

Registered number: 12113746

**MCLAREN PROPERTY HOLDCO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2022**



## **MCLAREN PROPERTY HOLDCO LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	C R Young K R Taylor
<b>Company secretary</b>	Taylor Wessing Secretaries Limited
<b>Registered number</b>	12113746
<b>Registered office</b>	1st & 2nd Floors 61 Curzon Street London W1J 8PD
<b>Independent auditor</b>	MHA MacIntyre Hudson Statutory Auditors 6th Floor 2 London Wall Place London United Kingdom EC2Y 5AU

## **MCLAREN PROPERTY HOLDCO LIMITED**

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## **MCLAREN PROPERTY HOLDCO LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022**

#### **Introduction**

The Directors present their annual report together with the audited financial statements of McLaren Property Holdco Limited and its subsidiaries and joint ventures ("the Group") for the year ended 31 July 2022. The Group is a property investment and development business. The Group specialises in purpose built student accommodation ("PBSA"), residential build to rent ("BTR"), residential build to sell ("BTS") and commercial office space.

#### **Business review and performance**

McLaren Property HoldCo Limited reported a total comprehensive income for the year ended 31 July 2022 of £6,920,733. During the year the Group sold five of its six operational and stabilised PBSA investment assets, generating net proceeds (after debt repayments) of £39.5m. The Group used a proportion of the proceeds to repay c.£4.6m of related party loans, with the remainder being invested in the business. Current Assets have increased in the year to £30.4m.

The Group's development pipeline has continued to grow. The Group currently has 629 PBSA beds under construction across two projects in London Rd, Brighton and Rossington Street, Leeds. The Group has successfully achieved planning consent on 1,847 PBSA beds across three projects in Talbot Street Nottingham, St Gabriel's Manchester and Torwood Close Warwick, and secured a further 1,837 PBSA beds in Exeter, Birmingham, Bournemouth and Manchester. The Group has a further 4,060 PBSA beds in its pipeline which are being converted to secured.

In the BTR sector, the Group has secured planning on 375 units in Water Lane, Leeds and has secured a further 588 units in Leeds and London. The Group has a further 2,581 BTR units in its pipeline which are being converted to secured.

#### **Principal risks and uncertainties**

##### **UK Economy**

The UK economy has undergone several macro-economic shocks over the last year most notably the inflationary effects of the War in Ukraine and the aftershocks of Covid-19. Inflation has caused the Bank of England base rate to go from 0.1% in December 2021 to 4.25% in March 2023. It is the Directors' view that the base rate will now stabilise at its current level.

The PBSA sector remains resilient with a structural under supply of beds in our key university towns and cities. It is estimated that there are an additional 95,000 student bed spaces in the planning pipeline. Assuming most of the beds will achieve planning, delivery will still be dwarfed by recent and expected growth in student numbers. It is anticipated that the number of full-time undergraduates in the UK's higher education system is expected to grow by more than 250,000 between 2023 and 2030. The Directors expect PBSA investment to remain resilient in 2023 and the forward funding market to make a full recovery by Q3 2023.

Investor appetite for BTR was resilient in 2022, with £4.3 billion of investment marking a fourth consecutive year. Multifamily BTR remains particularly attractive due to its inflation-matching characteristics and strong supply and demand fundamentals. The Directors expect BTR investor confidence to return by the start of Q2 in 2023.

##### **Financing**

As the forward funding market continues to recover, the Company and its directors will look to finance land acquisitions through bank debt.

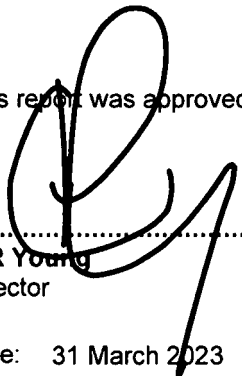
##### **Financial key performance indicators**

Turnover from continuing operations was £71.9m (FY21 - £56.4m) an increase of £15.5m. Gross profit reported was £14.9m in FY22 (FY21 - £11.1m) an increase of £3.8m. The Group's liquidity improved during the year as the balance sheet shows a current liability in FY21 of £31m increasing to a current asset position of £30m.

**MCLAREN PROPERTY HOLDCO LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2022**

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



.....  
**C R Young**  
Director

Date: 31 March 2023

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2022**

The directors present their report and the financial statements for the year ended 31 July 2022.

#### **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 judgements and accounting estimates that are reasonable and prudent;
- 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.

#### **Principal activity**

The principal activity of the company is that of property investment and development.

#### **Results**

The profit for the year, after taxation and minority interests, amounted to £6,384,533 (2021 - loss £2,345,839).

The directors are unable to recommend the payment of a dividend and thus the profit of £6,384,533 is carried forward (2021 - loss of £2,345,839).

#### **Directors**

The directors who served during the year were:

C R Young  
K R Taylor

#### **Qualifying third party indemnity provisions**

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

**MCLAREN PROPERTY HOLDCO LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2022**

**Disclosure of information to auditor**

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

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

**Post balance sheet events**

On 09 March 2024 the Group completed on the sale of the investment property in Golden Apple Limited for a total consideration of £1,800,000.

**Auditor**

The auditor, MHA MacIntyre Hudson, was appointed by the directors during the year and offers itself for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
C R Young  
Director

Date: 31 March 2023

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN PROPERTY HOLDCO LIMITED**

#### **Opinion**

We have audited the financial statements of McLaren Property Holdco Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2022, which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and 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 2022 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 Auditor's 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.



