

Financial Statements

Force India Formula One Team Limited

For the year ended 31 December 2013

Registered number: 02417588

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Force India Formula One Team Limited

Company Information

Directors

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

Company secretary

Sankaranarayanan Ramamurthy

Registered number

02417588

Registered office

Force India Formula One Team
Dadford Road
Silverstone
Northamptonshire
NN12 8TJ

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Grant Thornton House
202 Silbury Boulevard
Milton Keynes
MK9 1LW

Bankers

BNP Paribas Fortis Bank
Bank House
8 Cherry Street
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B2 5AL

Investec Bank
2 Gresham Street
London
EC2V 7QP

Solicitors

Fladgate LLP
25 North Road
London
W1K 6DJ

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Strategic Report

For the year ended 31 December 2013

Introduction

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

Business review

Orange India Holdings Sarl, the parent company, continues its investment in the Company.

During 2013 the team Chassis was specifically designed to optimise performance from the new steel belted Pirelli tyres. The first half of the season yielded very good results with the team comfortably sitting in fifth place in the championship ahead of McLaren.

With the team in a comfortable position during the first part of the season for 2013, the wind tunnel aero model had been adapted to 2014 specification which prevented further 2013 design updates in order to adapt the chassis to the revised tyre structures.

However, mid-season delamination safety issues with 2013 tyres required Pirelli to revert to the 2012 Kevlar belted tyre design which benefitted other teams who had carried over their 2012 chassis design but had an impact on the Team's car performance to some extent.

The second half of 2013 was to take a damage limitation approach focussing on race strategy to overcome the performance deficit created by the change in tyres.

Nonetheless, the creative race strategies throughout the second half of 2013 enabled the Team to regain sixth place in the Championship by securing 77 points in total and meet the team's overall performance objective.

The new 2014 hybrid power unit will have a significant impact on Formula One cars and how these are designed and operated. With the Team enjoying an early performance advantage in 2013, following the Canadian GP, the Team adapted the aero chassis model to accommodate the 2014 design specification in order to gain the maximum amount of time investigating cooling requirements to cope with the Hybrid power unit.

With the Team benefitting from their early commitment to start work on its 2014 chassis design, the Team envisage that they will be a finishing as a top five team in the 2014 Formula World Championships. Apart from the aero activities, expansion programmes continue within CFD and R&D, further strengthening the development process. Optimal performance continues to be the key driving force of the company, both internally and externally.

The introduction of both design and engine specification for the 2014 season, was the driving force to continue the already longstanding partnership with Mercedes, successfully signing a multi-year package to include their Powertrain. Such a partnership within the F1 community is much sought after and Force India are delighted to continue its technological partnership with the world renowned engine manufacturer.

The Directors believe that there are good prospects for the 2014 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 testing season.

The team's business development programme continues to work to build on new sponsorship attained during 2013, seeing additions to both its sponsorship and partnership programmes. The announcement of Sergio Perez joining in the Team's driver line up, has presented the team with much interest and we continue to progress these opportunities within the Mexican markets.

The team believes that it can capitalise on its continued progression securing more financial and on-track opportunities for the team.

Strategic Report (continued)

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

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.

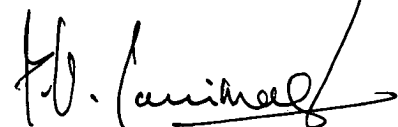
The company finances its operations through a mixture of bank borrowings and inter-company loans. The company is exposed to interest rate fluctuations on the bank borrowings. Interest costs are routinely reviewed and available options assessed in order to manage the risk.

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

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.

This report was approved by the board on 17 March 2014 and signed on its behalf.



Director

TV Lakshmi Kanthan

Directors' Report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Directors' responsibilities statement

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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.

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.

Results

The loss for the year, after taxation, amounted to £38,483,000 (2012 - loss £33,449,000).

Directors

The directors who served during the year were:

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

Research and development activities

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.

Directors' Report

For the year ended 31 December 2013

Employee involvement

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

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.

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.

Disclosure of information to auditor

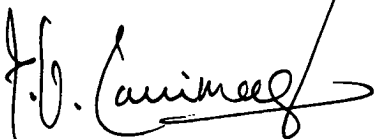
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on **17 March 2014** and signed on its behalf.



Director

T.V. Lakshmi Kanthan.

