

**McLaren Construction (London)
Limited**

Annual Report and Financial Statements

Year Ended

31 July 2018

Company Number 09850564

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McLaren Construction (London) Limited

Company Information

Directors	M Archer P J Pringle
Registered number	09850564
Registered office	McLaren House 100 Kings Road Brentwood Essex United Kingdom CM14 4EA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

McLaren Construction (London) Limited

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McLaren Construction (London) Limited

Strategic Report for the Year Ended 31 July 2018

McLaren Construction Group

McLaren Construction Group, together with its subsidiary companies (the Group), is an award-winning contractor with an established reputation for consistent delivery of outstanding projects across the sectors where it operates. It specialises in 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 innovative and creative solutions to customers.

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

Business review

It has been a positive year for the Group, the results for 2017-18 reflect continued performance, building on the turnaround seen in 2016-17.

The regional structure introduced in 2015 is now embedded and performing well. The five business units enable the Group to align itself closely with customers and focus on key geographical areas, while maintaining its core values.

Quality of service to customers remains paramount, as the Group continues to enhance its profile and reputation in its key market sectors: commercial offices (building and refurbishment), residential, mixed-use buildings, retail, education, student accommodation, senior living, distribution and logistics, hotels, and sports and leisure.

Opportunities have been positive across the units in the UK, enabling the Group to remain selective in the contracts it targets and secures.

In the UAE, economic changes in the region included necessary fiscal reforms to support economic diversification, including the introduction of Value Added Tax, as well as reforms of business ownership laws and residency visa rules, which resulted in a challenged market in the short term.

In London

The financial year saw the largest turnover ever for the London business unit in a very competitive market.

Operationally, there was continued project delivery on a number of two to three-year contracts, set to complete in 2019. These include refurbishment and fitout for the commercial office building for The Financial Times, New Bracken House for Obayashi Corporation, the residential scheme at Victoria Drive for Lendlease and the Crosstree Hotel in Camden. There were also successes with negotiating contracts, helping to minimise bid costs. Positive customer relationships at 119 Farringdon (for LinkedIn) and New Bracken House have resulted in the teams adding CAT B fitout to their shell and core contracts.

The team secured the contract to complete the partially finished residential scheme at St Barts Square, phase one, for Helical plc. Successful delivery led to the contract win for phase three, a 90-unit residential scheme. Also completed during the year was L'oscar Hotel on Southampton Row, named regional winner of The Sunday Times top 100 hotels award.

Looking ahead, in the commercial sector, contracts were won for 150 Holborn, for new customer Dar Group, and Durley House for Cadogan Estates.

There is a strong pipeline of opportunities across the main sectors for London: commercial offices (new-build, refurbishments and extensions), high-end hotels and prime senior living.

McLaren Construction (London) Limited

Strategic Report (continued) for the Year Ended 31 July 2018

Future outlook

There are signs within the group that margins are improving. The group expects to further increase its turnover and expects a profitable outcome for the financial year ended July 2019.

Despite negative economic predictions, no discernible slowdown has been detected in either business or enquiries since Britain voted to leave the European Union. The business continues to monitor the situation very closely however.

Internationally, there is cause for optimism in the Gulf region, due to higher government spending and reduced government fees. Capital spend related to Expo 2020 supports the expectation of a revival in non-oil economic growth, with most commentators forecasting a 'rebound' for the UAE economy in the medium term.

Steady growth in the Group's turnover is forecast, with contracts undertaken remaining selective. The focus on core operating sectors remains, while reviewing carefully chosen opportunities in new markets.

To support future growth, the Group is looking to expand significantly in the UK public sector, through local authority relationships, frameworks and development opportunities. A new team is being developed to support that.

Through continued dedication to the development of people at McLaren, coupled with the implementation of the business plan objectives and innovative 'can do' culture, the Group remains fully committed to providing its valued customers with an exceptional level of service and delivery.

McLaren Construction strengthened its board and its leadership team with a number of key appointments in 2018, specifically in strategy, HR, procurement and communications. These appointments complement and add to the skills and experience already in the business, bringing new insights and perspectives to support overall growth.

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

Principal risks and uncertainties

Decline in economy

The construction industry may be affected by a decline in the economy and uncertainty around Brexit. The Group's strategy of diversification into new market sectors, working with new and existing customers is designed to protect the Group's financial position.

Financing

The Group has strong liquidity, with cash reserves at the end of the financial year of £37.8m (£54.1m, 2017). This level of liquidity has further enhanced the operating capability of the Group. Furthermore, it should be noted that the Group has no long-term financing.

Losses on contracts

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

Loss of customers

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 against its competitors in an uncertain economic environment.

McLaren Construction (London) Limited

Strategic Report (continued) for the Year Ended 31 July 2018

Corporate social responsibility

Community engagement

McLaren is committed to leaving a positive legacy, with our colleagues, customers and community stakeholders. Its business is conducted in an ethical and sustainable way, and supports local communities where the Group is delivering its contracts.