## **MCLAREN PROPERTY HOLDCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN PROPERTY HOLDCO LIMITED (CONTINUED)**

#### **Other information**

The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' 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 3, 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.

## MCLAREN PROPERTY HOLDCO LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCLAREN PROPERTY HOLDCO LIMITED (CONTINUED)

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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:

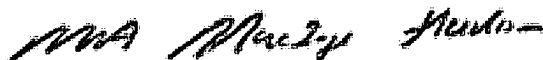
- obtaining an understanding of the legal and regulatory frameworks that the company operates in
- reviewing key correspondence with regulatory authorities
- testing for evidence of management override
- enquiry of management to identify any instances of non-compliance with laws and regulations
- enquiry of management around actual and potential litigation and claims
- enquiry of management to identify any instances of known or suspected instances of fraud
- discussing among the engagement team regarding how and where fraud might occur

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](http://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.



Atul Kariya FCCA (Senior statutory auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Statutory Auditors

London

United Kingdom

Date:

5 April 2023

**MCLAREN PROPERTY HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £	2021 £
Turnover	4	71,969,140	56,365,002
Cost of sales		(57,094,387)	(45,311,558)
<b>Gross profit</b>		<b>14,874,753</b>	<b>11,053,444</b>
Administrative expenses		(10,466,769)	(8,473,234)
Other operating income		8,642,272	-
Fair value movements	14	120,644	2,205,777
<b>Operating profit</b>	5	<b>13,170,900</b>	<b>4,785,987</b>
Share of (loss)/profit of joint venture	13	(396,499)	2,995
<b>Total operating profit</b>		<b>12,774,401</b>	<b>4,788,982</b>
Gain / (loss) on disposal of investment property	14	(848,546)	-
Write off goodwill		-	(203,383)
Interest receivable and similar income	8	908,504	1,057,839
Interest payable and similar expenses	9	(4,101,458)	(3,277,638)
<b>Profit before taxation</b>		<b>8,732,901</b>	<b>2,365,800</b>
Tax on profit	10	(1,812,168)	(779,015)
<b>Profit for the financial year</b>		<b>6,920,733</b>	<b>1,586,785</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interest		536,200	3,932,624
Owners of the parent company		6,384,533	(2,345,839)
		<b>6,920,733</b>	<b>1,586,785</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		536,200	3,932,624
Owners of the parent company		6,384,533	(2,345,839)
		<b>6,920,733</b>	<b>1,586,785</b>

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 16 to 42 form part of these financial statements.

**MCLAREN PROPERTY HOLDCO LIMITED**  
**REGISTERED NUMBER: 12113746**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	11	2,320,727	-
Tangible assets	12	155,806	70,890
Investments	13	214,862	646,638
Investment property	14	15,350,000	68,235,000
		<u>18,041,395</u>	<u>68,952,528</u>
<b>Current assets</b>			
Stocks	15	38,492,971	17,388,228
Debtors	16	25,954,972	36,933,433
Cash And Cash Equivalents	17	5,248,975	121,634
		<u>69,696,918</u>	<u>54,443,295</u>
Creditors: amounts falling due within one year	18	(57,317,845)	(85,475,832)
<b>Net current assets/(liabilities)</b>		<u>12,379,073</u>	<u>(31,032,537)</u>
<b>Total assets less current liabilities</b>		<u>30,420,468</u>	<u>37,919,991</u>
Creditors: amounts falling due after more than one year	19	(24,004,861)	(22,581,730)
<b>Net assets</b>		<u><u>6,415,607</u></u>	<u><u>15,338,261</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1,000	1,000
Other reserves	27	(1,805,320)	7,755,996
Merger reserve	27	17,996,440	17,996,440
Profit and loss account	27	(8,613,522)	(14,998,055)
<b>Equity attributable to owners of the parent company</b>		<u>7,578,598</u>	<u>10,755,381</u>
<b>Non-controlling interests</b>	27	(1,162,991)	4,582,880
		<u><u>6,415,607</u></u>	<u><u>15,338,261</u></u>

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

.....  
**C R Young**  
 Director

Date: 31 March 2023

The notes on pages 16 to 42 form part of these financial statements.

**MCLAREN PROPERTY HOLDCO LIMITED**  
**REGISTERED NUMBER: 12113746**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	13	24,651,232	20,600,202
		<u>24,651,232</u>	<u>20,600,202</u>
<b>Current assets</b>			
Debtors	16	8,445,597	1,000
Cash at bank and in hand	17	747	30
		<u>8,446,344</u>	<u>1,030</u>
Creditors: amounts falling due within one year	18	(22,016,229)	(16,735,121)
<b>Net current liabilities</b>		<u>(13,569,885)</u>	<u>(16,734,091)</u>
<b>Total assets less current liabilities</b>		<u>11,081,347</u>	<u>3,866,111</u>
<b>Net assets</b>		<u><u>11,081,347</u></u>	<u><u>3,866,111</u></u>
<b>Capital and reserves</b>			
Called up share capital	26	1,000	1,000
Profit and loss account	27	11,080,347	3,865,111
		<u><u>11,081,347</u></u>	<u><u>3,866,111</u></u>

As permitted by S408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's profit and total comprehensive income for the year was £7,215,236 (2021 - £4,223,471).

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

.....  
C R Young  
Director

Date: 31 March 2023

The notes on pages 16 to 42 form part of these financial statements.

