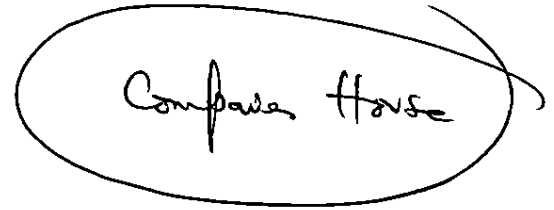


REGISTERED NUMBER: 06718623 (England and Wales)



ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

FOR

NORTON MOTORCYCLES (UK) LIMITED

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COMPANIES HOUSE

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**FOR THE YEAR ENDED 31 MARCH 2011**

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**NORTON MOTORCYCLES (UK) LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**DIRECTOR:**

S J Garner

**REGISTERED OFFICE:**

Gate 21  
Donington Race Circuit  
Castle Donington  
Leicestershire  
DE74 2RP

**REGISTERED NUMBER.**

06718623 (England and Wales)

**AUDITORS:**

HSKS Limited  
Chartered Accountants  
Statutory Auditors  
18 St Christopher's Way  
Pride Park  
Derby  
Derbyshire  
DE24 8JY

**REPORT OF THE INDEPENDENT AUDITORS TO**  
**NORTON MOTORCYCLES (UK) LIMITED**  
**UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages four to eight, together with the full financial statements of Norton Motorcycles (UK) Limited for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of director and auditors**

The director is responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.

**Other information**

On 8 August 2011 we reported as auditors to the shareholders of the company on the full financial statements for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006, and our report was as follows:

"We have audited the financial statements of Norton Motorcycles (UK) Limited for the year ended 31 March 2011 on pages seven to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 a Report of the Auditors 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 director and auditors**

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director, and the overall presentation of the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO**  
**NORTON MOTORCYCLES (UK) LIMITED**  
**UNDER SECTION 449 OF THE COMPANIES ACT 2006**

**Basis for qualified opinion on financial statements**

The evidence available to us was limited because the audit threshold had not been exceeded in the period ended 31 March 2010 and in consequence an audit was not performed. It was not possible for us to perform the auditing procedures necessary to obtain sufficient appropriate audit evidence as regards the stock included in the preceding years financial statements at £564,578

In addition with regard to stock at 31 March 2011 having a carrying amount of £835,397, the evidence available to us was limited because we did not observe the counting of physical stock, having been appointed as auditors of the company after that date. As the company does not maintain a perpetual stock inventory, we were unable to obtain sufficient appropriate audit evidence regarding stock quantities by using other audit procedures

**Qualified opinion arising from limitation of scope**

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the valuation of year end stock and certain opening balances, in our opinion the financial statements

\* give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended, and

\* have been properly prepared in accordance with the Companies Act 2006

In respect solely of the limitation on our work relating to stock

\* we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and

\* we were unable to determine whether proper accounting records had been maintained

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Director 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 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements and the Report of the Director in accordance with the small companies regime "



Kultaran Singh FCA (Senior Statutory Auditor)

for and on behalf of HSKS Limited

Chartered Accountants

Statutory Auditors

18 St Christopher's Way

Pride Park

Derby

Derbyshire

DE24 8JY

8 August 2011

**ABBREVIATED BALANCE SHEET**  
**31 MARCH 2011**

|  | Notes | 2011<br>£ | £           | 2010<br>£ | £         |
|--|-------|-----------|-------------|-----------|-----------|
| <b>FIXED ASSETS</b>                          |       |           |             |           |           |
| Intangible assets                            | 2     |           | 1,084,436   |           | 322,490   |
| Tangible assets                              | 3     |           | 359,949     |           | 165,299   |
| Investments                                  | 4     |           | 1,511,063   |           | 1,511,063 |
|  |       |           | <hr/>       |           | <hr/>     |
|  |       |           | 2,955,448   |           | 1,998,852 |
| <b>CURRENT ASSETS</b>                        |       |           |             |           |           |
| Stocks                                       |       | 835,397   |             | 564,578   |           |
| Debtors                                      |       | 216,311   |             | 109,034   |           |
| Cash at bank and in hand                     |       | 10,690    |             | 583,611   |           |
|  |       | <hr/>     |             | <hr/>     |           |
|  |       | 1,062,398 |             | 1,257,223 |           |
| <b>CREDITORS</b>                             |       |           |             |           |           |
| Amounts falling due within one year          |       | 2,268,228 |             | 1,122,515 |           |
|  |       | <hr/>     |             | <hr/>     |           |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>      |       |           | (1,205,830) |           | 134,708   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |           | <hr/>       |           | <hr/>     |
|  |       |           | 1,749,618   |           | 2,133,560 |
| <b>CREDITORS</b>                             |       |           |             |           |           |
| Amounts falling due after more than one year | 5     |           | 1,028,819   |           | 1,500,000 |
|  |       |           | <hr/>       |           | <hr/>     |
| <b>NET ASSETS</b>                            |       |           | <hr/>       |           | <hr/>     |
|  |       |           | 720,799     |           | 633,560   |
| <b>CAPITAL AND RESERVES</b>                  |       |           |             |           |           |
| Called up share capital                      | 6     |           | 1           |           | 1         |
| Profit and loss account                      |       |           | 720,798     |           | 633,559   |
|  |       |           | <hr/>       |           | <hr/>     |
| <b>SHAREHOLDERS' FUNDS</b>                   |       |           | <hr/>       |           | <hr/>     |
|  |       |           | 720,799     |           | 633,560   |

