

**McLaren Racing Limited**

**Directors' report and financial  
statements**

**Registered number 01517478**

**31 December 2011**



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19/11/2012

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## **Officers and professional advisers**

### **Directors**

J Cooper  
T Murnane  
J Neale  
M A Ojeh (French)  
M Whitmarsh

### **Secretary**

T Murnane

### **Registered office**

McLaren Technology Centre  
Chertsey Road  
Woking  
Surrey  
GU21 4YH

### **Auditors**

KPMG LLP  
1 Forest Gate  
Brighton Road  
Crawley  
RH11 9PT

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

### **Registered number**

The company's registered number is 01517478

### **Principal activity**

The company's principal activity during the year was that of participating in Formula One ("F1") motor racing events throughout the world. This includes the design, development, manufacture and racing of F1 cars.

### **Business review and future prospects**

The directors consider race performance, turnover, cost base, profit before tax and cash flow to be the principle key performance indicators to assess progress towards their strategic goals.

Vodafone McLaren Mercedes Team raced well in 2011, finishing second in the FIA F1 Constructors Championship. Jenson Button, who finished second in the FIA F1 Drivers Championship, won races in Canada, Hungary and Japan. Lewis Hamilton secured wins in China, Germany and Abu Dhabi. This pair, arguably the most exciting on the grid, will again race alongside each other in 2012.

Turnover has increased due to additional prize money following success on the track, renewed partnership agreements and motorsport consultancies.

Underlying sponsorship revenue is largely unchanged and we were delighted to secure new and extended sponsorship contracts with many of our partners, including Vodafone, our title partner.

Overall costs increased by £15m to £151m mainly as a result of new contracts for the purchase of KERS, tyres and increased driver costs. The team's underlying cost base remains firmly under control and very similar to 2010.

The directors look forward to another successful year both on and off the track.

### **Principal risks and uncertainties**

The key risks and uncertainties faced by the business are continuing to be competitive in F1, ability to gain and retain sponsorship, control of the cost base of developing F1 cars and staff recruitment and retention. All of these are obviously linked. In addition to these objectives, the company will continue to comply with the Resource Restriction Agreement signed by all teams competing in Formula One.

McLaren has remained competitive over many years and aims to continue to win races in the 2012 season. We have again seen a number of technical rule changes for the 2012 season, including the banning of so called "blown exhausts". Although the company drives itself to achieve efficiencies in developing and manufacturing cars and components, costs remain a key challenge in today's tough economic conditions.

Formula One returns to the USA in 2012 with the inaugural race in Austin, Texas. This is a fantastic development for F1 and we look forward to racing there.

### **Results**

The profit on ordinary activities for the year after taxation amounted to £22,355,468 (2010 profit £15,768,431).

### **Dividends**

During the year an interim dividend of £20,000,000 was paid (2010: £nil).

## **Directors' Report** *(continued)*

### **Directors**

The directors who served during the year are as reported on page 1. The directors served throughout the year unless otherwise stated.

### **Employment of disabled persons**

The policy of the company is to give full and fair consideration to employment application by disabled persons and to ensure that disabled employees receive appropriate training and career development opportunities.

### **Employment policies**

The company is committed to ensuring that its people are actively engaged in the ongoing management and future direction of the business. Regular formal and informal briefings are held with all sections of the workforce.

The company takes reasonable steps to ensure that all employees, existing and prospective, are given fair and equal opportunity, regardless of sex, race, ethnicity, religion or disability.