**MCLAREN PROPERTY HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2022**

	Share capital	Other reserves	Merger reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 August 2021	1,000	7,755,996	17,996,440	(14,998,055)	10,755,381	4,582,880	15,338,261
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	6,384,533	6,384,533	536,200	6,920,733
Capital contributed in the year	-	4,700,000	-	-	4,700,000	39,200	4,739,200
Capital contribution from loan waived by related party	-	1,188,548	-	-	1,188,548	-	1,188,548
Distributions made in the year	-	(15,193,986)	-	-	(15,193,986)	(6,577,149)	(21,771,135)
Transfer between reserves	-	(255,878)	-	-	(255,878)	255,878	-
<b>At 31 July 2022</b>	<b>1,000</b>	<b>(1,805,320)</b>	<b>17,996,440</b>	<b>(8,613,522)</b>	<b>7,578,598</b>	<b>(1,162,991)</b>	<b>6,415,607</b>

**MCLAREN PROPERTY HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2021**

	Share capital	Other reserves	Merger reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 August 2020	1,000	7,755,996	17,996,440	(12,652,216)	13,101,220	2,793,113	15,894,333
<b>Comprehensive income for the year</b>							
Profit for the year	-	-	-	(2,345,839)	(2,345,839)	3,932,624	1,586,785
Distributions made in the year	-	-	-	-	-	(2,142,857)	(2,142,857)
<b>At 31 July 2021</b>	<b>1,000</b>	<b>7,755,996</b>	<b>17,996,440</b>	<b>(14,998,055)</b>	<b>10,755,381</b>	<b>4,582,880</b>	<b>15,338,261</b>

The notes on pages 16 to 42 form part of these financial statements.

**MCLAREN PROPERTY HOLDCO LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 August 2021	1,000	3,865,111	3,866,111
<b>Comprehensive income for the year</b>			
Profit for the year	-	7,215,236	7,215,236
<b>At 31 July 2022</b>	<u>1,000</u>	<u>11,080,347</u>	<u>11,081,347</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	
At 1 August 2020	1,000	(358,360)	(357,360)
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,223,471	4,223,471
<b>At 31 July 2021</b>	<u>1,000</u>	<u>3,865,111</u>	<u>3,866,111</u>

The notes on pages 16 to 42 form part of these financial statements.



**MCLAREN PROPERTY HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JULY 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	6,920,733	1,586,785
<b>Adjustments for:</b>		
Depreciation of tangible assets	35,340	33,090
Interest charged to the income statement	4,101,458	3,277,638
Interest credited to the income statement	(908,504)	(1,057,839)
Taxation charge	1,812,168	779,015
(Increase) in stocks	(21,104,743)	(1,090,557)
Decrease in debtors	9,831,255	260,479
(Decrease)/increase in creditors	(4,369,415)	3,251,901
Changes in the fair value of investment property	(120,644)	(2,205,777)
Share of operating profit/(loss) in joint ventures	396,499	(2,995)
Corporation tax (paid)	(3,648,185)	(213,124)
Foreign exchange	(129,533)	(533,429)
Loss on disposal of investment property	848,546	-
<b>Net cash generated from operating activities</b>	<b>(6,335,025)</b>	<b>4,085,187</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(2,320,727)	-
Purchase of tangible fixed assets	(120,256)	(7,167)
Capital expenditure on development of investment properties	(2,116,365)	(5,582,445)
Sale of investment properties	54,241,660	-
Sale of share in joint ventures	175,000	-
Joint ventures interest received	745,005	-
Dividends received	8,400,866	-
Interest received	26,161	156
<b>Net cash from investing activities</b>	<b>59,031,344</b>	<b>(5,589,456)</b>

**MCLAREN PROPERTY HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2022**

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
New secured loans	4,000,000	6,760,057
Repayment of loans	(27,940,201)	(1,417,088)
Other new loans	(4,714,542)	-
Interest paid	(3,070,849)	(1,847,660)
Dividends paid	-	(1,242,857)
Dividends paid to non controlling interests	1,188,548	-
Members' capital contributed	4,739,200	-
Capital distributions	(21,771,134)	-
Gain on disposal of investment property	-	(900,000)
<b>Net cash used in financing activities</b>	<b>(47,568,978)</b>	<b>1,352,452</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,127,341</b>	<b>(151,817)</b>
Cash and cash equivalents at beginning of year	121,634	273,451
<b>Cash and cash equivalents at the end of year</b>	<b>5,248,975</b>	<b>121,634</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	5,248,975	121,634
	<b>5,248,975</b>	<b>121,634</b>

The notes on pages 16 to 42 form part of these financial statements.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **1. General information**

McLaren Property Holdco Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006, with registration number 12113746. The address of the registered office is stated on the company information page and the nature of the company's operations and principal activity are set out in the directors' 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 judgement 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.

##### **Parent company disclosure exemptions**

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

- No statement of cash flows has been presented for the parent *company*;
- Disclosures in respect of the parent *company's* financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent *company* as their remuneration is included in the totals for the company as a whole.

The financial statements are provided in £ sterling, the functional currency, rounded to the nearest £1.

The following principal accounting policies have been applied:

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **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.

