Financial Statements Force India Formula One Team Limited

For the Year ended 31 December 2012

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Company No. 02417588

Officers and professional advisers

Company registration number	02417588
Registered office	Force India Formula One Team Dadford Road Silverstone Northamptonshire NN12 8TJ
Directors	Subrata Roy Sahara Dr Vijay Mallya Sushanto Roy A K Ravindranath Nedungadi Sandeep Wadhwa Robert Fernley Abhijit Sarkar T V Lakshmi Kanthan
Secretary	Sankaranarayanan Ramamurthy
Bankers	BNP Paribas Fortis Bank Bank House 8 Cherry Street Birmingham B2 5AL Investec Bank 2 Gresham Street London EC2V 7QP
Solicitors	Fladgate LLP 25 North Row London W1K 6DJ Travers Smith LLP 10 Snow Hill London EC1A 2AL
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

Contents

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2012

Results and dividends

The loss for the period after taxation amounted to £33,449,000 (2011 £25,723,000) The directors do not recommend the payment of a dividend (2011 £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

With the presence of both Sahara and Watson as shareholders of Orange India Holdings Sarl , the parent company, with committed investment into the Company in equal contributions for the future This commitment of investment increases the financial stability and further strengthens the prospects of the business going forward

On the track, the team continued to improve on performance and finished the 2012 season by recording its highest constructors points result to date with a total of 109 points, narrowly missing out on retaining sixth place The team delivered a very strong second half of the season, scoring championship points in all nine remaining races, qualifying in the top ten in seven of the nine races and becoming the fifth best performing team for the second half of the season and once again, delivered a reliability record on par with the top 4 teams

The current 2013 season has started promising, the team implemented an aggressive design approach during winter period of 2012, yielding a strong start at the Australian GP, and further development has been on going and continues to yield results The team succeeded to score points in 4 of the first 5 races

Expansion programmes continue within CFD, Aero and R&D, further strengthening the development process Optimal performance continues to be the key driving force of the company, both internally and externally

Looking forward, there are major rule changes for 2014 including changes to Engine Foreseeing this, Force India announced its continued partnership with Mercedes not only for their Engines but also for their Powertrain facilities a multi-year package which will enable the team to move further forward with the technological partnership from a world renowned engine manufacturer

The Directors believe that there are good prospects for the 2013 season, continuing on from the previous year's success both on and off track The team has clear ambitions for podium finishes in the current season and continues its development process to attain these aspirations strengthened by the encouraging performance from the start of the season

The team's business development programme continues to work to build on new sponsorship attained during 2012, seeing additions to both its sponsorship and partnership programmes, announcing the introduction of TW Steele for the 2013 season The team believes that it can capitalise on its continued progression securing more financial and on-track opportunities for the team

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

Report of the directors (continued)

Directors

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

Subrata Roy Sahara
Dr Vijay Mallya
Sushanto Roy
A K Ravindranath Nedungadi
Sandeep Wadhwa
Robert Fernley
Abhijit Sarkar
T V Lakshmi Kanthan

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 Report of the Directors and 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 Accounting Standards and applicable laws) 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 and 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,
- state whether applicable UK 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 company will continue in business

Report of the directors (continued)

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 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

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

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

Director (SUBRATA ROY SAHARA)
5/9/2013
Date

Director DR. VIJAY MALLYA
5/9/2013
Date

Grant Thornton

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 2012 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement 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

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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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 £33,449,000 during the year ended 31 December 2012 (2011 net loss of £25,723,000) and at that date the company's net current liabilities were £23,656,000 and the company's net liabilities were £12,319,000. These conditions indicate that the continued support of the company's ultimate parents, Watson Limited and Sahara Adventure Sports Limited, is necessary if the business is to continue as a going concern Watson Limited and Sahara Adventure Sports Limited own the majority of the share capital of OIH Sarl, the company's immediate parent

Grant Thornton

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 company and since 31 December 2011 it has provided a further £36,805,000 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 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

Grant Thornton UK LLP

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

Date 5 September 2013.

