

Yamaha Motor (UK) Limited

**Directors' report and consolidated
financial statements**

Registered number - 1006420
15 months ended 31 March 2002



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Directors' report

The directors present their annual report and the audited financial statements for the 15 months ended 31 March 2002.

Principal activities

The principal activity of the company is the import, and distribution in the UK, of Yamaha motorised products and related spare parts.

Business review

The results of the group for the period are set out on page 5. The group achieved a profit on ordinary activities before taxation for the 15 month period ended 31 March 2002 of £665,000 compared to £2,114,000 for the 12 month period ended 31 December 2000.

Within the UK market for motorcycles there continued to be strong competition. The relative decrease in turnover was a result of this combined with a reducing market. The profit that was achieved was a result of controlling stock levels and a careful control over all operations.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the company does not differ significantly from the book values of these assets.

Proposed dividend

No dividend is proposed for the period ended 31 March 2002 (2000: £240,000).

Directors and directors' interests

The directors who held office during the 15 months were as follows:

T Matsuoka	(Japanese)	(Chairman)	(Appointed 5 June 2001)
A Futatsugi	(Japanese)		
S Hanagata	(Japanese)		(Appointed 5 June 2001)
M Inumaru	(Japanese)		(Appointed 5 June 2001)
RW Bakewell			
A R Smith			
H Nagata	(Japanese)	(Chairman)	(Resigned 5 June 2001)
J Onoe	(Japanese)		(Resigned 5 June 2001)
M Hama	(Japanese)		(Resigned 5 June 2001)

None of the directors who held office at the beginning or end of the financial year had any disclosable interest in the shares of the company.

Directors' report *(continued)*

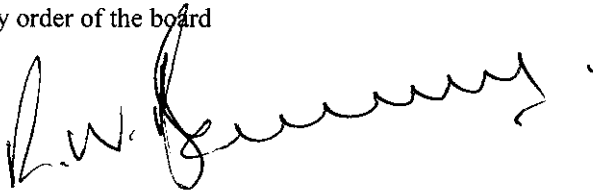
Political and charitable contributions

The company made no political contributions during the period. A charitable donation was made to BEN of £15,000 (2000: £12,000).

Auditors

Our previous auditors, KPMG, have transferred their business to a limited liability partnership, KPMG LLP. Accordingly, KPMG resigned as auditors on 11 June 2002 and the directors thereupon appointed KPMG LLP to fill the casual vacancy arising. A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



RW Bakewell
Director

20 Old Bailey
London
EC4M 7QQ

11 July 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



1 Forest Gate
Brighton Road
Crawley
West Sussex RH11 9PT

Independent auditor's report to the members of Yamaha Motor (UK) Limited

We have audited the financial statements on pages 5 to 25.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 March 2002 and of the profit of the group for the 15 months then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP

Chartered Accountants
Registered Auditor

11th July 2002

Consolidated profit and loss account
for the 15 month period ended 31 March 2002

	Note	15 months to 31 March 2002		12 months to 31 December 2000 (Restated)	
		£000	£000	£000	£000
Turnover	1				
Continuing operations		129,800		112,937	
Discontinued operations		1,573		1,796	
			131,373		114,733
Cost of sales					
Continuing operations		(116,805)		(101,330)	
Discontinued operations		(991)		(1,161)	
			(117,796)		(102,491)
Gross profit					
Continuing operations		12,995		11,607	
Discontinued operations		582		635	
			13,577		12,242
Administrative expenses					
Continuing operations		(11,723)		(9,188)	
Discontinued operations		(582)		(543)	
			(12,305)		(9,731)
Operating profit					
Continuing operations		1,272		2,419	
Discontinued operations		-		92	
			1,272		2,511
Other interest receivable and similar income	6	15		22	
Interest payable and similar charges	7	(622)		(419)	
			665		2,114
Profit on ordinary activities before taxation	3				
Tax on profit on ordinary activities	8		(200)		(771)
			465		1,343
Profit for the financial year					
Dividends on equity shares			-		(240)
			465		1,103
Retained profit for the year	17				

There is no difference between the amounts disclosed above and those restated on a historical cost basis.

