to ensure sustainable procurement policies are adopted. As a result of the Planet Policy has been implemented to track and encourage best practices which are continuously reviewed.

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

K R Taylor
Director

Date: 31/1/24

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2023

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 Group's financial statements and then apply them consistently;*
- make judgments 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 £6,361,040 *(2022 - loss £2,664,083).*

The directors did not recommend the payment of a dividend as at the year end (2022 - £Nil).

Directors

The directors who served during the year were:

P J Pringle
K R Taylor

Financial risk

Liqudity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Board receives rolling cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Employee involvement

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

Diversity and inclusion

It is the Group's policy that all persons should be considered for employment training, career development and promotion based on 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 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.

Qualifying third party indemnity provisions

Directors' liability and indemnity insurance was in force throughout the year to cover the directors and officers of the Group against actions brought against them. Cover is not provided where the individual has acted fraudulently or dishonestly.

Entities outside the United Kingdom

The Group has an overseas subsidiary in UAE, which represents less than 10% of the turnover of the Group.

Matters covered in the Group 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 1-12. These matters relate to the principal activity and the financial risk. As the group is in scope for UK CFD, SECR is considered to be of strategic important and has thus been covered in the Strategic Report.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Going concern

The directors continue to adopt the going concern basis in the preparation the Group's financial statements.

Throughout the year the Group has maintained strong cash reserves with a closing cash at bank of £92.8m (2022 – £69.2m) and increase of £23.6m. During the year, and to further support its working capital requirements, the Group utilised a £5.0m rolling credit facility from Lloyds under the Coronavirus Large Business Interruption Scheme (CLBILS). This facility was fully repaid during the year.

The board continue to regularly review the long-term profitability and cashflow forecasts of the Group. These reviews include scenario planning such as significant impacts to revenue, delays to client payments and recovery of fixed costs. These reviews show the Group is able to operate within its current banking facilities.

The board is confident of the Group's ability to meet its short- and long-term obligations. It therefore considers it is reasonable to assume that the Group has adequate resources to continue for the foreseeable future and, for this reason and as explained in note 2.3, have continue to adopt the going concern basis in preparing these financial statements.

Auditors

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

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

K R Taylor
Director

Date: 31/1/24

INDEPENDENT AUDITORS' 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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, 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 2023 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.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLAREN CONSTRUCTION GROUP PLC (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the 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 Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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 set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 Group financial statements.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing of supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities. This description forms part of our* Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLAREN CONSTRUCTION GROUP PLC (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Atul Kariya FCCA (Senior Statutory Auditor)

for and on behalf of
MHA

Statutory Auditors

London, United Kingdom
Date: 31 January 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2023

	Note	2023 £	As restated 2022 £
Turnover	4	**964,218,097**	*751,651,818*
Cost of sales		**(923,555,129)**	*(724,655,088)*
GROSS PROFIT		**40,662,968**	*26,996,730*
Administrative expenses		**(35,937,026)**	*(30,323,456)*
Other operating income	5	**85,232**	*31,965*
OPERATING PROFIT/(LOSS)	6	**4,811,174**	*(3,294,761)*
Interest receivable and similar income	10	**1,897,482**	*1,369,176*
Interest payable and similar expenses	11	**(339,832)**	*(512,910)*
PROFIT/(LOSS) BEFORE TAXATION		**6,368,824**	*(2,438,495)*
Tax on profit/(loss)	12	**(7,784)**	*(225,588)*
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**6,361,040**	*(2,664,083)*
Movement on foreign exchange		**(1,583,397)**	*835,091*
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(1,583,397)**	*835,091*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,777,643**	*(1,828,992)*
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		**6,361,040**	*(2,664,083)*
		6,361,040	*(2,664,083)*

The notes on pages 35 to 58 form part of these financial statements.

