

Financial Statements Force India Formula One Team Limited

For the year ended 31 December 2014



Registered number: 02417588

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 Towcester 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 Birmingham B2 5AL Edmond de Rothschild (Suisse) S.A. 18 rue de Hesse 1204 Geneva Switzerland

Force India Formula One Team Limited

Solicitors

Fladgate LLP
25 North Road
London
W1K 6DJ

Burges Salmon
6 New Street Square
London
EC4A 3BF

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Strategic Report

For the year ended 31 December 2014

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 S.a.r.l., the parent company, continued its commitment to investment into the Company. This commitment of investment continues to increase the financial stability and further strengthens the prospects of the business going forward.

The introduction of the new F1 hybrid engine technology is without a doubt the most innovative and technically advanced Formula One power unit development over the last thirty years and whilst both engine manufacturers and race teams struggled to overcome the challenges related to the introduction of such advanced technology, Force India together with its partner, Mercedes were one of the first teams to harness the technological benefits which resulted in a strong start to the season.

The 2014 season concluded with Force India scoring 155 points, its highest points scored since the team was formed, with the added satisfaction of both drivers finishing in the top ten of the Drivers' Championship. In the early part of the season the team rose to 3rd position in the Championship, with Perez attaining a Podium finish at the Bahrain GP, its first since 2009. The team went from strength to strength and following a season long battle with the four manufacturer teams, Force India retained its sixth place in the Constructors Championship just twenty six points behind McLaren who finished fifth.

Force India looks to build on the successes of 2014, building further on its multi-year technological partnership with Mercedes. Taking the opportunity to invest further in the company's aerodynamics capabilities by securing a multi-year deal with TMG, for its wind tunnel facilities. Further investment was also made to the existing CFD asset, this continues in the 2015 season. Optimal performance continues to be the key driving force of the company, both internally and externally.

Force India secured additional technological partnerships with Univer and Koni during 2014, continuing into the 2015 season.

The Directors believe that there are good prospects for the 2015 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 continued driver line up of Nico Hulkenberg and Sergio Perez.

The team's business development programme continues to work to build on new sponsorship attained during 2014, seeing additions to both its sponsorship and partnership programmes. The 2015 season sees the introduction of Interproteccion, SkullCandy, NEC, Hype, and Quakerstate to the team portfolio.

The company's turnover increased from £43.77M in 2013 to £59.91M in 2014, as a result of higher sponsorship revenue and enhanced terms with existing partners and sponsors. 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.

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.

Strategic Report (continued)

For the year ended 31 December 2014

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.

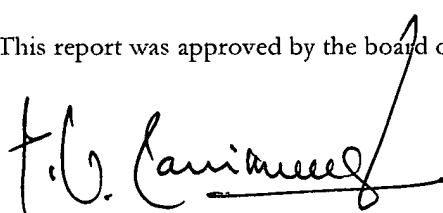
Going concern

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. Further information has been provided in note 1.2.

This report was approved by the board on

28/5/2015

and signed on its behalf.



T V Lakshmi Kanthan
Director

Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 £15,421,000 (2013 - loss £38,483,000).

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 2014

Employees

The company is an equal opportunity employer with particular reference to non-discrimination and non-harassment on the basis of ethnic origin, religion, gender, age, disability and sexual orientation. The company gives disabled people the same consideration as other individuals. Matters which affect the group are communicated to employees through formal and informal meetings, internal announcements and regular contact with directors and senior management.

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

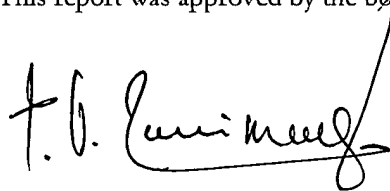
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28/5/2015 and signed on its behalf.



T V Lakshmi Kanthan
Director

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 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and Reconciliation of net cash flow to movement in net funds/debt 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/auditscopeukprivate.

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 2014 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.

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.



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

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.

A handwritten signature in black ink that reads "Grant Thornton UK LLP".

John Corbishley (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Milton Keynes

Date: 29/5/2015.

Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	1,2	59,919	43,770
Cost of sales		<u>(57,676)</u>	<u>(63,411)</u>
Gross profit/(loss)		2,243	(19,641)
Administrative expenses		<u>(27,667)</u>	<u>(27,306)</u>
Operating loss	3	(25,424)	(46,947)
Interest receivable and similar income		12	8
Interest payable and similar charges	5	<u>(1,763)</u>	<u>(1,900)</u>
Loss on ordinary activities before taxation		(27,175)	(48,839)
Tax on loss on ordinary activities	6	<u>11,754</u>	<u>10,356</u>
Loss for the financial year	15	<u>(15,421)</u>	<u>(38,483)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 20 form part of these financial statements.

Balance Sheet

As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	7		12,915		15,638
Current assets					
Stocks	8	401		816	
Debtors	9	7,696		6,761	
Cash at bank		36		5,543	
		<u>8,133</u>		<u>13,120</u>	
Creditors: amounts falling due within one year	11	<u>(44,770)</u>		<u>(62,247)</u>	
Net current liabilities			<u>(36,637)</u>		<u>(49,127)</u>
Total assets less current liabilities			<u>(23,722)</u>		<u>(33,489)</u>
Creditors: amounts falling due after more than one year	12		<u>(83)</u>		<u>(272)</u>
Net liabilities			<u><u>(23,805)</u></u>		<u><u>(33,761)</u></u>
Capital and reserves					
Called up share capital	14		80,010		80,010
Other reserves	15		153,243		131,338
Profit and loss account	15		<u>(257,058)</u>		<u>(245,109)</u>
Shareholders' deficit	16		<u><u>(23,805)</u></u>		<u><u>(33,761)</u></u>

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

28/5/15



T V Lakshmi Kanthan
Director

The notes on pages 10 to 20 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	17	(24,438)	(16,822)
Returns on investments and servicing of finance	18	(2,612)	(1,892)
Taxation		11,754	10,356
Capital expenditure and financial investment	18	(245)	(6,280)
Cash outflow before financing		(15,541)	(14,638)
Financing	18	9,985	16,579
(Decrease)/Increase in cash in the year		(5,556)	1,941

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

For the year ended 31 December 2014

	2014 £000	2013 £000
(Decrease)/Increase in cash in the year	(5,556)	1,941
Cash outflow from decrease in debt and lease financing	15,393	463
Movement in net debt in the year	9,837	2,404
Net debt at 1 January 2014	(14,096)	(16,500)
Net debt at 31 December 2014	(4,259)	(14,096)

The notes on pages 10 to 20 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

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. The company has been successful in securing additional sponsorship income and continues to perform strongly in the Constructors Championship, which in turn has reduced the loss in the current financial year.

The improvement in the financial performance of the company has reduced the funding deficit, however, the company is still reliant on the continued support of its parent company, Orange India Holdings Sarl and its shareholders. Management have obtained a letter of support from Orange India Holdings Sarl confirming their continued financial support for a period of not less than 12 months from the date of approval of these financial statements. Based on past experience and the letter of support obtained, 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 invoiceable 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.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

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

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.

Notes to the Financial Statements

For the year ended 31 December 2014

1. Accounting Policies (continued)

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

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. R&D credits are recognised in the period in which the claim is agreed.

2. Turnover

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

Turnover includes barter transactions amounting to £1,233,690 (2013: £879,795).

All turnover arose within the United Kingdom.

Notes to the Financial Statements

For the year ended 31 December 2014

3. Operating loss

The operating loss is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	2,237	2,095
- held under finance leases	210	236
Auditor's remuneration	45	43
Auditor's remuneration - non-audit	281	318
Operating lease rentals:		
- plant and machinery	137	101
Difference on foreign exchange	(53)	(160)
Hire of land and buildings	26	26
Research and development expenditure	20,570	19,518
	<u>20,570</u>	<u>19,518</u>

During the year, no director received any emoluments (2013 - £NIL).

4. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	18,509	16,580
Social security costs	2,132	1,904
Other pension costs	1,425	1,101
	<u>22,066</u>	<u>19,585</u>

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

	2014 No.	2013 No.
Production	153	145
Design	163	150
Race team and testing	39	38
Admin	21	15
	<u>376</u>	<u>348</u>

Notes to the Financial Statements

For the year ended 31 December 2014

5. Interest payable

	2014 £000	2013 £000
On bank loans and overdrafts	1,275	863
On other loans	440	1,036
On finance leases and hire purchase contracts	48	1
	<u>1,763</u>	<u>1,900</u>

6. Taxation

	2014 £000	2013 £000
UK corporation tax credit on loss for the year	<u>(11,754)</u>	<u>(10,356)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before tax	<u>(27,175)</u>	<u>(48,839)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	(5,840)	(11,353)
Effects of:		
Expenses not deductible for tax purposes	(579)	220
Capital allowances for year in excess of depreciation	404	(17)
Research and development taxation in respect of prior periods	(11,754)	(10,356)
Unrelieved tax losses carried forward	6,003	11,150
Other short term timing differences	12	-
Current tax credit for the year (see note above)	<u>(11,754)</u>	<u>(10,356)</u>

Factors that may affect future tax charges

The company has unprovided deferred tax assets of approximately £29.7m (2013: £38.7m) relating to trading losses that are available for carry forward against future trading profits. Given the uncertainty as to the company's ability to utilise these losses, the directors have not recognised any related deferred tax asset.

Notes to the Financial Statements

For the year ended 31 December 2014

7. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Computer equipment £000	Total £000
Cost				
At 1 January 2014	8,475	21,343	11,438	41,256
Additions	13	313	2,277	2,603
Disposals	(2,879)	-	-	(2,879)
At 31 December 2014	<u>5,609</u>	<u>21,656</u>	<u>13,715</u>	<u>40,980</u>
Depreciation				
At 1 January 2014	4,365	13,584	7,669	25,618
Charge for the year	247	1,048	1,152	2,447
At 31 December 2014	<u>4,612</u>	<u>14,632</u>	<u>8,821</u>	<u>28,065</u>
Net book value				
At 31 December 2014	<u>997</u>	<u>7,024</u>	<u>4,894</u>	<u>12,915</u>
At 31 December 2013	<u>4,110</u>	<u>7,759</u>	<u>3,769</u>	<u>15,638</u>

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

	2014 £000	2013 £000
Plant and machinery	<u>840,090</u>	<u>1,292,386</u>

Included in land and buildings is freehold land at valuation of £2,062,000 (2013 - £2,062,000) which is not depreciated.

8. Stocks

	2014 £000	2013 £000
Raw materials	<u>401</u>	<u>816</u>

Notes to the Financial Statements

For the year ended 31 December 2014

9. Debtors

	2014 £000	2013 £000
Trade debtors	705	1,780
Other debtors	4,919	4,138
Prepayments and accrued income	2,072	843
	<u>7,696</u>	<u>6,761</u>

10. Cash collateral

Cash at bank includes £nil (2013: £4,416,200) received from Watson Limited which was being held as cash collateral against the bank loans. This was offset by a creditor balance of an equal amount which was included within other creditors, reflecting the amount due back to Watson Limited. The monies held were paid back during the year upon settlement of the loan.

11. Creditors:

Amounts falling due within one year

	2014 £000	2013 £000
Bank loans and overdrafts	49	10,767
Other loans	3,912	8,296
Net obligations under finance leases and hire purchase contracts	252	304
Trade creditors	16,476	15,849
Other taxation and social security	1,116	954
Other creditors	14,244	16,535
Accruals and deferred income	8,721	9,542
	<u>44,770</u>	<u>62,247</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). This loan has been fully repaid during 2014.

Other loans include £nil (2013: £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. This loan has been fully repaid in 2014.

Other loans also include £3,912,000 (2013: £nil) due to Edmond de Rothschild (Suisse) S.A., a company administered in Switzerland. This loan is unsecured, accrues interest at a rate of 6% per annum and is repayable in ten equal monthly installments beginning in February 2015.

