

**McLaren Group Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 01967715**

**31 December 2005**



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## **Officers and professional advisers**

### **Directors**

R Dennis – Chairman and CEO  
N Carrington  
E Cordes (German) Resigned 01/09/05  
R Grube (German)  
A Myers  
MA Ojje  
M Whitmarsh  
D Zetsche (German) Appointed 23/11/05

### **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

## **Chairman & Chief Executive Statement**

McLaren's strategy continues to be dominated by our vision and passion for excellence and to be the best in everything we do.

The McLaren Group has had an excellent year in 2005 with McLaren Racing narrowly missing out on the F1 Manufacturers title and McLaren Automotive producing 652 Mercedes-Benz SLR McLaren cars in its first full year of production. The Group's annualised turnover increased by 20% to £241.1m and we have reported a post tax profit of £12.2m.

### **McLaren Racing**

There were a number of key events in 2005 for the Racing business:

- We have significantly strengthened our sponsorship portfolio, entering into a long-term contract with Vodafone who will become our title sponsor from 2007. The renewal of several other major partnership contracts has allowed a seamless transition from our traditional tobacco title sponsorship and secured a very strong commercial position for the Team.
- Whilst we continue to develop a squad of extremely talented young drivers, we were delighted to have signed the current double World Champion, Fernando Alonso, to join the team in 2007 on a long-term contract.
- The Team won 10 out of 19 races

A new agreement has been reached between the teams and Alpha Topco, the new owner of F1, which will now give the sport stability and certainty, and the teams an increased share of the income from the sport.

### **McLaren Automotive**

This was the first full year of production of the Mercedes-Benz SLR McLaren. Having launched the car in 2004, we celebrated the completion of the 1000th vehicle in November 2005. This is now one of the best selling supercars ever, and a testimony to the capabilities and qualities of the car, the Mercedes-Benz and McLaren brands and those who designed and build it. Developing this car on behalf of DaimlerChrysler, our partner in this sector, has established the McLaren brand as a force to be reckoned with in automotive design and manufacture.

At the end of the year we were at our maximum production rate and our quality levels continued to exceed those targeted by Mercedes-Benz, a testament to the progress we have made as an automotive designer and manufacturer.

The financial performance of the company dramatically improved due to our ability to achieve our targeted volume and cost per car for the year.

During the year we continued to invest in research and development in respect of potential new models.

### **McLaren Electronic Systems**

McLaren Electronic Systems had a good year, maintaining both sales and margins at a similar level to those in 2004. As a result of our ever-increasing product range, the company is in a strong position to become the most significant motor sport electronics provider, already having established customers in Formula One, World Rally Car, Moto GP and all of the significant USA series.

During the year the business:

- Increased its portfolio of standard motor sport products by over 10% during the year to some 350 parts in 40 different product areas including, but not limited to: control units, telemetry equipment, fuel injectors, ignition coils and motor sport sensors.
- Developed bespoke electronic and software systems for various Formula One, World Rally Car and MotoGP applications.

## **Chairman & Chief Executive Statement** *(continued)*

- Released its 400-series engine and chassis control unit family for use in various racing applications including sports car, open wheel and motorbike applications.
- Commenced the supply of alternators into NASCAR.

The aim of the business is to grow organically through:

- Leveraging the technology and know-how developed on F1 business into other areas of motor sport.
- Enter new market places such as military and aerospace.

### **Absolute Taste**

Absolute Taste continued to strengthen its third party sales and brand in 2005. Sales (outside of McLaren Group) reached 44% of turnover (2004 - 42%). Late in the year the business expanded into catering services for business jets flying out of all the major airports in the south of the UK. This has grown turnover and profit and further diversified the business.

### **McLaren Applied Technologies**

McLaren Applied Technologies has been formed to exploit the intellectual property developed within the Group, which, when allied to our brand and capability, presents real business opportunity. Although in their early stages, some of the initial projects look promising. They cover a joint venture using simulation software for use in corporate strategy, medical appliances, safety equipment for military use and provision of manufacturing and design services. This business will yield significant benefits for the Group in years to come.

### **Financing**

The Group raised debt to finance the construction of the McLaren Technology Centre, but this has reduced significantly from its peak. The position stated in these accounts as at 31 December 2005 shows our borrowing at £70m, close to the peak during 2005. Our cash cycle is such that a significant proportion of our income is received in the first half of the year and as such we see a net inflow in the first half of the year and an outflow in the second half.

Although our net debt level appears almost constant between 31 December 2004 and 2005, it should be recognised that approximately £40m of our revenues in 2005 had been pre-paid in 2004. When this is taken into account, maintaining a flat net debt position demonstrates a credible cash performance in the year.

Our forecasts show our net debt position falling by £25m by the end of 2006, and we expect to be debt free in the early part of 2007.

As can be seen from our accounts, our bank has demonstrated its confidence in our cash performance by releasing all charges on the McLaren Technology Centre and any debentures held on other assets.

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### Principal activities

The Group's principal activities during the year included participation in motor racing events throughout the world; designing and constructing engine management systems, data-logging equipment and electronic products; automotive research, engineering design, manufacturing services and the manufacture and sale of high performance sports cars; and the provision of marketing and advertising services.

