

Financial Management & Planning
Assessment 2 – Financial Statement Report

**Financial Review of McLaren's Annual Reports for Joint
Venture Opportunity**

Submitted by:

Tom Ditton

2021123

Submitted to:

Howard Davies

University of Wales Trinity Saint David

In partial fulfilment of the requirements for the degree of Masters in
International Innovation Management (MSc)

06 June 2022

Contents

Executive Summary	2
Introduction.....	2
Financial Statements	3
McLaren's Annual Reports.....	4
Director's report.....	4
Other news	4
Financial Ratio Analysis.....	5
Profitability ratios.....	6
Liquidity ratios.....	7
Activity.....	7
Leverage ratios.....	8
Investor ratios.....	9
Conclusion & Recommendation.....	11
References	13
Appendix.....	16
McLaren's annual report data: 2017-2021(Q3).....	16
Financial ratio performance.....	17
Profitability ratio formulas.....	18
Liquidity ratios formulas	19
Activity / efficiency formulas.....	19
Leverage ratios formulas	20
Investor ratios formulas	21
McLarens annual report: 2017	22
McLarens annual report: 2018	26
McLarens annual report: 2019	30
McLarens annual report: 2020	34
McLarens annual report: 2021 Q3	38

Executive Summary

The purpose of this report is critically review and analyse the financial performance of McLaren Holdings Company (McLaren) to determine whether a joint venture opportunity to produce an electric vehicle will be financially viable for Business X.

McLaren's annual statements, financial data, as well as external information are reviewed as far back as 2017 to determine their financial performance, ongoing trends, or any risks to enable a justified recommendation.

Explanations of financial statements and the data captured are discussed, alongside analysis of several Financial Ratios. These ratios indicate McLaren has had several troubling years, partly due to Covid-19, however the trends observed and consistent investment from external parties shows McLaren has the potential to be a strong profitable company into the future and would provide many benefits to Business X by partnering for the electric vehicle joint venture.

Introduction

McLaren's Holding Company is involved in Formula One and motorsport and is a global leader in high performance supercars. They are an award-winning brand focused on design, engineering, production, and sales of luxury cars. The racing division is one of the most successful teams in motorsport history. The automotive division has a range of luxury high performance supercars, commanding premium pricing. The Applied division focuses on their technological knowledge on electronic components and software.

(McLaren Group Limited, 2021)

Financial Statements

An annual report is a corporate document created by organisations describing and detailing their operational and financial conditions which is circulated to shareholders and is available for public review. The document details companies' activities over the last year, with specific sections for Directors statements, and is commonly used to compare performance against the previous year (Hayes, 2022a).

Based on generally accepted accounting principles (GAAP), the document contains three primary financial statements, used to understand financial performance of the company. These statements are used to create financial ratios, which are used to evaluate company performance. The income statement measures a company's profit or loss over a period time and can provide valuable insights into a company's operations (Chen, 2021), however, these are becoming increasingly complex with Pignataro (2013) suggesting the income statement be split in major categories. The balance sheet illustrates the company's financial health and ability to meet short term and long-term liabilities, important for maintaining efficient operations (Fields, 2021). However, it can be difficult to accurately capture and assign the right values, leading to incorrect analysis (Fridson & Alvarez, 2011). The cash flow statement summarises the movement of cash and cash equivalents throughout a company, providing an indication of how well a company can generate cash to pay its debts and operating expenses (Murphy, 2022).

However, a limitation of financial statements is that the data is historic, meaning other measures need to be taken to understand what is currently happening, and to predict and manage future outcomes (Alexander, 2018, p.13).

The annual report has valuable insights as the information can help review the accounting process and the concept of GAAP. It provides an indication for how the company perceives itself strategically and how it is perceived by the rest of the world, and for use when analysing competitors for their performance and strategies (Fields, 2011, p.84). However, while reviewing the annual statement is important, Sherman (2020) explains consequences of bad reporting can result in wasted time, difficulty in making good decisions, stock price drops, reputational damages, and other negative implications. This highlights the importance of due diligence and accurate data that must be used, justifying the time spent on it.

McLaren's Annual Reports

Director's report

Key takeaways from the Directors statement from McLaren's 2020 report:

- Covid led to significant operational and financial disruption
- To strengthen the balance sheet after Covid, short term liquidity was obtained through a £150m loan from the National Bank of Bahrain supported by the existing shareholders
- Collection of heritage race may be sold to collectors for £33.4m to recoup
- Four directors resigned and four directors were people appointed, including Paul Walsh who comes with a wealth of experience
- Continued investments in products and services, including £222m investment in automotive division
- Plans to invest £175m on average over next five years

Other news

- McLaren's popularity is increasing due to exposure and new audiences through Netflix's Drive to Survive series (Smith, 2022)
- Currently working with forty-five partners, with a dozen joining last year (Smith, 2022)
- £550m cash injection from shareholders (Page, 2021)
- £400m invested by investment firm Ares Management Corporation and Saudi Arabia's Public Investment Fund (Page, 2021)
- Woking headquarters was sold for £170m to secure a 20-year lease (Page, 2021)
- McLaren was in court against Note holders to release assets (Sylt, 2020) however, this has since been resolved (Smith, Agini & Campbell, 2020)
- Consumer behaviour, technology and sustainability efforts have led to regulatory targets in the EU and USA to achieve electric vehicle share of at least 50% by 2030, with several countries aiming for internal combustion engine car sales bans soon after (Cornet et al. 2021; Campbell & Miller, 2021)

Financial ratios are calculations that companies use to analyse and evaluate performance using data collected from the aforementioned statements and are calculated by comparing two numbers with each other. Different types of ratios help to provide an understanding of a company's profitability, asset utilisation, liquidity, and key business trends and overall management performance (Alexander, 2018, p.19). Performance can be monitored over a period of time and can be used by internal and external stakeholders (Fields, 2011, p.115).

When analysing ratios, it's important that the analyst knows the business and its products, is knowledgeable about industry ratio averages, and analysis is done within the context of the economic climate and competitive environment (Fields, 2011, p.114).

The most effective use of ratios is comparing the calculated ratio to the same ratio of the previous year, as this helps detect trends and determines whether performance has improved or deteriorated, thereby allowing you to identify issues and plan for solutions (Atrill & McLaney, 2017).

The following sections will detail how and why ratios are used, however, several limitations must be considered. Atrill & McLaney (2017, p.235-237) explain limitations of ratios can involve the quality of financial statements are used to generate the ratios may not be completely accurate; that inflation can distort performance results; that only a 'snapshot' of business performance is given at a particular time and may not be representative of overall annual financial performance; the comparison of two businesses is not straightforward; and the restricted view of ratios and utilisation of other resources to review company performance will provide the best analysis. Alexander (2018, p.35) also emphasises the importance of understanding the strategy, market, and structure of comparing companies, and how ratios should be used as part of a broader evaluation to complement other aspects of assessment.

Profitability ratios

Profitability ratios are used to determine the company's ability to generate earnings, relative to data captured within the income statement (Hayes, 2021a).

Gross margin looks at revenue and cost of goods (COGs) of the company and is an indicator of the efficiency and competitive position of the business. It can be affected by "product and service pricing, discounting, new product introductions, and competitor challenges" with "design effectiveness and material, manufacturing, and supply chain effectiveness" (Alexander, 2018, p.329) all directly affecting the COGs. These all impact the following ratios.

Operating profit is widely used, considers variable costs of products, and provides an overview on a company's operating performance (Fields, 2011, p.304). A high ratio indicates a company is good at turning sales into profits (Hayes, 2021b).

Net profit begins to incorporate depreciation, amortisation, interest, and taxes, and tells you how profitable your business has been once these have been considered (Jaillet, 2022).

Return on assets (ROA) is a measure that indicates the level of income generated in relation to its assets (Alexander, 2018, p.31), and is useful in determining whether the assets of a company are being used efficiently to turn a profit (Hargrave, 2022).

