

# Financial Statements Force India Formula One Team Limited

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For the Year ended 31 December 2010



Company No. 02417588

## Officers and professional advisers

<b>Company registration number</b>	02417588
<b>Registered office</b>	Force India Formula One Team Dadford Road Silverstone Northamptonshire NN12 8TJ
<b>Directors</b>	Dr Vijay Mallya A K Ravindranath Nedungadi T V Lakshmikanthan
<b>Secretary</b>	Sankaranarayanan Ramamurthy
<b>Bankers</b>	Fortis Bank Bank House 18 Cherry Street Birmingham B2 5AL  Investec Bank 2 Gresham Street London EC2V 7QP
<b>Solicitors</b>	Fladgate LLP 25 North Row London W1K 6DJ  Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditor Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2010

### Results and dividends

The loss for the period after taxation amounted to £26,701,000 (2009 £40,308,000) The directors do not recommend the payment of a dividend (2009 £nil)

### Principal activities and review of the business

The principal activity of the company during the year continued to be the operation of a Formula 1 team

On track the team improved upon its 2009 finishing position by attaining 7th position in the 2010 FIA Formula One World Constructors Championships, an improvement of 2 championship positions Force India to date has achieved nine Q3 qualifying performances and sixteen Q2 qualifying performances during 2011, with still 3 races to go The team achieved a Q2 qualifying position 100% of the time during the season, equal to the same percentage during 2010 This success is clearly demonstrated by the 6th position currently held in the 2011 FIA Formula One World Constructors Championship, being the best team performance since 2002 season

Force India continues its technical partnerships with McLaren Applied Technologies, Mercedes-Benz High Performance Engines and CRL, this, together with its enhanced efficiency levels has resulted in the improved track performance The company continues to capitalise on the FOTA Resources Restriction Agreement, a cost cutting arrangement, entered into in January 2010 with the other F1 teams Falling well within the expenditure constraints, Force India were able to maximise efficiency levels in expanding its CFD & Aerodynamic development, this alongside the introduction of the 24/7 wind tunnel operations, has resulted in significant improvements to the company Optimal performance is key to the driving force for the company, both internally and externally

The directors believe that there are good prospects for the 2012 season and beyond Continuing on from the previous year success and the current year on track performance The team has a clear vision and ambitions for podium finishes The team's business development programme continues to develop sponsorship markets within the global platform, these being more buoyant than others, with many more interested sponsors than there have been during the previous 12 months Force India is aiming to translate the success of the 2010 season, and believes that there are more financial and on-track opportunities for the team

The directors continue to work to do everything necessary to ensure the future and long-term success of the Team, its staff, suppliers and customers

### Subsequent events

In October 2011 Sahara India Group became the co-owner of Orange India Holdings Sarl, the ultimate parent of the company, with an investment of \$100m in equal contributions during a 3 year period This investment increases the financial stability and further strengthens the prospects of the business going forward

## Report of the directors (continued)

### Directors

The directors who served the company during the period were as follows

Dr Vijay Mallya  
Michiel Mol (resigned 29 September 2011)  
A K Ravindranath Nedungadi  
T V Lakshmiathan

### Going concern

The accounts have been prepared on the going concern basis as it is anticipated that the owners will continue to support the operation of the company as a Formula 1 team for the foreseeable future

### Principal risks and uncertainties

Running a Formula 1 team results in a number of specific risks and uncertainties. Such risks and uncertainties include the fluctuation in revenue caused by the availability of major sponsors and the prize fund for distribution from Formula One Management between the various teams. Coupled with this is the need to produce rule compliant and competitive cars, plus operate the team throughout the season, which requires significant investment. Accordingly this can cause cash flow issues if sufficient revenue is not obtained. This is managed through the active pursuit of all revenue opportunities underpinned by the support of the ultimate parent undertaking.

### Financial risk management objectives and policies

The company uses various financial instruments which include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks. These policies have remained unchanged from previous years.

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and for future investment.

The company finances its operations through a mixture of bank borrowings and inter-company loans. The company is exposed to interest rate fluctuations on the bank borrowings. Interest costs are routinely reviewed and available options assessed in order to manage the risk.

The balance sheet includes trade debtors and creditors which do not attract interest and are therefore subject to fair value interest rate risk.

## Report of the directors (continued)

### Research and development

The company continues its programme of research and development at the forefront of the automotive and aerodynamic fields. We will invest in our own chassis to stay a constructor in the Formula 1 competition.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### Employee involvement

The company maintains a policy of regularly providing all employees with information of the company's performance.