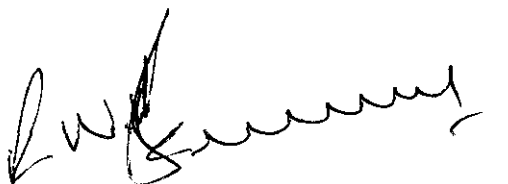
Consolidated balance sheet
at 31 March 2002

	<i>Note</i>	31 March 2002		31 December 2000 (Restated)	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		8,577		7,908
Current assets					
Stocks	11	21,186		23,279	
Debtors	12	30,299		22,629	
Cash at bank and in hand		305		61	
		51,790		45,969	
Creditors: amounts falling due within one year	13	(40,903)		(35,000)	
Net current assets			10,887		10,969
Total assets less current liabilities			19,464		18,877
Creditors: amounts falling due after more than one year	19		(79)		-
Provisions for liabilities and charges	14/20		(572)		(529)
Net assets			18,813		18,348
Capital and reserves					
Called up share capital	16		2,400		2,400
Profit and loss account	17		16,413		15,948
Equity shareholders' funds	18		18,813		18,348

These financial statements were approved by the board of directors on 11 July 2002 and were signed on its behalf by:



A Futatsugi
Director



RW Bakewell
Director

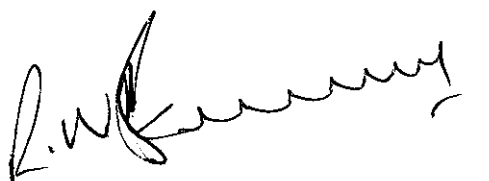
Company balance sheet
at 31 March 2002

	<i>Note</i>	31 March 2002	31 December 2000 (Restated)
		£'000	£'000
Fixed assets			
Tangible assets	9	8,577	7,908
Investments	10	10	10
		<u>8,587</u>	<u>7,918</u>
Current assets			
Stocks	11	21,186	22,113
Debtors	12	30,299	23,198
Cash at bank and in hand		305	61
		<u>51,790</u>	<u>45,372</u>
Creditors: amounts falling due within one year	13	<u>(40,945)</u>	<u>(35,015)</u>
Net current assets		<u>10,845</u>	<u>10,357</u>
Total assets less current liabilities		<u>19,432</u>	<u>18,275</u>
Creditors: amounts falling due after more than one year.	19	(79)	-
Provision for liabilities and charges	14/20	(572)	(529)
Net assets		<u>18,781</u>	<u>17,746</u>
Capital and reserves			
Called up share capital	16	2,400	2,400
Profit and loss account	17	16,381	15,346
Equity shareholders' funds	18	<u>18,781</u>	<u>17,746</u>

These financial statements were approved by the board of directors on 11 July 2002 and were signed on its behalf by:



A Futatsugi
Director



RW Bakewell
Director

Consolidated cash flow statement
for the 15 months ended 31 March 2002

	<i>Note</i>	15 months to 31 March 2002	12 months to 31 December 2000 (Restated)
		£'000	£'000
Cash flow from operating activities	<i>21</i>	7,326	(5,495)
Return on investments and servicing of finance	<i>22</i>	(651)	(397)
Taxation		(510)	(680)
Capital expenditure	<i>22</i>	(1,958)	(1,421)
Acquisitions and disposals	<i>22/23</i>	570	-
Equity dividends paid		(240)	(240)
Cash inflow/(outflow) before financing		4,537	(8,233)
Financing	<i>22</i>	(5,046)	8,969
(Decrease)/increase in cash in the period		(509)	736

Reconciliation of net cash flow to movement in net debt
for the 15 months ended 31 March 2002

	<i>Note</i>	15 months to 31 March 2002	12 months to 31 December 2000
		£'000	£'000
(Decrease)/increase in cash in the period	<i>24</i>	(509)	736
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		5,046	(8,969)
Movement in net debt in the period		4,537	(8,233)
New finance leases	<i>24</i>	(224)	-
Net debt at the start of the period		(13,444)	(5,211)
Net debt at the end of the period	<i>24</i>	(9,131)	(13,444)

Consolidated statement of total recognised gains and losses
for the 15 month period ended 31 March 2002

	15 months to 31 March 2002	12 months to 31 December 2000 (Restated)
	£000	£000
Profit for the financial period	465	1,343
Dividends on equity shares	-	(240)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial period	465	1,103
		<hr/>
Prior year adjustment (as explained in note 2)	319	
	<hr/>	
Total gains and losses recognised since last annual report	784	
	<hr/>	

Retained profit for 2000 has been restated to reflect the change in accounting policy for deferred taxation (see note 2).