Return on shareholder equity (ROE) measures the profitability of a company in relation to its ability to use borrowed funds effectively (Fields, 2011).

Year	2021 (Q1-3)	2020	2019	2018	2017
Profitability					
Gross Margin %	31.76%	18.64%	30.42%	28.61%	29.55%
Operating Profit %	-18.16%	-38.37%	1.67%	-0.38%	-4.98%
Net Profit %	-13.90%	-83.09%	-2.30%	-4.92%	-7.57%
Return on Assets	-4.63%	-38.30%	-1.91%	-3.89%	-4.92%
Return on Shareholder Equity	-10.1%	-202.0%	-12.8%	-27.2%	-42.2%

McLaren has a consistent annual positive gross margin, with a slight dip in 2020, understandably due to Covid, however have bounced back with 2021 performing better than all preceding years. Operating profit, net profit, and ROA have never been particularly good, but had all been slowly improving from 2017-19 prior to Covid. Compared with 2020, ratios of 2021 are creeping back up slowly, but are still underperforming indicating risk, with a negative margin meaning the company is struggling to control costs (Hayes, 2021a). The large decrease in net profit of 2020 is attributed to the significant increase in fair value on preference shares, however 2021 is performing better than 2017. There have been stable total assets throughout each year, but 2020's poor net margin is the main cause for deficient performance. ROE had followed a similar fluctuation trend as other ratios, with the expected drop in 2020, however, 2021 is performing greater than all preceding years, albeit still providing a negative result,

again, being attributed to the higher share premium. This is worrying as investors prefer to see a ROE of 15%-20% within the automotive industry (Maverick, 2021).

Liquidity ratios

Liquidity ratios measure the ability of a company to meet its short-term financial obligations, by examining the liquid resources available and payments due (Atrill & McLaney, 2017).

The current ratio compares assets that can be turned into cash quickly, against the current liabilities of the company. The quick ratio is similar but excludes inventory due to the often difficulty in turning it into cash quickly (Atrill & McLaney, 2017). In both cases, the higher the ratio, the more prepared a company is against short term financial obligations (Sawyer, 2015).

Year	2021 (Q1-3)	2020	2019	2018	2017
Liquidity					
Current Ratio	1.84	0.84	0.81	0.82	0.93
Quick (Acid) Ratio	1.32	0.66	0.61	0.59	0.66

Performance of both current ratio and quick ratio was stable throughout 2017-2020, with a significant improvement in 2021. This is in line with US Automotive industry averages (ReadyRatios, 2022), however, the jump from the previous year was not as large. One reason for the improvement was due to lower liabilities of 2021 as there were no bank loans. For most industries, the ideal current ratio is 2 (Atrill & McLaney, 2017) and the minimum quick ratios is 1 (Hayes, 2022b), indicating McLaren was underperforming the years preceding 2021 and are now moving in the right direction. However, a high quick ratio can indicate cash is sitting idle rather than being put to productive use (Hayes, 2022b), however, if McLaren managed with the current ratio of the previous years, they could use the additional money to reinvest elsewhere in the business.

Activity

Activity ratios focus on the efficiency of the company, and how it uses its assets and resources to generate revenue. The following ratios all indicate how well the company manages its cashflow (Kenton, 2020).

Days sales outstanding (DSO) measures the amount of time it takes the company to collect payment from customers (Sawyer, 2015), with a higher ratio meaning there are delays in receiving payments which could cause cashflow problems (Kenton, 2022).

Inventory turns measures the relationship between the company's inventory and the sum of products sold, with the speed of inventory movement indicting several scenarios the company may be facing (Sawyer, 2015).

Days payable outstanding (DPO) indicates the amount of time it takes for the company to pay its bills and trade creditors (Hayes, 2022c).

Year	2021 (Q1-3)	2020	2019	2018	2017
Activity / efficiency					
Days Sales Outstanding	28.22	70.48	49.59	38.63	33.84
Inventory Turns	2.44	4.75	6.73	6.42	4.95
Days Payable Outstanding	51.04	35.69	35.88	30.88	45.58

During 2020 it took longer for customers to pay McLaren, which is expected considering the pandemic, however, this could have led to cashflow problems, especially considering that over 45 days is considered high (Kenton, 2022). However, as of 2021, they are receiving payments quicker meaning they have more cash to invest elsewhere in the business or pay other debts. To maintain a good DSO, efforts to improve the revenue process, product quality and shipment pattern should be focused on (Alexander, 2018, p.26).

Even through 2020, McLaren were able to turn over inventory comparable to 2017, which would usually indicate strong sales and inventory management (Fernando, 2022a), however, its observed that 2020 was a year of reduced sales. The data also suggests that 2021 is carrying more stock which could indicate they are experiencing overstocking. While Fields (2011, p.125) details the issues that can arise from not having enough stock, overstocking implies there may be a problem with goods being sold or poor marketing efforts which should be explored further (Fernando, 2022a).

Unlike other ratios, DPO did not see a shift in 2020, but did in 2021. The change in 2021 is likely to be a result of Covid, and McLaren wanting to make more cash available to themselves to reinvest elsewhere to maximise benefits of short-term investments, a common financial practise (Hayes, 2022c). However, it is import for them to consider the risks of not paying their suppliers on time.

Leverage ratios

Leverage ratios look at the level of debt a company has, against their assets, to see how well financial obligations can be met. They are important because understanding the extent to which loan finance is used for payments can tell a lot about the level of risk associated with the company (Atrill & McLaney, 2017).

The debt-to-equity ratio determines the company's financial leverage by analysing shareholder equity against liabilities, with a higher ratio implying more risk to shareholders (Fernando, 2022b).

Interest coverage measures how well a company can pay the interest they owe on any outstanding debt, and opposingly to the debt-to-equity ratio, a lower ratio indicates more risk to shareholders (Hayes, 2021c).

Year	2021 (Q1-3)	2020	2019	2018	2017
Leverage ratios					
Debt / Equity Ratio	66%	215%	229%	243%	348%
Interest Coverage	-	-0.12	2.53	2.08	-

A reduction in borrowings and increase in shareholders equity is the driving force for 2021 having a reduced debt-to-equity ratio. This is a welcome change for shareholders as a reduction in ratio means a reduction in risk, however, a declining debt-to-equity ratio may violate loan agreements, potentially triggering higher interest rates, or even immediate payment of loans (Fields, 2011, p.136).

Alternatively, the interest coverage for the available years is worrying as 2020 is greatly below the industry's accepted average of 1.5, meaning their ability to pay interest expenses is questionable (Hayes, 2021c). A sharp drop in EBITDA and how much interest was owed from change in fair value on preference shares, clearly shows they were burdened by debt expenses, and had less capital to use elsewhere. It shows they might not be able to meet interest expense demands, casting doubt as to whether they can they invest in a new joint venture. Reviewing 2021's data is essential to understand the overall picture.

Investor ratios

Investor ratios evaluate the ability of companies to generate a return for investments and can provide investors with confidence they are investing in companies matching their risk appetites (Accountinguide, 2019).

Earnings per ordinary share (EPS) estimates corporate value, by determining how much money is made for each share of stock (Fernando, 2022c).

Price-to-earnings (P/E) ratio looks at the relationship between the company's share price and its EPS and determines how much it costs to own a share in the company compared to the company's earnings (Accountinguide, 2018). A simple method to employ, however, many implied assumptions are made about key elements of financial performance are required (Alexander, 2018).

Year	2021 (Q1-3)	2020	2019	2018	2017
Investor ratios					
Earnings per Ordinary Share	-6.38	-72.14	-3.84	-7.13	-8.25
Price per Earnings Ratio	-0.001568	-0.000139	-0.002606	-0.001402	-0.001212

McLaren's EPS and P/E performance has not been strong, indicating low corporate value, and as the ratios are negative, this implies they are losing money. Again, due to the change in fair value on preference shares, 2020s performance was greatly reduced. Investors are less likely to pay more for the company's shares as it is indicated they will have lower share profits relative to share price (Fernando, 2022c). However, while the performance indicated by the ratios is questionable, there has been significant investment from external shareholders since Covid which would indicate the faith placed in McLaren to improve and deliver to shareholders.

