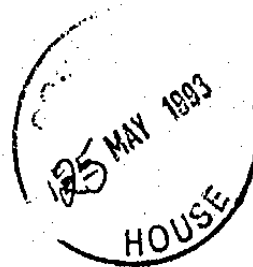


SPECIALIST VEHICLES LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
31 January 1993



Company Number: 970239

ECIALIST VEHICLES LIMITED

DIRECTORS

G H Hollyhead
R A Bryson
S L Burton
J W Callow
V M Edwards
P B Geary
P Grove
R A Heard
E Holt
B E Mealing
R T Owen
R M Rawlinson
N K Thoday
M J Underhill
N J Ward

SECRETARY

S L Burton

REGISTERED OFFICE

Dennis Way
Guildford
Surrey
GU1 1AF

AUDITORS

BDO Binder Hamlyn
Beaufort House
Newhall Street
Birmingham
B3 1PA

BANKERS

Midland Bank Plc
Poultry & Princes Street
London
EC2P 2BX

SOLICITORS

Manches & Co
3 Worcester Street
Oxford
OX1 2PZ

SPECIALIST VEHICLES LIMITED**DIRECTORS' REPORT**
for the year ended 31 January 1993

FINANCIAL STATEMENTS

The directors submit their report and audited financial statements for the year ended 31 January 1993.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company continues to be the manufacture of specialist vehicles through its factory sites at Guildford and Warwick. Current trading levels are anticipated to continue.

RESULTS AND DIVIDENDS

The profit for the year after taxation and extraordinary items, transferred to reserves, amounted to £3,547,000 (1992 - £1,387,000 as restated). The directors do not recommend the payment of a dividend.

FIXED ASSETS

The movements in fixed assets are set out in notes 6 to the financial statements.

RESEARCH AND DEVELOPMENT

The company is continually developing all of its major product lines, namely fire appliances, refuse vehicles, and bus and coach chassis.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

G H Hollyhead (Chairman)
R A Bryson
S L Burton
J W Callow
V M Edwards
P B Geary
P Grove
R A Heard
E Holt
B E Mealing
R T Owen
R M Rawlinson
N K Thoday
M J Underhill
N J Ward

None of the directors had any interest in the share capital of the company during the year.

SPECIALIST VEHICLES LIMITED**DIRECTORS' REPORT**

for the year ended 31 January 1993 (continued)

DIRECTORS AND THEIR INTERESTS (continued)

G H Hollyhead, S L Burton, P B Geary and R T Owen are directors of Trinity Holdings Plc, the ultimate parent undertaking and their interests are disclosed in that company's financial statements. The beneficial interests of the other directors at 31 January 1993 in the shares of Trinity Holdings Plc are as follows:

	31 January 1993 10p Ordinary shares	31 January 1992 Ordinary shares
R A Bryson	184,860	1,497
J W Callow	104,320	1,497
V M Edwards	-	-
P Grove	64,740	998
R A Heard	77,740	998
E Holt	146,010	1,497
B E Mealing	272,090	2,993
R M Rawlinson	71,760	1,497
N K Thoday	97,240	998
M J Underhill	67,210	1,497
N J Ward	234,000	2,993

During the year the following options were granted under the Trinity Executive Share Option Scheme:-

Beneficiary	Date granted	Number of shares	Price per share	Exercise period
V M Edwards	11 November 1992	30,000	137.5p	1996-2002

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately performed by a handicapped or disabled person. With regard to existing disabled employees and those who have become disabled during the year, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and provides training and career development and promotions wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued and employees have been encouraged to present their suggestions and views on the company's performance.

Since January 1989, the parent undertaking, Trinity Holdings Plc operated a share option scheme which was available to all employees who had joined the Group prior to the date of the management buy-out.

Following the flotation of Trinity Holdings, a share option scheme for the benefit of senior executives together with a savings-related share option scheme which is available to all employees was established.

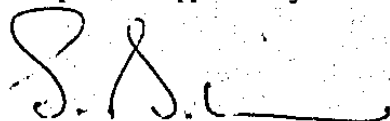
SPECIALIST VEHICLES LIMITED**DIRECTORS' REPORT**

for the year ended 31 January 1993 (continued)

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed auditors of the company will be put to the Annual General Meeting.

The report was approved by the Board on 26 April 1993.



