

Company Registration No. 1006420

Yamaha Motor (UK) Limited

Report and Financial Statements

31 December 2011

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Yamaha Motor (UK) Limited

Report and financial statements 2011

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	5
Independent auditors' report	6
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Reconciliation of net cashflow to movements in net debt	11
Notes to the accounts	12

Yamaha Motor (UK) Limited

Report and financial statements 2011

Officers and professional advisers

Directors

J Saito
A R Smith
K Masuda
S Nakamura
L Neesham

Company Secretary

L Neesham

Registered Office

Sopwith Drive
Brooklands Industrial Estate
Weybridge
Surrey KT13 0UZ

Banks

Sumitomo Mitsui Banking Corporation Europe Limited
Hong Kong and Shanghai Bank (HSBC)

Auditor

Deloitte LLP
Chartered Accountants
London

Yamaha Motor (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

Yamaha Motor (UK) Ltd is a 100% subsidiary of Yamaha Motor Co group (see note 26 on page 33 for full details of related party transactions in the period) As of 1 August 2012 Yamaha Motor (UK) was fully acquired by Yamaha Motor Co group having formerly been a 100% subsidiary of Yamaha Motor Middle Europe B V (a company established in the Netherlands) which in turn was owned by the Yamaha Motor Co group (60% ownership) and by the Mitsui & Co Ltd group (40% ownership)

The principal activities of the company are the marketing and distribution of Yamaha branded motorised products and related spare parts and accessories There have not been any significant changes in the company's principal activities in the year

Results and business review

The results of the company for the year are set out on page 8 The company made a loss on ordinary activities before taxation for the year ended 31 December 2011 of £693 000 (2010 – loss of £1,874 000)

The balance sheet on page 9 of the financial statements shows the the impact of continuing volatility of the exchange rates which has negatively affected the purchasing price of the majority of products As in previous years due to severe competition within each market sector increasing retail prices has proved to be very difficult, consumer confidence towards leisure items remained fragile throughout the year

The above circumstances resulted in a net current liability and a net liability position at the year end however the company continued with its group financing facility and the directors have assessed that the company will be able to finance its working capital requirements within its existing financing facilities

Details of amounts owed to group undertakings are shown in note 25 on page 31

The motorcycle business remains the largest within the overall company, however the lack of new product introduced to the market during 2011 has resulted in a loss of market share within the period

All other products performed well in their respective markets throughout the year and whilst competition remains severe the Yamaha brand and quality appears to be holding up well against our competitors However reducing markets across all products have resulted in a reduction in turnover for 2011

The company as in previous years will continue to seek cost and efficiency savings which will not negatively affect unit sales or brand image in the future in an effort to return to a positive trading position as soon as possible

Future prospects

A strong dealer network aligned with new marketing initiatives will continue to be important to the future success of the company and will remain a focus for 2012 The company sees this as having a positive impact on the gross profit in the short-term and equally important in building a strong and sustainable company in the future

Yamaha Motor (UK) Limited

Directors' report (continued)

Principal risks and uncertainties

Competitive pressures in the UK in particularly the retail leisure industry are a continuing risk to the company which may result in the overall markets continuing to reduce in the short term as well as potentially losing sales to its key competitors due to aggressive activities. The company manages and minimises this risk by providing added value services to its customers in areas such as finance and insurance services and in addition having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with dealers and Yamaha customers.

All company purchases have been affected by the devaluation of Sterling against the Euro.

Due to the nature of the company's business and the assets and liabilities contained within the Company's balance sheet the major area of financial risk is within dealer credit. Credit risk is mitigated by taking out insurance policies against the Accounts Receivable balance and in addition holding charges on property with some key accounts and where appropriate holding the registration documents of applicable products especially motorcycles.

Group (Yamaha Motor Co.) risks are discussed in the Group's Annual Report which does not form part of this Report.

Environment

The company operates in accordance with group policies which are described in the group's Annual Report which does not form part of this report.

Employees

Details of the number of UK operational contracted employees and related costs can be found in note 8 to the financial statements on page 17.

Going concern

As highlighted in the Cash Flow Statement the company continues to meet its day to day requirements through group loan facilities. The directors have received a letter of support from Yamaha Motor Europe which confirms that full support will be provided with respect to the financing needs of Yamaha Motor UK for at least the period up until the end of 2014. The Directors of Yamaha Motor UK have assessed the ability of Yamaha Motor Europe to provide that support and are satisfied that they will be able to meet any financing needs. The current economic conditions create uncertainty particularly over the volatile exchange rate between Sterling and the Euro and thus the consequences for the company's cost of sales.