MCLAREN CONSTRUCTION GROUP PLC
REGISTERED NUMBER: 05384316

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

	Note		2023 £		*As restated* *2022* *£*
FIXED ASSETS					
Tangible assets	14		**3,360,447**		*3,970,812*
			3,360,447		*3,970,812*
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	16	**67,742,565**		*22,618,281*	
Debtors: amounts falling due within one year	16	**233,264,039**		*240,153,139*	
Cash at bank and in hand	17	**92,760,306**		*69,247,109*	
		393,766,910		*332,018,529*	
Creditors: amounts falling due within one year	18	**(339,040,012)**		*(280,275,418)*	
NET CURRENT ASSETS			**54,726,898**		*51,743,111*
TOTAL ASSETS LESS CURRENT LIABILITIES			**58,087,345**		*55,713,923*
Creditors: amounts falling due after more than one year	19		**(27,918,734)**		*(20,024,122)*
PROVISIONS FOR LIABILITIES					
Provisions	21	**(3,081,416)**		*(13,480,240)*	
			(3,081,416)		*(13,480,240)*
NET ASSETS			**27,087,195**		*22,209,561*
CAPITAL AND RESERVES					
Called up share capital	22		**21,226,328**		*13,010,400*
Share premium account	23		**-**		*28,570,000*
Capital redemption reserve	23		**284,072**		*-*
Foreign exchange reserve	23		**703,830**		*2,287,227*
Other reserves	23		**1,948,562**		*1,948,562*
Profit and loss account	23		**2,924,403**		*(23,606,628)*
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			**27,087,195**		*22,209,561*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2023

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

K R Taylor
Director

Date: 31/1/24

The notes on pages 35 to 58 form part of these financial statements.

MCLAREN CONSTRUCTION GROUP PLC
REGISTERED NUMBER: 05384316

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

	Note		2023 £		2022 £
FIXED ASSETS					
Investments	15		29,572,577		*21,072,577*
			29,572,577		*21,072,577*
CURRENT ASSETS					
Debtors: amounts falling due within one year	16	14,992,103		*2,808,320*	
Cash at bank and in hand	17	367		*4,564*	
		14,992,470		*2,812,884*	
Creditors: amounts falling due within one year	18	(20,834,454)		*(16,340)*	
NET CURRENT (LIABILITIES)/ASSETS			(5,841,984)		*2,796,544*
TOTAL ASSETS LESS CURRENT LIABILITIES			23,730,593		*23,869,121*
NET ASSETS			23,730,593		*23,869,121*
CAPITAL AND RESERVES					
Called up share capital	22		21,226,328		*13,010,400*
Share premium account	23		-		*28,570,000*
Capital redemption reserve	23		284,072		*-*
Other reserves	23		1,948,562		*1,948,562*
Profit and loss account brought forward		(19,659,841)		*(19,490,409)*	
Loss for the year		(238,519)		*(169,432)*	
Transfer to profit and loss account		20,169,991		*-*	
Profit and loss account carried forward			271,631		*(19,659,841)*
			23,730,593		*23,869,121*

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

K R Taylor
Director

Date: 31/1/24

The notes on pages 35 to 58 form part of these financial statements.

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

	Called up share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 August 2021	**13,010,400**	**28,570,000**	**-**	**1,452,136**	**1,948,562**	**(20,942,545)**	**24,038,553**
COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year - as restated	-	-	-	-	-	(2,664,083)	(2,664,083)
Movement on foreign exchange	-	-	-	835,091	-	-	835,091
At 1 August 2022 - as restated	**13,010,400**	**28,570,000**	**-**	**2,287,227**	**1,948,562**	**(23,606,628)**	**22,209,561**
COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	-	-	6,361,040	6,361,040
Movement on foreign exchange	-	-	-	(1,583,397)	-	-	(1,583,397)
Purchase of own shares	-	-	284,072	-	-	(8,400,009)	(8,115,937)
Shares issued during the year	8,500,000	-	-	-	-	-	8,500,000
Shares cancelled during the year	(284,072)	-	-	-	-	-	(284,072)
Transfer to profit and loss account	-	-	-	-	-	28,570,000	28,570,000
Transfer to profit and loss account	-	(28,570,000)	-	-	-	-	28,570,000)
AT 31 JULY 2023	**21,226,328**	**-**	**284,072**	**703,830**	**1,948,562**	**2,924,403**	**27,087,195**

The notes on pages 35 to 58 form part of these financial statements.