McLaren Property Holdco Limited was incorporated to enter into a share for share exchange with McLaren Construction Employee Trust 2007 re Mr Kevin Robert Taylor and Family sub fund ("the Trust") for its membership of McLaren Property Holdings Limited Liability Partnership ("LLP") and to form a new residential arm of the Group. The Trust remains the controlling party of the Group. On 7 January 2020 McLaren Property Holdco Limited purchased the Trust's interest in the LLP for a total consideration of £20.6m.

In reviewing the scope of the group reconstruction, the directors have determined that these consolidated financial statements will be prepared by applying merger accounting, in compliance with the criteria specified by FRS 102 section 19 Business Combinations and Goodwill.

In applying merger accounting when preparing these Consolidated Financial Statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

##### **2.3 Going concern**

The directors prepare financial forecasts and monitor performance of the Group on an ongoing basis and have prepared a financial projection for the Group for a period of 12 months from the date of approval of these financial statements.

On this basis, the directors have reasonable expectation that the Group has adequate funding and resources to meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements and accordingly the directors have prepared the financial statements on the going concern basis

##### **2.4 Business combinations**

The Group acquires subsidiaries that own stock. At the time of acquisition, the Group considers whether each acquisition represent the acquisition of a business or acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the stock that are capable of being conducted and managed for the purpose of providing a return. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather the cost to acquire the corporate entity is allocated to the stock held by the entity, accordingly no goodwill or bargain purchase arises.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.5 Joint ventures**

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

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

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

##### **2.6 Turnover**

Turnover is calculated as that proportion of total contract value which construction costs incurred to date bear to total expected construction costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Development management fees are recognised evenly as earned over the life of the project up to practical completion of the development.

Rental income is recognised on an accruals basis. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date. Lease incentive payments are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Revenue on sale of property is recognised on legal completion and revenue on the sale of land is recognised on the date that the contract for sale becomes unconditional.

##### **2.7 Tangible fixed assets**

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

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	10%
Fixtures and fittings	-	25%
Office equipment	-	25%

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.

##### **2.8 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation 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 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 fair value less costs to sell and value in use. Non-financial 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.

##### **2.9 Investment property**

Property and related development expenditure is included at cost within fixed assets - investment property under construction. Cost includes all directly attributable costs and an appropriate proportion of fixed and variable overheads including interest, which are directly attributable to the project under development. Investment properties under construction are valued at fair value at the reporting date and any changes in fair value are recognised in the income statement.

On practical completion, the property will be transferred to investment property. Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the income statement.

##### **2.10 Investments in subsidiaries and investments in joint ventures**

Investments are measured at cost less accumulated impairment.

At each reporting date, investments are assessed for impairment. If investments are impaired, the carrying amount is reduced and the impairment loss is recognised immediately in the profit or loss.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.11 Stocks of property and development expenditure**

Stocks of property and related development expenditure are included at the lower of cost and estimated net realisable value. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads including interest specifically attributable to the project whilst under development. Costs initially capitalised in stock are recognised in the income statement over the life of the development contract on a stage of completion basis.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss.

##### **2.12 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.

##### **2.13 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.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.14 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

##### **2.15 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.



## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.16 Foreign currency translation**

###### **Functional and presentation currency**

The Group's functional and presentational currency is Pounds Sterling.

###### **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.

##### **2.17 Finance costs**

Finance costs are recognised 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.

Finance costs which have been incurred as a direct consequence of the construction of the development properties are capitalised as part of the development costs of the assets under-construction, within investment properties under construction or stocks depending upon the classification of the underlying asset and are subsequently released to the income statement as appropriate. Finance costs incurred after practical completion or arising on a delay to development are not capitalised and are charged to the income statement in line with accounting policies 2.8 and 2.10

All other finance costs are charged to the income statement as appropriate

##### **2.18 Operating leases: the Group as lessor**

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

##### **2.19 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.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.20 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in 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.

##### **2.21 Interest income**

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

##### **2.22 Intangible assets**

###### **Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life of 5 years.

###### **Other intangible assets**

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

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

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

#### **2. Accounting policies (continued)**

##### **2.23 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.

##### **2.24 Other reserves classified as equity**

Other reserves represent cumulative profits and losses, net of distributions paid and other adjustments.

## **MCLAREN PROPERTY HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022**

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

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

##### *Fixed assets - investment property*

The investment properties (including those under construction) are valued using an income approach or discounted cash flow. The key inputs into the valuation of the properties at 31 July 2022 are the forecast completed valuation and total expected construction and development costs. The resulting forecast profit is adjusted for remaining construction and development risk.

Investment properties (including those under construction) must be assessed by the directors of the entities holding the assets as to whether the fair value is reflective of the costs incurred to date.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

##### *Valuation of property held as stock*

Determining whether the value of the Group's development properties should be impaired requires estimations of the net realisable value of the properties. The net realisable value calculation requires estimation of the future cash flows expected to arise from the development properties and other capitalised stock, specifically the estimated selling price and anticipated selling costs. In undertaking these estimates, the directors of the entities holding the relevant properties make reference to market evidence of transaction prices for similar properties.

##### *Recognition of turnover and profit on long-term contracts*

Recognition of turnover and profit on development contracts requires management judgement regarding the anticipated final outcome of the contracts and of the proportion of works completed at the reporting date. Management undertakes regular detailed reviews in order to exercise judgement over the outcome of the contracts and the associated risks and opportunities.