### **Disclosure of information**

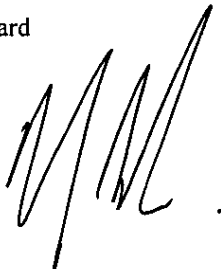
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

In accordance with Section 485 & 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

**M Whitmarsh**  
*Director*



*14 November 2012*

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of McLaren Racing Limited**

We have audited the financial statements of McLaren Racing Limited for the year ended 31 December 2011 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

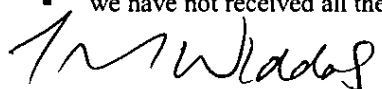
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

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

  
**T.M. Widdas (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 Forest Gate

Brighton Road

Crawley

West Sussex

RH11 9PT

14/11/12

## **Profit and loss account**

*for the year ended 31 December 2011*

	<i>Note</i>	<b>2011 £000</b>	<b>2010 £000</b>
<b>Turnover</b>	<i>1</i>	<b>172,309</b>	148,721
Cost of sales		<b>(101,247)</b>	(90,283)
<b>Gross profit</b>		<b>71,062</b>	58,438
Administrative expenses		<b>(48,708)</b>	(44,575)
<b>Operating profit</b>		<b>22,354</b>	13,863
Interest receivable and similar income	<i>3</i>	<b>541</b>	311
Interest payable and similar charges	<i>4</i>	<b>-</b>	(4)
<b>Profit on ordinary activities before taxation</b>	<i>5</i>	<b>22,895</b>	14,170
Tax on profit on ordinary activities	<i>6</i>	<b>(540)</b>	1,598
<b>Profit for the financial year</b>	<i>17</i>	<b>22,355</b>	15,768

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis

## **Consolidated statement of total recognised gains and losses**

*for the year ended 31 December 2011*

	<b>2011 £000</b>	<b>2010 £000</b>
Profit for the year	<b>22,355</b>	15,768
<b>Total recognised gains and losses relating to the year</b>	<b>22,355</b>	15,768
Revaluation reserve adjustment	<b>70,158</b>	
<b>Total gains and losses recognised since last annual accounts</b>	<b>92,513</b>	



**Balance sheet**  
*as at 31 December 2011*

	Note	2011	2010 (restated – note 1)
		£000	£000
<b>Fixed assets</b>			
Tangible assets	7	18,090	18,802
Heritage assets	8	75,700	75,400
Investments	9	1,336	1,336
		<hr/>	<hr/>
		95,126	95,538
<b>Current assets</b>			
Stocks	10	22,409	22,984
Debtors	11	62,056	85,714
Cash at bank and in hand		61	65
		<hr/>	<hr/>
		84,526	108,763
<b>Creditors</b> amounts falling due within one year	12	(68,140)	(95,212)
		<hr/>	<hr/>
<b>Net current assets</b>		16,386	13,551
		<hr/>	<hr/>
		111,512	109,089
<b>Total assets</b>			
<b>Creditors</b> amounts falling due after more than one year	13	(68)	-
		<hr/>	<hr/>
<b>Net assets</b>		111,444	109,089
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Revaluation reserve	17	70,158	70,158
Profit and loss account	17	41,236	38,881
		<hr/>	<hr/>
<b>Equity</b>	18	111,444	109,089
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 14 November 2012 and were signed on their behalf by

**M Whitmarsh**  
*Director*



## Notes

*(Forming part of the financial statements)*

### 1 Accounting policies

#### **Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules. Financial Reporting Standard 30 'Heritage Assets' (FRS30) has been adopted and prior year comparatives have been restated accordingly. There has been no change to the profit and loss account for the previous financial year as a result of this change in accounting policy. The particular accounting policies adopted are described below, and have been applied consistently throughout the current and preceding period.

#### **Going Concern**

The company's activities, together with the factors likely to affect its future development and position are set out in the Business Review section of the Directors' Report on page 2.

McLaren Racing is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors have made enquiries of the directors of the company's parent and following these enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of McLaren Group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position of the enquiries made of the directors of McLaren Group Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Consolidated financial statements**

The company is a wholly owned subsidiary of a company incorporated in Great Britain and therefore has taken advantage of the exemption under Section 400 Companies Act 2006 not to produce consolidated financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not as a group.