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

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 August 2021	**13,010,400**	**28,570,000**	**-**	**1,948,562**	**(19,490,409)**	**24,038,553**
COMPREHENSIVE INCOME FOR THE YEAR						
Loss for the year	-	-	-	-	(169,432)	(169,432)
At 1 August 2022	**13,010,400**	**28,570,000**	**-**	**1,948,562**	**(19,659,841)**	**23,869,121**
COMPREHENSIVE INCOME FOR THE YEAR						
Loss for the year	-	-	-	-	(238,519)	(238,519)
Purchase of own shares	-	-	284,072	-	(8,400,009)	(8,115,937)
Shares issued during the year	8,500,000	-	-	-	-	8,500,000
Shares cancelled during the year	(284,072)	-	-	-	-	(284,072)
Transfer to profit and loss account	-	-	-	-	28,570,000	28,570,000
Transfer to profit and loss account	-	(28,570,000)	-	-	-	(28,570,000)
AT 31 JULY 2023	**21,226,328**	**-**	**284,072**	**1,948,562**	**271,631**	**23,730,593**

The notes on pages 35 to 58 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023

	2023 £	*As restated* *2022* *£*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the financial year	**6,361,040**	*(2,664,083)*
ADJUSTMENTS FOR:		
Depreciation of tangible assets	**666,443**	*804,278*
Interest paid	**339,832**	*512,910*
Interest received	**(1,897,482)**	*(1,369,176)*
Taxation charge	**7,784**	*225,588*
(Increase) in debtors	**(20,069,232)**	*(96,766,202)*
Increase in creditors	**66,665,097**	*116,192,567*
(Decrease)/increase in provisions	**(10,398,824)**	*943,603*
Corporation tax received	**303,738**	*164,820*
Foreign exchange	**(1,583,397)**	*835,091*
NET CASH GENERATED FROM OPERATING ACTIVITIES	**40,394,999**	*18,879,396*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	**(129,643)**	*(620,649)*
Sale of tangible fixed assets	**-**	*1,030*
Interest received	**1,897,482**	*1,369,176*
Loans advanced to related parties	**(32,156,935)**	*(5,914,552)*
Loan advances repaid by related parties	**13,747,135**	*12,167,355*
NET CASH FROM INVESTING ACTIVITIES	**(16,641,961)**	*7,002,360*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2023

	2023 £	*As restated* *2022* *£*
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	**8,500,000**	*5,000,000*
Purchase of preference shares	**(8,400,009)**	-
Repayment of other loans	-	*(5,000,000)*
Interest paid	**(339,832)**	*(512,910)*
NET CASH USED IN FINANCING ACTIVITIES	**(239,841)**	*(512,910)*
INCREASE IN CASH AND CASH EQUIVALENTS	**23,513,197**	*25,368,846*
Cash and cash equivalents at beginning of year	**69,247,109**	*43,878,263*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**92,760,306**	*69,247,109*
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	**92,760,306**	*69,247,109*
	92,760,306	*69,247,109*

The notes on pages 35 to 58 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JULY 2023

	At 1 August 2022 £	Cash flows £	At 31 July 2023 £
Cash at bank and in hand	**69,247,109**	**23,513,197**	**92,760,306**
	69,247,109	**23,513,197**	**92,760,306**

The notes on pages 35 to 58 form part of these financial statements.

1. General information

McLaren Construction Group Plc is a public company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the Group Information page and the nature of the Group'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).

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 financial statements are presented in pounds sterling and are rounded to the nearest £1.

The financial statements include a prior year adjustment in respect of the figures as at 31 July 2022. The figures for 31 July 2022 have therefore been restated, see note 24.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the 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.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is inclulded in the consolidated profit and losss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

2. Accounting policies (continued)

2.3 Going concern

The board continue to regularly review the long-term profitability and cashflow forecasts of the Group. These reviews include scenario planning such as significant impacts to revenue, delays to client payments and recovery of fixed costs. These reviews show the Group is able to operate within its current banking facilities.