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted Financial Reporting Standard 17 ("FRS 17") 'Retirement Benefits', FRS 18 'Accounting Policies' and FRS 19 'Deferred Tax' for the first time in these financial statements. With the exception of FRS 19, as explained in note 2, there has been no effect on the financial statements following adoption.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules for the 15 months ended 31 March 2002. Comparatives represent the 12 months ended 31 December 2000.

Basis of consolidation

The Group financial statements consolidate the financial statements of Yamaha Motor (UK) Limited and its subsidiary undertakings, all of which have been made up to 31 March 2002.

The acquisition method of accounting has been adopted and the results of subsidiary undertakings acquired in the period are included in the consolidated profit and loss account from the date of acquisition and for those disposed of in the period, up to the date of disposal.

In the Company's accounts, investments in subsidiary undertakings are stated at cost. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company.

In accordance with Section 230(4) of the Companies Act 1985, Yamaha Motor (UK) Limited is exempt from the requirement to present its own profit and loss account.

The amount of the profit for the financial period dealt with in the financial statements of Yamaha Motor (UK) Limited is disclosed in note 17 to these financial statements.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Included in turnover is the operating income from the golf car lease fleet. This is recognised evenly over the lease term with the costs reflected in the same way (see note 9).

Fixed assets and depreciation

Depreciation is provided by the group to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	2% per annum
Motor vehicles and plant and machinery	-	25% per annum
Office equipment and leased assets	-	25% per annum

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Gains or losses on translation are included in the profit and loss account. 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.

Stocks

Stocks are stated at the lower of cost and net realisable value. This price includes duty and charges payable.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Pensions

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

2 Change in accounting policy

The adoption of Financial Reporting Standard 19 'Deferred Tax' has reduced the current period tax charge by £153,000. Opening reserves at 1 January 2001 are increased by £407,000, representing an additional tax charge of £88,000 in 2000 and an adjustment to opening reserves at 1 January 2000 of £319,000 (see note 17). Comparative numbers have been restated accordingly.

3 Profit on ordinary activities before taxation

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>After charging</i>		
Auditors' remuneration:		
- audit	45	33
- non audit work	18	8
Depreciation and other amounts written off tangible fixed assets		
- owned assets	1,232	994
- leased assets	33	29
Hire of plant and machinery - rentals payable under operating leases	59	148
Hire of other assets - operating leases	204	204
<i>After crediting</i>		
Exchange gains	-	2
Rents receivable from property	204	192
Other rentals receivable under operating leases	1,117	822
Profit on disposal of tangible fixed assets	6	4

Notes (continued)

4 Remuneration of directors

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
Directors' emoluments:		
Remuneration as executives	483	378
Pensions	40	25
	<hr/>	<hr/>
	523	403
	<hr/>	<hr/>

The emoluments of the highest paid director were £272,997 (2000: £204,953). He was not a member of the group pension scheme.

Retirement benefits are accruing to the following number of directors under:

	Number of directors	
	15 months to 31 March 2002	12 months to 31 December 2000
Defined benefit schemes	2	2
	<hr/>	<hr/>

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	15 months to 31 March 2002	12 months to 31 December 2000
Sales and distribution	77	77
General administration	21	23
	<hr/>	<hr/>
	98	100
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
Wages and salaries	3,501	2,854
Social security costs	236	200
Other pension costs (see note 20)	692	527
	<hr/>	<hr/>
	4,429	3,581
	<hr/>	<hr/>

Notes (continued)

6 Other interest receivable

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
Bank interest receivable	15	22

7 Interest payable and similar charges

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
On bank overdrafts wholly repayable within five years	615	417
Finance charges payable in respect of finance leases	7	2
	622	419

Included in cost of sales is interest of £998,000 (2000: £1,202,000) payable to group undertakings.

8 Taxation

	15 months to 31 March 2002 £000	12 months to 31 December 2000 (Restated) £000
<i>UK corporation tax</i>		
Current tax on income for the period	366	683
Adjustments in respect of prior periods	(13)	-
Total current tax	353	683
Deferred tax (see note 15)	(153)	88
Tax on profit on ordinary activities	200	771

The 2000 taxation charge has been restated to reflect the change in accounting policy upon adoption of FRS 19 'Deferred tax' (see note 2).

Notes (continued)

8 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2000: higher) than the standard rate of corporation tax in the UK (30%, 2000: 30%). The differences are explained below.