#### **Joint arrangements**

Where the company is party to a joint arrangement which is not an entity, its part of the income and expenditure, assets and liabilities have been included in these financial statements.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided over the estimated useful lives of the assets at the following rates:

Leasehold premises and improvements	- written off over the life of the lease
Fixtures, fittings and office equipment	- 20% of reducing balance
Plant, machinery, tools and equipment	- 20% of reducing balance
Motor vehicles	- 25% of reducing balance

No depreciation is provided until the assets are brought into use.

#### **Heritage Assets**

McLaren Racing has a collection of heritage vehicles, made up of 138 racing cars, 6 F1 road cars, 5 historic vehicles and 20 spare F1 racing car monocoques. Following the adoption of FRS 30, the holding value of these assets is held in the balance sheet at valuation. The valuation has been performed by the Directors of the business on a one by one basis, including the value inherent in the provenance attached to particular assets (eg championship winning cars), looking at sales values achieved for similar vehicles where possible. The assets are re-valued every five years and any gains or losses are recognised in the statement of total recognised gains and losses. F1 racing cars retained at the end of each season are initially valued at £75,000 up until a revaluation takes place.

## **Notes** *(continued)*

### **I Accounting policies** *(continued)*

The valuation held in the balance sheet is a reflection of the one by one valuation process, but discounted by 50% to reflect potential fluctuations in the market and the fact vehicles would sell at lower values if more than one was sold at a time

The vehicles are maintained by the business on a regular basis with maintenance costs being charged to the profit and loss accounts when incurred. The cars are deemed to have indeterminate lives and the Directors do not therefore consider it appropriate to charge depreciation.

In addition, McLaren Racing has a collection of Racing memorabilia, including trophies and helmets, which the Directors have not sought to value and is therefore not recognised on the balance sheet.

### **Fixed asset investments**

Investments are unlisted and are stated at cost less any provision for any impairment.

### **Stocks, work in progress and expenditure on racing cars**

Stocks are valued at the lower of invoiced cost and net realisable value. Racing cars have an expected life of one year and all expenditure on the production and maintenance of such cars is charged to the profit and loss account during the racing season in which the racing car is used. The Board considers that research and development continues to play a vital role in the group's success. The group carries forward to the following year, certain development costs incurred in the current year which relate to the production of next season's racing car.

### **Turnover**

Turnover represents sponsorship income and other motor racing related revenue receivables, excluding value added tax. Turnover relating to sponsorship contracts is recognised over the term of that agreement.

In certain cases, the company enters into agreements with suppliers whereby goods and services are received in exchange for various sponsorship and marketing activities. In such cases, turnover is recorded at the fair value of the goods or services rendered.

All turnover originates in the United Kingdom. An analysis of turnover, operating profit and net assets by geographical destination has not been included as the directors believe that the group operates in a single global market and that the allocation to geographical destination segments would be seriously prejudicial to the company.

### **Taxation**

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate ruling on the date of the transaction, unless matching forward foreign exchange contracts have been entered into, in which case the rate specified in the relevant contract is used. At the balance sheet date unhedged monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. All foreign currency differences are dealt with through the profit and loss account.

Derivative instruments utilised by the company are forward exchange contracts. The company does not enter into speculative derivative contracts. All such instruments are used for hedging purposes to alter the risk profile of any existing underlying exposure of the company in line with the company's risk management policies.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

Assets held under finance leases are initially reported at the fair value of the asset with equivalent liability categorised as appropriate under creditors due within or after one year. The assets are depreciated over the shorter of the lease term and their useful economic lives. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales and other operating expenses as appropriate. Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful economic lives.

Rental costs under operating leases are charged on a straight-line basis over the lease term.

#### *Pensions*

The company participates in a defined contribution pension scheme operated by McLaren Group Limited and also pays contributions to personal pension schemes of certain employees. The amounts payable to these schemes during the period are charged to the profit and loss account.