The board is confident of the Group's ability to meet its short- and long-term obligations. It therefore considers it is reasonable to assume that the Group has adequate resources to continue for the foreseeable future and have continue to adopt the going concern basis in preparing these financial statements.

2.4 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 profit or loss 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 profit or loss 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. Accounting policies (continued)

2.5 Construction contracts

Turnover and profit from construction contracts is recognised based on the stage of completion of the contract. The Group uses an output method to measure progress for contracts where turnover is recognised over time. The turnover recognised reflects the value of the contract at the reporting date, with reference to a survey of work performed. The value of work carried out during the period includes amounts which have not been invoiced at the period end.

Profit on contracts is recognised when the Group is satisfied that the outcome of the contract can be assessed with reasonable certainty. When it is probable that total contract costs will exceed turnover, the expected total loss is recognised as an expense immediately.

Contract costs are recognised as expenses in the period in which they are incurred. Contract costs include costs that relate directly to the specific contracts and costs that are attributable to contract activity in general and can be allocated to the contract.

The amount due from customers for contract work is shown as a debtor. The amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Progress payments for contracts are deducted from amounts recoverable.

Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as a liability. Any payments received in excess of turnover recognised are recognised as liabilities.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution pension 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 profit or loss 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.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a 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 reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- 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.

2.11 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.

2. Accounting policies (continued)

2.11 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	- 15% reducng balance method
Fixtures and fittings	- 15% reducing balance method
Computer equipment	- 25-50% straight line method
Other fixed assets	- 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 profit or loss.

2.12 Valuation of investments

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

Investments are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased, except for goodwill where impairment losses previously recognised are not reversed.

2.13 Debtors

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

2.14 Cash and cash equivalents

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

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

2. Accounting policies (continued)

2.15 Creditors

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

2.16 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2. Accounting policies (continued)

2.17 Financial instruments

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

In preparing these financial statements, the directors have had to make the following judgements:

Deferred tax assets (see notes 16 and 20)

Deferred tax assets and recognised for trading losses incurred to the extent that the Directors considers it probable that an asset will be recovered. In assessing the probability of recovery the Directors have considered the Group's expected future profitability. The Directors consider that the Group will return to profitability and recover its tax losses in full. Deferred tax assets are not discounted.

Other key sources of estimation uncertainty:

Long term contracts

Recognition of turnover and profit on long term contracts requires management judgement 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 judgement 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.

Provisions (see note 21)

Provisions are made for the estimated probable cashflows associated with obligations under loss making contracts or defects arising on completed contract in the defects liability period. Judgement is required in assessing the contractual or constructive obligation at the balance sheet date and in preparing estimates of costs to complete the related works. These judgements and estimates are regularly reviewed and updated if required.

Impairment of investments

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

Recoverability of debtors

The recoverability of debtor balances, including retentions and amounts owed by group undertakings, 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

The whole of the turnover is attributable to contract works.

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	**895,392,788**	*692,448,790*
United Arab Emirates	**68,825,309**	*59,203,028*
	964,218,097	*751,651,818*

5. Other operating income

	2023 £	2022 £
Other operating income	**85,232**	*31,965*
	85,232	*31,965*

6. Operating profit/(loss)

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

	2023 £	2022 £
Depreciation of tangible fixed assets	**666,443**	*804,278*
Exchange differences	**702,470**	*(873,144)*
Operating lease rentals	**1,633,556**	*1,755,091*
Defined contribution pension cost	**2,618,268**	*2,330,583*

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2023 £	*2022 £*
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	**215,000**	*160,000*
Fees payable to the Group's auditors and their associates in respect of:		
All other services	**35,000**	*30,000*

8. Employees

Staff costs were as follows:

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Wages and salaries	**71,656,791**	*57,416,431*	-	-
Social security costs	**6,938,672**	*6,047,001*	-	-
Cost of defined contribution pension scheme	**2,618,268**	*2,330,583*	-	-
	81,213,731	*65,794,015*	-	-

The Company had no employees during the year. Staff costs are borne in McLaren Construction Limited, a subsidiary company.

