Financial Statements Force India Formula One Team Limited

For the Year ended 31 December 2011

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

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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 2011

Results and dividends

The loss for the period after taxation amounted to £25,723,000 (2010 £26,701,000) The directors do not recommend the payment of a dividend (2010 £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

In October 2011, Sahara Group, an Indian industrial conglomerate became the co-owner of Orange India Holdings Sarl, the parent company, with an investment of approximately $100M into the Company in equal contributions covering a 3-year period This investment increases the financial stability and further strengthens the prospects of the business going forward

On the track, the team continued to improve on previous years 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 2012 season started slowly, this being due to rule ambiguity, the team implemented a different design approach mid-season with the first adaptation featuring at the Monaco GP and with further development, soon began to yield results

Following the summer break, the team delivered a very strong second half of the season performance, 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 a par or better than the top 4 teams

Looking forward, there are no major rule changes for 2013 and following on from the very strong second half 2012 performance, the team will race an evolved 2012 chassis in 2013 and expects to be competitive from the start of the season

Force India continues its technical partnerships with McLaren Applied Technologies and Mercedes AMG Performance Power now entering its 5th year of the partnership programme The company continues to invest in the business, increasing its headcount to 317, the main increase attributed to both production and commercial departments 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

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 ambition for podium finishes in the coming 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 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 (appointed 27 October 2011)
Dr Vijay Mallya
Sushanto Roy (appointed 27 October 2011)
A K Ravindranath Nedungadi
Sandeep Wadhwa (appointed 27 October 2011)
Robert Fernley (appointed 27 October 2011)
Abhijit Sarkar (appointed 27 October 2011)
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

Subrata Roy Sahara
Director

Date 16-01-2013

Dr Vijay Mallya
Director

Date 16-01-2013

Grant Thornton

Report of the ındependent auditor to the members of Force India Formula One Team Lımited

We have audıted the financıal statements of Force Indıa Formula One Team Lımıted for the year ended 31 December 2011 whıch comprıse the prıncıpal accountıng polıcıes, the profit and loss account, the balance sheet, the cash flow statement and the related notes The financıal reportıng framework that has been applıed ın theır preparatıon ıs applıcable law and Unıted Kıngdom Accountıng Standards (Unıted Kıngdom Generally Accepted Accountıng Practıce)

Thıs report ıs made solely to the company's members, as a body, ın accordance wıth Chapter 3 of Part 16 of the Companıes Act 2006 Our audıt work has been undertaken so that we mıght state to the company's members those matters we are requıred to state to them ın an audıtor's report and for no other purpose To the fullest extent permıtted by law, we do not accept or assume responsıbılıty to anyone other than the company and the company's members as a body, for our audıt work, for thıs report, or for the opınıons we have formed

Respective responsibilities of directors and auditor

As explaıned more fully ın the Dırectors' Responsıbılıtıes Statement set out on pages 5 and 6, the dırectors are responsıble for the preparatıon of the financıal statements and for beıng satısfied that they gıve a true and faır vıew Our responsıbılıty ıs to audıt and express an opınıon on the financıal statements ın accordance wıth applıcable law and Internatıonal Standards on Audıtıng (UK and Ireland) Those standards requıre us to comply wıth the Audıtıng Practıces Board's (APB's) Ethıcal Standards for Audıtors

Scope of the audit of the financial statements

A descrıptıon of the scope of an audıt of financıal statements ıs provıded on the APB's websıte at www frc org uk/apb/scope/prıvate cfm

Opinion

In our opınıon the financıal statements

- gıve a true and faır vıew of the state of the company's affaırs as at 31 December 2011 and of ıts loss for the year then ended,
- have been properly prepared ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce, and
- have been prepared ın accordance wıth the requırements of the Companıes Act 2006