### Creditor payment policy

The company takes its opportunity to be an excellent business partner and in that perspective the company has the policy to keep in close contact with all partners and arrange payments schedules with all of them individually.

### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Report of the directors (continued)

The directors are responsible for keeping proper accounting records that 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

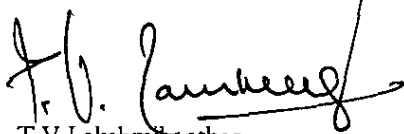
In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD



T V Lakshminathan  
Director

17 October 2011

Date

## Report of the independent auditor to the members of Force India Formula One Team Limited

We have audited the financial statements of Force India Formula One Team Limited for the year ended 31 December 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 and 6, 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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year ended 31 December 2010,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies relating to the company's ability to continue as a going concern. The company incurred a net loss of £26,701,000 during the year ended 31 December 2010 (2009 net loss of £40,308,000) and, at that date, the company's net current liabilities were £29,404,000 and the company's net liabilities were £28,542,000. These conditions indicate that the continued support of the company's ultimate parent, Orange India Holdings Sarl, is necessary if the business is to continue as a going concern. Orange India Holdings Sarl is in turn dependant upon continued financial support from its owners and related entities.



## Report of the independent auditor to the members of Force India Formula One Team Limited (continued)

Orange India Holdings Sarl has continued to provide financial support to the group of which this company is a member and since 31 December 2010 it has provided a further £18,160,000 of financial support. There is no evidence available to us to confirm that Orange India Holdings Sarl will receive the continued support it needs from its shareholders and in turn that continued support will therefore be available to Force India Formula One Team Limited. This material uncertainty may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

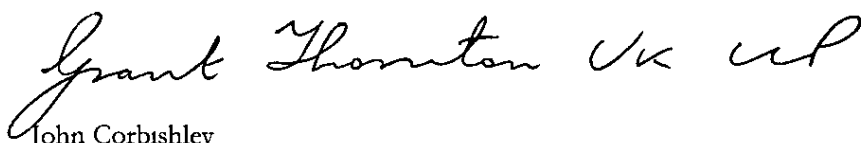
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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.



John Corbishley  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
**Central Milton Keynes**

28 October 2011

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below and remain unchanged from the previous period.

### **Going concern**

The financial statements are prepared on a going concern basis, which assumes that the company will continue to operate for the foreseeable future.

The company is dependent on expected and existing sponsorship contracts and TV revenues from Formula One Management ("FOM"). The appropriateness of the going concern basis is dependent upon the company securing sufficient levels of sponsorship, or alternative sources of finance, to allow it to continue to operate.

Management are confident that Orange India Holdings Sarl will continue to provide the company with sufficient funds to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of signature of these financial statements. Accordingly the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from this going concern basis of preparation being inappropriate.

### **Cash flow statement**

As the company is a wholly owned subsidiary of a parent company which produces consolidated financial statements in which the company is included and which are publicly available the company has taken advantage of the exemption in Financial Reporting Standard 1 not to prepare a cash flow statement.

### **Turnover**

Turnover represents the amounts (excluding value added tax) derived from sponsorship and promotional income, prize money and bonus payments. Turnover is included on an invoiced basis apportioned to the relevant race season.

### **Barter transactions**

Where sponsorship is paid for by the provision of goods or services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

### **Research and development expenditure**

Development costs are written off against profits in the year in which they are incurred.

## Principal accounting policies (continued)

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal installments over their estimated useful economic lives as follows:

Freehold buildings	2% per annum
Leasehold land and buildings	life of lease
Leasehold improvements	4-20% per annum reducing balance
Plant and equipment	10-30% per annum reducing balance
Road vehicles	20% per annum reducing balance
Computer equipment	20% per annum reducing balance

Freehold land is not depreciated.

### Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

### Stocks

Stocks are stated at the lower of cost and net realisable value.

### Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profit represents the contributions payable to the scheme in respect of the accounting year.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Principal accounting policies (continued)

### Financial instruments

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 an existing underlying exposure of the company in line with the company's risk management policies.

In accordance with FRS 25 the loans from Orange India Holdings Sarl, the ultimate parent undertaking, are shown as compound financial instruments. In line with the standard the equity element of this loan is presented as equity within "Other reserves".

### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Profit and loss account

	Note	2010 £000	2009 £000
Turnover	1	48,474	31,454
Cost of sales		(61,462)	(62,699)
Gross loss		<u>(12,988)</u>	<u>(31,245)</u>
Administrative expenses		(12,008)	(8,261)
Operating loss	2	<u>(24,996)</u>	<u>(39,506)</u>
Interest receivable		17	7
Interest payable and similar charges	5	(1,722)	(809)
Loss on ordinary activities before taxation		<u>(26,701)</u>	<u>(40,308)</u>
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	16	<u>(26,701)</u>	<u>(40,308)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

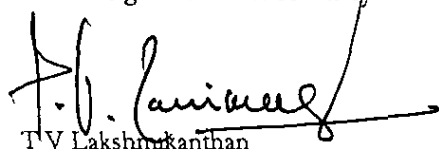
The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

	Note	2010 £000	Proforma 2010 £000	2009 £000
<b>Fixed assets</b>				
Tangible assets	7	10,582	10,582	10,562
<b>Current assets</b>				
Stocks	8	341	341	322
Debtors	9	11,923	11,923	11,005
Cash at bank		330	330	276
		<b>12,594</b>	<b>12,594</b>	<b>11,603</b>
<b>Creditors amounts falling due within one year</b>	10	<b>(41,998)</b>	<b>(41,998)</b>	<b>(27,775)</b>
<b>Net current liabilities</b>		<b>(29,404)</b>	<b>(29,404)</b>	<b>(16,172)</b>
<b>Total assets less current liabilities</b>		<b>(18,822)</b>	<b>(18,822)</b>	<b>(5,610)</b>
<b>Creditors amounts falling due after more than one year</b>	11	<b>(9,720)</b>	<b>(9,720)</b>	<b>(9,956)</b>
		<b>(28,542)</b>	<b>(28,542)</b>	<b>(15,566)</b>
<b>Capital and reserves</b>				
Called up share capital	15	10	80,010	10
Other reserves	16	118,902	38,902	105,177
Profit and loss account	16	(147,454)	(147,454)	(120,753)
<b>Shareholders' deficit</b>		<b>(28,542)</b>	<b>(28,542)</b>	<b>(15,566)</b>

The proforma information shows the balance sheet at 31 December 2010 as if the £80,000,000 of loans from the parent company, Orange India Holdings, had been capitalised in the year. The capitalisation of the £80,000,000 of loans took place in September 2011. In accordance with FRS 25, these loans are presented as equity within Other reserves as set out on Note 16.

These financial statements were approved by the directors and authorised for issue on 17 October 2011, and are signed on their behalf by



T.V. Lakshminathan

Director

Company number - 02417588

The accompanying accounting policies and notes form part of these financial statements.

## Notes to the financial statements

### 1 Turnover

Turnover and loss on ordinary activities were derived from the principal activity of the company. All turnover arose in the UK and relates to continuing activities.

Turnover includes barter transactions amounting to £499,000 (2009 £674,000)

### 2 Operating loss

Operating loss is stated after charging/(crediting)

	2010 £000	2009 £000
Depreciation of fixed assets – owned	1,484	1,508
Depreciation of fixed assets – leased	292	292
Hire of plant and machinery	74	434
Research and development expenditure	12,644	19,298
Auditors' remuneration		
- Audit of financial statements	35	30
- Other services relating to taxation	2	2
- Other tax services	6	-
Net loss/(gain) on foreign currency translation	379	(766)

### 3 Employee remuneration

	2010 £000	2009 £000
Wages and salaries	12,606	11,931
Social security costs	1,377	1,260
Pension costs	650	534
	14,633	13,725

The average number of persons employed by the company (including directors) during the year was as follows

	2010	2009
Production	84	74
Design	133	132
Race team and testing	42	42
Administration	43	37
	302	285

#### 4 Directors

Remuneration in respect of directors was as follow

	2010 £000	2009 £000
Emoluments	-	70

Emoluments of highest paid director

	2010 £000	2009 £000
Total emoluments (excluding pension contributions)	-	70

No directors accrued benefits under company pension schemes (2009 none)

#### 5 Interest payable and similar charges

	2010 £000	2009 £000
Interest payable on bank borrowings	786	692
Finance lease and hire purchase interest	87	109
Other similar charges payable	849	8
	<u>1,722</u>	<u>809</u>

#### 6 Taxation

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%)