### Business review and future prospects

In 2005 the group's revenues grew by 20%, on a per annum basis, driven largely by the growth in sponsorship income for the racing business.

In its first full year of production the automotive business manufactured and sold 652 Mercedes-Benz SLR McLaren's (2004 - 365) and it also carried out engineering development projects for DaimlerChrysler. It also continued to carry out research and development on new models.

The racing business had a successful year both in terms of income generation and track performance, winning 10 out of the 19 races during the Formula 1 season. During the season the business secured a new team sponsor, Vodafone, and current double World Champion, Fernando Alonso, ready for the 2007 season. These, together with the signing of a memorandum of understanding with the new owner of Formula 1, Alpha Topco, will allow the racing business to go from strength to strength.

The electronics business continued to develop new products and prospects in new markets.

All businesses remained focused on revenue growth, cost control and cash generation.

### Results

The profit on ordinary activities for the year after taxation and minority interest amounted to £12,197,943 (2004: loss of £1,083,593).

### Dividends

The directors do not propose a dividend for the year ended 31 December 2005 (2004: £nil).

### Directors

The directors who served during the period are as reported on page 1 and those that have an interest in the share capital of the company are as follows:

	50p ordinary shares	
	2005	2004
R Dennis	30,093	30,093

The directors had no interests in the shares of any other Group company.

### Employment of disabled persons

The policy of the company and its subsidiaries 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.

### Employee involvement

Employees are provided with information on matters concerning them as employees. When decisions are taken which are likely to effect employees' interests, their involvement is encouraged.

## **Directors' report** *(continued)*

### **Research and development**

By the nature of its activities, the Group has an ongoing investment into research and development across all of its motoring operations.

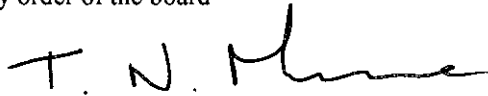
### **Donations**

During the year the group made charitable donations of £44,158 (2004: £358,345) and no political donations (2004: £nil).

### **Auditors**

Deloitte & Touche LLP resigned during the year and KPMG LLP were appointed in their place. In accordance with Section 384 of the Companies Act 1985, 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



**T Murnane**  
*Secretary*

Date: 28/10/06

## **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 the directors have elected to prepare the Group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## Independent Auditors' Report to the Members of McLaren Group Limited

We have audited the Group and parent company financial statements (the "financial statements") of McLaren Group Limited for the year ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP  
Chartered Accountants  
Registered Auditor

1 Forest Gate  
Brighton Road  
Crawley, RH11 9PT

27/10/06

**Consolidated profit and loss account**  
*for the year ended 31 December 2005*

	Note	Year ended 31 December 2005	14 months ended 31 December 2004 (Restated)
		£000	£000
<b>Turnover</b>	2	241,094	234,862
Cost of sales		(183,852)	(203,172)
<b>Gross profit</b>		57,242	31,690
Administrative expenses		(52,911)	(46,532)
Other operating income	4	10,000	21,221
<b>Operating profit</b>		14,331	6,379
Interest receivable and similar income	5	482	536
Interest payable and similar charges	6	(5,902)	(8,809)
<b>Profit/(Loss) on ordinary activities before taxation</b>	7	8,911	(1,894)
Tax on profit/(loss) on ordinary activities	8	3,317	794
<b>Profit/(Loss) on ordinary activities after taxation</b>		12,228	(1,100)
Equity minority interest		(31)	16
<b>Profit/(Loss) on ordinary activities</b>	19	12,197	(1,084)

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.

There are no other gains and losses other than those reported in the profit and loss accounts above.

**Consolidated balance sheet**  
*as at 31 December 2005*

	<i>Note</i>	<b>2005</b>	<b>2004</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	9	277,025	293,494
<b>Current assets</b>			
Stocks	11	33,016	33,531
Debtors	12	82,120	88,480
Cash at bank and in hand		2,460	33,215
		<u>117,596</u>	<u>155,226</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(119,885)</u>	<u>(162,924)</u>
<b>Net current liabilities</b>		<u>(2,289)</u>	<u>(7,698)</u>
<b>Total assets less current liabilities</b>		<u>274,736</u>	<u>285,796</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(20,008)	(55,047)
<b>Provisions for liabilities and charges</b>	15	(4,461)	(10,217)
<b>Deferred capital funding</b>	16	(140,438)	(122,931)
<b>Net assets</b>		<u><u>109,829</u></u>	<u><u>97,601</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	50	50
Profit and loss account	18	109,626	97,429
		<u>109,676</u>	<u>97,479</u>
Equity minority interests		153	122
<b>Shareholders' funds</b>	19	<u><u>109,829</u></u>	<u><u>97,601</u></u>

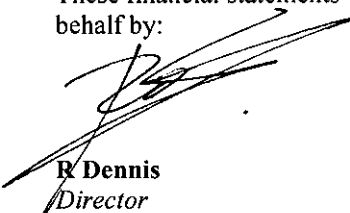
These financial statements were approved by the board of directors on 25/10/06 and were signed on their behalf by:

  
**R Dennis**  
Director

**Company balance sheet**  
*as at 31 December 2005*

	<i>Note</i>	<b>2005</b>	<b>2004</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	9	232,410	242,288
Investments	10	82	82
		<hr/>	<hr/>
		232,492	242,370
<b>Current assets</b>			
Stocks	11	8	8
Debtors	12	64,612	55,762
Cash at bank and in hand		597	21,211
		<hr/>	<hr/>
		65,217	76,981
<b>Creditors: amounts falling due within one year</b>	13	(85,462)	(92,822)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(20,245)	(15,841)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		212,247	226,529
<b>Creditors: amounts falling due after more than one year</b>	14	(20,000)	(55,000)
<b>Provisions for liabilities and charges</b>	15	(6,314)	(8,026)
<b>Deferred capital funding</b>	16	(140,438)	(122,931)
		<hr/>	<hr/>
<b>Net assets</b>		45,495	40,572
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	17	50	50
Profit and loss account	18	45,445	40,522
		<hr/>	<hr/>
<b>Shareholders' funds</b>	19	45,495	40,572
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 25/10/06 and were signed on their behalf by:

  
**R Dennis**  
Director

**Consolidated cash flow statement**  
*for the year ended 31 December 2005*

	<i>Note</i>	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000
Net cash flow from operating activities	20	(18,594)	(4,374)
Net cash flow from returns on investments and servicing of finance	21	(2,709)	(4,970)
Taxation		2,091	5,494
Net cash flow from capital expenditure and financial investment	21	21,557	6,852
Cash inflow before financing		2,345	3,002
Net cash flow from financing	21	3,861	(10,373)
Increase/(Decrease) in cash in the year		6,206	(7,371)

**Reconciliation of net cash flow to movement in net debt**  
*for the year ended 31 December 2005*

	<i>Note</i>	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000
Increase/ (Decrease) in cash in the year		6,206	(7,371)
Cash (outflow)/inflow from movement in debt and lease financing		(3,861)	10,373
Change in net debt resulting from cash flows		2,345	3,002
Opening net debt	22	(71,475)	(74,477)
Closing net debt		(69,130)	(71,475)

## **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. The particular accounting policies adopted are described below, and have been applied consistently throughout the current and preceding period. The company adopted FRS21 during the year. This has had no impact on the result for the current or preceding period.

The comparatives for sales and cost of sales for the 14 months ended 31 December 2004 have been increased by £2,732,000 following the reclassification of some sponsorship income from cost of sales to turnover as these categories reflect the nature of the sponsorship arrangements more accurately. In addition, foreign exchange losses in the comparative period of £3,073,000 are now shown as Interest payable and similar charges rather than Administration expenses.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

#### ***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:

Freehold buildings	- 2% straight line
Leasehold premises and improvements	- written off over the life of the lease
Plant, machinery, tools and equipment	- 20% of reducing balance
Motor vehicles	- 25% of reducing balance
Fixtures, fittings and office equipment	- 20% of reducing balance

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

Depreciation is not provided on freehold land, historic cars and museum pieces, as in the directors' opinion the residual value exceeds cost.

#### ***Fixed assets – motor vehicles***

Motor vehicles include £5,221,787 (2004: £5,221,787) of historic racing cars. These cars are carried at their historic cost plus costs of refurbishment. They are not depreciated on the basis that estimated residual values exceed their historic cost. Maintenance costs are expensed as incurred.

#### ***Deferred capital funding***

Capital based funding is treated as deferred income and is credited to the profit and loss account in annual instalments over the estimated useful lives of the fixed assets concerned.

#### ***Fixed asset investments***

Investments are stated at cost less any provision for impairment in value.

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

Stocks are valued at the lower of 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 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 car.

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

### **1 Accounting policies** *(continued)*

The directors consider this policy to be appropriate because the considerable and valuable effort expended in preparing a racing car is recognised as an asset and charged in the period in which the corresponding racing arises and benefit is therefore derived.

#### ***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.

#### ***Turnover***

Turnover represents sponsorship fees, other motor racing revenue receivables and sales by the group to external customers, excluding value added tax.

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.

The group uses engines from DaimlerChrysler AG. Due to the developmental nature of the engines the directors do not believe that it is possible to provide a reliable estimate of their cost. Accordingly, turnover and cost of sales do not include any amounts in respect of these engines.

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

#### ***Long-term contracts***

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Contract work in progress is recorded as turnover on the following bases. On contracts which provide for delivery of own manufactured units or components, turnover is recorded when deliveries are made to customers. In respect of initial research and development contracts, turnover is determined by reference to the value of work carried out to date. No profit is recognised until the contract has advanced to a stage where the total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses on contracts.

#### ***Foreign currencies and financial instruments***

Foreign currency transactions are translated into sterling at the rates ruling at the beginning of the month in which the transactions took place, unless matching forward foreign exchange contracts have been entered into. Foreign currency assets and liabilities are translated into sterling at the period-end rates. All foreign currency differences are dealt with through the profit and loss account.

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

#### ***Pensions***

The group operates a defined contribution pension scheme 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.