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

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	10-25% 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

Profit and loss account

	Note	2012 £000	2011 £000
Turnover	1	**46,694**	46,603
Cost of sales		**(62,372)**	(73,425)
Gross loss		**(15,678)**	(26,822)
Administrative expenses		**(21,117)**	(8,094)
Operating loss	2	**(36,795)**	(34,916)
Interest receivable		**13**	15
Interest payable and similar charges	5	**(2,245)**	(1,772)
Loss on ordinary activities before taxation		**(39,027)**	(36,673)
Tax on loss on ordinary activities	6	**5,578**	10,950
Loss for the financial year	16	**(33,449)**	(25,723)

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

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

Balance sheet

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	7	**11,689**	10,079
Current assets			
Stocks	8	**527**	495
Debtors	9	**19,162**	16,573
Cash at bank		**3,601**	7,548
		23,290	24,616
Creditors: amounts falling due within one year	10	**(46,946)**	(49,976)
Net current liabilities		**(23,656)**	(25,360)
Total assets less current liabilities		**(11,967)**	(15,281)
Creditors: amounts falling due after more than one year	11	**(352)**	(394)
		(12,319)	(15,675)
Capital and reserves			
Called up share capital	15	**80,010**	80,010
Other reserves	16	**114,297**	77,492
Profit and loss account	16	**(206,626)**	(173,177)
Shareholders' deficit		**(12,319)**	(15,675)

These financial statements were approved by the board and authorised for issue on 5/9/2013, and are signed on their behalf by

Director SUBRATA ROY SAHARA
Company Number - 02417588

Director
DR. VIJAY MALLYA

Cash flow statement

	Note	2012 £000	2011 £000
Net cash outflow from operating activities	20	**(39,249)**	(37,764)
Returns on investments and servicing of finance			
Interest received		**13**	15
Interest paid		**(2,232)**	(892)
Interest element of finance lease payments		**(13)**	(65)
Net cash outflow from returns on investments and servicing of finance		**(2,232)**	(942)
Taxation		**4,918**	6,031
Capital expenditure			
Payments to acquire tangible fixed assets		**(3,546)**	(1,186)
Net cash outflow from capital expenditure		**(3,546)**	(1,186)
Net cash flow before financing		**(40,109)**	(33,861)
Financing			
Increase in group loans		**36,805**	38,590
New loans advanced		**(775)**	2,812
Repayment of capital element of finance leases		**132**	(323)
Net cash flow from financing		**36,162**	41,079
(Decrease)/increase in cash	21	**(3,947)**	7,218

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 £1,201,713 (2011 £406,000)

2 Operating loss

Operating loss is stated after charging/(crediting)

	2012 £000	2011 £000
Depreciation of fixed assets – owned	**1,714**	1,497
Depreciation of fixed assets – leased	**210**	192
Hire of land and buildings	**26**	45
Research and development expenditure	**17,808**	16,547
Auditors' remuneration		
- Audit of financial statements	**42**	44
- Recovery of R&D tax computation services	**111**	83
- Assistance with employment taxation	**14**	48
- Assistance with VAT compliance	**51**	33
- Assistance with group restructuring	**–**	3
- Other services relating to taxation	**2**	2
- Other services	**7**	11
Net gain on foreign currency translation	**406**	206

3 Employee remuneration

	2012 £000	2011 £000
Wages and salaries	**14,972**	13,923
Social security costs	**1,704**	1,596
Pension costs	**1,002**	810
	17,678	16,329

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

	2012	2011
Production	**136**	91
Design	**136**	135
Race team and testing	**37**	46
Administration	**14**	45
	323	317

4 Directors

Remuneration in respect of directors was as follows

	2012 £000	2011 £000
Emoluments	–	–

No directors accrued benefits under company pension schemes (2011 none)

5 Interest payable and similar charges

	2012 £000	2011 £000
Interest payable on bank borrowings	917	892
Finance lease and hire purchase interest	13	65
Other similar charges payable	1,315	815
	2,245	1,772

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 24 5% (2011 26%)