	15 months to 31 March 2002 £000	12 months to 31 December 2000 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	665	2,114
	<hr/>	<hr/>
Current tax at 30% (2000: 30%)	200	634
<i>Effects of:</i>		
Expenses not deductible for tax purposes	48	39
Capital allowances for period in excess of depreciation	(46)	46
Other timing differences	164	(36)
Adjustments to tax charge in respect of previous periods	(13)	-
	<hr/>	<hr/>
Total current tax charge (see above)	353	683
	<hr/>	<hr/>

Notes (continued)

9 Tangible fixed assets

Group and company	Freehold land and buildings	Motor vehicles and plant	Office equipment and leased assets	Total
	£'000	£'000	£'000	£'000
Cost				
At beginning of period	6,131	1,760	3,249	11,140
Transfers from stock	-	-	468	468
Additions	41	646	1,612	2,299
Transfers to stock	-	-	(1,284)	(1,284)
Disposals	-	(334)	(2)	(336)
At end of period	6,172	2,072	4,043	12,287
Depreciation				
At beginning of period	564	1,022	1,646	3,232
Transfers from stock	-	-	177	177
Charge for period	79	461	725	1,265
Transfers to stock	-	-	(739)	(739)
On disposals	-	(223)	(2)	(225)
At end of period	643	1,260	1,807	3,710
Net book value				
At 31 March 2002	5,529	812	2,236	8,577
At 31 December 2000	5,567	738	1,603	7,908

The gross value of freehold land and buildings includes £3,172,000 (2000: £3,131,000) of depreciable assets.

The net book value of office equipment and leased assets held under finance leases total £192,000 (2000: £nil). The depreciation for the period relating to these assets was £33,000 (2000: £29,000).

The amount of assets held for use in operating leases to third parties is as follows:

	31 March 2002 £'000	31 December 2000 £'000
Cost	3,399	2,608
Accumulated depreciation	(1,175)	(1,029)
Net book value	2,224	1,579

The aggregate rentals receivable during the period in respect of operating leases were £1,117,000 (2000: £822,000).

Notes (continued)

10 Fixed asset investments

Company

	31 March 2002 £	31 December 2000 £
Investment in Datatag ID Ltd		
100% ordinary shares	-	200
Investment in Yamics Ltd		
100% ordinary shares	10,000	10,000
	<u>10,000</u>	<u>10,200</u>

Yamics Limited and Datatag ID Limited are both registered in England and Wales.

100% of the ordinary share capital of Datatag ID Limited was sold on 31 December 2001. Results from the subsidiary have been consolidated for the 12 months up to this date in the consolidated profit and loss. Datatag ID Limited contributed £nil to the retained profit of the group in the 15 months ended 31 March 2002 (2000: £63,000).

The principal activity of Datatag ID Limited is the provision of security marking and tagging for motorcycles and other products and maintaining a database for the registered users.

Yamics Limited has been dormant in the 15 months ended 31 March 2002. The principal activity of the company, prior to this, was the provision of computer consultancy.

In the opinion of the directors the investments in, and amounts due from, the company's subsidiary undertaking Yamics Ltd are worth at least the amounts at which they are stated in the balance sheet.

11 Stocks

	Group		Company	
	31 March 2002 £'000	31 December 2000 £'000	31 March 2002 £'000	31 December 2000 £'000
Finished goods and goods for resale	20,979	21,734	20,979	20,568
Goods in transit	207	1,545	207	1,545
	<u>21,186</u>	<u>23,279</u>	<u>21,186</u>	<u>22,113</u>

Notes (continued)

12 Debtors

	Group		Company	
	31 March 2002	31 December 2000 (Restated)	31 March 2002	31 December 2000 (Restated)
	£'000	£'000	£'000	£'000
Due within one period				
Trade debtors	29,003	21,444	29,003	21,444
Amounts owed by group undertakings	-	-	-	580
Amounts owed by associated undertakings (see note 25)	50	233	50	233
Net deferred tax assets (see note 15)	472	319	472	319
Other debtors	496	438	496	438
Prepayments and accrued income	278	195	278	184
	<u>30,299</u>	<u>22,629</u>	<u>30,299</u>	<u>23,198</u>

Debtor balances as at 31 December 2000 have been restated to reflect the change in accounting policy for deferred taxation (see note 2).