Conclusion & Recommendation

The results of the financial ratio analysis can be interpreted in several ways. While several ratios reviewed showed deterioration into 2021, it's important to note that Covid had a significant part to play in the company's performance. Several ratios showed McLaren improving in the years preceding 2020, and even some greater improvement into 2021, indicating McLaren had been improving their efficiencies, and according to the Directors statement, have several plans to undo the issues caused by Covid to make them a profitable business.

Many of the ratios follow a similar pattern, with 2020 being an expected outlier in performance due to Covid, however, the preceding and following data indicates McLaren is not a profitable business, with only gross margin consistently returning a positive value. When compared against the average ratios of the US Automotive industry in 2021 (ReadyRatios, 2022) however, McLaren fall in the middle, with a mix of underperforming and overperforming ratios, indicating they are not alone in having issues from Covid and their results may not be due to poor management. It's indicated that McLaren have trouble managing their balance sheet and their ability to use borrowed funds with regards to assets and equity, potentially affecting their ability to attract new investors (Hargrave, 2022; Fields, 2011). However, all these ratios can be improved by a combination of raising prices, introducing new premium products, reducing labour costs, improving efficiencies, and sourcing cheaper materials (Alexander, 2018).

McLaren's liquidity ratio performance has moved in the right direction in 2021, but as previously mentioned, could also mean they are not utilising the idle money for reinvestment elsewhere. This additional cash could be better placed in the income statement to improve on their profitability or used to improve their DPO by paying suppliers on time. While not bad results, there is room for improvement.

While it is positive to see improvements in McLaren's DSO in 2021 beyond pre-Covid times, its concerning this trend isn't seen with their inventory turns or DPO. Their reduction in replenishing stock is likely due to the lasting affect of Covid, and it would be interesting to see how they finish the year. Again, as mentioned, McLaren should be using the benefits of their improved liquidity to resolve their DPO issue, as with a supply chain of over 500 companies (McLaren Group Limited, 2021), implications could be detrimental.

With a consistent debt-to-equity ratio above the industry accepted value, it's a wonder as to how McLaren has consistently accumulated new investors. It's positive to see 2021 has been a great improvement on the preceding years, however, as previously discussed, a declining ratio is not always a good thing, and further analysis is required.

Like the leverage ratios, the investor ratios beg the question as to how McLaren has secured so many new investors. Several large investments and dozens of new partners joining from a range of external new shareholders shows signs that people are confident in the future of the company. With poor performance throughout each year, it could be interpreted that investors consider aspects other than the direct financial value of investing with McLaren. This could involve simply having a company name being tied to such a world-renowned name and the

exposure it would provide. Furthermore, as a household name within the automotive and sporting industry, this would provide Business X with great exposure if a joint venture partnership for an electric vehicle was made.

Further to this, the research suggests that electric vehicles will soon become the norm, meaning demand will be increasing more and more, so to partner with McLaren, has the potential in turn, to make Business X a household name within the electric vehicle industry.

Considering the above, while there are financial issues that McLaren are facing, they are still getting the investment they need for future developments and provides Business X with the opportunity to develop a market leading product with a well-known name, and as such, the recommendation is to proceed with the joint venture opportunity.

References

Accountingguide (2019) Investor Ratios. Available at: <https://accountingguide.com/investor-ratios/> (Accessed: 28 April 2022).

Alexander, J. (2018) Financial Planning & Analysis and Performance Management. 1st edn. Hoboken, New Jersey: John Wiley & Sons, Inc..

Atrill, P. & McLaney, E. (2017) Accounting and Finance for Non-Specialists. 10th edn. Edinburgh Gate: Pearson Education Limited.

Campbell, P. & Miller, J. (2021) Electric vehicles: the revolution is finally here. Available at: <https://www.ft.com/content/fb4d1d64-5d90-4e27-b77f-6e221bc02696> (Accessed: 26 May 2022).

Chen, J. (2021) Income Statement. Available at: <https://www.investopedia.com/terms/i/incomestatement.asp> (Accessed: 06 May 2022).

Cornet, A. et al. (2021) Why the automotive future is electric. Available at: <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/why-the-automotive-future-is-electric> (Accessed: 26 May 2022).

Fernando, J. (2022a) Inventory Turnover. Available at: <https://www.investopedia.com/terms/i/inventoryturnover.asp> (Accessed: 06 May 2022).

Fernando, J. (2022b) Debt-to-Equity (D/E) Ratio. Available at: <https://www.investopedia.com/terms/d/debtequityratio.asp> (Accessed: 28 April 2022).

Fernando, J. (2022c) Earnings Per Share (EPS). Available at: <https://www.investopedia.com/terms/e/eps.asp> (Accessed: 28 April 2022).

Fields, E. (2011) The Essentials of Finance and Accounting for Nonfinancial Managers. 2nd edn. New York: Amacom.

Fridson, M. & Alvarez, F. (2011) Financial Statement Analysis A Practitioners Guide . 4th edn. Hoboken, New Jersey: John Wiley & Sons, Inc..

Hargrave, M. (2022) Return on Assets (ROA). Available at: <https://www.investopedia.com/terms/r/returnonassets.asp> (Accessed: 07 May 2022).

Hayes, A. (2021a) Profitability Ratios. Available at: <https://www.investopedia.com/terms/p/profitabilityratios.asp> (Accessed: 06 May 2022).

Hayes, A. (2021b) Operating Margin. Available at: <https://www.investopedia.com/terms/o/operatingmargin.asp> (Accessed: 07 May 2022).

Hayes, A. (2021c) Interest Coverage Ratio. Available at: <https://www.investopedia.com/terms/i/interestcoverageratio.asp> (Accessed: 28 April 2022).

Hayes, A. (2022a) Annual Report. Available at: <https://www.investopedia.com/terms/a/annualreport.asp> (Accessed: 01 May 2022).

Hayes, A. (2022b) Acid-Test Ratio. Available at: <https://www.investopedia.com/terms/a/acidtest.asp> (Accessed: 08 May 2022).

Hayes, A. (2022c) Days Payable Outstanding (DPO). Available at: <https://www.investopedia.com/terms/d/dpo.asp> (Accessed: 06 May 2022).

Jaillet, N. (2022) Net profit margin. Available at: <https://www.bdc.ca/en/articles-tools/entrepreneur-toolkit/financial-tools/net-profit-margin> (Accessed: 07 May 2022).

Kenton, W. (2020) Activity Ratios Definition. Available at: <https://www.investopedia.com/terms/a/activityratio.asp> (Accessed: 08 May 2022).

Kenton, W. (2022) Days Sales Outstanding (DSO). Available at: <https://www.investopedia.com/terms/d/dso.asp> (Accessed: 06 May 2022).

McLaren Group Limited (2018) 2017 Annual Report and Consolidated Financial Statements. Available at: <https://investors.mclaren.com/sites/mclaren-ir/files/financial-statements/mclaren-group-limited-annual-report-and-consolidated-financial-statements-31-dec-17.pdf> (Accessed: 28 April 2022).

McLaren Group Limited (2019) 2018 Annual Report and Consolidated Financial Statements. Available at: <https://investors.mclaren.com/sites/mclaren-ir/files/financial-statements/mgl-audited-consolidated-financial-statements-fy2018.pdf> (Accessed: 28 April 2022).

McLaren Group Limited (2020) 2019 Annual Report and Consolidated Financial Statements. Available at: <https://investors.mclaren.com/sites/mclaren-ir/files/2020-05/mclaren-group-limited-financial-statements-2019.pdf> (Accessed: 28 April 2022).

McLaren Group Limited (2021) 2020 Annual Report and Consolidated Financial Statements. Available at: <https://investors.mclaren.com/sites/mclaren-ir/files/report-document/mclaren-group-limited-2020-annual-report.pdf> (Accessed: 28 April 2022).

