

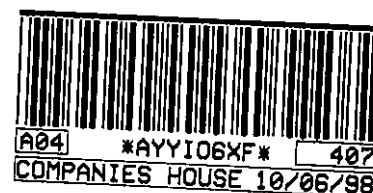
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1409055

AJS MOTORCYCLES LIMITED

Report and Financial Statements

31 OCTOBER 1997



AJS MOTORCYCLES LIMITED**COMPANY NUMBER**

1409055

DIRECTORS

D. G. Brown
N. J. Brown

SECRETARY

R. Jeffery

ACCOUNTANTS

Richard Kyte Associates,
126 Weyhill Road,
Andover,
Hants,
SP10 3BE

BANKERS

Lloyds Bank plc
22 High Street,
Andover,
Hants,
SP10 1NW

REGISTERED OFFICE

126 Weyhill Road,
Andover,
Hants,
SP10 3BE

AJS MOTORCYCLES LIMITED

DIRECTORS REPORT

The directors present their report and financial statements for the year ended 31 October 1997.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of motorcycle engineers.

DIRECTORS AND THEIR INTERESTS

The directors at 31 October 1997 and their interests in the share capital of the company were as follows:

	<i>At 31 October 1997</i>	<i>31 October 1996</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
D. G. Brown	299	299
N. J. Brown	201	201

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 accounts comply with the Companies Act 1985. 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.

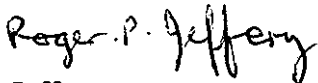
AJS MOTORCYCLES LIMITED

DIRECTORS' REPORT

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of the exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985.

By order of the board



R. Jeffery

Secretary

27 February 1998

AJS MOTORCYCLES LIMITED**ACCOUNTANT'S REPORT to the members of AJS Motorcycles Limited on the Unaudited Financial Statements**

In accordance with instructions given to me, I have prepared the financial statements of the Company for the year ended 31 October 1997 according to the accounting provisions of the Companies Act 1985. The directors of the Company have confirmed that the Company is totally exempt from the Audit Requirements under the provisions of section 249A(1) of the Companies Act 1985 and as a result, I have not carried out an audit. The financial statements on pages 5 to 10 are, therefore, based on the information shown in the Accounting Records and on the information supplied and explanations given to me by the directors.

Richard Kyte Associates

**Richard Kyte Associates,
Chartered Certified Accountant,
126 Weyhill Road,
Andover, Hants,
SP10 3BE**

27 February 1998

AJS MOTORCYCLES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 OCTOBER 1997

	Notes	1997 £	1996 £
TURNOVER	2	113,771	122,509
Cost of Sales		<u>53,072</u>	<u>58,184</u>
GROSS PROFIT		60,699	64,325
Distribution costs		(5,453)	(4,310)
Administrative Expenses		<u>(54,053)</u>	<u>(47,897)</u>
OPERATING PROFIT	3	1,193	12,118
Interest receivable		<u>267</u>	<u>103</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,460	12,221
Tax on profit on ordinary activities	4	<u>319</u>	<u>3,312</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,141	8,909
Dividends	5	<u>-</u>	<u>5,000</u>
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>1,141</u>	<u>3,909</u>

TOTAL RECOGNISED GAINS & LOSSES

The company has no recognised gains or losses other than the profits of £1,141 in the year ended 31 October 1997 and of £8,909 in the year ended 31 October 1996.

The Notes on pages 7 to 10 form part of these accounts

AJS MOTORCYCLES LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1997


	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	6	6,708	5,704
CURRENT ASSETS			
Stocks		36,026	34,882
Debtors	7	1,004	1,086
Cash at bank and in hand		7,033	14,070
		44,063	50,038
CREDITORS: amounts falling due within one year	8	13,829	19,941
NET CURRENT ASSETS		30,234	30,097
NET ASSETS		36,942	35,801
CAPITAL AND RESERVES			
Called up share capital	9	500	500
Profit and loss account	10	36,442	35,301
		36,942	35,801

The directors have taken advantage of the exemptions conferred by section 249A(1) of the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

No notice from members requiring an audit has been deposited under section 249B(2) in relation to its accounts for the financial year.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985 and for preparing accounts which give a true and fair view of the company as at the end of the financial year and of its results for the year and which otherwise comply with the requirements of the Companies Act (section 249B(4)(c)).