13 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2002	31 December 2000 (Restated)	31 March 2002	31 December 2000 (Restated)
	£'000	£'000	£'000	£'000
Bank loans and overdraft	9,258	13,505	9,258	13,505
Trade creditors	480	39	480	39
Amounts owed to parent undertaking (see note 25)	18,895	9,425	18,895	9,425
Amounts owed to group undertakings	-	-	42	-
Amounts owed to associated undertakings (see note 25)	3,887	1,341	3,887	1,341
Other creditors including taxation and social security				
Corporation tax	327	484	327	467
Other taxes and social security	-	116	-	116
Accruals and deferred income	7957	9,850	7,957	9,882
Obligations under finance lease (note 19)	99	-	99	-
Proposed dividend	-	240	-	240
	<u>40,903</u>	<u>35,000</u>	<u>40,945</u>	<u>35,015</u>

Notes (continued)

14 Provisions for liabilities and charges

Group and company	15 months to 31 March 2002 Pensions and similar obligations £000
At beginning of period	529
Charge to the profit and loss for the period	
Additional amounts provided	43
At end of period	572

15 Deferred tax

The elements of deferred taxation are as follows:

Group and company	31 March 2002 £000	31 December 2000 (Restated) £000
Difference between accumulated depreciation and amortisation and capital allowances	(107)	(94)
Other timing differences	579	413
Deferred tax asset (see note 12)	472	319

Group and company	15 months to 31 March 2002 Deferred taxation asset £000
At beginning of period (restated)	319
Credit to the profit and loss for the year	153
At end of period (see note 12)	472

Comparative balances for 31 December 2000 have been restated to reflect the change in accounting policy for deferred taxation (see note 2).

Notes (continued)

16 Called up share capital

Group and company

	31 March 2002	31 December 2000
	£'000	£'000
<i>Authorised</i>		
5,000,000 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
2,400,000 ordinary shares of £1 each	2,400	2,400
	<hr/>	<hr/>

17 Profit and loss account

	Group		Company	
	15 months to 31 March 2002	12 months to 31 December 2000	15 months to 31 March 2002	12 months to 31 December 2000
	£'000	£'000	£'000	£'000
Retained profit brought forward as previously reported	15,629	14,438	15,027	13,902
Prior year adjustment (see note 2)	319	407	319	407
	<hr/>	<hr/>	<hr/>	<hr/>
	15,948	14,845	15,346	14,309
Retained profit for the period	465	1,103	1,035	1,037
	<hr/>	<hr/>	<hr/>	<hr/>
Retained profit carried forward	16,413	15,948	16,381	15,346
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	15 months to 31 March 2002	12 months to 31 December 2000 (Restated)	15 months to 31 March 2002	12 months to 31 December 2000 (Restated)
	£'000	£'000	£'000	£'000
Opening shareholders' funds as previously reported	18,029	16,838	17,427	16,302
Prior year adjustment (see note 2)	319	407	319	407
	18,348	17,245	17,746	16,709
Retained profit for the financial period	465	1,103	1,035	1,037
Closing shareholders' funds	18,813	18,348	18,781	17,746

19 Commitments

(i) Finance leases

The obligations under finance leases fall due in the following periods after the balance sheet date.

Group and Company	15 months to 31 March 2002 Net Obligations £'000	12 months to 31 December 2000 Net Obligations £'000
Amounts falling due		
Within one year (note 13)	99	-
In the second to fifth years inclusive	79	-
	178	-

(ii) Operating leases

Annual payments in respect of operating leases for the hire of premises and equipment are as follows:

Group and company	15 months to 31 March 2002 Land and buildings £'000	15 months to 31 March 2002 Other £'000	12 months to 31 December 2000 Land and Buildings £'000	12 months to 31 December 2000 Other £'000
Operating leases which expire:				
In the second to fifth years inclusive	204	59	204	52

Notes (continued)

20 Pension scheme

Employees of the company are eligible for membership of the Mitsui UK Retirement Benefits Plan ("the Plan") a defined benefit scheme. The assets of the Plan are held in a separate trustee administered fund. The Plan's funding level is determined on the basis of triennial valuations by a qualified actuary using the Projected Unit method. The most recent published valuation was at 30 September 2000.

Calculations were carried out as at 31 December 2001 to determine the pension cost for accounting purposes. The assets have been taken at an estimate of their market value of £9,463,000 representing Yamaha's share of the market value of the investments, together with the net current assets at that date. The main assumptions used were an investment return of 5.5% p.a. after retirement, 7.5% p.a. before retirement, salary increases of 4.0% p.a. and pension increases of 4.0% p.a. for service to 31 October 1999 and 2.5% p.a. for service thereafter. On these assumptions, the assets were sufficient to secure 78% of the liabilities of the Plan based on projected final pensionable salaries at 31 December 2001.