Notes to the Financial Statements

For the year ended 31 December 2014

12. Creditors:

Amounts falling due after more than one year

	2014 £000	2013 £000
Net obligations under finance leases and hire purchase contracts	83	272

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

	2014 £000	2013 £000
Between one and five years	83	272

13. Capital instruments

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

	2014 £000	2013 £000
Amounts payable within 1 year	3,912	19,063

14. Share capital

	2014 £000	2013 £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 2014	131,338	(245,109)
Loss for the year	-	(15,421)
Capital contributions	25,377	-
Transfer between reserves	(3,472)	3,472
At 31 December 2014	153,243	(257,058)

Notes to the Financial Statements

For the year ended 31 December 2014

16. Reconciliation of movement in shareholders' deficit

	2014 £000	2013 £000
Opening shareholders' deficit	(33,761)	(12,319)
Loss for the financial year	(15,421)	(38,483)
Capital contributions	25,377	17,041
	<hr/>	<hr/>
Closing shareholders' deficit	(23,805)	(33,761)
	<hr/>	<hr/>

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

	2014 £000	2013 £000
Operating loss	(25,424)	(46,947)
Depreciation of tangible fixed assets	2,447	2,331
Loss on disposal of tangible fixed assets	521	-
Decrease/(increase) in stocks	415	(288)
(Increase)/decrease in debtors	(935)	12,402
(Decrease)/increase in creditors	(1,462)	15,680
	<hr/>	<hr/>
Net cash outflow from operating activities	(24,438)	(16,822)
	<hr/>	<hr/>

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

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	12	8
Interest paid	(2,576)	(1,899)
	<hr/>	<hr/>
Hire purchase interest	(48)	(1)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(2,612)	(1,892)
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 December 2014

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

	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,603)	(6,280)
Sale of tangible fixed assets	2,358	-
Net cash outflow from capital expenditure	(245)	(6,280)
	2014 £000	2013 £000
Financing		
Repayment of loans	(10,767)	(156)
Other new loans	3,912	38
Repayment of other loans	(8,296)	-
Repayment of finance leases	(241)	(345)
Capital contributions	25,377	17,042
Net cash inflow from financing	9,985	16,579

19. Analysis of changes in net debt

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand	5,543	(5,507)	-	36
Bank overdraft	-	(49)	-	(49)
	5,543	(5,556)	-	(13)
Debt:				
Finance leases	(576)	241	-	(335)
Debts due within one year	(19,063)	15,151	1	(3,911)
Net debt	(14,096)	9,836	1	(4,259)

20. 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 £1,425,000 (2013: £1,101,000).

Notes to the Financial Statements

For the year ended 31 December 2014

21. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Expiry date:		
Between 2 and 5 years	<u>2,180,516</u>	<u>-</u>

22. Related party transactions

During the year, the company received sponsorship income of £nil (2013: £130,681) from Whyte & Mackay plc. The company also charged £nil (2013: £57,569) to Whyte & Mackay plc in respect of other management services. At 31 December 2014 £60,323 (2013: £79,687) was due to the company from Whyte & Mackay plc.

During the year, the company received sponsorship income of £2,575,200 (2013: £nil) from Watson Limited. The company also charged £nil (2013: £nil) to Watson Limited in respect of other management services. At 31 December 2014 £nil (2013: £nil) was due to the company from Watson Limited.

During the year, the company received sponsorship income of £nil (2013: £321,506) from United Spirits Limited. The company also charged £nil (2013: £1,534) to United Spirits Limited in respect of other management services. At 31 December 2014 £nil (2013: £nil) was due to the company from United Spirits Limited.

During the year, the company received sponsorship income of £1,989,075 (2013: £2,181,630) from United Breweries Limited. The company also charged £nil (2013: £nil) to United Breweries Limited in respect of other management services. At 31 December 2014 £nil (2013: £nil) was due to the company from United Breweries Limited.

During the year, the company charged £18,840 (2013: £8,212) to Kingfisher Beer Europe Limited in respect of other management services. At 31 December 2014 £nil (2013: £nil) was due to the company from Kingfisher Beer Europe Limited.

During the year, the company charged £nil (2013: £828,086) to Sahara India Pariwar in respect of other management services. At 31 December 2014 £nil (2013: £28,318) 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.

23. 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.