The company's forecasts and detailed projections taking account all reasonable probable changes in trading performance show that the company will be able to operate within the level of its current facility. The company has held a discussion with the group about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal of the group facility may not be forthcoming on acceptable terms as all shareholders are committed to Yamaha's business.

Charitable donations

A charitable donation was made of £2,151 (2010 – £8,282).

Yamaha Motor (UK) Limited

Directors' report (continued)

Directors

The directors who held office during the year except as noted were as follows

H Yamaji (resigned 31/12/2010)
S Hirasawa (resigned 15/07/2011)
K Masuda
J Saito (Appointed 15/04/2011)
S Nakamura (Appointed 01/06/2010)
L Neesham (Appointed 01/07/2011)
A R Smith

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 or any other group company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year

Information to auditors

Each of the persons who are directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditors

A resolution for the reappointment of Deloitte LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



L J Neesham
Director

27/9

2012

Yamaha Motor (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Accounting Standard 1 requires that directors

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern

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.

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

We have audited the financial statements of Yamaha Motor (UK) Limited for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

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 2011 and of its loss for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors' report to the members of Yamaha Motor (UK) Limited (continued)

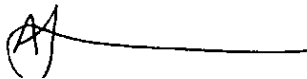
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Anthony Morris (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

27 September 2012

Yamaha Motor (UK) Limited

Statement of comprehensive income Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	3 5	60 451	81 096
Cost of sales		(53 496)	(74 642)
Gross profit		6 955	6 454
Administrative expenses	6	(7 170)	(7 984)
Operating loss		(215)	(1 530)
Interest receivable and similar income	9	1 388	1 418
Interest payable and similar charges	10	(1 876)	(1,762)
(Loss) on ordinary activities before taxation	6	(703)	(1,874)
Tax (charge) on (loss)/profit on ordinary activity	12	(18)	-
(Loss) on ordinary activities after taxation		(721)	(1 874)

The results for the periods shown above are derived from continuing operations. There are no other items of income and expense for the current and preceding financial year other than those as stated in the statement of comprehensive income.

The notes on pages 12 to 32 form part of these financial statements.

Yamaha Motor (UK) Limited

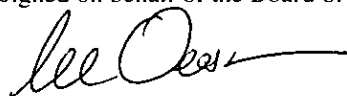
Balance sheet

Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Property plant and equipment	13	1,897	2,059
Deferred tax asset	19	-	18
Employees retirement benefit	22	1 574	1,520
Total non-current assets		<u>3,471</u>	<u>3,597</u>
Current assets			
Inventory	14	2,854	2 577
Trade and other receivables	15	27 628	35,886
Cash and cash equivalents	20	468	296
Total current assets		<u>30,950</u>	<u>38,759</u>
Total assets		<u>34,421</u>	<u>42 356</u>
Current liabilities			
Trade and other payables	16	(6 627)	(11,801)
Borrowings	17	(32 250)	(34,300)
Total current liabilities		<u>(38 877)</u>	<u>(46,101)</u>
Net liabilities		<u>(4 390)</u>	<u>(3,745)</u>
Capital and reserves			
Called up share capital	21	2,400	2 400
Retained Earnings		(6 856)	(6 145)
Shareholders' deficit		<u>(4,456)</u>	<u>(3,745)</u>

The financial statements of Yamaha Motor (UK) Limited registered number 1006420 were approved by the Board of Directors and authorised for issued on 2012

Signed on behalf of the Board of Directors



L J Neesham

Director

27/9/2012

Yamaha Motor (UK) Limited

Statement of changes in equity Year ended 31 December 2011

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2011	2,400	(6 145)	(3 745)
Loss for the period	-	(721)	(721)
Balance at 31 December 2011	<u>2 400</u>	<u>(6 866)</u>	<u>(4 466)</u>

Yamaha Motor (UK) Limited

Cash flow statement Year ended 31 December 2011

	Notes	2011 £'000	Restated 2010 £'000
Net cash inflow/(outflow) from operating activities	20	3 112	(8 907)
Investing activities			
Purchase of tangible fixed assets		(761)	(1 125)
Sale of tangible fixed assets		227	80
Interest received		41	9
Net cash received from investing activities		<u>(493)</u>	<u>(1 036)</u>
Financing activities			
Interest paid		(397)	(336)
(Decrease)/Increase in debt		<u>(2 050)</u>	<u>8 400</u>
Net cash from financing activities		<u>(2 447)</u>	<u>8 064</u>
Net increase/(decrease) in cash and cash equivalents		172	(1 879)
Cash and cash equivalents at beginning of year	20	<u>296</u>	<u>2 175</u>
Cash and cash equivalents at end of year		<u><u>468</u></u>	<u><u>296</u></u>

The prior year disclosure has been restated to show interest relating to the defined benefit scheme as adjustments as these are non-cash movements. This restatement has no impact on the result for the year.