Independent Auditor's Report 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 2013, which comprise 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, 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 Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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 £38,483,000 during the year ended 31 December 2013 (2012: net loss of £33,449,000) and at that date the company's net current liabilities were £49,127,000 and the company's net liabilities were £33,761,000. These conditions indicate that the continued support of the company's parent, Orange India Holdings Sarl, supported by 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 Orange India Holdings Sarl, the company's immediate parent.

Orange India Holdings Sarl has continued to provide financial support to the company and since 31 December 2012 it has provided a further £17,041,000 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.



Independent Auditor's Report to the Members of Force India Formula One Team Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

John Corbishley (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Milton Keynes

Date: *28 March 2014.*

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1,2	43,770	46,694
Cost of sales		<u>(63,411)</u>	<u>(62,372)</u>
Gross loss		(19,641)	(15,678)
Administrative expenses		<u>(27,306)</u>	<u>(21,117)</u>
Operating loss	3	(46,947)	(36,795)
Interest receivable and similar income		8	13
Interest payable and similar charges	5	<u>(1,900)</u>	<u>(2,245)</u>
Loss on ordinary activities before taxation		(48,839)	(39,027)
Tax on loss on ordinary activities	6	<u>10,356</u>	<u>5,578</u>
Loss for the financial year	15	<u>(38,483)</u>	<u>(33,449)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 10 to 21 form part of these financial statements.

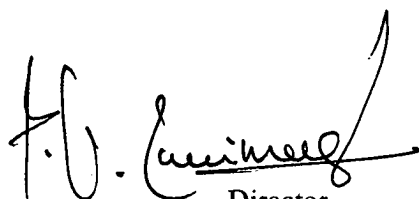
Balance Sheet

As at 31 December 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	7		15,638	11,689
Current assets				
Stocks	8	816		527
Debtors	9	6,761		19,162
Cash at bank	10	5,543		3,602
		<u>13,120</u>		<u>23,291</u>
Creditors: amounts falling due within one year	11	<u>(62,247)</u>		<u>(46,947)</u>
Net current liabilities			<u>(49,127)</u>	<u>(23,656)</u>
Total assets less current liabilities			<u>(33,489)</u>	<u>(11,967)</u>
Creditors: amounts falling due after more than one year	12		<u>(272)</u>	<u>(352)</u>
Net liabilities			<u><u>(33,761)</u></u>	<u><u>(12,319)</u></u>
Capital and reserves				
Called up share capital	14		80,010	80,010
Other reserves	15		131,338	114,297
Profit and loss account	15		<u>(245,109)</u>	<u>(206,626)</u>
Shareholders' deficit	16		<u><u>(33,761)</u></u>	<u><u>(12,319)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17.03.14


Director
Shubanto Roy


Director
T V Lakshmi Kanthan.

The notes on pages 10 to 21 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Net cash flow from operating activities	17	(16,822)	(39,249)
Returns on investments and servicing of finance	18	(1,892)	(2,232)
Taxation		10,356	4,918
Capital expenditure and financial investment	18	(6,280)	(3,546)
Cash outflow before financing		(14,638)	(40,109)
Financing	18	16,579	36,162
Increase/(Decrease) in cash in the year		1,941	(3,947)

Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2013

	2013 £000	2012 £000
Increase/(Decrease) in cash in the year	1,941	(3,947)
Cash outflow from decrease in debt and lease financing	463	643
Movement in net debt in the year	2,404	(3,304)
Net debt at 1 January 2013	(16,500)	(13,196)
Net debt at 31 December 2013	(14,096)	(16,500)

The notes on pages 10 to 21 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 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.

1.3 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.

1.4 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.

1.5 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum
Leasehold properties	-	life of lease
Leasehold improvements	-	4-20% per annum reducing balance
Plant and machinery	-	10-30% per annum reducing balance
Road vehicles	-	20% per annum reducing balance
Computer equipment	-	10-25% per annum reducing balance

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.11 Pensions

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 pension charged against profits represents the contributions payable by the company to the fund in respect of the year.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

1.12 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".

1.13 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.

2. Turnover

Turnover and loss on ordinary activities were derived from the principal activity of the company.

Turnover includes barter transactions amounting to £879,795 (2012: £1,201,713).

All turnover arose within the United Kingdom.

3. Operating loss

The operating loss is stated after charging/(crediting):

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	2,095	1,714
- held under finance leases	236	210
Auditor's remuneration	43	42
Auditor's remuneration - non-audit	318	185
Operating lease rentals:		
- plant and machinery	101	201
Difference on foreign exchange	(160)	406
Hire of land and buildings	26	26
Research and development expenditure	19,518	17,808

During the year, no director received any emoluments (2012 - £NIL).