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

	2023 No.	*2022 No.*
Executive board of directors	**2**	*2*
Technical directors	**76**	*75*
Senior managers and site managers	**441**	*403*
Pre-construction staff	**23**	*14*
Administration and support	**186**	*150*
Onsite staff	**133**	*89*
	861	*733*

9. Directors' remuneration

The directors are the Key Management Personnel of the entity.

Directors remuneration in the year was £480,931 (2022 - £476,598).

During the year retirement benefits were accruing to 2 directors *(2022 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £318,732 *(2022 - £314,924)*.

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £24,750 *(2022 - £24,613)*.

10. Interest receivable

	2023 £	*2022* *£*
Interest receivable from group companies	**1,896,633**	*1,368,555*
Other interest receivable	**849**	*621*
	1,897,482	*1,369,176*

11. Interest payable and similar expenses

	2023 £	*2022* *£*
Supplier trade finance	**175,048**	*381,814*
Other interest payable	**164,784**	*131,096*
	339,832	*512,910*

12. Taxation

	2023 £	*2022 £*
Corporation tax		
Current tax on profits for the year	-	*(4)*
Adjustments in respect of previous periods	128,643	-
	128,643	*(4)*
Total current tax	**128,643**	*(4)*
Deferred tax		
Origination and reversal of timing differences	1,022,988	*25,890*
Changes to tax rates	194,538	*197,571*
Adjustment in respect of prior periods	(1,338,385)	*2,131*
Total deferred tax	**(120,859)**	*225,592*
Tax on profit/(loss)	**7,784**	*225,588*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022 - higher than)* the standard rate of corporation tax in the UK of 20% *(2022 - 19%)*. The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	**6,368,824**	*(2,438,495)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2022 - 19%)	**1,273,765**	*(463,314)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**378,753**	*310,466*
Losses	**-**	*72,151*
Foreign branch exemption	**(672,072)**	*(646,612)*
Adjustments to tax charge in respect of prior periods	**(1,209,742)**	*2,131*
Tax rate changes	**194,538**	*53,630*
Unrelieved tax losses carried forward	**42,542**	*851,538*
Other differences leading to an increase (decrease) in the tax charge	**-**	*45,598*
Total tax charge for the year	**7,784**	*225,588*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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 loss after tax of the parent Company for the year was £238,519 *(2022 - £169,432)*.

14. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation						
At 1 August 2022	2,553,288	17,295	1,144,946	2,358,126	758,627	6,832,282
Additions	-	-	74,150	55,493	-	129,643
Disposals	-	-	(9,009)	-	-	(9,009)
Exchange adjustments	-	(919)	(87,806)	(22,420)	-	(111,145)
At 31 July 2023	2,553,288	16,376	1,122,281	2,391,199	758,627	6,841,771
Depreciation						
At 1 August 2022	403,420	1,445	580,651	1,423,906	452,048	2,861,470
Charge for the year	61,279	2,225	84,353	334,112	184,474	666,443
Disposals	-	-	(9,009)	-	-	(9,009)
Exchange adjustments	-	(199)	(30,077)	(7,304)	-	(37,580)
At 31 July 2023	464,699	3,471	625,918	1,750,714	636,522	3,481,324
Net book value						
At 31 July 2023	2,088,589	12,905	496,363	640,485	122,105	3,360,447
At 31 July 2022	*2,149,868*	*15,850*	*564,295*	*934,220*	*306,579*	*3,970,812*

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

	2023 £	*2022 £*
Freehold	2,088,589	*2,149,868*
	2,088,589	*2,149,868*

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2022	21,072,577
Additions	8,500,000
At 31 July 2023	29,572,577