## 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.

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

#### *Debt*

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

#### *Provisions*

Provisions are made for liabilities where, in the opinion of the directors, present obligations exist and it is probable those outflows of funds will be required to settle the liabilities in the future and that the amount of these funds can be reasonably measured. Where material, future cash flows are discounted in arriving at amounts to be provided.

### 2 Turnover, profits and net assets

<b>Turnover</b>	<b>Year to 31 Dec 05 £000</b>	<b>14 months to 31 Dec 04 £000</b>
<i>Analysis by class of business:</i>		
Racing car constructor - Formula 1	135,107	129,588
Marketing	14,353	19,124
Motor vehicle manufacturing and sales	111,402	140,622
Engine management systems and manufacture	7,668	9,179
Motor racing circuit	133	150
Supporters' club	1,982	2,181
Catering services	6,580	7,828
Application of developed technologies	2,912	1,052
	<hr/>	<hr/>
	280,137	309,724
Less: intercompany trading	(39,043)	(74,862)
	<hr/>	<hr/>
	241,094	234,862
	<hr/>	<hr/>



## Notes (continued)

### 2 Turnover, profits and net assets (continued)

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
<b>Profit/(Loss) before taxation</b>		
<i>Analysis by class of business:</i>		
Racing car constructor - Formula 1	3,761	(8,688)
Marketing	1,355	5,039
Motor vehicle manufacturing and sales	11,829	833
Engine management systems and manufacture	206	1,472
Motor racing circuit	(42)	(43)
Supporters' club	525	433
Catering services	101	(19)
Application of developed technologies	1,039	429
	<hr/> 18,774	<hr/> (544)
Elimination of minority interest and central charges	(9,863)	(1,350)
	<hr/> 8,911	<hr/> (1,894)
	<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		
<i>Analysis by class of business:</i>		
Racing car constructor - Formula 1	65,710	71,469
Marketing	33,845	32,886
Motor vehicle manufacturing and sales	(5,199)	(16,110)
Engine management systems and manufacture	5,424	7,809
F1 GTR racing	(813)	(813)
Motor racing circuit	2,705	2,756
Supporters' club	2,793	2,353
Catering services	340	271
Race participation - Formula 3000	7	107
Application of developed technologies	1,018	297
	<hr/> 105,830	<hr/> 101,025
Intercompany net assets and minority interest	3,999	(3,424)
	<hr/> 109,829	<hr/> 97,601
	<hr/> <hr/>	<hr/> <hr/>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated result for the year after taxation included a profit after taxation of £4,923,437 (2004: loss of £7,774,034) which is dealt with in the financial statements of the parent company.

## Notes (continued)

### 3 Information regarding directors and employees

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
<i>Directors' emoluments:</i>		
Emoluments (excluding pension contributions)	2,572	2,269
Highest paid director's emoluments	2,368	2,452
	<hr/>	<hr/>
Aggregate of emoluments (excluding pension contributions)	4,940	4,721
	<hr/>	<hr/>
Pension contributions	68	22
Highest paid director's contributions	-	-
	<hr/>	<hr/>
	68	22
	<hr/>	<hr/>
	Number	Number
Number of directors who are members of a defined contribution scheme	3	5
	<hr/>	<hr/>
	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
<i>Employees costs during the period (including directors):</i>		
Wages and salaries	61,516	72,232
Social security costs	7,236	8,004
Other pension costs	1,091	1,045
	<hr/>	<hr/>
	69,843	81,281
	<hr/>	<hr/>
	Number	Number
<i>Average number of persons employed:</i>		
Production	620	557
Engineering	265	277
Administration	404	411
	<hr/>	<hr/>
	1,289	1,245
	<hr/>	<hr/>

### 4 Other operating income

In 2005 the company received £10,000,000 in settlement of a dispute with a supplier. In 2004 the company received £21,221,067 in respect of non-recurring income in relation to certain sponsorship agreements.

**Notes** *(continued)*

**5 Interest receivable and similar income**

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
Other interest receivable	482	536

**6 Interest payable and similar charges**

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
Bank loans and overdrafts	3,156	5,631
Other interest payable and finance charges	35	105
Net exchange losses	2,711	3,073
	<u>5,902</u>	<u>8,809</u>

**7 Profit/(Loss) on ordinary activities before taxation**

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
<i>Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation *	12,445	11,718
Reduction of asset impairment	-	(173)
Operating lease rentals	1,494	832
- land and buildings	1	38
- plant and machinery	38	102
- other	21	26
Auditors' remuneration	75	85
- audit of company	65	902
- audit of other group undertakings	(26)	(15)
- other services		
Gains on disposal of fixed assets	<u>(26)</u>	<u>(15)</u>

\* Depreciation is shown net of the amortisation of deferred capital funding (note 16).