Notes to the Financial Statements

For the year ended 31 December 2013

4. Staff costs

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	16,580	14,972
Social security costs	1,904	1,704
Other pension costs	1,101	1,002
	<u>19,585</u>	<u>17,678</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
Production	145	136
Design	150	136
Race team and testing	38	37
Admin	15	14
	<u>348</u>	<u>323</u>

5. Interest payable

	2013 £000	2012 £000
On bank loans and overdrafts	863	917
On other loans	1,036	1,315
On finance leases and hire purchase contracts	1	13
	<u>1,900</u>	<u>2,245</u>

6. Taxation

	2013 £000	2012 £000
UK corporation tax credit on loss for the year	<u>(10,356)</u>	<u>(5,578)</u>

Notes to the Financial Statements

For the year ended 31 December 2013

6. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Loss on ordinary activities before tax	(48,839)	(39,027)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(11,353)	(9,561)
Effects of:		
Expenses not deductible for tax purposes	220	303
Capital allowances for year in excess of depreciation	(17)	30
Research and development taxation in respect of prior periods	(10,356)	(5,578)
Unrelieved tax losses carried forward	11,150	9,228
Current tax credit for the year (see note above)	(10,356)	(5,578)

Factors that may affect future tax charges

The company has unprovided deferred tax assets of approximately £38.7m (2012: £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 property £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost				
At 1 January 2013	8,129	17,215	9,632	34,976
Additions	346	4,128	1,806	6,280
At 31 December 2013	8,475	21,343	11,438	41,256
Depreciation				
At 1 January 2013	4,133	12,452	6,702	23,287
Charge for the year	232	1,132	967	2,331
At 31 December 2013	4,365	13,584	7,669	25,618
Net book value				
At 31 December 2013	4,110	7,759	3,769	15,638
At 31 December 2012	3,996	4,763	2,930	11,689

Notes to the Financial Statements

For the year ended 31 December 2013

7. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 £000	2012 £000
Plant and machinery	1,292,386	1,177,573

Included in land and buildings is freehold land at valuation of £2,062,000 (2012 - £2,062,000) which is not depreciated.

8. Stocks

	2013 £000	2012 £000
Raw materials	816	527

9. Debtors

	2013 £000	2012 £000
Trade debtors	1,780	262
Other debtors	4,138	11,096
Prepayments and accrued income	843	7,804
	6,761	19,162

10. Cash collateral

Cash at bank includes £4,416,200 received from Watson Limited which is being held as cash collateral against the bank loans. This is offset by a creditor balance of an equal amount which is included within other creditors, reflecting the amount due back to Watson Limited. The monies are held in a fixed term deposit with a final maturity date of 3 January 2014. These funds are restricted and cannot be used by the company to fund working capital requirements.

Notes to the Financial Statements

For the year ended 31 December 2013

11. Creditors:

Amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	10,767	10,924
Other loans	8,296	8,257
Net obligations under finance leases and hire purchase contracts	304	569
Trade creditors	15,849	11,824
Other taxation and social security	954	586
Other creditors	16,535	3,758
Accruals and deferred income	9,542	11,029
	<u>62,247</u>	<u>46,947</u>

The bank loans are guaranteed by way of a letter of credit for £5,500,000 from Sahara Adventure Sports Limited and cash collateral guarantees of £4,000,000 and €500,000 from Watson Limited (see note 10). The terms of the loan have been amended during the year such that the loan is repayable by 31 October 2014.

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 due to be repaid by 31 December 2013. The company is currently in the process of negotiating an extension to this facility.

12. Creditors:

Amounts falling due after more than one year

	2013 £000	2012 £000
Net obligations under finance leases and hire purchase contracts	<u>272</u>	<u>352</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2013 £000	2012 £000
Between one and five years	<u>272</u>	<u>352</u>

13. Capital instruments

Creditors include finance capital which is due for repayment as follows:

	2013 £000	2012 £000
Amounts payable within 1 year	<u>19,063</u>	<u>19,181</u>

Notes to the Financial Statements

For the year ended 31 December 2013

14. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
80,010,000 Ordinary shares of £1 each	80,010	80,010

