

Company Registered Number: 397061

CAIRD COMMERCIAL VEHICLES LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998



CAIRD COMMERCIAL VEHICLES LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company did not trade during the year.

RESULTS AND DIVIDEND

Results for the year are set out in the Profit and Loss Account on page 4. No dividend is proposed (1997 - £nil).

DIRECTORS

The directors of the company during the year were:

D R Flynn

P M Coburn (resigned 31 December 1998)

D J Stewart (appointed 22 January 1999)

DIRECTORS' INTERESTS

The directors had no beneficial interests in the share capital of the company.

The beneficial interests in the ordinary shares of Caird Group PLC of those persons who were directors of the company at 31 December 1998 but not directors of Caird Group PLC were as follows:

	25p Ordinary Shares	<u>25p Ordinary Shares under option as at 31 December</u>		
		1997	Granted	1998
P M Coburn	-	-	-	-
D R Flynn	-	(a) 30,000	-	30,000
		(b) 20,000	-	20,000
		(c) 20,000		20,000
		(d) -	20,000	20,000
		70,000	20,000	90,000

Share options are held under the Caird Executive Share Option Scheme and have been re-stated following the sub-division of shares in November 1998.

Options are exercisable between the following dates:

(a) 9 May 1999 and 8 May 2006

(b) 8 October 1999 and 7 October 2006

(c) 6 September 2000 and 5 September 2007

(d) 30 June 2001 and 29 June 2008

No options were exercised during the year or in the previous year and there have been no changes in the directors' interest from 31 December 1998 to the date hereof.

YEAR 2000

The company is working to ensure that all its business operations are as ready as they reasonably can be with regard to the impact of the year 2000 date change

A risk assessment has been performed to determine the impact of the issue on all the company's activities. Action plans have been developed and resources allocated to ensure the key risks are addressed in advance of critical dates without disruption to the underlying business activities.

Solutions to the majority of key risks have been implemented by 31 December 1998 and the remainder should be completed in the first half of 1999. The costs of implementing the changes required by Year 2000 have been taken to profit as they have occurred during the year and are not significant.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD


D R FLYNN
DIRECTOR

19 May 1999

CAIRD COMMERCIAL VEHICLES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS, ERNST & YOUNG,

TO THE MEMBERS OF

CAIRD COMMERCIAL VEHICLES LIMITED

We have audited the accounts on pages 4 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

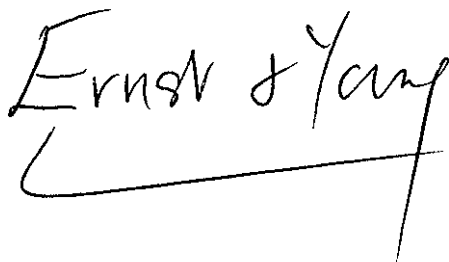
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
Liverpool

A large, stylized handwritten signature in black ink, appearing to read 'Ernst & Young', with a long horizontal line extending from the bottom left of the signature.

19 May 1999

CAIRD COMMERCIAL VEHICLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1998

	<i>Notes</i>	<u>1998</u>	<u>1997</u>
		£	£
Turnover			
Discontinued operations		-	510,046
Cost of sales		<u>-</u>	<u>(408,441)</u>
Gross profit		-	101,605
Administration costs		-	(120,678)
Operating (loss)/profit		<u>-</u>	<u>-</u>
Discontinued operations	2	-	(19,073)
Losses on sale of business		-	(10,000)
Profit on ordinary activities before taxation		<u>-</u>	<u>(29,073)</u>
Taxation	5	-	-
(Loss)/profit for the financial year		<u>-</u>	<u>(29,073)</u>

There were no recognised gains or losses other than the loss for the year.

Movements in reserves are set out in note 9.