The differences are explained as follows

	2010 £000	2009 £000
Loss on ordinary activities before taxation	<u>(26,701)</u>	<u>(40,308)</u>
Loss on ordinary activities multiplied by the standard rate of tax	(7,476)	(11,286)
Expenses not deductible for tax purposes	3,202	3,240
Depreciation in excess of capital allowances	411	344
Enhance R&D qualifying expenditure	(1,911)	(1,820)
Unrelieved tax losses	<u>5,774</u>	<u>9,522</u>
Total current tax	<u>-</u>	<u>-</u>

The company has unprovided deferred tax assets of approximately £36.5m (2009 £30.7m) relating to trading losses that are available for carry forward against future trading profits. Given the uncertainty as to the company's ability to utilise these losses the directors have not recognised any related deferred tax asset.



**7 Tangible fixed assets**

	Freehold land & buildings £000	Plant, equipment, fixtures and road vehicles £000	Computer equipment £000	Total £000
Cost				
At 1 January 2010	7,605	14,449	6,413	28,467
Additions	85	1,170	565	1,820
Disposals	-	(27)	-	(27)
At 31 December 2010	<u>7,690</u>	<u>15,592</u>	<u>6,978</u>	<u>30,260</u>
Depreciation				
At 1 January 2010	3,355	9,199	5,351	17,905
Charge for the period	241	1,165	370	1,776
Eliminated on disposal	-	(3)	-	(3)
At 31 December 2010	<u>3,596</u>	<u>10,361</u>	<u>5,721</u>	<u>19,678</u>
Net book value				
At 31 December 2010	<u>4,094</u>	<u>5,231</u>	<u>1,257</u>	<u>10,582</u>
At 31 December 2009	<u>4,250</u>	<u>5,250</u>	<u>1,062</u>	<u>10,562</u>

Included within the net book value of £10,582,000 is £949,000 (2009 £1,241,000) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £292,000 (2009 £292,000).

Freehold land and buildings includes £2,062,000 (2009 £2,062,000) of land which is not depreciated.

**8 Stocks**

	2010 £000	2009 £000
Spares and parts	<u>341</u>	<u>322</u>

**9 Debtors**

	2010 £000	2009 £000
Trade debtors	928	203
Other debtors	3,570	3,320
Prepayments and accrued income	7,425	7,482
	<u>11,923</u>	<u>11,005</u>

**10 Creditors: amounts falling due within one year**

	2010 £000	2009 £000
Bank loans	8,175	9,248
Trade creditors	5,971	5,140
Other taxation and social security	403	464
Amounts due under finance leases	361	339
Other creditors	6,350	4,292
Accruals and deferred income	20,738	8,292
	<u>41,998</u>	<u>27,775</u>

The bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya. At 31 December 2010 Watson Limited, a company incorporated in Mauritius, held 50% of the share capital of the parent group, Orange India Holdings Sarl (see Note 19)

**11 Creditors: amounts falling due after more than one year**

	2010 £000	2009 £000
Amounts due under finance leases	751	987
Other loans	8,969	8,969
	<u>9,720</u>	<u>9,956</u>

Other loans include £8,969,000 due to Modall Securities Limited, a group administered in Switzerland. This loan is unsecured, accrues interest at a rate of 8% per annum and will be repaid by 31 March 2012. The earliest date on which repayments are expected to begin is January 2012.

**12 Capital commitments**

Future capital commitments are repayable as follows

	2010 £000	2009 £000
Amounts payable within 1 year	8,175	9,248
Amounts payable between 1 and 2 years	8,969	8,969
	<u>17,144</u>	<u>18,217</u>

### 13 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements net of future finance lease charges are as follows

	2010 £000	2009 £000
Finance leases and hire purchase agreements are analysed as follows		
Due within 1 year	426	426
Due within 2 - 5 years	815	1,117
	<u>1,241</u>	<u>1,543</u>
Less finance charges allocated to future period	(129)	(217)
	<u>1,112</u>	<u>1,326</u>

### 14 Commitments under operating leases

The annual commitments under non-cancellable operating leases are as follows

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<i>Leases which expire</i>				
Within one year	-	-	50	107
Within two to five years	45	119	120	10
	<u>45</u>	<u>119</u>	<u>170</u>	<u>117</u>

### 15 Share capital

	2010 £000	2009 £000
Authorised, allotted and called up 10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

**16 Reconciliation of movements in shareholders' funds**

	Share Capital	Other reserves	Profit and Loss account	Total
	£000	£000	£000	£000
As at 1 January 2010	10	105,177	(120,753)	(15,566)
Loss for the financial year	-	-	(26,701)	(26,701)
Increase in equity component of financial instrument	-	13,725	-	13,725
As at 31 December 2010	<u>10</u>	<u>118,902</u>	<u>(147,454)</u>	<u>(28,542)</u>

**17 Pensions**

The company contributed to defined contribution schemes for the benefit of some employees. The assets of the scheme are administered by trustees in funds independent from those of the company. Contributions paid during the year amounted to £534,000 (2009 £481,000).