Yamaha Motor (UK) Limited

Notes to the accounts

Year ended 31 December 2011

1. General information

Yamaha Motor (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in Directors' report on pages 2 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2. Adoption of new and revised standards

The following amendments to existing Standards are effective for the current period:

- IFRS 1 (Amended) Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IAS 24 (Revised) Related Party Disclosures
- IFRS 3 (Revised) Business Combinations
- IFRS 9 Financial Instruments
- IAS 27 (Revised) Consolidated and Separate Financial statements
- IAS 39 (Amendment) Eligible Hedged Items

The adoption of these Amendments has had no material impact on the company's financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and have not been applied in these financial statements:

- Annual Improvements to IFRSs 2009-2011 Cycle
- IAS 32 and IFRS 7 (Amended) Offsetting Financial Assets and Financial Liabilities
- IAS 1 (Amended) Presentation of Items of Other Comprehensive Income
- IAS 19 (Revised) Employee Benefits
- IAS 12 (Amended) Deferred Tax – Recovery of Underlying Assets
- IFRS 7 (Amended) Disclosures – Transfers of Financial Assets

The adoption of these Standards and Interpretations in future periods are not expected to have a material effect on the financial statements except for additional disclosures with the exception of IAS 19 (Revised) Employee Benefits which will eliminate the option to apply the corridor approach currently adopted by Yamaha Motor UK Limited (see note 3) and the unrecognised actuarial loss will need to be recognised through equity.

3 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the 12 month period and the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards which comprise standards and interpretations approved by the International Accounting Standards Board and adopted by the European Union and therefore the financial statements comply with Article 4 of the EU IAS Regulation.

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

3. Accounting policies (continued)

Going concern basis

The Directors' assessment of current economic conditions is that it has had a significant adverse impact on the performance of the company. The detail of the business performance has been noted in the Directors' Report.

The company meets its day-to-day working capital requirements through a guaranteed group credit facility. There has been no change to this as a result of the change in ownership structure. The company has held a discussion with its parent company about its future borrowing needs. The parent company has confirmed that it will continue to provide sufficient credit facilities for the foreseeable future.

The Directors' assessment of going concern based on the company's forecasts and projections, taking account of reasonably possible changes in trading performance and taking account of the ability of the parent to provide support is that the company will be able to manage its funds for working capital requirements for the foreseeable future with existing financing arrangements.

As a result, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write-off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful lives as follows:

Motor vehicles and plant and machinery	–	25% per annum
Office equipment	–	25% per annum
Leased assets	–	20% per annum

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 contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

Leases

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The company as lessee

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 terms of the lease, whichever is shorter. Further instalments under such leases, net of finance charges, are included within 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.

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

3. Accounting policies (continued)

Retirement benefit costs

Payments made by the company to the defined contribution scheme in the year are charged to the income statement. Any differences between the contributions payable and those actually paid are shown as either accruals or prepayments in the balance sheet. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes the cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The Company has adopted the corridor approach for its defined benefit pension plan under IAS 19. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial losses (as per corridor approach) and past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reductions in future contributions to the scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductions in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Yamaha Motor (UK) Limited

Notes to the accounts

Year ended 31 December 2011

3. Accounting policies (continued)

Inventory

Inventory is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less future costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period after deduction of discount, and are recognised on delivery of goods to customers.

Included in revenue is the operating lease income from the lease golf car fleet. This is recognised evenly over the lease term with the costs reflected in the same way.

Cash

Cash for the purpose of cash flow statement comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The company provides for inventory in relation to the items considered by the management obsolete. The provisions are based upon management's best estimate of net realisable value. The provisions are reviewed by senior management following consultations with those in the business with expert knowledge.

5. Revenue

Revenue is attributable to the principal activity of the company (see Directors' Report) and has arisen wholly from sales to the UK market.