The differences are explained as follows

	2012 £000	2011 £000
Loss on ordinary activities before taxation	(39,027)	(36,673)
Loss on ordinary activities multiplied by the standard rate of tax	(9,561)	(9,716)
Expenses not deductible for tax purposes	303	1,556
Capital allowances in excess of depreciation	30	(1,257)
Research & Development taxation in respect of prior periods	5,578	10,950
Unrelieved tax losses	9,228	9,417
Total current tax	5,578	10,950

The company has unprovided deferred tax assets of approximately £33 5m (2011 £34 4m) 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 2012	7,735	16,069	7,642	31,446
Additions	394	1,162	1,990	3,546
Disposal	–	(16)	–	(16)
At 31 December 2012	8,129	17,215	9,632	34,976
Depreciation				
At 1 January 2012	3,821	11,414	6,132	21,367
Charge for the period	312	1,042	570	1,924
Eliminated on disposal	–	(4)	–	(4)
At 31 December 2012	4,133	12,452	6,702	23,287
Net book value				
At 31 December 2012	**3,996**	**4,763**	**2,930**	**11,689**
At 31 December 2011	3,914	4,655	1,510	10,079

Included within the net book value of £11,689,000 is £1,177,573 (2011 £807,000) 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 £209,810 (2011 £192,000)

Freehold land and buildings includes £2,062,000 (2011 £2,062,000) of land which is not depreciated

8 Stocks

	2012 £000	2011 £000
Spares and parts	**527**	495

9 Debtors

	2012 £000	2011 £000
Trade debtors	**262**	231
Other debtors	**11,096**	10,446
Prepayments and accrued income	**7,804**	5,896
	19,162	16,573

10 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank loans	**10,924**	10,987
Other loans	**8,257**	8,969
Trade creditors	**11,823**	5,555
Other taxation and social security	**586**	507
Amounts due under finance leases	**569**	395
Other creditors	**3,758**	8,250
Accruals and deferred income	**11,029**	15,313
	46,946	49,976

The bank loans are personally guaranteed by Dr Vijay Mallya Subsequent to the reporting period, the terms of the bank loans were revised such that the loan is repayable by 31 December 2013

Other loans include £8,257,000 due to Modall Securities Limited, a company administered in Switzerland This loan is unsecured, accrues interest at a rate of 10% per annum and was to be repaid by 31 March 2012 Since the year end the company has revised the repayment terms of this loan such that the amounts due are repayable by 31 December 2013

11 Creditors: amounts falling due after more than one year

	2012 £000	2011 £000
Amounts due under finance leases	**352**	394

12 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows

	2012 £000	2011 £000
Amounts payable within 1 year	**19,181**	19,956

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

	2012 £000	2011 £000
Finance leases and hire purchase agreements are analysed as follows		
Due within 1 year	638	441
Due within 2 - 5 years	382	421
	1,020	862
Less finance charges allocated to future period	(99)	(73)
	921	789

14 Commitments under operating leases

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

	2012 Land and buildings £000	2011 Land and buildings £000
Leases which expire		
Less than one year	26	–
Within two to five years	–	45
	26	45

15 Share capital

	2012 £000	2011 £000
Authorised, allotted and called up		
80,010 ordinary shares of £1 each	80,010	80,010

16 Reconciliation of movements in shareholders' funds

	Share Capital £000	Other reserves £000	Profit and Loss account £000	Total £000
As at 1 January 2012	80,010	77,492	(173,177)	(15,675)
Loss for the financial year	–	–	(33,449)	(33,449)
Loans advanced from shareholder	–	36,805	–	36,805
As at 31 December 2012	80,010	114,297	(206,626)	(12,319)

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"

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 £1,002,000 (2011 £810,000)

18 Related party transactions

During the year, the company received sponsorship income of £nil (2011 £485,420) from Kingfisher Airlines Limited At 31 December 2012 £nil (2011 £nil) was due to the company from Kingfisher Airlines Limited