L Burton
Director

AUDITORS' REPORT
to the members of Specialist Vehicles Limited

We have audited the financial statements on pages 6 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 January 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Binder Hamlyn

Chartered Accountants
Registered Auditor

27 Apr 1993


SPECIALIST VEHICLES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 January 1993

	Notes	1993 £'000	1992 £'000 (As restated)
Turnover	2	83,072	69,942
Cost of sales		(55,454)	(45,835)
Gross profit		27,618	24,107
Distribution costs		(7,457)	(6,481)
Administrative expenses		(13,962)	(13,745)
Operating profit	3	6,199	3,881
Interest payable and similar charges	4	(1,302)	(1,789)
Profit on ordinary activities before taxation		4,897	2,092
Tax on profit on ordinary activities	5	(1,350)	(705)
Retained profit for the financial year	15	3,547	1,387

SPECIALIST VEHICLES LIMITED**BALANCE SHEET**
as at 31 January 1993

	Notes	1993 £'000	1992 £'000 (As restated)
FIXED ASSETS			
Tangible assets	6	12,105	11,988
Investments	7	20	20
		<u>12,125</u>	<u>12,008</u>
CURRENT ASSETS			
Stocks	8	15,591	13,650
Debtors	9	23,060	15,990
		<u>38,651</u>	<u>29,640</u>
CREDITORS: amounts falling due within one year	10	<u>(33,993)</u>	<u>(26,461)</u>
Net Current Assets		<u>4,658</u>	<u>3,179</u>
Total Assets less Current Liabilities		<u>16,783</u>	<u>15,187</u>
CREDITORS: amounts falling due after more than one year	11	<u>(380)</u>	<u>(2,331)</u>
Net Assets		<u><u>16,403</u></u>	<u><u>12,856</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	-	-
Share premium account		1,200	1,200
Profit and loss account	15	15,203	11,656
		<u>16,403</u>	<u>12,856</u>

The financial statements on pages 6 to 16 were approved by the Board on 26 April 1993.

 R M Rawlinson
Director

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993

1. ACCOUNTING POLICIES**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents amounts receivable in respect of goods and services net of value added tax.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a maximum of the first three years of product sales during which the company is expected to benefit. At 31 January 1993 no development expenditure was capitalised.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated to write off the cost of assets, except freehold land, over their anticipated useful lives, in equal annual instalments.

Freehold buildings	-	40 years
Plant and machinery	-	8 to 10 years
Fixtures and fittings	-	10 years
Vehicles	-	4 years
Computer equipment	-	5 years

Finance leases

Assets obtained under leases which result in the transfer to the company of substantially all the risks and rewards of ownership are capitalised as tangible fixed asset at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease contract so as to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**1. ACCOUNTING POLICIES (continued)****Stocks and work in progress**

Stocks are stated at the lower of cost and net realisable value. Cost is arrived at as follows:

Raw materials and goods for resale - purchase cost on a first-in, first-out basis

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads.

Long term contracts

Amounts recoverable on long term contracts are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability is unlikely to crystallise.

Guarantees and warranties

Provision is made for the expected cost of maintenance under guarantees and warranties and other work in respect of original products delivered and invoiced. This policy has been adopted for the first time in these financial statements and a prior year adjustment has been made (note 15). Comparative figures have been restated accordingly with the effect of increasing prior year profit by £46,000.

Foreign currency translation

Profits and losses on exchange arising in the normal course of business are dealt with in the profit and loss account. Assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Pension costs

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. The difference between the charge to the profit and loss account and the contributions paid to the schemes is shown as an asset or a liability in the balance sheet.

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)

TURNOVER	1993	1992
	£'000	£'000
Analysis of turnover by geographical market:		
United Kingdom	70,863	53,756
Europe	1,694	1,926
Middle East and Africa	708	362
Far East and Australasia	9,699	13,544
The Americas	108	354
	<u>83,072</u>	<u>69,942</u>
OPERATING PROFIT is stated after charging:		
Research and development	571	600
Depreciation	945	893
Hire of plant and machinery	66	55
Operating lease rentals - land and buildings	887	867
Auditors' remuneration - audit fees	33	35
- non-audit fees	4	4
	<u></u>	<u></u>
INTEREST PAYABLE		
To parent undertaking	800	694
To others	502	1,095
	<u>1,302</u>	<u>1,789</u>
On loans and overdrafts repayable: within 5 years not by instalments	1,197	1,685
On finance leases: terminating within 5 years	105	104
	<u>1,302</u>	<u>1,789</u>
TAXATION		
UK current year taxation		
Corporation tax at 33%	<u>1,350</u>	<u>705</u>