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

The financial statements were approved by the director on 8 August 2011 and were signed by

  
S.J. Garner - Director

The notes form part of these abbreviated accounts

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**I ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The company meets its day to day working capital requirements through funds received in the form of customer deposits, together with a loan from the parent company

The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors have prepared projected cashflow information for the period ending 31 March 2013. On the basis of this cash flow information and trade finance facilities of £625,000 agreed in principle, but not yet formally signed, with Santander UK plc, the directors consider that the company will continue to operate within the limit of funds currently available. The directors are also in negotiation with potential investors to acquire a small minority stake in the company via an allotment of shares for consideration in excess of £2 million. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that may result from failure to secure the trade finance facilities from Santander UK plc or non injection of the further equity finance.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

**Preparation of consolidated financial statements**

The financial statements contain information about Norton Motorcycles (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

**Turnover**

Turnover represents net invoiced sales of motorcycles and merchandise, excluding value added tax, and royalty income.

Although motorcycles are manufactured to order, revenue and profit are not recognised until delivery of the product. Deposits received, including non-refundable initial deposits upon receipt of order, are shown as a current liability and transferred to revenue upon delivery.

Royalty from licencing is secured with a minimum payment upon signing a licence agreement with ongoing royalty payments in line with licencees sales. Minimum payments are taken to revenue upon licence agreement and ongoing royalty payments are taken to revenue in the period they are earned.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

|                             |               |
|-----------------------------|---------------|
| Tooling                     | - 10% on cost |
| Plant and machinery         | - 10% on cost |
| Fixtures and fittings       | - 10% on cost |
| Motor vehicles              | - 20% on cost |
| Office & computer equipment | - 25% on cost |

Assets purchased during the year are depreciated based on the number of months the assets were owned.

**Stocks**

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

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**1 ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date unless settled at a contracted rate. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**2 INTANGIBLE FIXED ASSETS**

|                       | Total<br>£ |
|-----------------------|------------|
| <b>COST</b>           |            |
| At 1 April 2010       | 322,490    |
| Additions             | 780,476    |
| At 31 March 2011      | 1,102,966  |
| <b>AMORTISATION</b>   |            |
| Charge for year       | 18,530     |
| At 31 March 2011      | 18,530     |
| <b>NET BOOK VALUE</b> |            |
| At 31 March 2011      | 1,084,436  |
| At 31 March 2010      | 322,490    |

**3 TANGIBLE FIXED ASSETS**

|                       | Total<br>£ |
|-----------------------|------------|
| <b>COST</b>           |            |
| At 1 April 2010       | 180,021    |
| Additions             | 237,562    |
| At 31 March 2011      | 417,583    |
| <b>DEPRECIATION</b>   |            |
| At 1 April 2010       | 14,722     |
| Charge for year       | 42,912     |
| At 31 March 2011      | 57,634     |
| <b>NET BOOK VALUE</b> |            |
| At 31 March 2011      | 359,949    |
| At 31 March 2010      | 165,299    |



**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**4 FIXED ASSET INVESTMENTS**

|                                      | Investments<br>other<br>than<br>loans<br>£ |
|--------------------------------------|--|
| <b>COST</b>                          |  |
| At 1 April 2010<br>and 31 March 2011 | 1,511,063                                  |
| <b>NET BOOK VALUE</b>                |  |
| At 31 March 2011                     | <u>1,511,063</u>                           |
| At 31 March 2010                     | <u>1,511,063</u>                           |

The company's investments at the balance sheet date in the share capital of companies include the following

**Norton America LLC**

Country of incorporation USA (State of Minnesota)

Nature of business Sale of motorcycles

|                                | %       |                  |                  |
|--------------------------------|---------|------------------|------------------|
| Class of shares                | holding | 2011             | 2010             |
| Investment capital             | 100 00  | £                | £                |
| Aggregate capital and reserves |         | <u>2,629,271</u> | <u>2,508,027</u> |

Changes in the aggregate capital and reserves of the subsidiary company, which have remained unchanged at USD 4,227,000, are the result of exchange rate fluctuations

**5 CREDITORS**

Creditors include an amount of £1,000,000 for which security has been given

They also include the following debts falling due in more than five years

|   | 2011             | 2010             |
|---|------------------|------------------|
|   | £                | £                |
| Repayable otherwise than by instalments | <u>1,000,000</u> | <u>1,000,000</u> |

**6 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid

| Number | Class    | Nominal<br>value | 2011     | 2010     |
|--------|----------|------------------|----------|----------|
|        |          | £1               | £        | £        |
| 1      | Ordinary |                  | <u>1</u> | <u>1</u> |

**7 ULTIMATE PARENT COMPANY**

The immediate and ultimate parent company is Norton Motorcycle Holdings Limited which owns 100% of the issued share capital of Norton Motorcycles (UK) Limited

**NOTES TO THE ABBREVIATED ACCOUNTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2011**

**8 TRANSACTIONS WITH DIRECTORS**

The following loan to directors subsisted during the year ended 31 March 2011 and the period ended 31 March 2010

|                                      | 2011<br>£     | 2010<br>£ |
|--------------------------------------|---------------|-----------|
| <b>S J Garner</b>                    |               |           |
| Balance outstanding at start of year | 46            | -         |
| Amounts advanced                     | 46,277        | 46        |
| Amounts repaid                       | (10,320)      | -         |
| Balance outstanding at end of year   | <u>36,003</u> | <u>46</u> |