#### *Cash flow statement*

The company is a wholly owned subsidiary of McLaren Group Limited and is included in the consolidated financial statements of McLaren Group Limited, which are publicly available. Consequently, the company has taken exemption from preparing a cash flow statement as permitted under FRS 1 (revised 1996).

### 2 Information regarding directors and employees

	2011 £000	2010 £000
<i>Directors' emoluments</i>		
Emoluments (excluding pension contributions)	373	304
Highest paid director's emoluments	684	767
	<hr/>	<hr/>
Aggregate of emoluments (excluding pension contributions)	1,057	1,071
	<hr/>	<hr/>
Pension contributions	16	13
Highest paid director's contributions	32	30
	<hr/>	<hr/>
	48	43
	<hr/>	<hr/>
	Number	Number
Number of directors who are members of a defined contribution scheme	2	2
	<hr/>	<hr/>

M Whitmarsh and T Murnane are also directors of other group companies and their remuneration for services to the group have been borne by another group company. The share of the total emoluments of these directors allocated in respect of services to this company is £3,298,570 (2010 £1,478,775).

## Notes (continued)

### 2 Information regarding directors and employees (continued)

	2011 £000	2010 £000
<i>Employees costs during the period (including directors)</i>		
Wages and salaries	33,632	34,436
Social security costs	4,051	3,978
Other pension costs	1,027	961
	<u>38,710</u>	<u>39,375</u>
	Number	Number
<i>Average number of persons employed</i>		
Production	311	345
Engineering	199	199
Administration	86	84
	<u>596</u>	<u>628</u>

### 3 Interest receivable and similar income

	2011 £000	2010 £000
On group company loans	246	311
Net exchange gains	295	-
	<u>541</u>	<u>311</u>

### 4 Interest payable and similar charges

	2011 £000	2010 £000
Other interest payable and finance charges	-	2
Net exchange losses	-	2
	<u>-</u>	<u>4</u>

### 5 Profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation - owned	4,077	4,484
Operating lease rentals - other	6,440	6,448
Auditor's remuneration - audit of these financial statements	18	16
- other services relating to taxation	87	50
- all other services	6	7
Loss on disposal of fixed assets	13	117
	<u></u>	<u></u>

## Notes (continued)

### 6 Tax on profit on ordinary activities

	2011 £000	2010 £000
United Kingdom corporation tax at 26.5% (2010: 28%)	64	-
Total current tax	64	-
<i>Deferred taxation</i>		
Origination and reversal of timing differences	86	(1,926)
Adjustments in respect of prior years	390	328
	540	(1,598)

#### Factors affecting tax charge for the current year

The current tax charge for the year is lower (2010: lower) than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

	2011 £000	2010 £000
Profit on ordinary activities before taxation	22,895	14,170
Tax at 26.5% thereon (2010: 28%)	6,067	3,968
<i>Effects of</i>		
Expenses not deductible for tax purposes	140	107
Depreciation in excess of capital allowances	60	147
Tax losses carried forward	(203)	1,867
Tax incentives	(6,063)	(6,125)
Provisions tax adjustment	63	36
Total actual amount of current tax	64	-

On 23 March 2011 the Chancellor announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2011 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future tax charge and reduce the company's deferred tax asset accordingly.

## Notes (continued)

### 7 Tangible fixed assets

	Leasehold premises and improvements £000	Plant and machinery, tools and equipment £000	Motor vehicles £000	Fixtures, fittings and office equipment £000	Total £000
<i>Cost</i>					
At 1 January 2011 (as previously reported)	224	29,744	13,212	14,484	57,664
Reclassified as heritage assets	-	-	(5,242)	-	(5,242)
At 1 January 2011 (restated – note 1)	224	29,744	7,970	14,484	52,422
Additions	-	1,206	186	2,064	3,456
Disposals	-	(304)	(9)	(41)	(354)
At 31 December 2011	224	30,646	8,147	16,507	55,524
<i>Accumulated depreciation</i>					
At 1 January 2011	82	19,402	5,985	8,151	33,620
Charge for the year	48	2,110	565	1,354	4,077
Disposals	-	(237)	(5)	(21)	(263)
At 31 December 2011	130	21,275	6,545	9,484	37,434
<i>Net book value</i>					
At 31 December 2011	94	9,371	1,602	7,023	18,090
At 31 December 2010 (restated)	142	10,342	1,985	6,333	18,802