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Celcool Limited	Ordinary	100%
McLaren Construction (UK) Limited*	Ordinary	100%
McLaren Construction (South) Limited*	Ordinary	100%
McLaren Construction (Midlands & North) Limited*	Ordinary	100%
McLaren Construction (London) Limited*	Ordinary	100%
McLaren Construction (International) Limited*	Ordinary	100%
McLaren Construction (Major Projects) Limited*	Ordinary	100%
McLaren Parking Limited*	Ordinary	100%
McLaren Construction LLC*	Ordinary	100%
ECC Jane**	Ordinary	50%
McLaren Construction Limited	Ordinary	100%

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

*The above companies are indirectly owned subsidiaries.

** The above entity, ECC Jane is an indirectly owned jointly controlled operation.

All of the above subsidiaries have the same registered office address as follows: 11th Floor, 20 Churchill Place, Canary Wharf, London, E14 5HJ, United Kingdom other than, ECC Jane and McLaren Construction LLC. The registered office address of these two entities is 1403, 14th Floor, Marina Plaza, PO Box 27900, Dubai, UAE.

16. Debtors

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Due after more than one year				
Trade debtors	**32,964,259**	*18,269,688*	-	-
Other debtors	**30,406,663**	-	-	-
Deferred tax asset	**4,371,643**	*4,348,593*	-	-
	67,742,565	*22,618,281*	-	-

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Due within one year				
Trade debtors	**74,513,306**	*94,200,395*	-	-
Amounts owed by group undertakings	-	-	-	*1,233,478*
Other debtors	**60,075,392**	*53,313,941*	**14,992,103**	*1,574,842*
Prepayments and accrued income	**1,968,428**	*1,672,420*	-	-
Amounts recoverable on long-term contracts	**94,680,954**	*89,038,233*	-	-
Deferred taxation	**2,025,959**	*1,928,150*	-	-
	233,264,039	*240,153,139*	**14,992,103**	*2,808,320*

The amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Amounts owed by related parties of £70,138,948 (2022 - £37,568,771) are included in other debtors.

For further information on other debtors, see related parties (note 28).

17. Cash and cash equivalents

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Cash at bank and in hand	**92,760,306**	*69,247,109*	**367**	*4,564*
	92,760,306	*69,247,109*	**367**	*4,564*

18. Creditors: Amounts falling due within one year

	Group 2023 £	*Group 2022 £*	**Company 2023 £**	*Company 2022 £*
Payments received on account	**89,121,179**	*45,830,993*	-	-
Trade creditors	**80,751,441**	*64,309,000*	-	*5,946*
Amounts owed to group undertakings	-	-	**20,568,294**	*7,894*
Corporation tax	**38,748**	*52,109*	-	-
Other taxation and social security	**41,871,031**	*27,855,379*	-	-
Other creditors	**18,627,761**	*23,396,696*	**266,160**	-
Accruals and deferred income	**108,629,852**	*118,831,241*	-	*2,500*
	339,040,012	*280,275,418*	**20,834,454**	*16,340*

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

Other creditors primarily consist of supplier retentions.

For further information on other creditors, see related parties (note 28).

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

	Group 2023 £	*Group 2022 £*
Other creditors	**27,918,734**	*20,024,122*
	27,918,734	*20,024,122*

Other creditors primarily consist of supplier retentions.

20. Deferred taxation

Group

	2023 £
At beginning of year	6,276,743
Charged to profit or loss	120,859
At end of year	**6,397,602**

	Group 2023 £	*Group 2022 £*
Accelerated capital allowances	5,238	*9,658*
Tax losses carried forward	6,392,364	*6,267,085*
	6,397,602	*6,276,743*

Deferred tax has been recognised at 25%, being the rate at the balance sheet date.

21. Provisions

Group

	Contract costs £
At 1 August 2022 - as restated	13,480,240
Charged to profit or loss	2,709,089
Utilised in year	(12,789,155)
Released in year	(318,758)
At 31 July 2023	**3,081,416**

Provisions are made for the estimated probable cashflows associated with obligations under loss making contracts or defects arising on completed contract in the defects liability period. The directors have estimated the contractual or constructive obligation at the balance sheet date and prepared estimates of costs to complete the related works.