McLaren Group Limited (2022) 2021 Q3 Unaudited Consolidated Financial Statements Registered. Available at: <https://investors.mclaren.com/sites/mclaren-ir/files/2021-11/interim-report-sep-2021.pdf> (Accessed: 28 April 2022).

Murphy, C. (2022) Understanding the Cash Flow Statement. Available at: <https://www.investopedia.com/investing/what-is-a-cash-flow-statement/> (Accessed: 06 May 2022).

Page, F. (2021) McLaren Group receives £550 million capital injection. Available at: <https://www.autocar.co.uk/car-news/industry-news-corporate/mclaren-receives-500-million-cash-injection> (Accessed: 25 May 2022).

Pignataro, P. (2013) Financial Modeling and Valuation A Practical Guide to Investment Banking and Private Equity. 1st edn. Hoboken, New Jersey: John Wiley & Sons, Inc..

Sawyer, T. (2015) Financial Modeling for Business Owners and Entrepreneurs: Developing Excel Models to Raise Capital, Increase Cash Flow, Improve Operations, Plan Projects, and Make Decisions. 1st edn. New York: Apress.

Sherman, F. (2020) What Are the Dangers of Inaccurate Financial Reporting? Available at: <https://smallbusiness.chron.com/dangers-inaccurate-financial-reporting-79357.html> (Accessed: 01 May 2022).

Smith, L. (2022) McLaren predicts "successful decade" for F1 business amid sponsor influx. Available at: <https://www.autosport.com/f1/news/mclaren-predicts-successful-decade-for-f1-business-amid-sponsor-influx/8398156/> (Accessed: 25 May 2022).

Smith, R. Agini, S. & Campbell, P. (2020) McLaren averts court battle after striking deal with bondholders. Available at: <https://www.ft.com/content/a9110668-f7aa-4f01-a120-bac4883fe531> (Accessed: 25 May 2022).

Sylt, C. (2020) The Real Reason McLaren Is Considering Selling A Stake In Its F1 Team. Available at: <https://www.forbes.com/sites/csylt/2020/06/23/the-real-reason-mclaren-is-considering-selling-a-stake-in-its-f1-team/?sh=661961645f1c> (Accessed: 25 May 2022).

Appendix

McLaren's annual report data: 2017-2021(Q3)

Income Statement					
Year	2021 Q3	2020	2019	2018	2017
Revenue	495,501	771,660	1,485,785	1,256,555	871,270
COGS	-338,145	-627,847	-1,033,817	-897,049	-613,769
Gross Profit	157,356	143,813	451,968	359,506	257,501

Administrative expenses	-174,362	-245,710	-276,090	-238,016	-239,764
Other operating income	40,791	51,821	28,606	27,865	27,248
Share of loss from joint venture	-	-886	-	-	-
Impairment of assets	-377	-12,762	-	-	-
Depreciation	-11,704	-29,635	-27,527	-21,175	-16,585
Amortisation	-101,694	-202,724	-152,098	-132,972	-71,806
Operating Profit	-89,990	-296,083	24,859	-4,792	-43,406

Interest receivable	-35,247	14,812	17,811	308	18,415
Interest payable	-	-425,600	-71,827	-64,978	-35,801
Profit / loss from discount	-	21,070	-	-	-
Tax	56,344	44,639	-4,955	7,683	-5,165
Net Income	-68,893	-641,162	-34,112	-61,779	-65,957

Balance Sheet					
Year	2021	2020 adj.	2019	2018	2017
Debtors					
Fixed Assets	911,955	1,156,980	1,182,108	1,039,644	904,487

Stock	163,880	112,773	151,656	155,393	124,003
Cash and Cash Equivalents	116,283	66,784	56,252	97,347	99,336
Trade debtors	51,039	149,012	201,872	132,974	80,766
Other debtors	245,791	188,646	194,883	163,603	132,133
Other current assets					
Current Assets	576,993	517,215	604,663	549,317	436,238
Total Assets	1,488,948	1,674,195	1,786,771	1,588,961	1,340,725

Trade creditors	62,990	61,398	101,638	75,881	76,639
Bank loans and overdraft	0	68,899	0	478	10,019
Other creditors	251,080	483,303	645,885	595,111	384,375
Current Liabilities	314,070	613,600	747,523	671,470	471,033
Senior secured notes	449,839	613,576	613,857	549,653	535,042
Other liabilities		-688,350			
Other creditors	12,544	693,317	43,393	41,107	72,493
Borrowings					
Provisions for liabilities	41,303	40,555	26,796	8,413	9,815
Deferred capital funding	0	92,836	96,493	100,150	103,807
Long Term Liabilities	503,686	751,934	780,539	699,323	721,157
Total Liabilities	817,756	1,365,534	1,528,062	1,370,793	1,192,190

Net Assets	671,192	308,661	258,709	218,168	148,535
------------	---------	---------	---------	---------	---------

EBITDA	39,365	-49,113	181,896	134,842	-
--------	--------	---------	---------	---------	---

Ordinary shares	10,800	8,888	8,888	8,659	7,993
Share premium	839,481	891,473	203,123	149,993	0
Reserves	188,775	271,746	269,685	258,760	281,448
Retained earnings	-357,172	-854,647	-214,188	-190,672	-132,993
Shareholders Equity	681,884	317,460	267,508	226,740	156,448

Ordinary dividend	-	-	-	-	-
Market value per share	0.01	0.01	0.01	0.01	0.01

Financial ratio performance

Ratios					
Year	2021 (Q1-3)	2020	2019	2018	2017
Profitability					
Gross Margin %	31.76%	18.64%	30.42%	28.61%	29.55%
Operating Profit %	-18.16%	-38.37%	1.67%	-0.38%	-4.98%
Net Profit %	-13.90%	-83.09%	-2.30%	-4.92%	-7.57%
Return on Assets	-4.63%	-38.30%	-1.91%	-3.89%	-4.92%
Return on Shareholder Equity	-10.1%	-202.0%	-12.8%	-27.2%	-42.2%
Liquidity					
Current Ratio	1.84	0.84	0.81	0.82	0.93
Quick (Acid) Ratio	1.32	0.66	0.61	0.59	0.66
Activity / efficiency					
Days Sales Outstanding	28.22	70.48	49.59	38.63	33.84
Inventory Turns	2.44	4.75	6.73	6.42	4.95
Days Payable Outstanding	51.04	35.69	35.88	30.88	45.58
Leverage ratios					
Debt / Equity Ratio	66%	215%	229%	243%	348%
Interest Coverage	#VALUE!	-0.12	2.53	2.08	#VALUE!
Investor ratios					
Earnings per Ordinary Share	-6.38	-72.14	-3.84	-7.13	-8.25
Dividend Cover	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!
Price per Earnings Ratio	-0.001568	-0.000139	-0.002606	-0.001402	-0.001212
Dividend Yield Ratio	#VALUE!	#VALUE!	#VALUE!	#VALUE!	#VALUE!