## Notes (continued)

### 8 Tax on profit/(loss) on ordinary activities

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
United Kingdom corporation tax at 30% (2004: 30%)	44	30
Adjustments in respect of prior years	145	(688)
	<hr/>	<hr/>
Total current tax	189	(658)
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	(1,571)	1,850
Adjustments in respect of prior years	(1,935)	(1,986)
	<hr/>	<hr/>
	(3,317)	(794)
	<hr/>	<hr/>

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

The current tax charge for the year is lower (2004: lower) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	Year to 31 Dec 05 £000	14 months to 31 Dec 04 £000
Profit/(Loss) on ordinary activities before taxation	8,911	(1,894)
	<hr/>	<hr/>
Tax at 30% thereon	2,673	(568)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	230	2,259
Capital allowances in excess of depreciation	2,135	(1,331)
Movement in short term timing differences	(19)	11
Tax losses carried forward	(518)	(3,053)
Prior period adjustment to cost of sales	-	2,712
Tax Incentives	(4,318)	-
Prior period adjustment to taxation	145	(688)
Credits not taxable	(139)	-
	<hr/>	<hr/>
Total actual amount of current tax	189	(658)
	<hr/>	<hr/>

**Notes (continued)**

**9 Tangible fixed assets**

The group	Freehold land and buildings £000	Leasehold premises and improvements £000	Assets in the course of construction £000	Plant and machinery, tools and equipment £000	Motor vehicles and historic cars £000	Fixtures fittings, and office equipment £000	Total £000
<i>Cost:</i>							
At 1 January 2005	216,289	4,154	257	63,969	13,188	43,487	341,344
Transfers	-	-	-	(2)	-	2	-
Additions	241	217	-	1,209	64	2,025	3,756
Disposals	-	-	(257)	(101)	(628)	(89)	(1,075)
At 31 December 2005	216,530	4,371	-	65,075	12,624	45,425	344,025
<i>Accumulated depreciation:</i>							
At 1 January 2005	5,844	1,628	-	16,446	4,836	19,096	47,850
Reclassifications*	-	-	-	(4,345)	-	4,345	-
Charge for the year	3,993	222	-	8,516	776	6,255	19,762
Disposals	-	-	-	(95)	(478)	(39)	(612)
At 31 December 2005	9,837	1,850	-	20,522	5,134	29,657	67,000
<i>Net book value:</i>							
At 31 December 2005	206,693	2,521	-	44,553	7,490	15,768	277,025
At 31 December 2004	210,445	2,526	257	47,524	8,352	24,390	293,494

Included above are assets held under finance leases with net book values of £141,392 (2004: £312,910).

\* Depreciation on fixtures, fittings and office equipment has historically been recorded as depreciation on plant and machinery, tools and equipment. The directors consider this presentation to be more appropriate.

## Notes (continued)

### 9 Tangible fixed assets (continued)

The company	Freehold land and buildings £000	Leasehold premises and improvements £000	Plant and machinery, tools and equipment £000	Motor vehicles and historic cars £000	Fixtures, fittings, and office equipment £000	Total £000
<i>Cost:</i>						
At 1 January 2005	211,417	262	22,915	18	23,532	258,144
Additions	242	64	41	-	181	528
At 31 December 2005	211,659	326	22,956	18	23,713	258,672
<i>Accumulated depreciation:</i>						
At 1 January 2005	5,048	186	5,863	5	4,754	15,856
Reclassifications*	-	-	(4,345)	-	4,345	-
Charge for the year	3,913	45	1,568	3	4,877	10,406
At 31 December 2005	8,961	231	3,086	8	13,976	26,262
<i>Net book value:</i>						
At 31 December 2005	202,698	95	19,870	10	9,737	232,410
At 31 December 2004	206,369	77	17,052	13	18,777	242,288

\* Depreciation on fixtures, fittings and office equipment has historically been recorded as depreciation on plant and machinery, tools and equipment. The directors consider this presentation to be more appropriate.

## Notes (continued)

### 10 Investments held as fixed assets

	Other invest- ments other than loans £000
<b>Group</b>	
<i>Cost:</i>	
At 31 December 2004 and 31 December 2005	172
<i>Provisions:</i>	
At 31 December 2004 and 31 December 2005	(172)
	<hr/>
<i>Net book value:</i>	
At 31 December 2004 and 31 December 2005	-
	<hr/>
<b>Company</b>	Shares in group undertakings £000
<i>Cost:</i>	
At 31 December 2004 and 31 December 2005	82
	<hr/>

In the directors' opinion, the aggregate net value of the subsidiaries is not less than their aggregate cost. Further information on the subsidiaries is contained in note 23.

### 11 Stocks

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Racing car development costs	18,200	19,390	-	-
Raw materials and consumables	7,698	9,305	8	8
Work in progress	6,760	4,060	-	-
Finished goods	358	776	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	33,016	33,531	8	8
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 12 Debtors

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Trade debtors	24,085	33,198	111	474
Amounts owed by group undertakings	-	-	60,350	52,430
Amounts owed by related parties	36,025	29,308	342	212
Other debtors	19,364	6,259	3,122	797
Amounts owed by directors	-	9	-	-
Corporation tax receivable	-	2,236	-	1,757
Prepayments and accrued income	2,646	17,470	687	92
	<b>82,120</b>	<b>88,480</b>	<b>64,612</b>	<b>55,762</b>