The provisions are expected to be predominately utilised over the next 2 years and the effect of discounting for the time value of money is not material. The basis of the provision is the directors' most reliable estimate but actual cashflows may differ from those estimated.

22. Share capital

	2023 £	*2022 £*
Allotted, called up and fully paid		
18,509,230 *(2022 - 10,009,230)* Ordinary A shares of £1.00 each	**18,509,230**	*10,009,230*
650 *(2022 - 650)* Ordinary B shares of £1.00 each	**650**	*650*
520 *(2022 - 520)* Ordinary C shares of £1.00 each	**520**	*520*
0 *(2022 - 3,000,000)* Non-cumulative redeemable preference shares of £1.00 each	**-**	*3,000,000*
118,364 *(2022 - 0)* Non-cumulative redeemable preference B shares of £1.00 each	**118,364**	*-*
145,418 *(2022 - 0)* Non-cumulative redeemable preference C shares of £1.00 each	**145,418**	*-*
226,073 *(2022 - 0)* Non-cumulative redeemable preference D1 shares of £1.00 each	**226,073**	*-*
226,073 *(2022 - 0)* Non-cumulative redeemable preference D2 shares of £1.00 each	**226,073**	*-*
2,000,000 *(2022 - 0)* Non-cumulative redeemable preference E shares of £1.00 each	**2,000,000**	*-*
	21,226,328	*13,010,400*

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 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 ran pari passu.

On the 26th April 2023 the company undertook to reclassify its entire share premium of £28,570,000 to distributable reserves.

At the same time the Company then also redesignated its 3,000,000 non-cumulative redeemable preference shares into 5 categories:

284,072 non-cumulative redeemable preference A Class shares
118,364 non-cumulative redeemable preference B Class shares
145,418 non-cumulative redeemable preference C Class shares
226,073 non-cumulative redeemable preference D1 Class shares
226,073 non-cumulative redeemable preference D2 Class shares
2,000,000 non-cumulative redeemable preference E Class shares

On the 16th June 2023 the Company then redeemed its 284,072 Class A preference shares for £8,400,009 which were immediately cancelled thereafter.

Finally on 26th July 2023 the Company issued 8,500,000 Ordinary A shares of £1 each for a total consideration of £8,500,000.

23. Reserves

Share premium account

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

Capital redemption reserve

The capital redemption reserve contains the nominal value of shares that have been acquired by the Company and cancelled. The capital redemption reserve has arisen following the cancelling of the shares as set out in note 22.

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

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Prior year adjustment

The financial statements of McLaren Construction Group Plc have been restated to incorporate the impact of cost recalculations and year end cost apportionments incurred on a construction contract within the McLaren Construction (South) Limited subsidiary in the previous year.

Additional costs related to delays and defective works caused by the demise of O'Keefe Construction (Greenwich) Ltd existed at the date of the sign off of the financial statements which indicated the loss position should have been greater than accounted for in the year to 31 July 2022 rather than within the year to 31 July 2023. The prior year adjustment corrects for this omission. The prior year adjustment has resulted in increased costs of £4,471,477, resulting in a small loss position for the year to 31 July 2022 of £2,664,083.

25. Contingent liabilities

As at 31 July 2023, Lloyds Bank Plc has a right to set off with all companies within the Group holding a Lloyds Bank account.

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £2,618,268 (2022 - £2,330,583). Contributions totalling £438,604 (2022 - £391,413) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 31 July 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	*Group 2022 £*
Not later than 1 year	**984,969**	*1,134,731*
Later than 1 year and not later than 5 years	**2,273,528**	*585,574*
	3,258,497	*1,720,305*

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)

Following further advances of £203,056 (2022 - £91,380) in the year, as at the balance sheet date the amount due from P J Pringle was £334,441 (2022 - £124,127) and is included within other debtors. Interest was charged in respect of this balance amounting to £7,258 (2022 - £2,795). The amount accrues interest at an annual rate of 3.5% and is repayable on demand.