Profitability ratio formulas

Data captured from McLaren 2020 report

Gross profit margin %	=	$\frac{\text{Gross profit}}{\text{Sales}}$	x 100 =	
Gross profit margin %	=	$\frac{143,813}{771,660}$	x 100 =	18.64%
Operating profit margin %	=	$\frac{\text{Operating profit}}{\text{sales}}$	x 100 =	
Operating profit margin %	=	$\frac{-296,083}{771,660}$	x 100 =	-38.37%
Net profit %	=	$\frac{\text{Net income}}{\text{Sales}}$	x 100 =	
Net profit %	=	$\frac{-641,162}{771,660}$	x 100 =	-83.09%
Return on assets	=	$\frac{\text{Net income}}{\text{Assets}}$	x 100 =	
Return on assets	=	$\frac{-641,162}{1,674,195}$	x 100 =	-38.30%
Return on shareholder equity	=	$\frac{\text{Net income}}{\text{Shareholder's equity}}$	x 100 =	
Return on shareholder equity	=	$\frac{-641,162}{317,460}$	x 100 =	-201.97%

Liquidity ratios formulas

Data captured from McLaren 2020 report

Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$	=	
Current ratio	=	$\frac{517,215}{613,600}$	=	0.84
Quick ratio	=	$\frac{\text{Current assets less stock}}{\text{Current liabilities}}$	=	
Quick ratio	=	$\frac{=(517,215 - 112,773)}{613,600}$	=	0.66

Activity / efficiency formulas

Data captured from McLaren 2020 report

Days Sales Outstanding	=	$\frac{\text{Accounts receivable (i.e. debtors)}}{\text{Average revenue per day}}$	=	
Days Sales Outstanding	=	$\frac{149,012}{=(771,660 / 365)}$	=	28.22
Inventory Turnover	=	$\frac{\text{Cost of goods sold}}{\text{Average inventory}}$	=	
Inventory Turnover	=	$\frac{-627,847}{=\text{AVERAGE}(112,773, 151,656)}$	=	4.75
Days Payable Outstanding	=	$\frac{\text{Accounts payable (i.e. creditors)}}{\text{Average COGs per day}}$	=	
Days Payable Outstanding	=	$\frac{61,398}{=(627,847 / 365)}$	=	35.69

- Note – 2021 DSO and DPO was adjust to 274 days

Leverage ratios formulas

Data captured from McLaren 2020 report

Debt / Equity Ratio	=	$\frac{\text{Long term debt}}{\text{Stockholders equity}}$	x 100 =	
Debt / Equity Ratio	=	$\frac{=(613,576 + 68,899)}{681,884}$	x 100 =	215%
Interest Coverage	=	$\frac{\text{EBITDA}}{\text{Interest charge}}$	x 100 =	
Interest Coverage	=	$\frac{49,113}{-425,600}$	x 100 =	-0.12

- 2017 EBITDA unavailable for Interest Coverage so has not been included in the analysis
- 2021 Q3 report consolidated the interest payable with interest receivable, so unable to determine 'interest' data for Interest Coverage ratio, so has not been included in analysis

Investor ratios formulas

Data captured from McLaren 2020 report

Earnings per Ordinary Share	=	$\frac{\text{Net income (profit after tax)}}{\text{No. of shares}}$	=	
Earnings per Ordinary Share	=	$\frac{-641,162}{8,888}$	=	-72.14
Dividend Cover	=	$\frac{\text{Earnings per ordinary share}}{\text{Dividend per share}}$	x 100 =	
Dividend Cover	=	$\frac{?}{?}$	x 100 =	#VALUE!
Price per Earnings Ratio	=	$\frac{\text{Market value per share}}{\text{Earnings per ordinary share}}$	=	
Price per Earnings Ratio	=	$\frac{0.01}{-72.14}$	=	-0.000139
Dividend Yield Ratio	=	$\frac{\text{Dividend per share}}{\text{Earnings per ordinary share}}$	x 100 =	
Dividend Yield Ratio	=	$\frac{?}{?}$	x 100 =	#VALUE!

- McLaren has not paid dividends for several years so the Dividend Cover and Dividend Yield Ratio cannot be calculated
- The ordinary shares value of 2021 has been adjusted from the called-up share capital from 108 to 10,800 in line with the previous years to make it comparable

McLarens annual report: 2017

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2017

Consolidated profit and loss account

for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Turnover	5	871,270	898,381
Cost of Sales		(667,760)	(601,576)
Gross profit		203,510	296,805
Administrative expenses		(185,773)	(157,322)
Other operating income		27,248	9,876
Sale of subsidiary		-	2,177
Operating profit before depreciation and amortisation		44,985	151,536
Depreciation		(16,585)	(16,615)
Amortisation		(71,806)	(69,026)
Operating (loss)/profit	6	(43,406)	65,895
Interest receivable and similar income	8	18,415	40
Interest payable and similar expenses	8	(35,801)	(63,348)
(Loss)/profit before taxation		(60,792)	2,587
Tax on (loss)/profit	9	(5,165)	(1,247)
(Loss)/profit for the financial year		(65,957)	1,340
(Loss)/profit attributable to:			
- Owners of the parent		(65,957)	1,401
- Non-controlling interest		-	(61)
		(65,957)	1,340

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the year is presented in the Company balance sheet on page 21.

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2017

Consolidated statement of comprehensive income

for the year ended 31 December 2017

	2017 £000	2016 £000
(Loss)/profit for the financial year	(65,957)	1,340
Other comprehensive income/(expense):		
Deferred tax movement on revaluation reserve	26	700
Gain/(loss) on cash flow hedges arising during the year	22,811	(18,466)
(Loss)/gain on foreign currency translation reserve	(737)	1,495
Non-controlling interest elimination on sale of subsidiary	-	484
Total comprehensive expense for the year	(43,857)	(14,447)
Total comprehensive (expense)/income attributable to:		
- Owners of the parent	(43,857)	(14,870)
- Non-controlling interest	-	423
	(43,857)	(14,447)

Consolidated balance sheet

as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	10	574,555	467,312
Tangible assets	11	273,381	271,985
Heritage assets	12	56,551	76,925
		<u>904,487</u>	<u>816,222</u>
Current assets			
Inventories	14	124,003	68,081
Debtors	15	212,899	182,065
Cash at bank and in hand		99,336	28,477
		<u>436,238</u>	<u>278,623</u>
Creditors: Amounts falling due within one year	16	<u>(457,931)</u>	<u>(363,073)</u>
Net current liabilities		<u>(21,693)</u>	<u>(84,450)</u>
Total assets less current liabilities		<u>882,794</u>	<u>731,772</u>
Creditors: Amounts falling due after more than one year	17	<u>(620,637)</u>	<u>(153,478)</u>
Provisions for liabilities	19	<u>(9,815)</u>	<u>(8,576)</u>
Deferred capital funding	21	<u>(103,807)</u>	<u>(107,464)</u>
Net assets		<u>148,535</u>	<u>462,254</u>
Capital and reserves			
Called up share capital	24	80	57
Share premium account		-	490,451
Revaluation reserve		56,109	58,127
Capital redemption reserve		-	20
Capital contribution reserve		2,039	-
Merger reserve		218,547	-
Foreign currency translation reserve		4,753	(17,321)
Accumulated losses		<u>(132,993)</u>	<u>(69,080)</u>
Total equity		<u>148,535</u>	<u>462,254</u>

The financial statements on pages 18 to 56 were approved by the Board of Directors on 23 May 2018 and signed on its behalf by:


M Al Khalifa
Director

Registered number: 10720174

Company balance sheet

as at 31 December 2017

	Note	2017 £000
Fixed assets		
Investments	13	2,119
		<u>2,119</u>
Current assets		
Debtors	15	19,073
Cash at bank and in hand		20
		<u>19,093</u>
Creditors: Amounts falling due within one year	16	<u>(2,076)</u>
Net current assets		<u>17,017</u>
Total assets less current liabilities		<u>19,136</u>
Creditors: Amounts falling due after more than one year	17	<u>(33,347)</u>
Net liabilities		<u>(14,211)</u>
Capital and reserves		
Called up share capital	24	80
Capital contribution reserve		2,039
Retained earnings		
At 11 April		-
Loss for the year		<u>(16,330)</u>
At 31 December		<u>(16,330)</u>
Total equity		<u>(14,211)</u>

The financial statements of McLaren Group Limited were authorised for issue by the board of Directors on 23 May 2018 and signed on its behalf by:


M Al Khalifa
Director

Registered number: 10720174

Consolidated statement of cash flows
for the year ended 31 December 2017

	Note	2017 £000	2016 £000
Net cash flows from operating activities	25	162,922	103,642
Taxation paid		(2,778)	(2,635)
Net cash inflow from operating activities		160,144	101,007
Cash flow from investing activities			
Addition of intangible assets	10	(179,285)	(126,752)
Addition of tangible assets		(17,527)	(6,719)
Addition of heritage assets	12	(1,649)	(225)
Proceeds from disposal of tangible assets		342	212
Interest received		349	811
Proceeds from disposal of investment and subsidiary		-	30,607
Net cash outflow from investing activities		(197,770)	(102,066)
Cash flow from financing activities			
Repayments of obligations under finance lease		(823)	(496)
Repayments of revolver loan facility		(165,250)	(5,750)
Interest paid		(2,311)	(7,349)
Proceeds from issue of ordinary share capital		-	21,391
Proceeds from Bond issuance		562,976	-
Transaction fees on Bond		(38,030)	-
Buyout of shareholder		(247,003)	-
Net cash inflow from financing activities		109,559	7,796
Net increase in cash and cash equivalents		71,933	6,737
Cash and cash equivalents at beginning of year		28,477	19,115
Effect of foreign exchange rate changes		(1,074)	2,625
Cash and cash equivalents at end of year		99,336	28,477
Cash and cash equivalents consists of:			
Cash at bank and in hand		99,336	28,477
Cash and cash equivalents		99,336	28,477

McLarens annual report: 2018

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2018

Consolidated profit and loss account

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	5	1,256,555	871,270
Cost of Sales		<u>(897,049)</u>	<u>(613,769)</u>
Gross profit		359,506	257,501
Administrative expenses		<u>(238,016)</u>	<u>(239,764)</u>
Other operating income		<u>27,865</u>	<u>27,248</u>
Operating profit before depreciation and amortisation		149,355	44,985
Depreciation		<u>(21,175)</u>	<u>(16,585)</u>
Amortisation		<u>(132,972)</u>	<u>(71,806)</u>
Operating loss	6	(4,792)	(43,406)
Interest receivable and similar income	8	<u>308</u>	<u>18,415</u>
Interest payable and similar expenses	8	<u>(64,978)</u>	<u>(35,801)</u>
Loss before taxation		(69,462)	(60,792)
Tax on loss	9	<u>7,683</u>	<u>(5,165)</u>
Loss for the financial year		(61,779)	(65,957)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the year is presented in the Company balance sheet on page 23.

References in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows relate to notes on pages 27 to 59, which form an integral part of the consolidated financial statements.

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2018

Consolidated statement of comprehensive income

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Loss for the financial year		(61,779)	(65,957)
Other comprehensive income/(expense):			
Deferred tax credit on revaluation reserve	9	<u>795</u>	<u>26</u>
(Loss)/gain on cash flow hedges arising during the year		<u>(27,101)</u>	<u>22,811</u>
Gain/(loss) on foreign currency translation reserve		<u>7,718</u>	<u>(737)</u>
Total comprehensive expense for the year		(80,367)	(43,857)

Consolidated balance sheet
as at 31 December 2018

	Note	2018 £000	2017 £000 Restated*
Fixed assets			
Intangible assets	10	693,424	574,555
Tangible assets	11	288,034	273,381
Heritage assets	12	58,186	56,551
		<u>1,039,644</u>	<u>904,487</u>
Current assets			
Inventories	14	155,393	124,003
Debtors	15	296,577	212,899
Cash at bank and in hand		97,347	99,336
		<u>549,317</u>	<u>436,238</u>
Creditors: Amounts falling due within one year	16	<u>(671,470)</u>	<u>(471,033)</u>
Net current liabilities		<u>(122,153)</u>	<u>(34,795)</u>
Total assets less current liabilities		<u>917,491</u>	<u>869,692</u>
Creditors: Amounts falling due after more than one year	17	<u>(590,760)</u>	<u>(607,535)</u>
Provisions for liabilities	19	<u>(8,413)</u>	<u>(9,815)</u>
Deferred capital funding	21	<u>(100,150)</u>	<u>(103,807)</u>
Net assets		<u>218,168</u>	<u>148,535</u>
Capital and reserves			
Called up share capital	24	87	80
Share premium account		149,993	-
Revaluation reserve		52,804	56,109
Capital contribution reserve		2,039	2,039
Merger reserve		218,547	218,547
Foreign currency translation reserve		(14,630)	4,753
Accumulated losses		<u>(190,672)</u>	<u>(132,993)</u>
Total equity		<u>218,168</u>	<u>148,535</u>

*Certain amounts here do not correspond to the 2017 financial statements and reflect restatements made. Refer to notes 16 and 17.

The financial statements on pages 20 to 59 were approved by the Board of Directors on 16th April 2019 and signed on its behalf by:


M Al Khalifa
Director

Registered number: 10720174

Company balance sheet

as at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	13	152,119	2,119
		<u>152,119</u>	<u>2,119</u>
Current assets			
Debtors	15	17,685	19,073
Cash at bank and in hand		131	20
		<u>17,816</u>	<u>19,093</u>
Creditors: Amounts falling due within one year	16	(556)	(2,076)
Net current assets		<u>17,260</u>	<u>17,017</u>
Total assets less current liabilities		169,379	19,136
Creditors: Amounts falling due after more than one year	17	(35,172)	(33,347)
Net assets/(liabilities)		<u>134,207</u>	<u>(14,211)</u>
Capital and reserves			
Called up share capital	24	87	80
Share premium account		149,993	-
Capital contribution reserve		2,039	2,039
Accumulated losses		(16,330)	-
Loss for the Year		(1,582)	(16,330)
Total equity		<u>134,207</u>	<u>(14,211)</u>

The financial statements of McLaren Group Limited were authorised for issue by the Board of Directors on 16th April 2019 and signed on its behalf by:


M Al Khaifa
Director

Registered number: 10720174

Consolidated statement of cash flows
for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Net cash flows from operating activities	25	188,991	162,922
Taxation paid		(9,054)	(2,778)
Net cash inflow from operating activities		<u>179,937</u>	<u>160,144</u>
Cash flow from investing activities			
Addition of intangible assets		(252,231)	(179,285)
Addition of tangible assets		(37,917)	(17,527)
Addition of heritage assets		(317)	(1,649)
Proceeds from disposal of tangible assets		386	342
Interest received		308	349
Net cash outflow from investing activities		<u>(289,771)</u>	<u>(197,770)</u>
Cash flow from financing activities			
Repayments of obligations under finance lease		(847)	(823)
Repayments of revolver loan facility		(10,019)	(165,250)
Interest paid		(32,619)	(2,311)
Proceeds from issue of ordinary share capital		150,000	-
Proceeds from Bond issuance		-	582,976
Transaction fees on Bond		-	(38,030)
Buyout of shareholder		-	(247,003)
Net cash inflow from financing activities		<u>106,515</u>	<u>109,559</u>
Net (decrease)/increase in cash and cash equivalents		<u>(3,319)</u>	<u>71,933</u>
Cash and cash equivalents at beginning of year		99,336	28,477
Effect of foreign exchange rate changes		852	(1,074)
Cash and cash equivalents at end of year		<u>96,869</u>	<u>99,336</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		97,347	99,336
Overdraft		(478)	-
Cash and cash equivalents		<u>96,869</u>	<u>99,336</u>

McLarens annual report: 2019

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2019

Consolidated profit and loss account

for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	5	1,485,785	1,256,555
Cost of Sales		(1,033,817)	(897,049)
Gross profit		451,968	359,506
Administrative expenses		(276,090)	(238,016)
Other operating income		28,606	27,865
Operating profit before depreciation and amortisation		204,484	149,355
Depreciation		(27,527)	(21,175)
Amortisation		(152,098)	(132,972)
Operating profit/(loss)	6	24,859	(4,792)
Interest receivable and similar income	8	17,811	308
Interest payable and similar expenses	8	(71,827)	(64,978)
Loss before taxation		(29,157)	(69,462)
Tax on loss	9	(4,955)	7,683
Loss for the financial year		(34,112)	(61,779)

All items dealt with in arriving at the loss before taxation relate to continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the year is presented in the Company balance sheet on page 31.