### 8 Heritage assets

	Historic cars £000
<i>Cost or valuation</i>	
At 1 January 2011	75,400
Additions	300

At 31 December 2011	75,700
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#### Five year financial summary of heritage asset transactions

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Additions					
Total additions	300	300	300	225	300

There are no disposals of historic cars during these periods

McLaren Racing has a collection of heritage vehicles, made up of 138 racing cars, 6 F1 road cars, 5 historic vehicles and 20 spare F1 racing car monocoques. Approximately 30% of the collection is held at the McLaren Technology Centre, of which half is on display to visitors and employees, and a further 25% is on display at Donnington Park Race Circuit or McLaren Automotive Dealerships. The remainder is held in secure storage. These assets are held in the balance sheet at valuation and are re-valued every five years. F1 racing cars retained at the end of each season are treated as additions in the year and are initially valued at £75,000 until a revaluation takes place.

## Notes (continued)

### 9 Investment held as fixed assets

	Shares in group companies £000
<i>Cost</i>	
At 31 December 2010 and 31 December 2011	3,153
<i>Provisions</i>	(1,817)
At 31 December 2010 and 31 December 2011	—
<i>Net book value</i>	
At 31 December 2010 and 31 December 2011	<u>1,336</u>

The subsidiaries are

Name	Activity	Holding (Ordinary Share Capital)	Net Assets at 31 Dec 2011	Profit/(loss) for the year ended 31 Dec 2011
Parhann Limited	Dormant	100%	£1,354,079	-
Absolute Taste Limited	Catering services	55%	£226,731	(£347,406)

Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of a company registered in England and Wales. Accordingly, these financial statements present information about the company as an individual undertaking and not as a group.

### 10 Stocks

	2011 £000	2010 £000
Racing car development costs	19,872	20,040
Raw materials and consumables	2,049	2,493
Finished goods	488	451
	<u>22,409</u>	<u>22,984</u>



## Notes (continued)

### 11 Debtors

	2011 £000	2010 £000
Trade debtors	25,392	20,162
Amounts owed by group undertakings	20,455	50,417
Amounts owed by related parties	332	119
Other debtors	6,940	6,243
Prepayments and accrued income	2,276	1,636
Deferred tax asset (note 14)	6,661	7,137
	<u>62,056</u>	<u>85,714</u>

### 12 Creditors amounts falling due within one year

	2011 £000	2010 £000
Obligations under finance leases	51	-
Trade creditors	3,177	3,269
Amounts owed to group companies	6,977	8,801
Amounts owed to related parties	189	36,088
Taxation and social security	2,419	2,265
Other creditors	88	97
Accruals and deferred income	55,239	44,692
	<u>68,140</u>	<u>95,212</u>

### 13 Creditors amounts falling due after more than one year

	2011 £000	2010 £000
Obligations under finance leases	68	-
	<u>68</u>	<u>-</u>

**Notes (continued)**

**14 Deferred tax asset**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2011	7,137	5,539
(Charged)/credited to profit and loss	(476)	1,598
	<hr/>	<hr/>
<b>At 31 December 2011</b>	<b>6,661</b>	<b>7,137</b>
	<hr/>	<hr/>
	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<i>The Deferred tax consists of the following amounts</i>		
Advanced capital allowances	(1,970)	(2,286)
Short-term timing differences	22	81
Trading losses carried forward	8,609	9,342
	<hr/>	<hr/>
<b>Deferred tax asset</b>	<b>6,661</b>	<b>7,137</b>
	<hr/>	<hr/>

There are tax losses available to offset against future profits arising from the same trade of £76,932,641 (2010 £72,476,966). The total deferred tax asset that is not recognised in the financial statements in relation to losses carried forward and other timing differences is £9,653,332 (2010 £9,471,194). The deferred tax asset has not been recognised as there is insufficient evidence that the asset will be recovered. The deferred tax asset will be realised when suitable taxable profits are generated by the company.

