Yamaha Motor (UK) Limited

Directors' report and financial statements

Registered number 1006420

31 March 2005

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

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 company for the period are set out on page 5. The company achieved a loss on ordinary activities before taxation for the year ended 31 March 2005 of £2,441,000 compared to a profit on ordinary activities before taxation of £1,095,000 for the year ended 31 March 2004.

All markets for the range of Yamaha products have been difficult due to the economic conditions and the level of competition. The results achieved arose from the lower overall sales and the level of market activity needed to achieve these.

Dividends

A dividend of £nil (*2004: £2,400,000*) was paid during the year ended 31 March 2005.

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.

Directors and directors' interests

The directors who held office during the year were as follows:

M Harada	(Japanese)	(Chairman)	(appointed 1 April 2004)
N Shoji	(Japanese)	(Chairman)	(resigned 1 April 2004)
A Tsujita	(Japanese)		
I Kobayashi	(Japanese)		(appointed 1 April 2004)
A Imura	(Japanese)		(resigned 1 April 2004)
T Osugi	(Japanese)		(appointed 1 April 2004)
M Inumaru	(Japanese)		(resigned 1 April 2004)
RW Bakewell			
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.

Directors' report *(continued)*

Political and charitable contributions

The company made no political contributions during the year (*2004: £nil*). A charitable donation was made to BEN of £11,000 *(2004: £11,000)*.

By order of the board

A. Tsujita

A Tsujita
Director

Sopwith Drive
Brooklands
Weybridge
Surrey
KT13 0UZ
10 June 2005

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 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 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 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 company and to prevent and detect fraud and other irregularities.

KPMG

KPMG LLP
1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Report of the independent auditors to the members of Yamaha Motor (UK) Limited

We have audited the financial statements on pages 5 to 23.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 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 company 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 company'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 the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

10 June 2005

Profit and loss account

for the year ended 31 March 2005

	Note	2005 £000	2004 £000
Turnover	2	**96,395**	106,349
Cost of sales		**(90,396)**	(96,153)
Gross profit		**5,999**	10,196
Administrative expenses		**(7,932)**	(9,042)
Operating (loss)/profit		**(1,933)**	1,154
Interest receivable and similar income	5	**42**	42
Interest payable and similar charges	6	**(550)**	(101)
(Loss)/profit on ordinary activities before taxation	2	**(2,441)**	1,095
Tax on (loss)/profit on ordinary activities	7	**671**	(358)
(Loss)/profit on ordinary activities after taxation	16	**(1,770)**	737
Dividends paid *(£1 per ordinary share)*	16	**-**	(2,400)
Retained loss	17	**(1,770)**	(1,663)

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

There were no unrecognised gains or losses other than the profit or loss for the year, the whole of which has been derived from continuing activities.

The notes on pages 8 to 23 form part of these financial statements.

Balance sheet
at 31 March 2005

	Note	2005		2004	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*8*		**8,298**		8,899
Investments	*9*		**10**		10
			8,308		8,909
Current assets					
Stocks	*10*	**33,109**		32,488	
Debtors	*11*	**31,101**		31,382	
Cash at bank and in hand		**272**		42	
		64,482		63,912	
Creditors: amounts falling due within one year	*12*	**(55,236)**		(53,585)	
Net current assets			**9,246**		10,327
Total assets less current liabilities			**17,554**		19,236
Provisions for liabilities and charges	*13*		**(1,020)**		(932)
Net assets			**16,534**		18,304
Capital and reserves					
Called up share capital	*15*		**2,400**		2,400
Profit and loss account	*16*		**14,134**		15,904
Equity shareholders' funds	*17*		**16,534**		18,304

These financial statements were approved by the board of directors on 10 June 2005 and were signed on its behalf by:

A. Tsujita

A Tsujita
Director

A Smith
Director

Cash flow statement
for the year ended 31 March 2005

	Note	2005 £000	2004 £000
Cash outflow from operating activities	20	(14,199)	(7,349)
Returns on investments and servicing of finance	21	(396)	(55)
Taxation		(73)	(716)
Capital expenditure and financial investment	21	(1,197)	(1,565)
Equity dividends paid		-	(2,400)
Cash outflow before financing		(15,865)	(12,085)
Financing	21	16,040	6,391
Increase/(decrease) in cash in the period	22	175	(5,694)