During the year, the Group provided services of £Nil (2022 - £66,414) to P J Pringle. As at the balance sheet date the amount due from P J Pringle in relation to the services was £336,197 (2022 - £336,197) and is included within other debtors. The amount is payable on usual market terms.

K R Taylor (director)

Following repayments in the year of £189,203 (2022 - £2,690,077), as at the balance sheet date the amount due from K R Taylor was £14,391,502 (2022 - £778,566) and is included within other debtors. Interest was charged in respect of this balance amounting to £119,595 (2022 - £193,989). The amount accrues interest at an annual rate of 3.5% and is repayable on demand.

McLaren Furniture Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren Furniture Limited was £Nil (2022 - £Nil). An amount totalling £Nil (2022 - £Nil) was provided for in the year. The carry forward impairment balance totals £2,467,903 (2022 - £2,467,903). The amount does not accrue interest and is unsercured and repayable on demand.

McLaren Living Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren Living Limited was £10,876,491 (2022 - £5,801,673) and is included within other debtors. Interest was charged in respect of this loan amounting to £553,074 (2022 - £150,987). The amount accrues interest at an annual rate of 4.25% above the Bank of England base rate and is unsercured and repayable on demand.

Golden Apple Limited (under common control)

At the balance sheet date the amount due to the Group from Golden Apple Limited was £Nil (2022 - £Nil) and is included within other debtors. The amount totalling £Nil (2022 - £Nil) was provided for in the year. The carry forward impairment balance totals £3,183,879 (2022 - £3,183,879). The amount does not accrue interest and is unsercured and repayable on demand.

McLaren Property Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren Property Limited was £654,363 (2022 - £590,270) and is included within other debtors. Interest was charged in respect of this loan amounting to £19,250 (2022 - £28,665). The amount accrues interest at an annual rate of 3.5% and is unsecured and repayable on demand.

28. Related party transactions (continued)

McLaren Property Services SARL (under common control)

At the balance sheet date the amount due to the Group from McLaren Property Services SARL was £Nil (2022 - £Nil) and is included within other debtors. An amount totalling £Nil (2022 - £Nil) was provided for in the year. The carry forward impairment balance totals £689,967 (2022 - £689,967). The amount does not accrue interest and is unsecured and repayable on demand.

McLaren Property Holdco Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren Property Holdco Limited was £4,084,683 (2022 - £17,315,261) and is included within other debtors. Interest was charged in respect of this loan amounting to £301,831 (2022 - £546,516). The amount accrues interest at an annual rate of 3.5% and is unsecured and repayable on demand.

McLaren (Finance 2) Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren (Finance 2) Limited was £39,752,299 (2022 - £13,102,066) and is included within other debtors. Interest was charged in respect of this loan amounting to £883,494 (2022 - £400,030). The amount accrues interest at an annual rate of 3.5% and is unsecured and repayable on 30 April 2024.

Chiswell Housing Limited (under common control)

At the balance sheet date the amount due to the Group from Chiswell Housing Limited was £Nil (2022 - £149,090) and is included within other debtors. Interest was charged in respect of this loan amounting to £10,309 (2022 - £4,631). The amount accrues interest at an annual rate of 3.5% above the Bank of England base rate and is unsecured and repayable on demand.

McLaren Construction (Ventures) Limited (under common control)

At the balance sheet date the amount due to the Group from McLaren Construction (Ventures) Limited was £Nil (2022 - £Nil). Interest was charged in respect of this loan amounting to £Nil (2022 - £39,362). The amount accrues interest at an annual rate of 3.5% and is unsecured and repayable on demand. An amount of £Nil (2022 - £1,252,878) was provided for in the year. The carry forward impairment balance is £1,252,878 (2022 - £1,252,878).

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 ultimate parent company for the benefit of K R Taylor, a director of the ultimate parent company, and family.

30. Guarantees

The Group 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.