An analysis of the group's revenue is as follows:

	2011 £'000	2010 £'000
Sale of goods	59,339	79,872
Equipment leasing income	1,112	1,224
	<u>60,451</u>	<u>81,096</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

6. Loss on ordinary activities before taxation

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation is stated:		
after charging:		
Auditors' remuneration		
Fees payable to the company's auditor for the audit of company's annual accounts	77	77
Taxation compliance services	11	9
Depreciation of property, plant and equipment		
Owned	795	644
Leased	-	-
Write down of inventories recognised as an expense	4	6
Write down of receivables recognised as an expense	116	5
Staff Costs (see note 8)	3 022	3 085
Rent Payable under operating leases		
Buildings	264	264
Others	226	200
after crediting:		
Other rentals receivable under operating leases	1 112	1 224
Profit on disposal of tangible fixed assets	-	1
	<u> </u>	<u> </u>

7. Remuneration of directors

	2011 £'000	2010 £'000
Directors' remuneration		
Remuneration as executives	99	164
Company contributions to defined benefit pension schemes	14	21
	<u> </u>	<u> </u>
	113	185
	<u> </u>	<u> </u>

Under Companies Act 2006 requirements, disclosure of the highest paid director's remuneration is not required if the aggregate of directors' remuneration is less than £200 000

	2011 No.	2010 No.
Retirement benefits are accruing to the following director under:		
Defined benefit schemes	<u> </u>	<u> </u>
	1	1

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

8. Staff numbers and costs

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

	2011 £'000	2010 £'000
Administration	13	13
Sales and distribution	54	55
	<u>67</u>	<u>68</u>

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	2 369	2 554
Social security costs	207	212
Retirement benefit costs	505	373
	<u>3 081</u>	<u>3 039</u>

9 Interest receivable and similar income

	2011 £'000	2010 £'000
Interest on pension assets	1,347	1,409
Bank interest receivable	41	9
	<u>1 388</u>	<u>1 418</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

10. Interest payable and similar charges

	2011 £'000	2010 £'000
Interest on loans from related parties	397	336
Interest on pension liabilities	1,479	1 426
	<u>1 876</u>	<u>1 762</u>

11. Commitments

The company as lessee	2011 £'000	2010 £'000
Minimum lease payments under operating leases recognised as an expense in the year		
Building	264	264
Other	226	200
	<u>490</u>	<u>464</u>

At the balance sheet date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

Within one year	– Building	132	264
	– Other	215	246
In the second to fifth years inclusive	– Building	-	66
	– Other	334	343
After five years		-	-
		<u>681</u>	<u>919</u>

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of five years with an option to extend for a further two years at the then prevailing market rate.

The company as lessor

At the balance sheet date the group had contracted for the following future minimum lease payments

	2011 £'000	2010 £'000
Within one year	827	1 112
In the second to fifth years inclusive	1 004	1 831
	<u>1 831</u>	<u>2 943</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

12 Taxation

	2011 £'000	2010 £'000
Recognised in the income statement		
Current tax	-	-
Deferred tax (credit)/charge	18	-
	<u>18</u>	<u>-</u>

Factors affecting the tax credit for the current period

The current tax credit for the period differs from the standard rate of corporation tax in the UK of 26.5% (2010-28%). The reconciling differences are explained below

	2011 £'000	2010 £'000
Reconciliation of effective tax rates		
(Loss)/profit on ordinary activities before tax	(627)	(1 874)
Tax using domestic rates of corporation tax of 26.5%/28%	(166)	(525)
<i>Effects of</i>		
Expenses not deductible for tax purposes	111	2
Profit on disposal of ineligible building asset	-	73
Short lease premium deduction	(19)	(20)
Depreciation in excess of capital allowances	135	180
Fixed asset profit on disposal	(46)	(40)
Pension adjustment	(14)	(105)
Unrecognised tax losses	-	435
Total tax charge	<u>-</u>	<u>-</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

13. Property, plant and equipment

	Leasehold building £'000	Motor vehicles, plant and machinery £'000	Office equipment and leased assets £'0 00	Total £'000
Cost				
At 1 January 2011	393	652	3 732	4 777
Transfer from stock	-	-	251	251
Additions	-	145	616	761
Transfers to stock	-	-	(5)	(5)
Disposals	-	-	(784)	(784)
At 31 December 2011	393	797	3,810	5 000
Accumulated depreciation				
At 1 January 2011	301	540	1 877	2 718
Transfer from stock	-	-	152	152
Charge for the year	87	65	643	795
Transfers to stock	-	-	-	-
Disposals	-	-	(562)	(562)
At 31 December 2011	388	605	2 110	3 103
Net book value				
At 31 December 2011	5	192	1 700	1,897
At 1 January 2011	92	112	1,855	2 059

Included in the total net book value of office equipment and leased assets is £nil (2010 £nil) in respect of assets held under finance leases. The depreciation charge for the year on these assets was £nil (2010 £nil).