Turnover is recognised in excess of costs incurred to date when the project is at least 50% complete. This is based on previous experience of the significant risks attributable to a typical student accommodation development leading up to intake of students at the commencement of the university terms. Furthermore, turnover is not recognised prior to the commencement of the main building works as the primary development risks associated with the projects still remain with the Group.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

##### *Recoverability of amounts due from and investments in group undertakings, joint ventures and other related parties*

Provision for impairment of the carrying value of amounts due from and investments in group undertakings, joint ventures and other related parties is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by the management.

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**3. Judgements in applying accounting policies (continued)**

*Tangible fixed assets*

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

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Property Development	69,035,991	53,963,483
Development management fees	15,000	6,666
Rental income	2,918,148	2,355,105
Other	-	39,748
	<u>71,969,139</u>	<u>56,365,002</u>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	35,340	33,090
Exchange differences	(129,533)	(533,429)
Other operating lease rentals	489,567	-
	<u>489,567</u>	<u>-</u>

**6. Auditor's remuneration**

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>3,000</u>	<u>7,800</u>
Fees payable to the Group's auditor for the audit of the subsidiary financial statements	<u>117,000</u>	<u>140,280</u>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**7. Employees**

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Staff salaries	5,800,103	5,480,456	-	-
Staff national insurance	777,983	677,561	-	-
Cost of defined contribution scheme	234,255	172,211	-	-
	<u>6,812,341</u>	<u>6,330,228</u>	<u>-</u>	<u>-</u>

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

	2022 No.	2021 No.
Management	21	21
Legal	1	1
Administration	2	2
Finance	4	4
	<u>28</u>	<u>28</u>

The directors are the Key Management Personnel of the company. The company has no employees other than the directors, who did not receive any remuneration (2021 £Nil) from the company and did not accrue any pension benefits under the defined contribution pension scheme.

**8. Interest receivable**

	2022 £	2021 £
Joint ventures' interest receivable	820,441	984,241
Other interest receivable	88,063	73,598
	<u>908,504</u>	<u>1,057,839</u>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**9. Interest payable and similar expenses**

	2022 £	2021 £
Bank interest payable	1,887,655	1,059,428
Other loan interest payable	913,329	774,897
Interest payable to related parties	1,211,798	1,438,228
Other interest payable	88,676	5,085
	<u>4,101,458</u>	<u>3,277,638</u>

**10. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,520,697	1,907,321
Adjustments in respect of previous periods	(70,267)	(523,060)
<b>Total current tax</b>	<u>1,450,430</u>	<u>1,384,261</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	275,945	(457,053)
Changes to tax rates	87,141	(148,193)
Adjustment in respect of previous periods	(1,348)	-
<b>Total deferred tax</b>	<u>361,738</u>	<u>(605,246)</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,812,168</u>	<u>779,015</u>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>8,732,901</u>	<u>2,365,800</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	1,659,251	449,502
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	315,828	651,099
Net utilisation of tax losses and losses not recognised for deferred tax purposes	678,138	1,427,703
Adjustments to tax charge in respect of prior periods	(71,615)	(511,310)
Non-taxable income	(1,671,144)	(2,036,492)
Tax rate changes	87,141	(148,193)
Taxable gain on disposal of properties	827,942	-
Effects of other reliefs	4,808	5,291
Share from partnership	(18,181)	941,415
<b>Total tax charge for the year</b>	<u><u>1,812,168</u></u>	<u><u>779,015</u></u>

**Factors that may affect future tax charges**

The rate of corporation tax increases to 25% at April 2023.

A deferred tax asset of £3,842,286 at the substantively enacted rate of 25% has not been recognised in respect of losses carried forward.



**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**11. Intangible assets**

**Group and Company**

	<b>Goodwill £</b>
<b>Cost</b>	
Additions	<b>2,320,727</b>
At 31 July 2022	<b><u>2,320,727</u></b>
<b>Net book value</b>	
At 31 July 2022	<b><u><u>2,320,727</u></u></b>
At 31 July 2021	<b><u><u>-</u></u></b>

The individual intangible asset which is material to the financial statements is the acquisition of the 50% shareholding of McLaren Property (UBS 1) Limited from the joint venture partner.

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**12. Tangible fixed assets**

**Group**

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 August 2021	-	305,421	143,034	448,455
Additions	120,256	-	-	120,256
At 31 July 2022	120,256	305,421	143,034	568,711
<b>Depreciation</b>				
At 1 August 2021	-	267,429	110,136	377,565
Charge for the year	654	23,763	10,923	35,340
At 31 July 2022	654	291,192	121,059	412,905
<b>Net book value</b>				
At 31 July 2022	119,602	14,229	21,975	155,806
At 31 July 2021	-	37,993	32,897	70,890

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

	2022 £	2021 £
Short leasehold	119,602	-
	119,602	-

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**13. Fixed asset investments**

**Group**

**Investment  
in joint  
ventures  
£**

**Cost or valuation**

At 1 August 2021	646,638
Disposals	(50)
Transfer to amounts due to related parties	(35,227)
Share of loss	(396,499)
	<hr/>
At 31 July 2022	214,862

**Net book value**

At 31 July 2022	214,862
	<hr/>
At 31 July 2021	646,638
	<hr/>

**Company**

**Investments  
in  
subsidiary  
companies  
£**

**Cost or valuation**

At 1 August 2021	20,600,202
Additions	4,700,000
	<hr/>
At 31 July 2022	25,300,202