Reconciliation of net cash flow to movement in net debt
for the year ended 31 March 2005

	Note	2005 £000	2004 £000
Increase/(decrease) in cash in the period	22	175	(5,694)
Cash inflow from increase in debt and lease financing	22	(16,040)	(6,391)
Movement in net debt in the period	22	(15,865)	(12,085)
Net (debt)/cash at the start of the period	22	(6,667)	5,418
Net debt at the end of the period	22	(22,532)	(6,667)

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of s229 of the Companies Act 1985 from the requirement to prepare group accounts due to the only subsidiary being immaterial. These financial statements present information about the company as an individual undertaking and not about its group.

Fixed assets and depreciation

Depreciation is provided 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	-	25% per annum
Leased assets	-	20% per annum

No depreciation is provided on freehold land.

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 profit and loss account.

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 it's estimated useful life or the term of the lease, whichever is shorter. Future 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Stocks

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

Taxation

The charge for taxation is based on the loss 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 FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period, and is predominantly recognised on delivery of goods to customers.

In addition, the company recognises the sale of certain units before delivery to customers is made. These sales consist of motorcycle stock that customers have ordered, and accept full ownership of, but are unable to store at dealerships due to space restrictions.

Included in turnover is the operating lease 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 8).

Cash

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

Notes *(continued)*

2 Turnover and (loss)/profit on ordinary activities before taxation

a) Turnover

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

b) (Loss)/profit on ordinary activities before taxation

	2005 £000	2004 £000
(Loss)/profit on ordinary activities before taxation is stated		
after charging		
Auditors' remuneration:		
Audit	**66**	52
Other services - fees paid to the auditor and its associates	**22**	14
Depreciation and other amounts written off tangible fixed assets:		
Owned	**1,131**	1,111
Leased	**56**	56
Rentals payable under operating leases		
Hire of other assets	**208**	310
after crediting		
Rents receivable from property	**100**	200
Other rentals receivable under operating leases (see note 8)	**1,093**	1,093
Exceptional release of stock provision	**-**	364
Profit on disposal of tangible fixed assets	**8**	32
Exceptional release of debtor provision (see note 11)	**608**	-

The directors consider the release of the debtor provision to be exceptional due to the one off nature of its impact on the loss on ordinary activities before taxation.

3 Remuneration of directors

	2005 £000	2004 £000
Directors' emoluments		
Remuneration as executives	**353**	372
Company contributions to defined benefit pension schemes	**27**	26
	380	398

The emoluments of the highest paid director were £212,757 *(2004: £218,560)*. He is not a member of the defined benefit pension scheme.

	Number of directors 2005	2004
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**1**	1

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees	
	2005	2004
Sales and distribution	**73**	73
General administration	**22**	21
	95	94

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£000	£000
Wages and salaries	**2,751**	2,826
Social security costs	**192**	198
Other pension costs (see note 19)	**807**	815
	3,750	3,839

5 Interest receivable and similar income

	2005	2004
	£000	£000
Bank interest receivable	**42**	42

6 Interest payable and similar charges

	2005	2004
	£000	£000
On bank overdrafts wholly repayable within five years	**550**	98
Finance charges payable in respect of finance leases	**-**	3
	550	101

Included in cost of sales is interest of £811,000 *(2004: £454,000)* payable to group undertakings.

Notes *(continued)*

7 Taxation

Analysis of (credit)/charge in period

	2005		2004	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**(275)**		254	
Adjustments in respect of prior periods	**21**		(14)	
Total current tax (credit)/charge		**(254)**		240
Deferred tax (see note 14)				
Current year	**(418)**		129	
Adjustments in respect of prior periods	**1**		(11)	
Total deferred tax (credit)/charge		**(417)**		118
Tax on (loss)/profit on ordinary activities		**(671)**		358

Factors affecting the tax (credit)/ charge for the current period

The current tax credit for the period is lower *(2004:charge is lower)* than the standard rate of corporation tax in the UK of 30% (*2004: 30%*). The differences are explained below.