### 13 Creditors: amounts falling due within one year

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	51,546	49,437	51,529	16,859
Obligations under finance leases and hire purchase contracts	44	209	-	-
Trade creditors	15,285	15,856	1,875	973
Amounts owed to group companies	-	-	26,595	69,506
Amounts owed to related parties	3,670	1,841	-	18
Taxation and social security	5,012	4,350	499	504
Other creditors	96	568	520	46
Accruals and deferred income	44,232	90,663	4,444	4,916
	<b>119,885</b>	<b>162,924</b>	<b>85,462</b>	<b>92,822</b>



## Notes (continued)

### 14 Creditors: amounts falling due after more than one year (continued)

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans	20,000	55,000	20,000	55,000
Obligations under finance leases and hire purchase contracts	-	44	-	-
Other creditors	8	3	-	-
	<u>20,008</u>	<u>55,047</u>	<u>20,000</u>	<u>55,000</u>

	<b>Group and Company</b>	
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<i>Bank loans are repayable as follows:</i>		
In less than one year	49,070	10,000
Between one and two years	10,000	15,000
Between two and five years	10,000	30,000
After five years	-	10,000
	<u>69,070</u>	<u>65,000</u>

At the year end the bank loans were secured by a group debenture held by the company and its subsidiary undertakings. Subsequent to the year end this debenture has been released. The loans incur interest at a rate of LIBOR plus 1%

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<i>Finance lease are repayable as follows:</i>		
In less than one year	44	209
Between one and two years	-	44
Between two and five years	-	-
	<u>44</u>	<u>253</u>

Finance leases are secured on the related assets.

### 15 Provisions for liabilities and charges

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Provision for charges relating to leased premises	1,555	1,555	1,555	1,555
Provision for restructuring	-	2,250	-	-
Provision for deferred tax	2,906	6,412	4,759	6,471
	<u>4,461</u>	<u>10,217</u>	<u>6,314</u>	<u>8,026</u>

## Notes (continued)

### 15 Provisions for liabilities and charges (continued)

	<b>Group £000</b>	<b>Company £000</b>
<i>Provision for charges relating to leased premises:</i>		
At 1 January 2005	1,555	1,555
Charged during the year	-	-
	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>1,555</b>	<b>1,555</b>
	<hr/>	<hr/>

The provision for charges relating to leased premises is to meet rental obligations on vacant premises and the contractual obligation to reinstate the leased premises to their original condition upon cessation of the lease. The provision is expected to be utilised as follows:

	<b>Group and Company 2005 £000</b>	<b>2004 £000</b>
Within one year	50	552
Within one and two years	1,505	1,003
	<hr/>	<hr/>
	<b>1,555</b>	<b>1,555</b>
	<hr/>	<hr/>

	<b>Group £000</b>
<i>Provision for restructuring:</i>	
At 1 January 2005	2,250
Utilised during the year	(2,250)
	<hr/>
<b>At 31 December 2005</b>	<b>-</b>
	<hr/>

The provision for restructuring related to the restructuring of one of the group's operations and included certain redundancies and supplier compensation.

	<b>Group £000</b>	<b>Company £000</b>
<i>Provision for deferred tax:</i>		
At 1 January 2005	6,412	6,471
Credit to profit and loss	(3,506)	(1,712)
	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>2,906</b>	<b>4,759</b>
	<hr/>	<hr/>

The provisions relate to capital allowances in excess of depreciation and other short term timing differences

## Notes (continued)

### 15 Provisions for liabilities and charges (continued)

#### *The Group*

A deferred tax asset has not been recognised in respect of timing differences relating to losses carried forward in a number of group companies as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,376,668 (2004: £2,324,571). The asset should be recovered if sufficient taxable profits are generated in future periods in the appropriate companies.

#### *The Company*

A deferred tax asset has not been recognised in respect of timing differences relating to losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £366,080 (2004: £189,356). The asset should be recovered if sufficient taxable profits are generated in future periods in the appropriate companies.

### 16 Deferred capital funding

The Group and Company	£000
At 1 January 2005	122,931
Contributions received	24,824
Amortisation credit for the year	(7,317)
	<hr/>
<b>At 31 December 2005</b>	<b>140,438</b>
	<hr/>

### 17 Called up share capital

	2005 £000	2004 £000
<i>Authorised, called up and fully paid:</i>		
100,310 ordinary shares of 50p each	50	50
	<hr/>	<hr/>

### 18 Profit and loss account

	Group £000	Company £000
At 1 January 2005	97,429	40,522
Profits retained for the year	12,197	4,923
	<hr/>	<hr/>
<b>At 31 December 2005</b>	<b>109,626</b>	<b>45,445</b>
	<hr/>	<hr/>

## Notes (continued)

### 19 Reconciliation of movement in shareholders' funds

	<b>The Group</b>		<b>The Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Profit / (loss) for the year	<b>12,197</b>	<b>(1,084)</b>	<b>4,923</b>	<b>(7,774)</b>
Equity minority interest	<b>31</b>	<b>(16)</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in shareholders' funds	<b>12,228</b>	<b>(1,100)</b>	<b>4,923</b>	<b>(7,774)</b>
Opening shareholders' funds	<b>97,601</b>	<b>98,701</b>	<b>40,572</b>	<b>48,346</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	<b>109,829</b>	<b>97,601</b>	<b>45,495</b>	<b>40,572</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 20 Reconciliation of operating profit to net cash flow from operating activities