**18 Related party transactions**

During the year, the company received sponsorship income of £5,985,580 from Kingfisher Airlines plc. The company also charged £36,676 to Kingfisher Airlines plc in respect of other services. At 31 December 2010 £66,218 (2009 £77,864) was due to the company from Kingfisher Airlines plc.

During the year, the company received sponsorship income of £272,977 from Whyte & Mackay plc. The company also charged £3,556,880 to Whyte & Mackay plc in respect of other management services. At 31 December 2010 £540,117 (2009 £nil) was due to the company from Whyte & Mackay plc.

During the year, the company received sponsorship income of £1,799,065 from United Spirits Limited.

During the year, the company received sponsorship income of £3,355,000 from United Breweries Holdings Limited. The company also charged £29,053 to United Breweries Holdings Limited in respect of other management services. At 31 December 2010 £67,610 (2009 £nil) was due to the company from United Breweries Holdings Limited.

During the year, the company received sponsorship income of £1,280,659 from United Breweries Limited. The company also charged £42,277 to United Breweries Limited in respect of other management services. At 31 December 2010 £24,613 (2009 £nil) was due to the company from United Breweries Limited.

During the year, the company charged £3,000 to Kingfisher Beer Europe Limited in respect of other management services. At 31 December 2010 £3,000 (2009 £nil) was due to the company from Kingfisher Beer Europe Limited.

During the year, the company charged £9,515 to Kingfisher Training Academy in respect of other management services. At 31 December 2010 £9,515 (2009 £nil) was due to the company from Kingfisher Training Academy.

The companies listed above are related to Force India Formula One Team Limited by virtue of common directorships.

**18 Related party transactions (continued)**

Included in creditors due within one year of the balance sheet are bank loans of £8,175,000. These bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya. At 31 December 2010 Watson Limited held 50% of the share capital of the ultimate parent company, Orange India Holdings Sarl.

**19 Ultimate controlling party**

The immediate parent undertaking throughout the year ended 31 December 2010 was Force India Formula One Limited. The ultimate parent undertaking and controlling party throughout the year ended 31 December 2010 was Orange India Holdings Sarl, a company incorporated in Luxembourg.

After the year end Watson Limited, a company incorporated in Mauritius, increased its ownership in Orange India Holdings Sarl to 75% such that the directors then considered Watson Limited to be the ultimate parent undertaking. On 12 October 2011 Watson Limited reduced its ownership in Orange India Holdings Sarl to 42.85% such that the directors now consider the ultimate parent undertaking and controlling party to be Orange India Holdings Sarl, a company incorporated in Luxembourg.

**20 Events after the balance sheet date**

In September 2011, £80m of the loans due to Orange India Holdings Sarl were capitalised. Also in September 2011, the immediate parent company, Force India Formula One Limited, sold its shares in Force India Formula One Team Limited and Force India Brand Limited to Orange India Holdings Sarl for £10,000 and £2 respectively.

**21 Contingent liabilities**

The company has received certain invoices for commission from Kodewa GmbH & Co, a company in which Dr C Kolles, a former director, may be considered interested. The total value of the invoices is US\$578,310 and €834,447. Payment of these invoices is disputed by the company because the board have been informed by the previous owner of the company, Spyker Cars NV, and a previous director of the company, that the company had no agreement to pay Kodewa GmbH & Co the amounts claimed in the invoices at the time they are alleged to have been earned. Spyker Cars NV, has given an indemnity to Orange India Holdings Sarl, the company's ultimate holding company, in respect of losses that may be incurred by the company. Further, the claim has been notated by Kodewa GmbH & Co to Spyker Cars NV. No amounts have been provided in the financial statements in relation to these invoices.

The company has entered into forward foreign exchange contracts of £1,939,500. The fair value of these contracts at 31 December 2010 represents a contingent liability of £46,038.