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

	2011 £'000	2010 £'000
Cost	3,389	3 315
Accumulated depreciation	(1 690)	(1 460)
	<u>1 699</u>	<u>1 855</u>

The aggregate rentals receivable during the period in respect of operating leases was £1 112 000 (2010 £1 224 000).

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

14. Inventory

	2011 £'000	2010 £'000
Finished goods and goods for resale	2 854	2 472
Goods in transit	0	105
	<u>2 854</u>	<u>2 577</u>

15 Trade and other receivables

	2011 £'000	2010 £'000
Current:		
Trade receivables	26,568	35 027
Amounts owed by other group undertakings (note 25)	45	28
Derivative financial instruments	-	-
Other receivables	103	121
Corporation tax group relief receivable	41	41
Prepayments and accrued income	871	669
	<u>27,628</u>	<u>35,886</u>

16. Trade and other payables

	2011 £'000	2010 £'000
Current		
Trade payables	13	122
Amounts owed to group undertakings (note 25)	4 364	5 804
Amounts owed to fellow subsidiary (note 25)	-	-
Accruals and deferred income	2 250	5 873
	<u>6 627</u>	<u>11 799</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

17 Borrowings

	2011 £'000	2010 £'000
Current		
Unsecured borrowings at amortised cost		
Loans from related parties	32 250	34,300
Bank loans	-	-
	<u>32 250</u>	<u>34 300</u>
Total borrowings		
Amount due for settlement within 12 months	<u>32 250</u>	<u>34 300</u>

The other principal features of the company's borrowings are as follows

All borrowings are in pounds sterling. Amounts repayable to related parties of the company carry interest of 1.22% per annum charged on the outstanding loan balances.

The weighted average interest rates paid during the year were as follows

	2011 %	2010 %
Loans from related parties	1.22	1.22
Bank loans	-	-

18 Retirement benefit

	2011 £'000	2010 £'000
Opening balance	(3 372)	(2 192)
Current service cost	(232)	(214)
Employer contributions paid	629	755
Expected return on pension scheme assets	1 347	1 409
Interest on pension scheme liabilities	(1 479)	(1 426)
Actuarial valuation loss	(172)	(1 704)
	<u>(3 279)</u>	<u>(3 372)</u>
At end of year (note 22)		
Unrecognised actuarial loss	<u>4 843</u>	<u>4 885</u>
	<u>1 564</u>	<u>1 513</u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

19. Deferred tax

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting periods

	Deferred tax liability on derivatives and pension temporary differences £'000	Deferred tax asset on recognised losses £'000	Total deferred tax (asset)/liability £'000
At 1 January 2011	380	(398)	(18)
At 31 December 2011	11	7	18
Charge/(Credit)			
At 31 December 2011	391	(391)	-

Deferred tax assets in respect of deductible temporary differences have not been recognised. Potential deferred tax assets on fixed assets are £551 000 (2010 – £529 000)

There are trading tax losses of £8,033 000 carried forward at 31 December 2011 (2010– £8,608 000) which are partially recognised to offset the deferred tax liability on derivatives and pension temporary differences. There are also unrecognised capital losses of £112 000 at 31 December 2011 (2010 – £112,000)

20. Notes to the cash flow statement

	2011 £'000	Restated 2010 £'000
Loss for the year	(215)	(1,530)
Adjustments for:		
Depreciation charge on property plant and equipment	795	643
Expected return on defined benefit scheme assets	1 347	1 409
Profit on disposal of property plant and equipment	-	(1)
Interest cost on defined benefit scheme liabilities	(1 479)	(1 426)
Employee retirement benefit (net movement)	(51)	(416)
	397	(1 321)
Operating cash flows before movements in working capital		
(Increase)/decrease in inventory	(371)	1 111
Decrease/(increase) in debtors	8 258	(2 452)
Decrease in creditors	(5 172)	(6 245)
Net cash inflow/(outflow) from operating activities	3,112	(8 907)

The prior year disclosure has been restated to show interest relating to the defined benefit scheme as adjustments as these are non-cash movements. This restatement has no impact on the result for the year.

