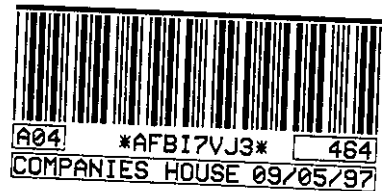


Company Registered Number: 397061

CAIRD COMMERCIAL VEHICLES LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996



CAIRD COMMERCIAL VEHICLES LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the company are vehicle servicing and parts sales.

RESULTS AND DIVIDEND

Results for the year are set out in the Profit and Loss Account on page 4. No dividend is proposed (1995 - £nil).

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in note 6.

DIRECTORS

The directors of the company during the year were:

D R Flynn

M K Sansom

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 1996 but not directors of Caird Group PLC were as follows:

	£1 Ordinary Shares	£1 Ordinary Shares under option as at 31 December				1996
		1995	Granted	Date of grant	Option price (p)	
M K Sansom	-	-	-		-	-
D R Flynn	-	(a)	7,500	8/5/96	226	7,500
		(b)	5,000	7/10/96	646	5,000
		-	12,500			12,500

Share options (a) and (b) are held under the Caird Executive Share Option Scheme.

Options granted during the year are exercisable between the following dates:-

- (a) 9 May 1999 and 8 May 2006
- (b) 8 October 1999 and 7 October 2006

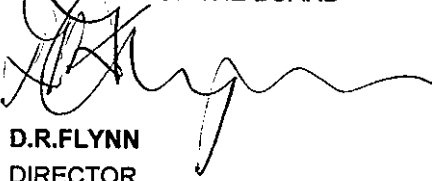
Following the financial reconstruction completed on 13 March 1996, all options in respect of old 10p ordinary shares were adjusted in accordance with the conversion into new £1 ordinary shares as outlined in the restructuring proposals. Mr Flynn agreed with Caird Group PLC that his options under the Caird Executive Share Option Scheme over 50,000 10p ordinary shares, be cancelled.

No options were exercised during the year and there have been no changes in the directors' interest from 31 December 1996 to the date of this report.

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

30 April 1997

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 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 6 and 7.

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

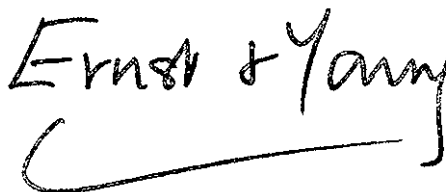
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor
Liverpool

A handwritten signature in dark ink, appearing to read 'Ernst & Young', with a long horizontal flourish underneath.

30 April 1997

CAIRD COMMERCIAL VEHICLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	<i>Notes</i>	<u>1996</u> £	<u>1995</u> £
Turnover			
Continuing operations		606,852	740,974
Cost of sales		<u>(464,378)</u>	<u>(578,842)</u>
Gross profit		142,474	162,132
Administration costs		<u>(126,507)</u>	<u>(138,144)</u>
Operating profit			
Continuing operations	2	15,967	23,988
Taxation	5	-	-
Profit for the financial year		<u>15,967</u>	<u>23,988</u>

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

Movements in reserves are set out in note 11.

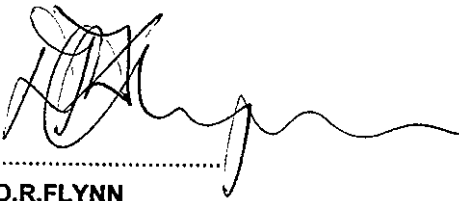
CAIRD COMMERCIAL VEHICLES LIMITED

BALANCE SHEET

AT 31 DECEMBER 1996

	Notes	1996	1995
		£	£
ASSETS EMPLOYED			
Fixed assets			
Tangible assets	6	8,656	10,243
Current assets			
Stocks	7	110,879	120,870
Debtors	8	607,911	625,754
Cash at bank and in hand		69,244	13,558
		<u>788,034</u>	<u>760,182</u>
Current liabilities			
Creditors : amounts falling due within one year	9	(697,471)	(687,173)
Net current assets		90,563	73,009
Total assets less current liabilities		<u>99,219</u>	<u>83,252</u>
FINANCED BY			
Capital and reserves			
Called up share capital	10	26,804	26,804
Capital reserve	11	102,915	102,915
Profit and loss account	11	(30,500)	(46,467)
Equity shareholders' funds	12	<u>99,219</u>	<u>83,252</u>

These accounts were approved by the
Board of Directors and signed on their
behalf on 30 April 1997


D.R.FLYNN

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

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) Depreciation

The cost of tangible fixed assets is depreciated to estimated residual value by equal annual instalments over the following useful lives :

Leasehold buildings	Period of lease
Plant and equipment	3 - 15 years

(b) Deferred taxation

Deferred taxation is provided using the liability method in respect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

(c) Pensions

Pension contributions are charged to the Profit and Loss Account in the period in which they become payable in respect of defined contribution schemes.