	2005	2004
	£000	£000
Current tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(2,441)**	1,095
Current tax (credit)/charge at 30% *(2004: 30%)*	**(732)**	329
Effects of:		
Expenses not deductible for tax purposes	**39**	33
Capital allowances for period in excess of depreciation	**-**	(21)
Depreciation for period in excess of capital allowances	**74**	-
Other timing differences	**(226)**	(87)
Adjustments to tax charge in respect of previous periods	**21**	(14)
Unutilised tax losses carried forward	**570**	-
Total current tax (credit)/charge (see above)	**(254)**	240

There are no unrecognised deferred tax liabilities or assets.

Notes *(continued)*

8 Tangible fixed assets

	Freehold land and buildings £000	Motor vehicles and plant £000	Office equipment and leased assets £000	Total £000
Cost				
At beginning of year	6,197	1,967	5,047	13,211
Transfers from stock	-	-	262	262
Additions	-	269	1,054	1,323
Transfers to stock	-	-	(1,216)	(1,216)
Disposals	-	(171)	(353)	(524)
At end of year	**6,197**	**2,065**	**4,794**	**13,056**
Depreciation				
At beginning of year	771	1,308	2,233	4,312
Transfers from stock	-	-	68	68
Charge for the year	*64*	*311*	*812*	*1,187*
Transfers to stock	-	-	(403)	(403)
Disposals	-	(140)	(266)	(406)
At end of year	**835**	**1,479**	**2,444**	**4,758**
Net book value				
At 31 March 2005	**5,362**	**586**	**2,350**	**8,298**
At 31 March 2004	5,426	659	2,814	8,899

The gross value of freehold land and buildings includes £3,197,000 *(2004: £3,197,000)* of depreciable assets.

Included in the total net book value of office equipment and leased assets is £24,000 *(2004: £80,000)* in respect of assets held under finance leases. Depreciation for the year on these assets was £56,000 *(2004: £56,000).*

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

	2005 £000	2004 £000
Cost	**4,037**	4,291
Accumulated depreciation	**(1,744)**	(1,563)
Net book value	**2,293**	2,728

The aggregate rentals receivable during the period in respect of operating leases were £1,093,000 *(2004: £1,093,000).*

Notes *(continued)*

9 Fixed asset investments

	2005	2004
	£000	£000
Investment in Yamics Ltd		
100% ordinary shares	**10**	10

Yamics Limited is registered in England and Wales.

Yamics Limited has been dormant in the year ended 31 March 2005 *(2004: dormant).*

In the opinion of the directors the investment in the company's subsidiary undertaking Yamics Ltd is worth at least the amount at which it is stated in the balance sheet.

10 Stocks

	2005	2004
	£000	£000
Finished goods and goods for resale	**31,746**	32,158
Goods in transit	**1,363**	330
	33,109	32,488

11 Debtors

	2005	2004
	£000	£000
Trade debtors	**28,311**	29,648
Amounts owed by parent undertakings (see note 23)	**360**	217
Amounts owed by associated undertaking (see note 23)	**96**	108
Net deferred tax assets (see note 14)	**977**	560
Other debtors	**912**	550
Prepayments and accrued income	**445**	299
	31,101	31,382

During the year, a review was undertaken of the debtor provisioning policy. The net effect of this refinement on the method of estimation was a reduction in the provision that was held at 31 March 2005 of £608,000.

Notes *(continued)*

12 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Bank loans and overdrafts	**22,804**	6,709
Trade creditors	**484**	479
Amounts owed to parent undertakings (see note 23)	**23,500**	37,408
Amounts owed to group undertaking (see note 23)	**42**	42
Amounts owed to associated undertaking (see note 23)	**-**	11
Corporation tax	**-**	73
Accruals and deferred income	**8,406**	8,863
	55,236	53,585

13 Provisions for liabilities and charges

	Pensions and similar obligations £000
At beginning of year	932
Charge to the profit and loss for the year	88
At end of year	**1,020**

14 Deferred tax

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	**75**	1
Other timing differences	**333**	559
Unutilised tax losses carried forward	**569**	-
Deferred tax asset (see note 11)	**977**	560

Notes *(continued)*

14 Deferred tax *(continued)*

	2005 Deferred taxation asset £000
At beginning of year	560
Credit to the profit and loss for the year	417
At end of year (see note 11)	**977**