Yamaha Motor (UK) Limited

Notes to the accounts

Year ended 31 December 2011

20. Notes to the cash flow statement (continued)

Net debt reconciliation

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	296	172	468
Loans and bank overdrafts	(34 300)	2,050	(32 250)
Net debt	(34,004)	2 222	(31,782)

Net debt

	2011 £'000	2010 £'000
Cash and bank balances	468	296
Borrowing		
- Loan from related party	(32 250)	(34 300)
	(31 782)	(34,004)

21. Called up share capital

	2011 £'000	2010 £'000
Authorised		
5 000,000 ordinary shares of £1 each	5 000	5 000
Allotted, called up and fully paid		
2 400 000 ordinary shares of £1 each	2 400	2 400

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

22 Retirement benefit

Defined contribution scheme

The company operates a defined contribution scheme which is open to all qualifying employees. The assets of the scheme are held separately from those of the group. The total pension cost charged for the year in these financial statements amounted to £59,226 (2010 – £53,797). There were no outstanding or prepaid contributions at the year end.

Defined benefit scheme

The company also runs a defined benefit scheme that is no longer open to new employees. The assets of the defined benefit scheme are held in a separate trustee administered fund. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent valuation was at 31 December 2010 by Mr David Upton, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost was measured using the actuarial cost method.

	2011	2010
Key assumptions used:		
Rate of increase in salaries	4.20%	4.00%
Rate of increase in pensions in payment and deferred pensions	3.70%	3.50%
Discount rate applied to scheme liabilities	5.30%	5.10%
Inflation assumption	3.70%	3.50%
Return on assets	5.30%	5.30%

Investigations have been carried out within the last three years into the mortality experience of the Company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2011	2010
Retiring today		
Males	88.5	87.6
Females	90.8	90.7
Retiring in 20 years		
Males	90.0	89.4
Females	92.4	92.8

Amounts recognised in income statement in respect of the defined benefit schemes are as follows:

	2011 £'000	2010 £'000
Current service cost	(232)	(214)
Interest cost	(1,479)	(1,426)
Expected return on assets	1,347	1,409
Amortisation of actuarial loss	(214)	(105)
	<u>(578)</u>	<u>(336)</u>

Yamaha Motor (UK) Limited

Notes to the accounts

Year ended 31 December 2011

22 Retirement benefit (continued)

Of the expense for the year £578 000 (2010 £336 000) has been included in administrative expenses. The actual return of the scheme assets was £462 000 (2010 £1 908 000). Amortisation of the actuarial losses is calculated in accordance with the Company's policy of spreading cumulative gains or losses in excess of 10% of the greater of the present value of the defined benefit obligation or the fair value of plan assets over the expected average remaining future service of the current active membership. The expected working lifetime is taken to be 7 years for the year ended 31 December 2010.

Movements in the present value of defined benefit obligations were as follows

	2011 £'000	2010 £'000
Defined benefit obligations		
Balance at the beginning of the year	(28 273)	(25,013)
Current service cost	(232)	(214)
Interest cost	(1 479)	(1,426)
Curtailment Gains	-	-
Benefit paid	607	582
Actuarial (loss)/gain	234	(2,202)
	<u>(29 143)</u>	<u>(28 273)</u>
Defined benefit assets		
Balance at the beginning of the year	24 901	22 821
Return on pension asset	1 347	1,409
Actuarial gain/(loss)	(406)	498
Employer contribution	629	755
Benefit paid	(607)	(582)
	<u>25 864</u>	<u>24 901</u>
Net retirement benefit (obligation)	<u>(3 279)</u>	<u>(3 372)</u>
Unrecognised actuarial loss	<u>4 843</u>	<u>4 885</u>
Net retirement benefit asset (as per corridor approach)	<u><u>1 564</u></u>	<u><u>1 513</u></u>
Summary of unrecognised actuarial (loss)		
	2011 £'000	2010 £'000
Balance at the beginning of the year	(4 885)	(3 286)
Actuarial valuation (loss)/gain	(172)	(1 704)
Amortisation of actuarial loss	214	105
Accumulated unrecognised actuarial (loss)	<u><u>(4 843)</u></u>	<u><u>(4 885)</u></u>