15. Reserves

	Other reserves £000	Profit and loss account £000
At 1 January 2013	114,297	(206,626)
Loss for the year	-	(38,483)
Movement on other reserves	17,041	-
At 31 December 2013	131,338	(245,109)

16. Reconciliation of movement in shareholders' deficit

	2013 £000	2012 £000
Opening shareholders' deficit	(12,319)	(15,675)
Loss for the financial year	(38,483)	(33,449)
Capital contributions	17,041	36,805
Closing shareholders' deficit	(33,761)	(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. Net cash flow from operating activities

	2013 £000	2012 £000
Operating loss	(46,947)	(36,795)
Depreciation of tangible fixed assets	2,331	1,924
Loss on disposal of tangible fixed assets	-	12
Increase in stocks	(288)	(32)
Decrease/(increase) in debtors	12,402	(3,520)
Increase/(decrease) in creditors	15,680	(838)
Net cash outflow from operating activities	(16,822)	(39,249)

Notes to the Financial Statements

For the year ended 31 December 2013

18. Analysis of cash flows for headings netted in cash flow statement

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	8	13
Interest paid	(1,899)	(2,232)
Hire purchase interest	(1)	(13)
Net cash outflow from returns on investments and servicing of finance	(1,892)	(2,232)
	2013 £000	2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6,280)	(3,546)
	2013 £000	2012 £000
Financing		
New secured loans	-	(775)
Repayment of loans	(156)	-
Other new loans	38	-
(Repayment of)/new finance leases	(345)	132
Capital contributions	17,042	36,805
Net cash inflow from financing	16,579	36,162

19. Analysis of changes in net debt

	1 January 2013 £000	Cash flow £000	Other non-cash changes £000	31 December 2013 £000
Cash at bank and in hand	3,602	1,941	-	5,543
Debt:				
Finance leases	(921)	345	-	(576)
Debts due within one year	(19,181)	118	-	(19,063)
Net debt	(16,500)	2,404	-	(14,096)

Notes to the Financial Statements

For the year ended 31 December 2013

20. Capital commitments

At 31 December 2013 the company had capital commitments as follows:

	2013 £000	2012 £000
Capital commitments	-	7,427

21. Pension commitments

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 £1,101,000 (2012: £1,002,000).

22. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
Expiry date:		
Within 1 year	-	26

Notes to the Financial Statements

For the year ended 31 December 2013

23. Related party transactions

During the year, the company received sponsorship income of £130,681 (2012: £522,727) from Whyte & Mackay plc. The company also charged £57,569 (2012: £85,101) to Whyte & Mackay plc in respect of other management services. At 31 December 2013 £79,687 (2012: £45,856) was due to the company from Whyte & Mackay plc.

During the year, the company received sponsorship income of £321,506 (2012: £870,000) from United Spirits Limited. The company also charged £1,534 (2012: £104,723) to United Spirits Limited in respect of other management services. At 31 December 2013 £nil (2012: £nil) was due to the company from United Spirits Limited.

During the year, the company received sponsorship income of £nil (2012: £nil) from United Breweries Holdings Limited. The company also charged £nil (2012: £49,139) to United Breweries Holdings Limited in respect of other management services. At 31 December 2013 £nil (2012: £124,850) was due to the company from United Breweries Holdings Limited.

During the year, the company received sponsorship income of £2,181,630 (2012: £1,845,000) from United Breweries Limited. The company also charged £nil (2012: £nil) to United Breweries Limited in respect of other management services. At 31 December 2013 £nil (2012: £nil) was due to the company from United Breweries Limited.

During the year, the company charged £8,212 (2011: £36,030) to Kingfisher Beer Europe Limited in respect of other management services. At 31 December 2013 £nil (2012: £nil) was due to the company from Kingfisher Beer Europe Limited.

At 31 December 2013 £nil (2012: £18,283) was due to the company from Kingfisher Training Academy.

During the year, the company charged £828,086 (2012: £739,918) to Sahara India Pariwar in respect of other management services. At 31 December 2013 £28,318 (2012: £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 £10,767,000. These bank loans are guaranteed by way of a letter of credit for £5,500,000 from Sahara Adventure Sports Limited and cash collateral guarantees of £4,000,000 and €500,000 from Watson Limited, both of whom are related to Force India Formula One Team Limited by virtue of common directorships. In addition, included within creditors due within one year of the balance sheet date is amount of £4,416,200 due to Watson Limited in respect of the cash collateral guarantees.

Notes to the Financial Statements

For the year ended 31 December 2013

24. 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.