N. Brown
Director



27 February 1998

The Notes on pages 7 to 10 form part of these accounts

AJS MOTORCYCLES LIMITED

NOTES TO THE ACCOUNTS AT 31 OCTOBER 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard No. 1 as a small company and has not presented a cash flow statement.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Mobile Office	-	25% straight line
Plant & Machinery	-	20% straight line
Computer equipment	-	25% straight line
Motor vehicles	-	20% straight line
Demonstration motorcycles	-	20% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

AJS MOTORCYCLES LIMITED

NOTES TO THE ACCOUNTS AT 31 OCTOBER 1997

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, that of motorcycle engineers.

An analysis of turnover is given below:

	1997	1996
	£	£
United Kingdom	94,311	106,904
Overseas	19,460	15,605
	<u>113,771</u>	<u>122,509</u>

3. OPERATING PROFIT

(a) This is stated after charging:

	1997	1996
	£	
Directors' remuneration	20,878	21,158
Depreciation of owned fixed assets	<u>3,579</u>	<u>3,530</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997	1996
	£	£
Based on the results for the year:		
Corporation tax at 24%	<u>319</u>	<u>3,312</u>

5. DIVIDENDS

	1997	1996
	£	£
Ordinary interim dividend	<u>-</u>	<u>5,000</u>

AJS MOTORCYCLES LIMITED

NOTES TO THE ACCOUNTS AT 31 OCTOBER 1997

6. TANGIBLE FIXED ASSETS

	<i>Workshop</i>	<i>Demo</i>	<i>Computer</i>	<i>Motor</i>	<i>Plant &</i>	<i>Total</i>
	<i>machines</i>	<i>Equipment</i>	<i>Vehicles</i>	<i>Equipment</i>		
	£	£	£	£	£	£
<i>Cost :</i>						
At 1 November 1996	4,695	2,400	5,288	5,867	11,912	30,162
Additions	-	-	398	3,935	250	4,583
Disposals	-	-	-	-	-	-
At 31 October 1997	<u>4,695</u>	<u>2,400</u>	<u>5,686</u>	<u>9,802</u>	<u>12,162</u>	<u>34,745</u>
<i>Depreciation :</i>						
At 1 November 1996	4,049	2,400	3,451	5,007	9,551	24,458
Provided during the year	616	-	912	1,217	834	3,579
Disposals	-	-	-	-	-	-
At 31 October 1997	<u>4,665</u>	<u>2,400</u>	<u>4,363</u>	<u>6,224</u>	<u>10,385</u>	<u>28,037</u>
<i>Net book value :</i>						
At 31 October 1997	<u>30</u>	<u>-</u>	<u>1,323</u>	<u>3,578</u>	<u>1,777</u>	<u>6,708</u>
At 1 November 1996	<u>646</u>	<u>-</u>	<u>1,837</u>	<u>860</u>	<u>2,361</u>	<u>5,704</u>

7. DEBTORS

	<i>1997</i>	<i>1996</i>
	£	£
Trade debtors	241	1,086
Sundry debtors and prepayments	763	-
	<u>1,004</u>	<u>1,086</u>

AJS MOTORCYCLES LIMITED

NOTES TO THE ACCOUNTS AT 31 OCTOBER 1997

8. CREDITORS

	1997	1996
	£	£
Trade creditors	7,103	5,791
Corporation Tax	319	3,312
Other taxes and social security costs	1,698	1,966
Directors' current accounts	2,859	7,379
Other creditors and Accruals	1,850	1,493
	<u>13,829</u>	<u>19,941</u>

9. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, Called up and Fully Paid</i>	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>500</u>

10. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital	Profit and Loss Account	Total
	£	£	£
At 31 October 1995	500	31,392	31,892
Profit for the year		8,909	8,909
Dividends		(5,000)	(5,000)
At 31 October 1996	<u>500</u>	<u>35,301</u>	<u>35,801</u>
Profit for the year		1,141	1,141
At 31 October 1997	<u>500</u>	<u>36,442</u>	<u>36,942</u>