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

22. Retirement benefit (continued)

The five-year history of experience adjustments is as follows

	31 Dec 2011	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Mar 2007
Present value of defined benefit obligations	(26 840)	(28 752)	(25,013)	(22 694)	(21,783)
Fair value of scheme assets	25,864	25,380	22,821	20,952	24 152
(Deficit)/surplus in the scheme	(976)	(3 372)	(2,192)	(1 742)	2,369
Experience adjustments on scheme liabilities	(2 020)	0	0	912	(194)
Percentage of scheme liabilities %	(7.5%)	0.0%	0.0%	4.0%	(0.9%)
Experience adjustments on scheme assets	885	(498)	(971)	4 292	(80)
Percentage of scheme assets %	3.0%	(2.0%)	(4.3%)	20.4%	(0.3%)

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows

	Expected return		Fair value of assets	
	2011 %	2010 %	2011 £'000	2010 £'000
Equity instruments	7.20	7.00	8 975	9 567
Debt instruments	4.83	4.24	16 566	15 723
Property	-	-	-	90
Other	0.50	-	323	-
	5.60	5.30	25 864	25 380

The expected amounts of contributions expected to be paid to the scheme during the current financial year is £629 000

The most recent triennial valuation of the Company's pension scheme for funding purposes was performed in 2011. Under the funding schedule agreed with the scheme trustees, the Company aims to eliminate the current deficit over the next fifteen years. The Company will monitor funding levels annually and the funding schedule will be reviewed between the Company and the trustees every three years, based on actuarial valuations. The next triennial valuation is due to be completed at 31 March 2014. The Company considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

Calculations were carried out as at 31 December 2011 to determine the pension cost for accounting purposes in accordance with IAS19 using the corridor approach. The pension cost for the period charged to the income statement was £232 000 (2010 – £214 000). The company expects to contribute £215 000 to its pension plan in 2011. The company also proposes contributing an additional £414 000 every year for 10 years to the pension plans to clear the deficit in the scheme.

Based on the latest actuarial valuation, the Company and the trustees have agreed the following funding objectives:

- to set contributions such as to eliminate the IAS 19 deficit over a period of fifteen years,
- once the current deficit is eliminated to maintain funding at least at this level, and
- to meet the liabilities of the defined benefit scheme in the event that the plan is wound up

Yamaha Motor (UK) Limited

Notes to the accounts

Year ended 31 December 2011

23. Financial instruments

The Company's financial instruments comprise trade and other receivables, trade and other payables and cash and cash equivalents. The Company's financial assets and liabilities are summarised below.

Categories of financial instruments

	2011 £'000	2010 £'000
Current financial assets*		
Trade receivables	26,568	35,027
Amounts owed to group undertakings	45	28
Amounts owed to group undertakings- corporation tax group relieved	41	41
Derivative financial instrument	-	-
Other receivables	103	121
Cash and cash equivalents	468	296
Current assets not meeting the definition of a financial asset		
Inventories	2,854	2,577
Prepayments	871	669
Total current assets	30,950	38,759
Non-current assets not meeting the definition of a financial asset		
Property, plant and equipment	1,897	2,059
Employees' retirement benefit	1,564	1,513
Deferred tax asset	-	18
Total non-current assets	3,461	3,590
Current financial liabilities *		
Trade and other payables	6,627	11,799
Short-term loans and overdraft	32,250	34,300
Total current liabilities	38,877	46,099

* Financial assets and liabilities are stated at fair value.

Credit risk

Credit risk is the loss in the value of financial assets due to counterparties failing to meet all or part of their contractual obligations. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company only transacts with entities that are rated to a reliable level. This rating information is supplied by an independent rating agency. Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Of the trade receivables balance at the end of the year, £3,006,462 (2010: £3,481,923) is due from the Company's largest customer.

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

23. Financial instruments (continued)

Movement in the allowance for doubtful debts:

	2011 £'000	2010 £'000
Balance at the beginning of the year	1 144	1 278
Impairment losses recognised	(393)	(134)
Balance at end of the year	751	1 144

In determining the allowance for doubtful debts the Company considers the customers inventory of which the Company has retention of title on all inventory, both paid and unpaid

Liquidity

Liquidity risk is the risk that the company will not have available funds to meet its liabilities

The Company manages its liquidity risk by regularly monitoring its future cash flows and current cash position. Funding is available from its parent company if required.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted average effective interest rate %	< 1 month £'000	1 – 3 months £'000	3 months – 1 year £'000	Total carrying value in the balance sheet £'000
2011					
Trade payables		13			13
Amounts owed to group undertakings		4 364			4,364
Amounts owed to fellow subsidiary		-			-
Accruals		2,250			2 250
Short-term borrowing		32 250			32 250
		38,877	-	-	38 877
2010					
Trade payables		122	-	-	122
Amounts owed to group undertakings		5 804	-	-	5 804
Amounts owed to fellow subsidiary		2	-	-	2
Accruals		5 873	-	-	5 873
Short-term borrowing	1.2%	34 300	-	-	34 300
		46 101	-	-	46 101

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

23 Financial instruments (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. The ageing of the receivables is by Due Date.