Safety, health, environment and quality

At McLaren, the protection of colleagues, sub-contractors and the public is carefully considered throughout the project lifecycle. Through the Group's rigorous standards and procedures, as well as the recently introduced cultural programme, Work Safe Home Safe, it works hard to provide a working environment that is free from harm, where everyone goes home safely each day.

In the UAE, international ISO accreditations in health, safety, environment and quality have recently been achieved by the International business, in support of this approach. McLaren also successfully completed several audits related to world welfare standards for Expo 2020, Dubai World Trade Centre and Dubai International Airport.

Equality and diversity

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

All employees have personal responsibility for the practical application of the Group's Diversity and Equality Policy, which extends to the treatment of job applicants, employees, customers and visitors.

Training and development

This is fundamental to the continued growth of the business and development of colleagues within the Group, so they can develop the knowledge and skills they need to realise their own potential, and thus help the Group to accomplish its business goals. To that end, there are a significant number of training programmes offered to our colleagues at all levels, both mandatory and elected.

Sustainability

McLaren Construction recognises the impact it has on the environment and the long-term benefits of sustainable construction, striving always to minimise any negative impact. Systems and processes continue to be enhanced to support this aim, alongside the appointment of environmental specialists.

McLaren Construction (London) Limited

Strategic Report (continued) for the Year Ended 31 July 2018

Our values

With the central driver of exceeding expectations, the Group's values remain:

- Trust, integrity and honesty
- Colleague commitment
- Safety and health
- Customer focused

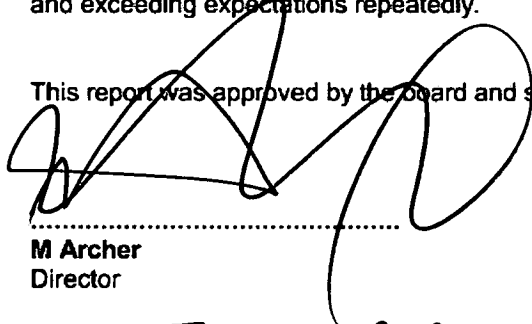
Customer service

The Group builds close relationships with customers through consistent high standards of delivery and customer service whilst exceeding expectations, across the Group.

Mission statement

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

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



.....

M Archer
Director

Date: 31 January 2019

McLaren Construction (London) Limited

Directors' Report for the Year Ended 31 July 2018

The directors present their report and the financial statements for the year ended 31 July 2018.

Principal activity

The principal activity of the company is that of property construction.

Results and dividends

The profit for the year, after taxation, amounted to £1,104,474 (2017 - £3,214,534).

The directors did not recommend the payment of a dividend as at year end (2017 - £Nil).

Directors

The directors who served during the year were:

M Archer
P J Pringle

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 1 - 4. These matters relate to the principal activity of the company, the principal risks that it faces and future developments.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

McLaren Construction (London) Limited

Directors' Report (continued) for the Year Ended 31 July 2018

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditor

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

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



.....
M Archer
Director

Date: 31 January 2019

McLaren Construction (London) Limited

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

Opinion

We have audited the financial statements of McLaren Construction (London) Limited ("the Company") for the year ended 31 July 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 [*The Financial Reporting Standard applicable in the UK and Republic of Ireland*] (United Kingdom Generally Accepted Accounting Practice)

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report on this regard.

McLaren Construction (London) Limited

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

McLaren Construction (London) Limited

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

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

Use of our report

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

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
London
United Kingdom

Date: *31 January 2019*

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

McLaren Construction (London) Limited

Statement of Comprehensive Income for the Year Ended 31 July 2018

	Note	2018 £	2017 £
Turnover	4	189,795,995	191,013,289
Cost of sales		(177,624,453)	(178,322,544)
Gross profit		12,171,542	12,690,745
Administrative expenses	5	(10,859,394)	(9,644,666)
Operating profit	5	1,312,148	3,046,079
Taxation	6	(207,674)	168,455
Profit for the financial year and total comprehensive income		1,104,474	3,214,534

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for 2018 (2017 - £NIL).

The notes on pages 13 to 19 form part of these financial statements.

McLaren Construction (London) Limited
Registered number: 09850564

Statement of Financial Position
as at 31 July 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due after more than one year	7	6,933,895	7,403,868
Debtors: amounts falling due within one year	7	48,472,261	48,421,141
		<u>55,406,156</u>	<u>55,825,009</u>
Creditors: amounts falling due within one year	8	(42,950,138)	(44,473,465)
Net current assets		12,456,018	11,351,544
Total assets less current liabilities		12,456,018	11,351,544
Net assets		12,456,018	11,351,544
Capital and reserves			
Called up share capital	10	3,000,125	3,000,125
Share premium account	11	4,999,975	4,999,975
Retained earnings	11	4,455,918	3,351,444
		<u>12,456,018</u>	<u>11,351,544</u>

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


.....
M Archer
Director

Date: 31 January 2019

The notes on pages 13 to 19 form part of these financial statements.