**Impairment**

Charge for the period	648,970
	<hr/>
At 31 July 2022	648,970
	<hr/>

**Net book value**

At 31 July 2022	24,651,232
	<hr/>
At 31 July 2021	20,600,202
	<hr/>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**13. Fixed asset investments (continued)**

**Direct subsidiary undertakings**

The following were direct subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
McLaren Living Ltd	UK	Development manager	100%
McLaren Property Holdings Limited Liability Partnership.	UK	Property investment	100%
McLaren Construction Management Ltd	UK	Property investment	100%
Chiswell Housing Ltd	UK	Development manager	100%
McLaren Construction (Ventures) Limited	UK	Property investment	100%

# MCLAREN PROPERTY HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 13. Fixed asset investments (continued)

#### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

Name	Registered office	Principal activity	Holding
McLaren Property Limited	UK	Development manager	100%
McLaren Developments (106 Lewes Road) Limited	UK	Property development	100%
McLaren Developments (119 Lewes Road) Limited	UK	Property development	100%
McLaren Developments (Moulsecoomb Way) Limited	UK	Property development	100%
McLaren Developments (The Oaks 2&3) Limited	UK	Property development	100%
McLaren (York) Limited	Isle of Man	Property investment	100%
Golden Apple Limited	Isle of Man	Property investment	100%
McLaren (Finance 1) Limited	UK	Financing	100%
McLaren (Finance 2) Limited	UK	Financing	100%
McLaren (Holdings 1) Limited	Isle of Man	Investment holding company	100%
McLaren (London Road) Limited	UK	Property development	100%
Abbey Lodge Limited	Isle of Man	Property investment	100%
McLaren (Meadow Court) Limited	Isle of Man	Property investment	100%
McLaren (Moulsecoomb Way) Limited	Isle of Man	Property investment	100%
McLaren (The Oaks) Limited	Isle of Man	Property investment	100%
McLaren (Southampton) Limited	Isle of Man	Property investment	100%
McLaren Property (UK) 2 Limited	UK	Property development	100%
McLaren (Manchester) Limited	UK	Investment holding company	100%
McLaren Property (Manchester Tai Pan) Limited	UK	Investment holding company	100%
McLaren (Dundee) Limited	Isle of Man	Property investment	100%
McLaren Property (UK) 3 Limited	UK	Property development	100%
McLaren (The Oaks 2&3) Limited	UK	Property development	100%
McLaren (The Oaks Site Office) Limited	UK	Property investment	100%
McLaren Property (Nottingham) Ltd	UK	Property development	100%
Leonardo Leeds Limited	UK	Property development	100%
McLaren (Torwood Close) Ltd	UK	Property development	100%
McLaren (St Gabriels) Ltd	UK	Property development	100%
McLaren (Hanworth Road) Ltd	UK	Property development	100%
McLaren (Water Lane) Ltd	UK	Property development	100%
McLaren (Wellington Square) Ltd	UK	Property development	100%
McLaren (Exeter) Ltd	UK	Property development	100%
McLaren (Creeside) Ltd	UK	Property development	100%
McLaren (Liverpool) Ltd	UK	Property development	100%
McLaren (Westover Road) Ltd	UK	Property development	100%
McLaren (Baldwin Street) Ltd	Isle of Man	Property development	100%
McLaren Student (Baldwin Street) Ltd	UK	Student accommodation operator	100%
McLaren (34 Lisbon Street) Ltd	UK	Property development	100%
McLaren (120 Wellington Street) Ltd	UK	Property development	100%
McLaren (116 Wellington Street) Ltd	UK	Property development	100%
Law 2515 Ltd	UK	Property development	100%
Law 2516 Ltd	UK	Property development	100%
McLaren Property (UBS 1) Ltd	UK	Property development	100%
McLaren Property (UBS 2) Ltd	UK	Property development	100%

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**13. Fixed asset investments (continued)**

**Indirect subsidiary undertakings (continued)**

All shares held are ordinary shares.

The registered address for all the companies incorporated in the Isle of Man is St Mary's, The Parade, Castletown, Isle of Man, IM9 1 LG.

The registered address for Joshua Properties Limited and Evala Limited is 23 Spring Street, London, W2 1JA.

The registered address for Benjamin Properties (Pall Mall) Limited is Satago Cottage, 360a Brighton Road, Croydon, CR2 6AL.

The registered address for all the other companies incorporated in the UK is 1st & 2nd floors, 61 Curzon Street, London, W1J 8PD.

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**14. Investment property**

**Group**

	<b>Freehold investment property £</b>
<b>Valuation</b>	
At 1 August 2021	68,235,000
Additions at cost	2,116,365
Disposals	(55,090,206)
Surplus on revaluation	120,644
Amount written off	(31,803)
<b>At 31 July 2022</b>	<b>15,350,000</b>

The members have determined that the group's investment properties are qualifying investments for accounting purposes and thus all of the costs associated with bringing the fixed assets under construction to completion, including interest and finance costs, are capitalised additions as they are incurred or can be reasonably anticipated. The total finance costs capitalised during the year amounted to £104,862 (2021 - £220,114).

There was a loss of £848,546 on disposal of an investment property in the year with sale proceeds of £54,241,660.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	<b>2022 £</b>	<b>2021 £</b>
Historic cost	<b>13,568,456</b>	<b>52,055,292</b>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**15. Stocks**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>
Development assets	<b>38,492,971</b>	17,388,228
	<b><u>38,492,971</u></b>	<b><u>17,388,228</u></b>

Development assets include the acquisition of assets and costs incurred on future property development projects for the Group. The members consider all development assets will be recovered through future development activities of the Group and their eventual profitable disposal. The amount of stock recognised as an expense during the year in respect of aborted costs written off was £225,813 (2021 - £229,402). The amount of stock recognised as an expense during the year in respect of development costs was £55,635,148 (2021 - £43,693,526).