References in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity and consolidated statement of cash flows relate to notes on pages 35 to 69, which form an integral part of the consolidated financial statements.

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2019

Consolidated statement of comprehensive income

for the year ended 31 December 2019

	Note	2019 £000	2018 £000
Loss for the financial year		(34,112)	(61,779)
Other comprehensive income/(expense):			
Deferred tax credit on revaluation reserve	9	2,011	795
Cash flow hedges:			
- Change in value of hedging instrument		(1,365)	(30,661)
- Reclassifications to profit and loss		26,152	3,560
(Loss)/gain on foreign currency translation reserve		(5,277)	7,718
Total comprehensive expense for the year		(12,591)	(80,367)

References in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity and consolidated statement of cash flows relate to notes on pages 35 to 69, which form an integral part of the consolidated financial statements.

Consolidated balance sheet

as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	10	834,162	693,424
Tangible assets	11	290,543	288,034
Heritage assets	12	55,665	58,186
Investments	13	1,738	-
		<u>1,182,108</u>	<u>1,039,644</u>
Current assets			
Inventories	14	151,656	155,393
Debtors	15	396,755	296,577
Cash at bank and in hand		56,252	97,347
		<u>604,663</u>	<u>549,317</u>
Creditors: Amounts falling due within one year	16	<u>(747,523)</u>	<u>(671,470)</u>
Net current liabilities		<u>(142,860)</u>	<u>(122,153)</u>
Total assets less current liabilities		1,039,248	917,491
Creditors: Amounts falling due after more than one year	17	(657,250)	(590,760)
Provisions for liabilities	20	(26,796)	(8,413)
Deferred capital funding	22	<u>(96,493)</u>	<u>(100,150)</u>
Net assets		<u>258,709</u>	<u>218,168</u>
Capital and reserves			
Called up share capital	25	89	87
Share premium account		203,123	149,993
Revaluation reserve		44,219	52,804
Capital contribution reserve		2,039	2,039
Merger reserve		218,547	218,547
Other reserves		4,880	(14,630)
Accumulated losses		<u>(214,188)</u>	<u>(190,672)</u>
Total equity		<u>258,709</u>	<u>218,168</u>

The financial statements on pages 28 to 69 were authorised for issue by the Board of Directors on 29 June 2020 and signed on its behalf by:



P S Walsh
Director

Registered number: 10720174

Company balance sheet
as at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	13	205,251	152,119
		<u>205,251</u>	<u>152,119</u>
Current assets			
Debtors	15	19,514	17,685
Cash at bank and in hand		38	131
		<u>19,552</u>	<u>17,816</u>
Creditors: Amounts falling due within one year	16	(1,405)	(556)
Net current assets		<u>18,147</u>	<u>17,260</u>
Total assets less current liabilities		223,398	169,379
Creditors: Amounts falling due after more than one year	17	(37,098)	(35,172)
Net assets		<u>186,300</u>	<u>134,207</u>
Capital and reserves			
Called up share capital	25	89	87
Share premium account		203,123	149,993
Capital contribution reserve		2,039	2,039
Accumulated losses at the beginning of the year		(17,912)	(16,330)
Loss for the Year		<u>(1,039)</u>	<u>(1,582)</u>
Total equity		<u>186,300</u>	<u>134,207</u>

The financial statements on pages 28 to 69 were authorised for issue by the Board of Directors on 29 June 2020 and signed on its behalf by:



P S Walsh
Director

Registered number: 10720174

Consolidated statement of cash flows
for the year ended 31 December 2019

	Note	2019 €000	2018 €000
Net cash flows from operating activities	26	235,697	188,674
Taxation paid		(5,128)	(9,054)
Net cash inflow from operating activities		230,569	179,620
Cash flow from investing activities			
Addition of intangible assets		(297,930)	(252,231)
Addition of tangible assets		(21,453)	(37,917)
Proceeds from disposal of tangible assets		49	386
Interest received		204	308
Net cash outflow from investing activities		(319,130)	(289,454)
Cash flow from financing activities			
Repayments of obligations under finance lease		(1,048)	(847)
Receipts from revolving loan facility		216,144	60,000
Repayments of revolving loan facility		(216,144)	(70,019)
Interest paid		(34,016)	(32,619)
Proceeds from issue of ordinary share capital		53,132	150,000
Proceeds from Bond issuance		72,382	-
Transaction fees on Bond issuance		(1,470)	-
Revolver loan facility arrangement fee		(1,214)	-
Buyout of shareholder		(37,500)	-
Net cash inflow from financing activities		50,266	106,515
Net decrease in cash and cash equivalents		(38,295)	(3,319)
Cash and cash equivalents at beginning of year		96,869	99,336
Effect of foreign exchange rate changes		(2,322)	852
Cash and cash equivalents at end of year		56,252	96,869
Cash and cash equivalents consists of:			
Cash at bank and in hand		56,252	97,347
Overdraft		-	(478)
Cash and cash equivalents		56,252	96,869

McLarens annual report: 2020

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2020

Consolidated profit and loss account

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	5	771,660	1,485,785
Cost of Sales		(627,847)	(1,033,817)
Gross Profit		143,813	451,968
Administrative expenses		(245,710)	(276,090)
Other operating income		51,821	28,606
Operating (loss)/profit before interest in joint venture, impairment, depreciation and amortisation		(50,076)	204,484
Share of loss from Joint Venture		(886)	-
Impairment of assets		(12,762)	-
Depreciation		(29,635)	(27,527)
Amortisation		(202,724)	(152,098)
Operating (loss)/profit	6	(296,083)	24,859
Interest receivable and similar income	8	14,812	17,811
Interest payable and similar expenses	8	(425,600)	(71,827)
Gain on sale of share in subsidiary	9	21,070	-
Loss before taxation		(685,801)	(29,157)
Tax on loss	10	44,639	(4,955)
Loss for the financial year		(641,162)	(34,112)

All items dealt with in arriving at the loss before taxation relate to continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company profit and loss account. The loss for the year is presented in the Company balance sheet on page 38.

The notes on pages 42 to 83 form an integral part of these consolidated financial statements.

McLaren Group Limited
Annual report and consolidated financial statements
31 December 2020

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Loss for the financial year		(641,162)	(34,112)
Other comprehensive (expense)/income:			
Deferred tax (charge)/credit on revaluation reserve	10	(930)	2,011
Cash flow hedges:			
- Change in value of hedging instrument		(3,612)	(1,365)
- Reclassifications to profit and loss		13,583	26,152
Loss on foreign currency translation reserve		(6,277)	(5,277)
Total comprehensive expense for the year		(638,398)	(12,591)

The notes on pages 42 to 83 form an integral part of these consolidated financial statements.

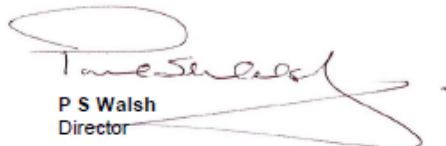
Consolidated balance sheet

as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	829,851	834,162
Tangible assets	12	260,368	290,543
Heritage assets	13	34,155	55,665
Investment in associate	14	-	1,738
Investment in joint venture	14	32,606	-
		<u>1,156,980</u>	<u>1,182,108</u>
Current assets			
Inventories	15	112,773	151,656
Debtors	16	337,658	396,755
Cash at bank and in hand		66,784	56,252
		<u>517,215</u>	<u>604,663</u>
Creditors: Amounts falling due within one year	17	<u>(613,600)</u>	<u>(747,523)</u>
Net current liabilities		<u>(96,385)</u>	<u>(142,860)</u>
Total assets less current liabilities		1,060,595	1,039,248
Creditors: Amounts falling due after more than one year	18	(1,306,893)	(657,250)
Provision for liabilities	21	(40,555)	(26,796)
Deferred capital funding	23	<u>(92,836)</u>	<u>(96,493)</u>
Net (liabilities)/assets		<u>(379,689)</u>	<u>258,709</u>
Capital and reserves			
Called up share capital	26	89	89
Share premium account		203,123	203,123
Revaluation reserve		42,586	44,219
Capital contribution reserve		2,039	2,039
Merger reserve		218,547	218,547
Other reserves		8,574	4,880
Accumulated losses		<u>(854,647)</u>	<u>(214,188)</u>
Total Equity		<u>(379,689)</u>	<u>258,709</u>

The notes on pages 42 to 83 form an integral part of these consolidated financial statements.