Emphasis of matter

In formıng our opınıon, whıch ıs not qualıfied, we have consıdered the adequacy of the dısclosure made ın the accountıng polıcıes relatıng to the company's abılıty to contınue as a goıng concern The company ıncurred a net loss of £25,723,000 durıng the year ended 31 December 2011 (2010 net loss of £26,701,000) and at that date the company's net current lıabılıtıes were £25,360,000 and the company's net lıabılıtıes were £15,675,000 These condıtıons ındıcate that the contınued support of the company's ultımate parents, Watson Lımıted and Sahara Adventure Sports Lımıted, ıs necessary ıf the busıness ıs to contınue as a goıng concern Watson Lımıted and Sahara Adventure Sports Lımıted own the majorıty of the share capıtal of OIH Sarl , the company's ımmedıate 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 £38,000,000 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

5 February 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

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	2011 £000	2010 £000
Turnover	1	**46,603**	48,474
Cost of sales		**(73,425)**	(61,462)
Gross loss		**(26,822)**	(12,988)
Administrative expenses		**(8,094)**	(12,008)
Operating loss	2	**(34,916)**	(24,996)
Interest receivable		**15**	17
Interest payable and similar charges	5	**(1,772)**	(1,722)
Loss on ordinary activities before taxation		**(36,673)**	(26,701)
Tax on loss on ordinary activities	6	**10,950**	–
Loss for the financial year	16	**(25,723)**	(26,701)

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	2011 £000	2010 £000
Fixed assets			
Tangible assets	7	**10,079**	10,582
Current assets			
Stocks	8	**495**	341
Debtors	9	**16,573**	11,923
Cash at bank		**7,548**	330
		24,616	12,594
Creditors amounts falling due within one year	10	**(49,976)**	(41,998)
Net current liabilities		**(25,360)**	(29,404)
Total assets less current liabilities		**(15,281)**	(18,822)
Creditors· amounts falling due after more than one year	11	**(394)**	(9,720)
		(15,675)	(28,542)
Capital and reserves			
Called up share capital	15	**80,010**	10
Other reserves	16	**77,492**	118,902
Profit and loss account	16	**(173,177)**	(147,454)
Shareholders' deficit		**(15,675)**	(28,542)

These financial statements were approved by the board and authorised for issue on 16-01-2013,
and are signed on their behalf by

Subrata Roy Sahara
Director
Company Number - 02417588

Dr Vijay Mallya
Director

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

Cash flow statement

	Note	2011 £000	2010 £000
Net cash outflow from operating activities	20	**(37,764)**	(9,735)
Returns on investments and servicing of finance			
Interest received		**15**	17
Interest paid		**(892)**	(786)
Interest element of finance lease payments		**(65)**	(87)
Net cash outflow from returns on investments and servicing of finance		**(942)**	(856)
Taxation		**6,031**	–
Capital expenditure			
Payments to acquire tangible fixed assets		**(1,186)**	(1,820)
Sales of fixed assets		**–**	27
Net cash outflow from capital expenditure		**(1,186)**	(1,793)
Net cash flow before financing		**(33,861)**	(12,384)
Financing			
Increase in group loans		**38,590**	13,725
New loans advanced		**2,812**	–
Repayments of loans		**–**	(1,073)
Repayment of capital element of finance leases		**(323)**	(214)
Net cash flow from financing		**41,079**	12,438
Increase in cash	21	**7,218**	54

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 £406,000 (2010 £499,000)

2 Operating loss

Operating loss is stated after charging/(crediting)

	2011 £000	2010 £000
Depreciation of fixed assets – owned	**1,497**	1,484
Depreciation of fixed assets – leased	**192**	292
Hire of plant and machinery	**45**	74
Research and development expenditure	**16,547**	12,644
Auditors' remuneration		
- Audit of financial statements	**44**	35
- Recovery of R&D tax computation services	**83**	–
- Assistance with employment taxation	**48**	–
- Assistance with VAT compliance	**33**	19
- Assistance with group restructuring	**3**	–
- Other services relating to taxation	**2**	5
- Other services	**11**	9
Net (gain)/loss on foreign currency translation	**(206)**	379

3 Employee remuneration

	2011 £000	2010 £000
Wages and salaries	**13,923**	12,606
Social security costs	**1,596**	1,377
Pension costs	**810**	650
	16,329	14,633

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

	2011	2010
Production	**91**	84
Design	**135**	133
Race team and testing	**46**	42
Administration	**45**	43
	317	302