	Less than 1 month £'000	1-3 months £'000	3-6 months £'000	6 months to 1 year £'000	Greater than 1 year £'000	Impaired £'000	Total carrying value in the balance sheet £'000
2011							
Trade receivables	21,244	2,672	3,403			(751)	26,568
Amounts owed to group undertakings	45						45
Amounts owed to group undertakings - corporation tax group relieved					41		41
Derivative financial instrument	-						-
Other receivables	90	13					103
	<u>21,379</u>	<u>2,685</u>	<u>3,403</u>		<u>41</u>	<u>(751)</u>	<u>26,757</u>
2010							
Trade receivables	196	3,459	31,894	622		(1,144)	35,027
Amounts owed to group undertakings	28						28
Amounts owed to group undertakings - corporation tax group relieved					41		41
Derivative financial instrument	-						-
Other receivables	115	6					121
	<u>339</u>	<u>3,465</u>	<u>31,894</u>	<u>622</u>	<u>41</u>	<u>(1,144)</u>	<u>35,217</u>

Currency risk

The Company undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations. The company does not use currency derivatives to hedge future transactions and cash flows.

Forward Foreign Exchange Contracts

It is the policy of the Company to enter into forward exchange contracts to cover specific currency payments within 90% to 100% of the exposure generated.

Outstanding contracts

	Average exchange rate		Foreign currency		Notional value		Fair value	
	2011	2010	2011 €'000	2010 €'000	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Buy Euros								
Less than 3 months	-	0,857	-	1,000	-	861	-	860
3 to 6 months	-	0,857	-	-	-	-	-	-

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

24. Related parties

The related parties with which the company undertook transactions during the year were as follows

Party	Relationship
Yamaha Motor Middle Europe BV Holland	Immediate parent company (100% ownership)
Yamaha Motor Company Ltd, Japan	Ultimate parent company
Yamaha Motor Europe NV, Holland	Indirect parent company
Mitsui Automotive Europe BV Holland	Indirect shareholder
Yamaha Motor Italia	Fellow Subsidiary
Yamaha Motor Deutschland	Fellow Subsidiary
Mitsui Bussan Commodities Ltd	Previously fellow subsidiary

The following material transactions took place during the period with the parties above

	Group relief		Purchase		Sales	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Yamaha Motor Scandinavia	-	-	7	32	-	-
Yamaha Motor Italia	-	-	122	-	-	-
Yamaha Motor Deutschland	-	-	-	1	-	-
Yamaha Motor Espana	-	-	1	-	-	-
Yamaha Motor Europe NV	-	-	49 643	68 414	81	186

For purchases made from Yamaha Motor Europe NV during the year payments were made to Yamaha Motor Europe NV amounting to £51 377,649 (2010 – £71 535,401)

Yamaha Motor (UK) Limited

Notes to the accounts Year ended 31 December 2011

24. Related parties (continued)

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

	Creditors		Debtors	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Yamaha Motor Europe NV	4 364	5,804	45	28

There were no amounts written off during the period in respect of debts to or from the related parties. Also company has taken short term loan from related party Yamaha Motor Europe NV of £32 250 000 (2010 £34,300 000)

The company also operates a defined benefit pension scheme via the parent company Yamaha Motor Europe NV. The value of this asset is £1 564,000 (2010 £1,513,000)

25. Ultimate parent company and controlling company

The company's ultimate parent company and controlling party is Yamaha Motor Company Ltd which is incorporated in Japan.

The smallest group in which the results of the Company are consolidated is headed by Yamaha Motor Middle Europe BV, Holland and the largest group in which the results of the Company are consolidated is that headed by Yamaha Motor Company Ltd. The consolidated accounts of Yamaha Motor Company Ltd are available from 2500 Shingai, Iwata-Shi, Shizuoka-Ken 438 Japan.