During the year, the company received sponsorship income of £522,727 (2011 £522,727) from Whyte & Mackay plc The company also charged £85,101 (2011 £95,976) to Whyte & Mackay plc in respect of other management services At 31 December 2012 £45,856 (2011 £49,164) was due to the company from Whyte & Mackay plc

During the year, the company received sponsorship income of £870,000 (2011 £870,000) from United Spirits Limited The company also charged £104,723 (2011 £116,974) to United Spirits Limited in respect of other management services At 31 December 2012 £nil (2011 £nil) was due to the company from United Spirits Limited

During the year, the company received sponsorship income of £nil (2011 £2,564,596) from United Breweries Holdings Limited The company also charged £49,139 (2011 nil) to United Breweries Holdings Limited in respect of other management services At 31 December 2012 £124,850 (2011 £126,142) was due to the company from United Breweries Holdings Limited

During the year, the company received sponsorship income of £1,845,000 (2011 £1,924,000) from United Breweries Limited The company also charged £nil (2011 £131,540) to United Breweries Limited in respect of other management services At 31 December 2012 £nil (2011 £73,823) was due to the company from United Breweries Limited

During the year, the company charged £nil (2011 £36,030) to Kingfisher Beer Europe Limited in respect of other management services At 31 December 2012 £nil (2011 £nil) was due to the company from Kingfisher Beer Europe Limited

During the year, the company charged £nil (2011 £8,768) to Kingfisher Training Academy in respect of other management services At 31 December 2012 £18,283 (2011 £18,283) was due to the company from Kingfisher Training Academy

During the year, the company charged £739,918 (2011 £nil) to Sahara India Pariwar in respect of other management services At 31 December 2012 £nil (2011 £nil) was due to the company from Sahara India Pariwar

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

Included in creditors due within one year of the balance sheet date are bank loans of £10,987,000 These bank loans are personally guaranteed by Dr Vijay Mallya

19 Ultimate controlling party

The immediate parent undertaking is Orange India Holdings Sarl, a company incorporated in Luxembourg

No individual company has ultimate control of Orange India Holdings Sarl, and on that basis the directors consider the ultimate controlling party to be Orange India Holdings Sarl

20 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £000	2011 £000
Operating loss	(36,795)	(34,916)
Depreciation	1,924	1,689
Profit on sale of assets	12	–
(Increase) in stock	(32)	(154)
(Increase)/decrease in debtors	(3,520)	268
(Decrease)/increase in creditors	(838)	(4,651)
Net cash outflow from operating activities	(39,249)	(37,764)

Reconciliation of net cash flow to movement in net funds

	2012 £000	2011 £000
Increase in cash in the period	(3,947)	7,218
New bank loans	775	(2,812)
Repayment of finance leases	(132)	323
Change in net debt	(3,304)	4,729
Net debt at 1 January 2012	(13,197)	(17,926)
Net debt at 31 December 2012	(16,501)	(13,197)

21 Analysis of changes in net funds

	At 1 Jan 2012 £000	Cash flows £000	At 31 Dec 2012 £000
Net cash:			
Cash in hand and at bank	7,548	(3,947)	**3,601**
	7,548	(3,947)	**3,601**
Debt:			
Amounts due within one year	(19,956)	775	**(19,181)**
Amounts due under finance leases	(789)	(132)	**(921)**
	(20,745)	643	**(20,102)**
Net debt	(13,197)	(3,304)	**(16,501)**

22 Events after the balance sheet date

Subsequent to the reporting period, the terms of the bank loans were revised such that the loans would become repayable during the year ended 31 December 2013

The terms of the other loans were also revised such that these would become repayable during the year ended 31 December 2013

23 Capital commitments

The aggregate of capital commitments are as follows

	2012 £000	2011 £000
Capital commitments	**7,427**	-

24 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 immediate parent, in respect of losses that may be incurred by the company in this regard No amounts have been provided in the financial statements in relation to these invoices

In addition, there are two outstanding claims against the company totaling £986,000 in respect of legal costs Both of these claims are being disputed by the Company and the final outcome will not be known until the assessment of costs which are expected in the coming months No amounts have been provided in the financial statements in relation to these claims