McLaren Construction (London) Limited

Statement of Changes in Equity for the Year Ended 31 July 2018

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 August 2017	3,000,125	4,999,975	3,351,444	11,351,544
Comprehensive income for the financial year				
Profit for the year	-	-	1,104,474	1,104,474
Total comprehensive income for the year	-	-	1,104,474	1,104,474
At 31 July 2018	3,000,125	4,999,975	4,455,918	12,456,018

Statement of Changes in Equity for the Period Ended 31 July 2017

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 August 2016	125	4,999,975	136,910	5,137,010
Comprehensive Income for the financial period				
Profit for the year	-	-	3,214,534	3,214,534
Total comprehensive Income for the year	-	-	3,214,534	3,214,534
Contributions by owners				
Shares issued during the year	3,000,000	-	-	3,000,000
At 31 July 2017	3,000,125	4,999,975	3,351,444	11,351,544

The notes on pages 13 to 19 form part of these financial statements.

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

1. General information

McLaren Construction (London) Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is stated on the company information page and the nature of the company's operations and its principal activities is stated in the strategic report. The financial statements are presented in Sterling.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of McLaren Construction Limited as at 31 July 2018 and these financial statements may be obtained from The Registrar of Companies, Crown Way, Cardiff.

2.3 Turnover

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

2.4 Going concern

The directors have considered the position of McLaren Construction (London) Limited and have taken into account the plan for the future operation of the company and consider that the going concern basis is appropriate.

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

2. Accounting policies (continued)

2.5 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.6 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.

2.7 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.

2.8 Provisions for liabilities

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

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

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

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

3. Judgements in applying accounting policies and 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.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	13,000	13,000

The company had no employees during the period. Staff costs are recharged from the company's parent.

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

6. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	81,379	-
Adjustments in respect of previous periods	-	(41,317)
Total current tax	81,379	(41,317)
Deferred tax		
Origination and reversal of timing differences	168,371	599,388
Adjustment in respect of previous period	(24,352)	(683,235)
Effect of changes in tax rate	(17,724)	(43,291)
Total deferred tax	126,295	(127,138)
Taxation on profit on ordinary activities	207,674	(168,455)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 -lower than) the standard rate of corporation tax in the UK of 19% (2017 -19.67%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,312,148	3,046,079
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -19.67%)	249,308	599,034
Effects of:		
Expenses not deductible for tax purposes	442	354
Adjustment from previous periods	(24,352)	(724,552)
Tax rate changes	(17,724)	(43,291)
Total tax charge (credit) for the year	207,674	(168,455)

Factors that may affect future tax charges

A reduction to 17% (effective 1 April 2020) was enacted on 6 September 2016. This will reduce the company's current tax charge accordingly.

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

7. Debtors

	2018 £	2017 £
Due after more than one year		
Trade debtors	6,933,895	7,403,868
	<u>6,933,895</u>	<u>7,403,868</u>
Due within one year		
Trade debtors	15,136,946	24,917,740
Amounts owed by group undertakings	21,391,015	13,351,619
Other debtors	107,140	-
Prepayments and accrued income	60,360	384,493
Amounts recoverable on long term contracts	11,775,957	9,640,151
Deferred taxation (see note 9)	843	127,138
	<u>48,472,261</u>	<u>48,421,141</u>

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

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Payments received on account	926,583	7,642,758
Trade creditors	3,379,469	1,009,751
Other taxation and social security	2,034,100	115,675
Other creditors	8,028,209	8,599,521
Accruals and deferred income	28,581,777	27,105,760
	<u>42,950,138</u>	<u>44,473,465</u>

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

9. Deferred taxation

	2018 £	2017 £
At beginning of year	127,138	-
Charged to profit or loss	(150,648)	(556,097)
Adjustment in respect of prior years	24,353	683,235
At end of year	843	127,138

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	-	127,138
Fixed asset timing differences	843	-
	843	127,138

10. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
3,000,125 Ordinary shares of £1 each	3,000,125	3,000,125

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

11. Reserves

Share premium account

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

Retained earnings

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

12. 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.

McLaren Construction (London) Limited

Notes to the Financial Statements for the Year Ended 31 July 2018

13. Controlling party

The company's immediate parent undertaking is McLaren Construction Limited, a company registered in England and Wales, for which consolidated financial statements for the year have been prepared and filed and are publicly available.

The company's ultimate parent undertaking is McLaren Construction Group PLC, a company registered in England and Wales, for which consolidated financial statements for the year have been prepared and filed and are publicly available.

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.