The financial statements on pages 35 to 83 were authorised for issue by the Board of Directors on 27 April 2021 and signed on its behalf by:


P S Walsh
Director

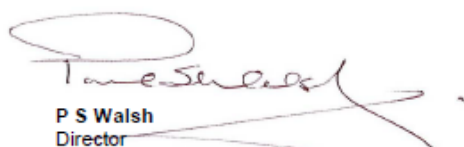
Registered number: 10720174

Company balance sheet

as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investment	14	645,910	205,251
		<u>645,910</u>	<u>205,251</u>
Current assets			
Debtors	16	15,412	19,514
Cash at bank and in hand		75	38
		<u>15,487</u>	<u>19,552</u>
Creditors: Amounts falling due within one year	17	(152,926)	(1,405)
Net current (liabilities)/assets		<u>(137,439)</u>	<u>18,147</u>
Total assets less current liabilities		508,471	223,398
Creditors: Amounts falling due after more than one year	18	(688,350)	(37,098)
Provisions for liabilities and charges	21	(225)	-
Net (liabilities)/ assets		<u>(180,104)</u>	<u>186,300</u>
Capital and reserves			
Called up share capital	26	89	89
Share premium account		203,123	203,123
Capital contribution reserve		2,039	2,039
Accumulated losses at the beginning of the year		(18,951)	(17,912)
Loss for the year		<u>(366,404)</u>	<u>(1,039)</u>
Total equity		<u>(180,104)</u>	<u>186,300</u>

The financial statements on pages 35 to 83 were authorised for issue by the Board of Directors on 27 April 2021 and signed on its behalf by:


P S Walsh
Director

Registered number: 10720174

Consolidated statement of cash flows
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Net cash (used in)/from operating activities	28	(216,624)	235,697
Taxation paid		(783)	(5,128)
Net cash (used in)/from operating activities		<u>(217,407)</u>	<u>230,569</u>
Cash flow from investing activities			
Addition of intangible assets		(221,856)	(297,930)
Addition of tangible assets		(15,961)	(21,453)
Proceeds from disposal of investment	14	3,000	-
Proceeds from disposal of tangible assets		12	49
Interest received		55	204
Sale of share of subsidiary		(1,505)	-
Net cash used in investing activities		<u>(236,255)</u>	<u>(319,130)</u>
Cash flow from financing activities			
Repayment of obligations under finance lease		(2,487)	(1,048)
Receipts from revolving loan facility		68,899	216,144
Repayment of revolving loan facility		-	(216,144)
Interest paid		(42,443)	(34,016)
Proceeds from issue of preference shares		290,659	-
Proceeds from short term bank loan		150,000	-
Proceeds from issue of ordinary share capital		-	53,132
Proceeds from Bond issuance		-	72,382
Transaction fees on Bond issuance		-	(1,470)
Revolver loan facility arrangement fee		-	(1,214)
Buyout of shareholder		-	(37,500)
Net cash generated from financing activities		<u>464,628</u>	<u>50,266</u>
Net increase/(decrease) in cash and cash equivalents		<u>10,966</u>	<u>(38,295)</u>
Cash and cash equivalents at beginning of year		56,252	96,869
Effect of foreign exchange rate changes		(434)	(2,322)
Cash and cash equivalents at end of year		<u>66,784</u>	<u>56,252</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		66,784	56,252
Cash and cash equivalents		<u>66,784</u>	<u>56,252</u>

The notes on pages 42 to 83 form an integral part of these consolidated financial statements.

Condensed consolidated profit and loss account
for the 9 months ended 30 September 2021

	Note	2021 £000	2020 £000
Turnover	4	495,501	310,365
Cost of Sales		(338,145)	(260,139)
Gross profit		157,356	50,226
Administrative expenses		(174,362)	(159,626)
Other operating income		6,421	33,529
Exceptional items		34,370	(19,230)
Operating profit/(loss) before impairment, depreciation and amortisation		23,785	(95,101)
Impairment of assets		(377)	-
Depreciation		(11,704)	(16,412)
Amortisation		(101,694)	(96,603)
Operating loss		(89,990)	(208,116)
Finance costs (net)		(35,247)	(54,995)
Loss before taxation		(125,237)	(263,111)
Tax on loss	6	56,344	52,739
Loss for the financial period		(68,893)	(210,372)

Condensed consolidated statement of comprehensive income
for the 9 months ended 30 September 2021

	2021 £000	2020 £000
Loss for the financial period	(68,893)	(210,372)
Other comprehensive income/(expense) for the period net of tax:		
Deferred tax movement on revaluation reserve	(1,799)	-
Cash flow hedges:		
- Change in value of hedging instrument	(17,423)	(16,102)
- Reclassifications to profit and loss	(6,238)	11,825
Loss on foreign currency translation reserve	(6,446)	(1,282)
Total comprehensive income/(expense) for the period	(100,799)	(215,931)

Condensed consolidated balance sheet
as at 30 September 2021

		30 September 2021	31 December 2020
	Note	£000	£000
Fixed assets			
Intangible assets	7	828,717	829,851
Tangible assets	8	61,833	260,368
Heritage assets		21,405	21,405
		<u>911,955</u>	<u>1,111,624</u>
Current assets			
Inventories	9	163,880	112,773
Debtors	10	296,830	336,375
Cash at bank and in hand		116,283	66,709
		<u>576,993</u>	<u>515,857</u>
Creditors: Amounts falling due within one year	11	(314,070)	(462,336)
Net current assets		<u>262,923</u>	<u>53,521</u>
Total assets less current liabilities		<u>1,174,878</u>	<u>1,165,145</u>
Creditors: Amounts falling due after more than one year	12	(462,383)	(631,011)
Provisions for liabilities		(41,303)	(40,330)
Deferred capital funding	13	-	(92,836)
Net assets		<u>671,192</u>	<u>400,968</u>
Capital and reserves			
Called-up share capital		108	108
Share premium account		839,481	643,763
Merger reserve		218,547	218,547
Capital contribution reserve		2,039	2,039
Other reserves		(70,903)	8,572
Revaluation reserve		39,092	42,586
Accumulated losses		(357,172)	(514,647)
Total Equity		<u>671,192</u>	<u>400,968</u>

Condensed consolidated statement of cash flows
for the 9 months ended 30 September 2021

	Note	2021 £000	2020 £000
Net cash flows used in operating activities	14	(69,493)	(285,554)
Taxation paid		(6,061)	(285)
Net cash used in operating activities		(75,554)	(285,839)
Cash flow from investing activities			
Addition of intangible assets		(115,774)	(162,844)
Addition of tangible assets		(2,832)	(3,046)
Proceeds from disposal of tangible assets		167,805	-
Sale of business		(5,156)	-
Net cash from (used in) investing activities		44,043	(165,890)
Cash flow from financing activities			
Repayments of obligations under finance lease		(1,593)	(1,526)
Repayment of revolving credit facility		(68,899)	67,722
Interest paid		(34,322)	(37,437)
Notes repurchase		(621,229)	-
Proceeds from issue of senior secured notes		446,461	-
Transaction fees on issue of senior secured notes		(10,402)	-
Cashflows relating to movement in restructuring reserve		175,305	-
Proceeds from issue of ordinary share capital		195,717	440,659
Funding to related party		-	(33,268)
Net cash from financing activities		81,038	436,150
Net increase/(decrease) in cash and cash equivalents		49,527	(15,579)
Cash and cash equivalents at beginning of period		66,709	55,523
Effect of foreign exchange rate changes		47	1,480
Cash at end of period		116,283	41,424