CAIRD COMMERCIAL VEHICLES LIMITED

BALANCE SHEET

AT 31 DECEMBER 1998

	Notes	1998	1997
		£	£
ASSETS EMPLOYED			
Current assets			
Debtors	6	825,246	794,775
Current liabilities			
Creditors : amounts falling due within one year	7	(755,100)	(724,629)
Net current assets		70,146	70,146
Total assets less current liabilities		70,146	70,146
FINANCED BY			
Capital and reserves			
Called up share capital	8	26,804	26,804
Capital reserve	9	102,915	102,915
Profit and loss account	9	(59,573)	(59,573)
Equity shareholders' funds	10	70,146	70,146

These accounts were approved by the
Board of Directors and signed on their
behalf on 19 May 1999


D R FLYNN

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention, and in accordance with Applicable Accounting Standards. The principal accounting policies, which are applied consistently throughout the Caird Group are as follows:

(a) Turnover

Turnover, all of which occurred in the UK, represents the invoiced value of goods and services provided exclusive of value added tax.

(b) Cashflow Statement

The company is exempt from the requirement to include a cashflow statement in these accounts, as it is a wholly owned subsidiary of Caird Group PLC, whose consolidated accounts include a cashflow statement dealing with the cash flows of the group.

2. OPERATING (LOSS)/PROFIT

	<u>1998</u>	<u>1997</u>
	£	£
This is stated after charging :		
Depreciation	-	3,380
Operating lease charges - plant and machinery	-	1,133
Auditors' remuneration	-	-
(charged to the holding company for the whole group)		
	<u> </u>	<u> </u>

3. STAFF NUMBERS AND COSTS

The average number of employees (including directors) in the year was 2 (1997 - 14).

Staff costs were as follows:

	<u>1998</u>	<u>1997</u>
	£	£
Wages and salaries	-	170,711
Social security costs	-	15,268
Pension costs	-	4,607
	<u> </u>	<u>190,586</u>

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

(continued)

4. DIRECTORS' REMUNERATION

The directors received no remuneration during the year for their services as directors.

5. TAXATION

No tax charge has been provided as no profit arises in either year.

6. DEBTORS

	1998	1997
	£	£
Amounts owed by parent and fellow subsidiary undertakings	647,533	502,561
Other debtors	(2,348)	112,153
Corporation tax	5,601	5,601
Group relief	174,460	174,460
	<u>825,246</u>	<u>794,775</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998	1997
	£	£
Bank overdraft	-	6,769
Amounts owed to parent and fellow subsidiary undertakings	755,100	717,860
	<u>755,100</u>	<u>724,629</u>

8. CALLED UP SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
"A" Ordinary shares of £1 each	5,000	5,000
"B" Ordinary shares of £1 each	25,000	25,000
	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid:		
"A" Ordinary shares of £1 each	4,634	4,634
"B" Ordinary shares of £1 each	22,170	22,170
	<u>26,804</u>	<u>26,804</u>

9. RESERVES

	Capital reserve	Profit and loss account
	£	£
At 1 January 1998	102,915	(59,573)
Loss for the year	-	-
At 31 December 1998	<u>102,915</u>	<u>(59,573)</u>

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

(continued)

10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Opening shareholders' funds	70,146	99,219
(Loss)/profit for the year	-	(29,073)
Closing shareholders' funds	<u>70,146</u>	<u>70,146</u>

11. PENSION ARRANGEMENTS

Eligible employees of the company participate in the Caird Group Pension Scheme and in the Caird Environmental Limited Retirement Scheme, both defined contribution schemes.

During the year the company made contributions of £nil (1997 - £4,607) to the schemes. Pension Contributions of £nil were outstanding at 31 December 1998 (1997 - £nil).

12. CONTINGENT LIABILITIES

All properties and assets are charged for the Caird Group under cross-guarantees and debentures in favour of the company's bankers.

13. PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent is Caird Environmental Limited, a company registered in England and Wales, whose holding company is Caird Group PLC, a company registered in Scotland.

The majority shareholder of Caird Group PLC is Co-operation Retirement Benefit Fund (L) Limited, a company incorporated in Malaysia.

Transactions with other entities within the Caird Group have not been disclosed as the company is a wholly owned subsidiary and is included in the consolidated accounts of Caird Group PLC.

Copies of the Caird Group Accounts are available from North Road, Ellesmere Port, South Wirral, L65 1AE.