No deferred tax has been recognised on the revaluation of heritage assets as there is no intention to dispose of these assets.

**15 Operating lease commitments**

Annual commitments under non-cancellable operating leases are as follows

	<b>Land and buildings</b>
	<b>2011</b>
	<b>£000</b>
Leases which expire	
Within two to five years	6,416
	<hr/>

**Notes** *(continued)*

**16 Called up share capital**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<i>Authorised, allotted, called up and fully paid</i>		
50,150 ordinary shares of £1 each	<b>50</b>	<b>50</b>

**17 Reserves**

	<b>Revaluation reserve £000</b>	<b>Profit and loss account £000</b>
At 1 January 2011	70,158	38,881
Profit for the year	-	22,355
Dividends	-	(20,000)
<b>At 31 December 2011</b>	<b>70,158</b>	<b>41,236</b>

**18 Reconciliation of movement in shareholders' funds**

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>(restated – note 1) £000</b>
Profit for the year	<b>22,355</b>	15,768
Dividends	<b>(20,000)</b>	-
Net change in shareholders' funds	<b>2,355</b>	15,768
Opening shareholders' funds	<b>109,089</b>	93,321
Closing shareholders' funds	<b>111,444</b>	109,089

## Notes (continued)

### 19 Contingent liability

McLaren Racing Limited is party to an unlimited cross company guarantee securing all monies due, or to become due, in respect of the overdraft and loan facility provided to the McLaren Group by its bankers. As at 31 December 2011 the balances guaranteed were £nil (2010 £nil)

McLaren Racing Limited has given guarantees in favour of third parties. As at 31 December 2011, the balances guaranteed were CHF 100,000 (2010 CHF 100,000) in favour of Tribunal De Premiere Instance, £45,000 (2010 £45,000) in favour of HM Revenue & Customs, and EUR 16,872 63 (2010 EUR 16,872 63) in favour of Dresdner Bank AG

### 20 Ultimate parent company

In the opinion of the directors, the company's controlling entity is McLaren Group Limited, a company registered in England and Wales. This is also the parent undertaking of the largest and only group which includes the company and for which group financial statements are prepared.

Copies of the group financial statements of McLaren Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

Ownership of McLaren Group Limited at 31 December 2011 was as follows: 50% Bahrain Mumtalakat Holding Company (incorporated in Bahrain), 25% Mr R Dennis and 25% TAG Group Limited (incorporated in Jersey).

### 21 Related party transactions

Transactions with related companies during the period were as follows:

	Year ended 31 December 2011	Year ended 31 December 2010	Balance Outstanding at 31 December 2011	Balance outstanding at 31 December 2010
	£000	£000	£000	£000
<b>Related party sales</b>				
Daimler AG and related companies	38,486	35,410	-	21
TAG Group Limited and its subsidiaries	-	18	-	-
Greyscape Limited	3	1	-	-
Absolute Taste Limited	220	250	143	-
Bahrain Mumtalakat Holding Company	-	-	-	-
McLaren Automotive Limited	1,539	1,224	189	98
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Related party purchases</b>				
Daimler AG and related companies	5,753	530	-	35 946
TAG Group Limited and its subsidiaries	-	-	-	-
Bahrain Mumtalakat Holding Company	-	-	-	-
McLaren Automotive Limited	456	330	-	134
Absolute Taste Limited	2,199	1,904	189	8
	<hr/>	<hr/>	<hr/>	<hr/>

Pursuant to the exemptions granted by FRS 8 'Related Party Disclosures', transactions with other undertakings within the McLaren Group have not been disclosed within these financial statements.