The pension cost for the period charged to the profit and loss account was £692,000 (2000: £527,000) At 31 March 2002 a provision of £572,000 (2000: £529,000) has accrued in respect of the pension cost representing the difference between the pension cost charged to the profit and loss account and the actual contributions paid.

Whilst the company continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension costs', under Financial Reporting Standard 17 'Retirement benefits' the following transitional disclosures are required:

The valuation at 31 December 2001 has been updated by the actuary on a Financial Reporting Standard 17 basis as at 31 March 2002.

The major assumptions used in this valuation were:

	2002
Rate of increase in salaries	4.3%
Rate of increase in pensions in payment	2.8%
Discount rate	6.0%
Inflation assumption	2.8%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 March 2002 £000
Equities	9,600
Present value of scheme liabilities	(14,029)
Deficit in the scheme – Pension liability	(4,429)
Related deferred tax asset	1,329
Net pension liability	3,100

The amount of this net pension asset/liability would have a consequential effect on reserves.

Notes (continued)

21 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	15 months to 31 March 2002 £'000	12 months to 31 December 2000 £'000
Operating profit	1,272	2,511
Depreciation charge	1,265	1,023
Profit on sale of tangible fixed assets	(6)	(4)
Decrease/(increase) in stocks	1,625	(5,724)
Increase in debtors	(7,517)	(10,295)
Increase in creditors	10,687	6,994
Net cash inflow/(outflow) from operating activities	7,326	(5,495)

22 Analysis of cash flows

	15 months to 31 March 2002 £000	12 months to 31 December 2000 £000
Returns on investment and servicing of finance		
Interest received	15	22
Interest paid	(659)	(417)
Interest element of finance lease rental payments	(7)	(2)
	(651)	(397)
Capital expenditure		
Purchase of tangible fixed assets	(2,075)	(1,459)
Sale of plant and machinery	117	38
	(1,958)	(1,421)
Acquisitions and disposals		
Sale of Datatag ID Limited (see note 23)	570	-
Financing		
Capital element of finance lease rental payments	(46)	(31)
(Decrease)/increase in debt	(5,000)	9,000
	(5,046)	8,969

Notes (continued)

23 Disposal of subsidiary undertaking

	15 months to 31 March 2002 £'000
Net assets disposed of	
Stocks	722
Creditors	(152)
	<hr/>
	570
	<hr/>
Satisfied by	
Cash	570
	<hr/>

24 Analysis of net debt

	At beginning of period	Cash flow	Other non-cash charges	At end of period
	£'000	£'000	£'000	£'000
Cash at bank and in hand	61	244	-	305
Overdrafts	(5)	(753)	-	(758)
	<hr/>	<hr/>	<hr/>	<hr/>
	56	(509)	-	(453)
Bank loans due within one year	(13,500)	5,000	-	(8,500)
Finance leases	-	46	(224)	(178)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(13,444)	4,537	(224)	(9,131)
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

25 Transactions with related parties

At the balance sheet date the parties related to Yamaha Motor (UK) Limited were:

	Ordinary shareholding in Yamaha Motor (UK) Limited %
Mitsui & Co Limited, Tokyo, Japan	37.5
Mitsui & Co UK plc	37.5
Yamaha Motor Company Limited, Japan	15
Yamaha Motor Europe NV, Holland	10

The following material transactions were made during the period by Yamaha Motor (UK) Limited:

	Description	Payments £'000	Receipts £'000
Mitsui & Co UK plc	Stock purchases and services	90,128	
	Sale of Datatag ID Limited		570
Yamaha Motor Europe NV	Stock purchases and promotional items	1,252	
	Promotional support		317
Yamaha Motor Japan	Warranty receipts		1,216
Datatag ID Limited (1 Jan 2002 – 31 March 2002)	Sales of components to Datatag ID Ltd		517
	Purchase of kits from Datatag ID Ltd	241	

Amounts due from/to the above parties at the period end were:

	Receivable £'000	Payable £'000
Mitsui & Co UK PLC	-	18,895
Yamaha Motor Europe NV	50	3,794
Datatag ID Limited	302	93

There were no amounts written off during the period in respect of debts to or from the related parties.

26 Ultimate parent undertaking

The ultimate parent company, which is also the parent undertaking of the only group of undertakings for which group accounts are drawn up, is Mitsui and Co Limited which is incorporated in Japan. Copies of the group accounts are available from 2-1 Ohtemachi 1-Chome, Chiyoda-KU, Tokyo, Japan.