4 Directors

Remuneration in respect of directors was as follows

	2011 £000	2010 £000
Emoluments	–	–

No directors accrued benefits under company pension schemes (2010 none)

5 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on bank borrowings	892	786
Finance lease and hire purchase interest	65	87
Other similar charges payable	815	849
	1,772	1,722

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 26% (2010 28%)

The differences are explained as follows

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(36,673)	(26,701)
Loss on ordinary activities multiplied by the standard rate of tax	(9,716)	(7,476)
Expenses not deductible for tax purposes	1,556	3,202
Capital allowances in excess of depreciation	(1,257)	411
Enhance Research & Development qualifying expenditure	–	(1,911)
Research & Development taxation in respect of prior periods	10,950	–
Unrelieved tax losses	9,417	5,774
Total current tax	10,950	–

The company has unprovided deferred tax assets of approximately £34 4m (2010 £36 5m) 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 2011	7,690	15,592	6,978	30,260
Additions	45	477	664	1,186
At 31 December 2011	7,735	16,069	7,642	31,446
Depreciation				
At 1 January 2011	3,596	10,361	5,721	19,678
Charge for the period	225	1,053	411	1,689
At 31 December 2011	3,821	11,414	6,132	21,367
Net book value				
At 31 December 2011	**3,914**	**4,655**	**1,510**	**10,079**
At 31 December 2010	4,094	5,231	1,257	10,582

Included within the net book value of £10,079,000 is £807,000 (2010 £949,000) 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 £192,000 (2010 £292,000)

Freehold land and buildings includes £2,062,000 (2010 £2,062,000) of land which is not depreciated

8 Stocks

	2011 £000	2010 £000
Spares and parts	**495**	341

9 Debtors

	2011 £000	2010 £000
Trade debtors	**231**	928
Other debtors	**10,446**	3,570
Prepayments and accrued income	**5,896**	7,425
	16,573	11,923

10 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank loans	**10,987**	8,175
Other loans	**8,969**	–
Trade creditors	**5,555**	5,971
Other taxation and social security	**507**	403
Amounts due under finance leases	**395**	361
Other creditors	**8,250**	6,350
Accruals and deferred income	**15,313**	20,738
	49,976	41,998

The bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya At 31 December 2011 Watson Limited, a company incorporated in Mauritius, held 62 7% of the share capital of the parent, Orange India Holdings Sarl (see Note 19) 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 £8,969,000 due to Modall Securities Limited, a company administered in Switzerland This loan is unsecured, accrues interest at a rate of 8% 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

	2011 £000	2010 £000
Amounts due under finance leases	**394**	751
Other loans	–	8,969
	394	9,720

12 Capital commitments

Future capital commitments are repayable as follows

	2011 £000	2010 £000
Amounts payable within 1 year	**19,956**	8,175
Amounts payable between 1 and 2 years	–	8,969
	19,956	17,144

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

	2011 £000	2010 £000
Finance leases and hire purchase agreements are analysed as follows		
Due within 1 year	**441**	426
Due within 2 - 5 years	**421**	815
	862	1,241
Less finance charges allocated to future period	**(73)**	(129)
	789	1,112

14 Commitments under operating leases

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

	2011 Land and buildings £000	2011 Other £000	2010 Land and buildings £000	2010 Other £000
Leases which expire				
Within two to five years	**45**	**-**	45	119
	45	**-**	45	119

15 Share capital

	2011 £000	2010 £000
Authorised, allotted and called up		
80,010 ordinary shares of £1 each	**80,010**	10

On 29 September 2011, the company capitalised £80,000,000 of the loans from the parent undertaking, Orange India Holdings Sarl by issuing 80,000,000 £1 ordinary shares at par

16 Reconciliation of movements in shareholders' funds

	Share Capital £000	Other reserves £000	Profit and Loss account £000	Total £000
As at 1 January 2011	10	118,902	(147,454)	**(28,542)**
Loss for the financial year	–	–	(25,723)	**(25,723)**
Capitalisation of shareholders loans	80,000	(80,000)	–	**–**
Loans advanced from shareholder	–	38,590	**-**	**38,590**
As at 31 December 2011	**80,010**	**77,492**	**(173,177)**	**(15,675)**