15 Called up share capital

	2005 £000	2004 £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

16 Profit and loss account

	2005 £000	2004 £000
Retained profit brought forward	**15,904**	17,567
Dividends paid	-	(2,400)
(Loss)/profit for the year	**(1,770)**	737
Retained profit carried forward	**14,134**	15,904

Notes *(continued)*

17 Reconciliation of movements in equity shareholders' funds

	2005	2004
	£000	£000
Opening shareholders' funds	**18,304**	19,967
Retained loss for the year	**(1,770)**	(1,663)
Closing shareholders' funds	**16,534**	18,304

18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005 *Land and* buildings	**2005 *Other***	2004 *Land and* buildings	2004 *Other*
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	-	**11**	102	-
In the second to fifth years inclusive	-	**95**	-	106
	-	**106**	102	106

Notes *(continued)*

19 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 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 30 September 2002. The main assumptions used were an investment return of 5.5% p.a. after retirement, 7.0% p.a. before retirement, salary increases of 3.75% p.a. and pension increases of 4.0% p.a. for service to 31 October 1999 and 2.25% p.a. for service thereafter. On these assumptions, as at 30 September 2002, the assets were sufficient to secure 61% of the liabilities of the Plan based on projected final pensionable salaries.

Calculations were carried out as at 31 March 2005 to determine the pension cost for accounting purposes. The pension cost for the period charged to the profit and loss account was £807,000 *(2004: £815,000).*

The most recent actuarial review, at 31 March 2005, showed that the market value of the company's share of the Plan's assets was £11,582,000.

There is a provision of £1,020,000 *(2004: £932,000)* in the balance sheet representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

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

The valuation was updated by the actuary on an FRS 17 basis as at 31 March 2005.

The major assumptions used in this valuation were:

	2005	2004	2003
Rate of increase in salaries	**4.4%**	4.4%	4.1%
Rate of increase in pensions in payment and deferred pensions	**2.9%**	2.9%	2.6%
Discount rate applied to scheme liabilities	**5.4%**	5.5%	5.4%
Inflation assumption	**2.9%**	2.9%	2.6%

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.

Notes *(continued)*

19 Pension scheme *(continued)*

Scheme assets

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:

	2005	2004	2003
	£000	£000	£000
Equities	**8,040**	6,623	5,046
Bonds	**3,463**	2,911	2,698
Other – Property	**79**	67	25
Total market value of assets	**11,582**	9,601	7,769
Present value of scheme liabilities	**(19,550)**	(16,736)	(15,733)
Deficit in the scheme	**(7,968)**	(7,135)	(7,964)
Related deferred tax asset	**2,390**	2,141	2,389
Net pension liability	**(5,578)**	(4,994)	(5,575)

	Long term rate of return 2005	Long term rate of return 2004	Long term rate of return 2003
Equities	**7.7%**	7.75%	5.95%
Bonds	**4.6%**	4.60%	4.90%
Other – Property	**4.25%**	3.50%	3.75%

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

Movement in deficit during the year

	2005	2004
	£000	£000
Deficit in scheme at beginning of year	**(7,135)**	(7,964)
Current service cost	**(540)**	(490)
Employer contributions paid	**719**	728
Other finance cost	**(264)**	(409)
Actuarial (loss)/gain	**(748)**	1,000
Deficit in the scheme at end of year	**(7,968)**	(7,135)

Notes *(continued)*

19 Pension scheme *(continued)*

If FRS 17 had been fully adopted in these financial statements the pension costs for defined benefit schemes would have been:

Analysis of other pension costs charged in arriving at operating profit

	2005	2004
	£000	£000
Current service cost	**(540)**	(490)

Analysis of amounts included in other finance costs

	2005	2004
	£000	£000
Expected return on pension scheme assets	**661**	447
Interest on pension scheme liabilities	**(925)**	(856)
	(264)	(409)