(d) Turnover

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

(e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises material, labour and attributable overheads.

(f) Assets held under operating leases

Operating lease rentals are charged to the Profit and Loss Account in the period in which they are incurred.

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

(continued)

1. ACCOUNTING POLICIES (continued)

(g) 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 PROFIT

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
This is stated after charging :		
Depreciation	3,402	1,800
Operating lease charges - plant and machinery	1,133	1,133
Auditors' remuneration	-	-
(charged to the holding company for the whole group)		

3. STAFF NUMBERS AND COSTS

The average number of employees (including directors) in the year was 19 (1995 - 19)

Staff costs were as follows:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Wages and salaries	207,288	224,981
Social security costs	19,202	21,771
Pension costs	4,927	4,569
	<u>231,417</u>	<u>251,321</u>

4. DIRECTORS' REMUNERATION

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

5. TAXATION

No tax charge has been provided in the current year due to the availability of losses brought forward.

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

(continued)

6. TANGIBLE FIXED ASSETS

	Short leasehold Land and buildings	Plant and machinery	Fixtures & fittings	Total
	£	£	£	£
Cost				
At 1 January 1996	5,464	28,084	14,634	48,182
Additions	-	1,815	-	1,815
At 31 December 1996	<u>5,464</u>	<u>29,899</u>	<u>14,634</u>	<u>49,997</u>
Depreciation				
At 1 January 1996	2,978	23,579	11,382	37,939
Charge for year	493	1,901	1,008	3,402
At 31 December 1996	<u>3,471</u>	<u>25,480</u>	<u>12,390</u>	<u>41,341</u>
Net book value:				
At 31 December 1996	<u>1,993</u>	<u>4,419</u>	<u>2,244</u>	<u>8,656</u>
At 31 December 1995	<u>2,486</u>	<u>4,505</u>	<u>3,252</u>	<u>10,243</u>

7. STOCKS

	1996	1995
	£	£
Work in progress	8,704	8,921
Finished goods and goods for resale	<u>102,175</u>	<u>111,949</u>
	<u>110,879</u>	<u>120,870</u>

CAIRD COMMERCIAL VEHICLES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

(continued)

8. DEBTORS

	1996	1995
	£	£
Trade debtors	115,562	134,546
Amounts owed by parent and fellow subsidiary undertakings	306,482	299,787
Corporation tax	5,601	5,601
Group relief	174,460	174,460
Prepayments	5,806	11,360
	<u>607,911</u>	<u>625,754</u>

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
	£	£
Trade creditors	48,182	90,383
Amounts owed to parent and fellow subsidiary undertakings	621,012	563,791
Other taxes and social security costs	2,218	3,030
Other creditors	21,124	20,600
Accruals	4,935	9,369
	<u>697,471</u>	<u>687,173</u>

10. CALLED UP SHARE CAPITAL

	1996	1995
	£	£
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>

11. RESERVES

	Capital reserve	Profit and loss account
	£	£
At 1 January 1996	102,915	(46,467)
Retained profit for the year	-	15,967
At 31 December 1996	<u>102,915</u>	<u>(30,500)</u>

CAIRD COMMERCIAL VEHICLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

(continued)

12. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Opening shareholders' funds	83,252	59,264
Profit for the year	15,967	23,988
Closing shareholders' funds	<u>99,219</u>	<u>83,252</u>

13. 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 £4,927 (1995 - £4,569) to the schemes. Pension Contributions of £nil were outstanding at 31 December 1996 (1995 - £nil).

14. CONTINGENT LIABILITIES

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

15. COMMITMENTS

The company's commitments in respect of operating leases of plant are as follows :

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts payable next year where leases expire :		
Within two to five years	1,133	1,133
	<u>1,133</u>	<u>1,133</u>

16. ULTIMATE HOLDING COMPANY

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

Transactions with other entities within the 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 Group Accounts are available from North Road, Ellesmere Port, South Wirral, L65 1AE.