**16. Debtors**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Trade debtors	<b>72,039</b>	-	-	-
Amounts owed by joint ventures	<b>130,115</b>	13,669,015	-	-
Amounts owed by other related parties	<b>14,801,407</b>	5,348,021	<b>8,444,597</b>	-
Other debtors	<b>1,631,432</b>	4,466,322	-	-
Called up share capital not paid	<b>1,000</b>	1,000	<b>1,000</b>	1,000
Prepayments and accrued income	<b>1,290,763</b>	862,108	-	-
Amounts recoverable on long-term contracts	<b>6,550,179</b>	11,508,908	-	-
Other taxation and social security	<b>161,444</b>	459,542	-	-
Deferred taxation	<b>255,734</b>	617,471	-	-
Corporation tax repayable	<b>1,060,859</b>	1,046	-	-
	<b><u>25,954,972</u></b>	<b><u>36,933,433</u></b>	<b><u>8,445,597</u></b>	<b><u>1,000</u></b>

Deferred taxation balances of £255,734 (2021 - £617,471) are due after more than one year.

**17. Cash and cash equivalents**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Cash at bank and in hand	<b>5,248,975</b>	121,634	<b>747</b>	30
	<b><u>5,248,975</u></b>	<b><u>121,634</u></b>	<b><u>747</u></b>	<b><u>30</u></b>



**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Bank loans	15,554,878	16,797,605	-	-
Other loans	2,320,827	8,525,149	-	-
Trade creditors	3,471,991	4,074,608	-	100,000
Amounts owed to participating interests	25,624,936	43,358,235	22,013,028	16,634,920
Corporation tax	2,623,119	4,666,876	-	-
Other taxation and social security	181,013	233,522	-	-
Other creditors	37,886	46,713	201	201
Accruals and deferred income	7,503,195	7,773,124	3,000	-
	<u>57,317,845</u>	<u>85,475,832</u>	<u>22,016,229</u>	<u>16,735,121</u>

Bank loans in the current year include:

The bank loan with a total of £4,011,755 with McLaren (London Road) Limited is secured by a first mortgage and charge over the company and its assets, and bears interest at a variable rate equivalent to LIBOR plus 4.5%. Offset against the loan is the arrangement fee of £60,000 and a bank legal fee of £18,125 which are all being amortised over the life of the loan. At the period end the balance remaining on the arrangement fee was £20,219, bank legal fee was £6,108. The loan has been extended to 30 April 2023 and the company has credit approved terms to extend the loan for a further 5 years from the date of signing the facility extension letter.

The bank loan with a total of £3,118,810 with McLaren (34 Lisbon Street) Limited is secured by first mortgage and charge over the company and its assets, and bears interest at a 4.5% + LIBOR. Offset against the loan is the arrangement fee of £73,223 (2021 - £42,493), bank legal fee of £37,440 (2021 - £30,010) and bank exit fee of £62,200 (2021 - £49,857) which are all being amortised over the life of the loan. At the period end the balance remaining on the arrangement fee was £Nil (2021 - £9,257), bank legal fee was £Nil (2021 - £7,430) and bank exit fee of £Nil (2021 - £12,343). The loan is due for repayment on 14 April 2023.

The bank loan with a total of £1,238,498 with McLaren (Ebor Court) Limited is secured by first mortgage and charge over the company and its assets, and bears interest at a 4.5% + LIBOR. Offset against the loan is the arrangement fee of £26,077 (2021 - £12,456) bank legal fee of £39,534 (2021 - £26,582) and bank exit fee of £18,525 (2021 - £12,456) which are all being amortised over the life of the loan. At the period end the balance remaining on the arrangement fee was £Nil (2021 - £6,069), bank legal fee was £Nil (2021 - £12,952) and bank exit fee of £Nil (2021 - £6,069). The loan is due for repayment on 14 April 2023.

The bank loan with a total of £7,185,814 with Abbey Lodge Limited is secured by a first mortgage and charge over the company and its assets, and bears interest at a variable rate equivalent to LIBOR plus 5%. Offset against the loan is the arrangement fee of £170,250, bank legal fees of £44,450 and an exit fee of £143,400, which are being amortised over the life of the loan. At the year end, the balance remaining on the arrangement fee was £Nil (2021 - £Nil) bank legal £Nil (2021 - £Nil) and exit fee £Nil (2021 - £Nil). The bank loan has been extended for repayment to 30 April 2023.

Other loans in the current year include:

Other loans in the prior year included an unsecured interest-bearing bonds with a total value of £10,000,000 (£8,525,148). On 6 June 2022 the listing was re-subscribed for another 5-year term, with a maturity date of 31 May 2027. Other loans in the current year include a secured loan with a third-party.

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

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

	Group 2022 £	Group 2021 £
Bank loans	-	22,581,730
Other loans	10,918,864	-
Amounts owed to other related parties	13,085,997	-
	<u>24,004,861</u>	<u>22,581,730</u>

Other loans falling due after more than one year include unsecured interest-bearing bonds with a total value of €13,000,000 (£10,918,864).