Analysis of amount recognised in statement of total recognised gains and losses

	2005		2004		2003	
	£000		£000		£000	
Difference between the expected and actual return on scheme assets:						
Amount	**979**		906		(2,411)	
Percentage of year end scheme assets		**8.5%**		9.4%		31%
Experience gains and losses on scheme liabilities:						
Amount	**(1,314)**		225		731	
Percentage of year end present value of scheme liabilities		**(6.7)%**		1.3%		4.6%
Changes in assumptions underlying the present value of scheme liabilities:						
Amount	**(413)**		(131)		(1,721)	
Percentage of year end present value of scheme liabilities		**(2.1)%**		(0.8)%		(10.9%)
Total amount recognised in statement of total recognised gains and losses:						
Amount	**(748)**		1,000		(3,401)	
Percentage of year end present value of scheme liabilities		**(3.8)%**		6.0%		(21.6%)

Notes *(continued)*

20 Reconciliation of operating profit to net cash outflow from operating activities

	2005 £000	2004 £000
Operating (loss)/ profit	**(1,933)**	1,154
Depreciation charge	**1,187**	1,167
Profit on sale of tangible fixed assets	**(8)**	(32)
Increase in stocks	**(2)**	(8,755)
Decrease)/(increase) in debtors	**885**	(3,606)
(Decrease)/increase in creditors	**(14,328)**	2,723
Net cash (outflow)/inflow from operating activities	**(14,199)**	(7,349)

21 Analysis of cash flows

	2005 £000	2005 £000	2004 £000	2004 £000
Returns on investment and servicing of finance				
Interest received	**111**		42	
Interest paid	**(507)**		(94)	
Interest element of finance lease rental payments	-		(3)	
		(396)		(55)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	**(1,323)**		(1,732)	
Sale of plant and machinery	**126**		167	
		(1,197)		(1,565)
Financing				
Capital element of finance lease rental payments	-		(79)	
Increase in debt	**16,040**		6,470	
		16,040		6,391

22 Analysis of net debt

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	42	230	**272**
Overdrafts	(239)	(55)	**(294)**
	(197)	175	**(22)**
Bank loans due within one year	(6,470)	(16,040)	**(22,510)**
Net debt	(6,667)	(15,865)	**(22,532)**

Notes *(continued)*

23 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 %
Equity shareholders of Yamaha Motor (UK) Limited:	
Mitsui Automotive Europe BV, Holland	75
Yamaha Motor Company Limited, Japan	15
Yamaha Motor Europe NV, Holland	10

100% owned subsidiary undertakings (see note 9):	*Fellow subsidiary undertakings traded with in the year:*
Yamics Limited	Datatag ID Limited

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

	Description	Payments £000	Receipts £000
Mitsui & Co UK plc	Stock purchases and services	92,342	651
Yamaha Motor Europe NV	Stock purchases and promotional items	1,387	290
Yamaha Motor Company Limited	Warranty receipts	-	748
	Personnel invoices	38	-
Datatag ID Limited	Stock purchases	268	
	Recharge of expenses and management fee		1,250

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

	Description	Debtors £000	Creditors £000
Mitsui & Co Limited Japan	Ultimate Parent undertaking		3
Mitsui & Co UK plc	Indirect Parent undertaking	2	19,184
Yamaha Motor Europe NV	Direct Parent undertaking	358	4,313
Datatag ID Limited	Associated undertaking	96	-
Yamics Limited	Group undertaking	-	42

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

In April 2004, A R Smith a director of the company received a loan of £16,000 from the Company. In line with the Company's standard employee loan terms, interest of 2% was payable against this amount over a repayment term of 6 months. In September 2004 the Company realised the loan was in contravention of section 330 of the Companies Act 1985 and the amount outstanding was immediately repaid in full by A R Smith.

Notes *(continued)*

24 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The company is a subsidiary undertaking of the ultimate parent company, Mitsui & Co Ltd, which is incorporated in Japan.

The largest group in which the results of the Company are consolidated is that headed by Mitsui & Co Ltd. The consolidated accounts of Mitsui & Co Ltd are available from 2-1 Ohtemachi 1-Chome Chiyoda-KU, Tokyo, Japan.

The smallest group in which the results of the Company are consolidated is that headed by Mitsui Automotive Europe BV. The consolidated accounts of Mitsui Automotive Europe BV are available from Lakenbleker Straat 62 1431 GC, Aalsmeer, Netherlands.