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 £810,000 (2010 £534,000)

18 Related party transactions

During the year, the company received sponsorship income of £485,420 from Kingfisher Airlines Limited At 31 December 2011 £nil (2010 £66,218) was due to the company from Kingfisher Airlines Limited

During the year, the company received sponsorship income of £522,727 from Whyte & Mackay plc The company also charged £95,976 to Whyte & Mackay plc in respect of other management services At 31 December 2011 £49,164 (2010 £540,117) was due to the company from Whyte & Mackay plc

During the year, the company received sponsorship income of £870,000 from United Spirits Limited The company also charged £116,974 to United Spirits Limited in respect of other management services

During the year, the company received sponsorship income of £2,564,596 from United Breweries Holdings Limited At 31 December 2011 £126,142 (2010 £67,610) was due to the company from United Breweries Holdings Limited

During the year, the company received sponsorship income of £1,924,000 from United Breweries Limited The company also charged £131,540 to United Breweries Limited in respect of other management services At 31 December 2011 £73,823 (2010 £24,613) was due to the company from United Breweries Limited

During the year, the company charged £36,030 to Kingfisher Beer Europe Limited in respect of other management services At 31 December 2011 £nil (2010 £3,000) was due to the company from Kingfisher Beer Europe Limited

During the year, the company charged £8,768 to Kingfisher Training Academy in respect of other management services At 31 December 2011 £18,283 (2010 £9,515) 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

Included in creditors due within one year of the balance sheet date are bank loans of £10,987,000 These bank loans are guaranteed by Watson Limited and personally guaranteed by Dr Vijay Mallya At 31 December 2011 Watson Limited held 62 7% of the share capital of the immediate parent company, Orange India Holdings Sarl

19 Ultimate controlling party

The immediate parent undertaking until 29 September 2011 was Force India Formula One Limited On this date, Force India Formula One Limited sold the entire share capital of the company to Orange India Holdings Sarl, a company incorporated in Luxembourg Orange India Holdings Sarl is the immediate parent company of Force India Formula One Limited

Until 12 October 2011, Watson Limited, a company incorporated in Mauritius, held ownership of 75% in Orange India Holdings Sarl, and was therefore considered to be the ultimate parent undertaking On 12 October 2011 Watson Limited reduced its ownership in Orange India Holdings Sarl in accordance with a sale and purchase agreement with Sahara Adventure Sports Limited, a company incorporated in India, such that both parties jointly controlled Orange India Holdings Sarl Therefore, from 12 October 2011, 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

	2011	2010
	£000	£000
Operating loss	**(34,916)**	(24,996)
Depreciation	**1,689**	1,776
(Profit) on sale of assets	**–**	(3)
(Increase) in stock	**(154)**	(19)
Decrease/(increase) in debtors	**268**	(918)
(Decrease)/increase in creditors	**(4,651)**	14,425
Net cash outflow from operating activities	**(37,764)**	(9,735)

Reconciliation of net cash flow to movement in net funds

	2011	2010
	£000	£000
Increase in cash in the period	**7,218**	54
New bank loans	**(2,812)**	–
Repayment of bank loans	**–**	1,073
Repayment of finance leases	**323**	214
Change in net debt	**4,729**	1,341
Net debt at 1 January 2011	**(17,926)**	(19,267)
Net debt at 31 December 2011	**(13,197)**	(17,926)

21 Analysis of changes in net funds

	At 1 Jan 2011 £000	Cash flows £000	Non-cash flows £000	At 31 Dec 2011 £000
Net cash·				
Cash in hand and at bank	330	7,218	–	**7,548**
	330			
Debt:				
Amounts due within one year	(8,175)	(2,812)	(8,969)	**(19,956)**
Amounts due after more than one year	(8,969)	–	8,969	**–**
Amounts due under finance leases	(1,112)	323	–	**(789)**
	(18,256)	(2,489)	–	**(20,745)**
Net debt	(17,926)	4,729	–	**(13,197)**

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 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