The unsecured interest-bearing bonds were listed on The International Stock Exchange during the year.

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

**20. Deferred taxation**

**Group**

	2022 £	2021 £
At beginning of year	617,471	12,225
Charged to the profit or loss	(294,014)	617,471
Utilised in year	(67,723)	(12,225)
<b>At end of year</b>	<u>255,734</u>	<u>617,471</u>

The deferred tax asset is made up as follows:

	Group 2022 £	Group 2021 £
Tax losses carried forward	221,697	585,337
Fixed asset timing differences	34,037	32,134
	<u>255,734</u>	<u>617,471</u>

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**21. Analysis of net debt**

	At 1 August 2021 £	Cash flows £	Changes in exchange value £	Other non- cash changes £	At 31 July 2022 £
Cash at bank and in hand	121,634	5,127,341	-	-	5,248,975
Debt due within 1 year	(68,476,837)	11,111,361	-	12,755,257	(44,610,219)
Debt due after 1 year	(22,581,730)	30,606,845	129,533	(32,159,509)	(24,004,861)
	<u>(90,936,933)</u>	<u>46,845,547</u>	<u>129,533</u>	<u>(19,404,252)</u>	<u>(63,366,105)</u>

**22. Capital commitments**

At 31 July 2022 the Group and company had capital commitments as follows:

	Group 2022 £	Group 2021 £
Contracted for but not provided in these financial statements	(22,582,034)	(27,947,938)
	<u>(22,582,034)</u>	<u>(27,947,938)</u>

The company had no capital commitments at 31 July 2022.

**23. 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 £234,255 (2021 - £172,211). Contributions totaling £20,925 (2021 - £Nil) were payable to the fund at the reporting date.

**24. Commitments under operating leases**

At 31 July 2022 the Group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	465,472	539,707
Later than 1 year and not later than 5 years	2,507,382	169,115
Later than 5 years	3,504,675	-
	<u>6,477,529</u>	<u>708,822</u>

## MCLAREN PROPERTY HOLDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

#### 25. Related party transactions

The group and LLP have taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

##### *Optimus Fiduciaries Limited (administrators and directors of certain subsidiaries)*

During the period, the Group has paid administration fees totalling £16,486 (2021 - £61,219) to Optimus Fiduciaries Limited. Amounts totalling £11,795 (2021 - £Nil) were payable to Optimus Fiduciaries Limited at 31 July 2022. This amount is included within amounts owed to other related parties.

##### *Octagon Discretionary Trust (trust of which a member is a beneficiary)*

The Group has a loan payable to Octagon Discretionary Trust which at the reporting date, after accruing interest of £42,504 (2021 - £33,891), amounted to £1,676,316 (2021 - £1,633,812) including a principal amount £1,205,000 (2021 - £1,205,000) and accrued interest of £471,316 (2021 - £428,812). This amount is included within amounts owed to other related parties.

##### *Joint ventures*

During the year, the Group made loans to Joint Ventures of £159,614 (2021 - £157,153) and repayments from joint ventures of £5,746,537 (2021 - £109,800). There were write offs and provisions against joint venture loans of £5,756,691 (2021 - £17,753) and a Joint Venture loan was transferred to a 100% owned subsidiary loan of £8,667,988. After accruing interest of £745,005 (2021 - £994,781), the total joint venture loan balance at the reporting date was £148,955 (2021 - £13,633,747).

In addition, the Group invoiced services to Joint Ventures during the period with a total value of £112,054 (2021 - £30,000). Repayment of invoices to Joint Ventures totalled £130,894. At the reporting date, the amount due from joint ventures is £Nil (2020 - £10,268). This amount is included within amounts owed by joint ventures.

##### *Companies with common shareholders*

During the year the Group increased its loan with McLaren Construction Ltd amounting to £24,277,898 (2021 - £11,215,721), repayments of £28,596,253 (2021 - £9,517,901), loan waivers totalling £Nil (2021 - £Nil) and after accruing interest of £1,145,261 (2021 - £1,417,162), at the reporting date the amount due from the Group to McLaren Construction Limited was £37,553,926 (2021 - £40,727,020) including a principal amount of £36,408,665 (2021 - £36,626,936) and accrued interest of £5,245,345 (2021 - £4,100,084).

In addition, the Group also has a creditor balance of £590,270 (2021 - £793,251) with McLaren Construction Ltd. This amount was still payable at the balance sheet date.

**MCLAREN PROPERTY HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2022**

**26. Share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,000,100 Ordinary shares of £0.001 each	<u>1,000.10</u>	<u>1,000.10</u>

**27. Reserves**

**Non-controlling interest**

Non-controlling interest represents the profits or losses, capital contributions, distributions and transfers between reserves due to the minority membership in McLaren Property Holdings LLP.

**Other reserves**

Other reserves represents the following equity movements related to the Company as the majority interest; capital contributions, distributions, transfers between reserves and the forgiveness of loans from a related party.

**Merger Reserve**

The Merger Reserve represents the difference between carrying value of the assets and liabilities acquired under merger accounting to the cost of investment (the fair value).

**Profit and loss account**

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

**28. Controlling party**

The company is controlled by Optimus Corporate Services Limited in its capacity as trustee of the McLaren Construction Limited Employee Trust 2007 re Kevin Robert Taylor and Family sub fund ('the Trust'). Kevin Robert Taylor is the beneficiary of the Trust.