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Operating profit	<b>14,331</b>	<b>6,379</b>
Depreciation and impairment	<b>12,445</b>	<b>11,546</b>
Gain on sale of fixed assets	<b>(26)</b>	<b>(15)</b>
Decrease/(increase) in stocks and work in progress	<b>515</b>	<b>(21,013)</b>
Decrease/(increase) in debtors	<b>10,841</b>	<b>(31,990)</b>
(Decrease)/increase in creditors	<b>(46,851)</b>	<b>59,371</b>
(Decrease)/increase in other provisions	<b>(2,250)</b>	<b>1,318</b>
Decrease in balances with related parties	<b>(4,888)</b>	<b>(26,897)</b>
Exchange differences	<b>(2,711)</b>	<b>(3,073)</b>
	<hr/>	<hr/>
	<b>(18,594)</b>	<b>(4,374)</b>
	<hr/>	<hr/>

### 21 Analysis of cash flows

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
<i>Returns on investments and servicing of finance</i>		
Interest received	<b>482</b>	<b>537</b>
Interest paid	<b>(3,191)</b>	<b>(5,507)</b>
	<hr/>	<hr/>
<b>Net cash flow from returns on investments and servicing of finance</b>	<b>(2,709)</b>	<b>(4,970)</b>
	<hr/>	<hr/>
<i>Capital expenditure and financial investment</i>		
Payments to acquire tangible fixed assets	<b>(3,756)</b>	<b>(33,565)</b>
Receipts from sales of tangible fixed assets	<b>489</b>	<b>5,459</b>
Receipts of capital grants	<b>24,824</b>	<b>34,958</b>
	<hr/>	<hr/>
<b>Net cash flow from capital expenditure and financial investment</b>	<b>21,557</b>	<b>6,852</b>
	<hr/>	<hr/>
<i>Financing</i>		
Repayment of bank loans	<b>4,070</b>	<b>(10,000)</b>
Capital element of finance lease repayments	<b>(209)</b>	<b>(373)</b>
	<hr/>	<hr/>
	<b>3,861</b>	<b>(10,373)</b>
	<hr/>	<hr/>

## Notes (continued)

### 22 Analysis of net debt

	Opening balance £000	Cash flow £000	Non-cash Changes £000	Closing balance £000
Cash at bank and in hand	33,215	(30,755)	-	2,460
Overdrafts	(39,437)	36,961	-	(2,476)
	(6,222)	6,206		(16)
Debt due within one year	(10,000)	(39,070)	-	(49,070)
Debt due after more than one year	(55,000)	35,000	-	(20,000)
Finance leases	(253)	209	-	(44)
	(65,253)	(3,861)	-	(69,114)
Total	(71,475)	2,345	-	(69,130)

### 23 Investments

The principal investments of the company are:

Name	Principal activity	Holding Ordinary share capital
McLaren Racing Limited	Racing car constructor	100%
McLaren Marketing Limited	Marketing	100%
McLaren Automotive Limited	Road car design, development and manufacturing, including race car derivatives	100%
Team McLaren Limited	1 Supporters' club	100%
Lydden Circuit Limited	2 Motor race circuit operator	100%
Absolute Taste Limited	2 Catering services	55%
TAG McLaren Electronics (Holdings) Limited	Non trading holding company	100%
McLaren Electronic Systems Limited	3 Engine management systems design and manufacture	100%
McLaren Applied Technologies Limited	Application of technologies developed within the group	100%

- 1 Shares in Team McLaren Limited are held by McLaren Marketing Limited
- 2 Shares in Lydden Circuit Limited and Absolute Taste Limited are held by McLaren Racing Limited
- 3 Shares in McLaren Electronic Systems Limited are held by TAG McLaren Electronics (Holdings) Limited

## Notes (continued)

### 24 Operating lease commitments

At 31 December 2005 the group was committed to making the following payments during the next year in respect of operating leases:

	31 December 2005			31 December 2004		
	Land and buildings £000	Motor vehicles £000	Equipment £000	Land and buildings £000	Motor vehicles £000	Equipment £000
Leases which expire:						
Within one year	94	-	47	82	2	-
Within two to five years	310	-	84	404	50	72
After five years	1,261	-	24	1,261	24	-
	<u>1,665</u>	<u>-</u>	<u>155</u>	<u>1,747</u>	<u>76</u>	<u>72</u>

### 25 Ultimate parent company

Ownership of McLaren Group Limited is as follows: 40% DaimlerChrysler AG (incorporated in Germany), 30% Mr R Dennis and 30% TAG Group (Holdings) SA (incorporated in Luxembourg).

### 26 Related party transactions

Transactions with related companies during the period were as follows:

	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000	Balance outstanding at 31 December 2005 £000	Balance outstanding at 31 December 2004 £000
<b>Related party sales</b>				
To TAG Group (Holdings) SA from:				
Absolute Taste Limited	155	98	31	6
McLaren Racing Limited	16	-	5	-
Team McLaren Limited	24	1	-	-
McLaren Marketing Limited	138	87	1	-
	<u>333</u>	<u>186</u>	<u>37</u>	<u>6</u>
 To DaimlerChrysler AG from:				
McLaren Automotive Limited	110,147	83,690	20,724	15,794
Team McLaren Limited	59	88	3	6
Absolute Taste Limited	44	32	13	-
McLaren Marketing Limited	849	811	242	21
McLaren Group Limited	1,002	1,129	269	212
McLaren Racing Limited	40,567	27,663	14,712	13,267
McLaren Applied Technologies Limited	11	-	8	-
	<u>152,679</u>	<u>113,413</u>	<u>35,971</u>	<u>29,300</u>

## Notes (continued)

### 26 Related party transactions (continued)

	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000	Balance outstanding at 31 December 2005 £000	Balance outstanding at 31 December 2004 £000
<b>Related party sales (continued)</b>				
To TAG McLaren Audio Limited from:				
McLaren Racing Limited	-	13	-	-
McLaren Group Limited	-	259	-	-
McLaren Marketing Limited	-	1	-	-
McLaren Electronic Systems Limited	-	48	-	-
	<u>-</u>	<u>321</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>321</u>	<u>-</u>	<u>-</u>
 To Absolute Taste Limited from:				
McLaren Marketing Limited	10	42	-	2
McLaren Racing Limited	280	262	8	14
Team McLaren Limited	-	10	-	-
McLaren Group Limited	98	42	6	8
	<u>388</u>	<u>356</u>	<u>14</u>	<u>24</u>
	<u>388</u>	<u>356</u>	<u>14</u>	<u>24</u>
 To L'Escargot Creations from:				
McLaren Racing Limited	-	1	-	-
McLaren Marketing Limited	-	1	-	-
	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>
 To Greyscape from:				
Absolute Taste Limited	55	42	1	1
McLaren Racing Limited	2	4	-	-
McLaren Group Limited	5	1	2	-
Team McLaren Limited	-	1	-	-
	<u>62</u>	<u>48</u>	<u>3</u>	<u>1</u>
	<u>62</u>	<u>48</u>	<u>3</u>	<u>1</u>

**Notes** *(continued)*

**26 Related party transactions** *(continued)*

	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000	Balance outstanding at 31 December 2005 £000	Balance outstanding at 31 December 2004 £000
<b>Related party purchases</b>				
From DaimlerChrysler AG by:				
McLaren Marketing Limited	357	12	363	2
McLaren Composites Limited	-	22	-	1
McLaren Automotive Limited	12,876	9,560	3,215	1,761
McLaren Racing Limited	896	1,220	29	45
McLaren Group Limited	2	21	-	17
	<u>14,131</u>	<u>10,835</u>	<u>3,607</u>	<u>1,826</u>
From TAG Group (Holdings) SA by:				
McLaren Racing Limited	60	67	15	15
	<u>60</u>	<u>67</u>	<u>15</u>	<u>15</u>
From Absolute Taste Limited by:				
McLaren Racing Limited	2,135	2,906	-	135
McLaren Electronic Systems Limited	-	2	-	1
McLaren Group Limited	1,159	1,517	32	763
McLaren Marketing Limited	202	232	7	9
	<u>3,496</u>	<u>4,657</u>	<u>39</u>	<u>908</u>
From L'Escargot Creations Limited by:				
Team McLaren Limited	2	-	-	-
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
From Greyscape Limited by:				
McLaren Group Limited	1,635	1,103	9	-
	<u>1,635</u>	<u>1,103</u>	<u>9</u>	<u>-</u>



## Notes (continued)

### 26 Related party transactions (continued)

#### Transactions with directors

	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000	Balance outstanding at 31 December 2005 £000	Balance outstanding at 31 December 2004 £000
<b>Expenses were incurred on behalf of directors by the following companies:</b>				
McLaren Racing Limited on behalf of:				
Mr R Dennis	26	38	-	-
Mr R Illman	-	11	-	-
Mr J Neale	-	1	-	-
Mr A Newey	4	1	-	-
Mr M Whitmarsh	8	8	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
McLaren Automotive Limited on behalf of:				
Mr R Dennis	1	30	-	1
Mr IG Murray	-	24	-	6
Mr A Ojeh	2	5	-	2
	<hr/>	<hr/>	<hr/>	<hr/>
Absolute Taste Limited on behalf of:				
Mrs L Redding	3	-	-	-
Mr R Dennis	5	2	-	-
Mr B Tubb	-	1	-	-
Mr M Edgecombe	-	6	-	-
Mr A Myers	-	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
McLaren Group Limited on behalf of:				
Mr R Dennis	75	89	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
McLaren Marketing Limited on behalf of:				
Mr R Dennis	10	2	1	1
Mr E Sami	-	1	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

#### Other related party transactions

	Year ended 31 December 2005 £000	14 months ended 31 December 2004 £000	Balance outstanding at 31 December 2005 £000	Balance outstanding at 31 December 2004 £000
From DaimlerChrysler AG	24,824	34,958	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Pursuant to the exemption by Financial Reporting Standard 8, 'Related Party Disclosures', transactions with other undertakings within the McLaren Group have not been disclosed within these financial statements.