The tax charge for the year has been reduced by trading losses brought forward of £500,000. No provision has been made for deferred taxation. The full potential situation is as follows:

Accelerated capital allowances	210	35
Short term timing differences	(20)	(53)
Trading losses	(190)	-
	<u>-</u>	<u>(18)</u>

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**4. TANGIBLE FIXED ASSETS**

	Freehold Land and buildings £'000	Plant and equipment £'000	Leased plant and equipment £'000	Total £'000
Cost				
1 February 1992	9,363	4,813	1,972	16,148
Additions	57	617	445	1,119
Disposals	-	(468)	-	(468)
Inter-group transfer	-	(12)	-	(12)
31 January 1993	9,420	4,950	2,417	16,787
Depreciation				
1 February 1992	166	2,911	1,083	4,160
Charge for the year	139	442	364	945
Disposals	-	(411)	-	(411)
Inter group transfer	-	(12)	-	(12)
31 January 1993	305	2,930	1,447	4,682
Net book value				
31 January 1993	9,115	2,020	970	12,105
31 January 1992	9,197	1,902	889	11,988

The value of freehold land at 31 January 1993 was £4,000,000 (1992 - £4,000,000) on which no depreciation is charged.

Capital commitments

At 31 January 1993 the directors had authorised capital expenditure as follows:

	1993 £'000	1992 £'000
Authorised but not committed	139	48
Against which orders had been placed	99	84
	238	132

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**7. FIXED ASSET INVESTMENTS**

These comprise shares in group undertakings at cost: £'000

At 1 February 1992 and 31 January 1993 20

The subsidiaries, wholly owned and registered in England and Wales, are Dennis Export Limited and Dennis Eagle Limited both of which did not trade. During the year the company formed Dennis Specialist Vehicles (Hong Kong) Limited, which is incorporated in Hong Kong, and it commenced trading on 1 August 1992. The company hold 100% of the share capital of 2 Hong Kong Dollars. Group financial statements have not been prepared for the company as it is a wholly owned subsidiary of another body corporate registered in England and Wales.

8. STOCKS

	1993 £'000	1992 £'000
Raw materials and consumables	8,669	6,965
Work in progress	3,345	3,116
Long-term contract balances		
- payments on account	(170)	(29)
Finished goods and goods for resale	3,747	3,598
	<u>15,591</u>	<u>13,650</u>

9. DEBTORS

Trade debtors	16,660	10,062
Amounts owed by group undertakings	5,663	5,551
Other debtors	53	56
Prepayments and accrued income	684	321
	<u>23,060</u>	<u>15,990</u>

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)

10. CREDITORS: amounts falling due within one year	1993 £'000	1992 £'000
Secured loan	-	3,500
Bank overdraft	10,216	3,373
Payments on account of long-term contracts	167	2
Obligations under finance leases	411	372
Trade creditors	15,567	12,504
Bills of exchange payable	4	542
Amounts owed to group undertakings	2,488	1,633
Corporation tax	1,543	690
Other taxes and social security costs	1,408	1,631
Other creditors	985	1,332
Accruals and deferred income	1,204	882
	<u>33,993</u>	<u>26,461</u>

The bank overdraft is unsecured but is subject to a cross guarantee between the trading subsidiaries of Trinity Holdings Plc.

Included within other creditors is £164,000 (1992: £422,000) relating to outstanding contributions payable to the pension scheme.

11. CREDITORS: amounts falling due after more than one year

Secured loan	-	1,850
Obligations under finance leases	380	481
	<u>380</u>	<u>2,331</u>

The finance lease obligations are secured on the assets concerned.

12. LOANS**Secured Loans**

The loan is repayable as follows:

Wholly repayable within five years	-	5,350
	<u>-</u>	<u>5,350</u>

On the flotation of Trinity Holdings Plc in October 1992 the secured loan was repaid.

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**13. OBLIGATIONS UNDER FINANCE LEASES**

1993	1992
£'000	£'000

The net obligation under finance leases is repayable as follows:

In one year or less	411	372
Between one and five years	380	481
	<u>791</u>	<u>853</u>

14. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1993	1992	1993	1992
	Number	Number	£	£
£1 Ordinary	<u>200</u>	<u>200</u>	<u>£ 200</u>	<u>£ 200</u>

15. PROFIT AND LOSS ACCOUNT

£'000

1 February 1992 - as previously reported	12,129
- prior year adjustment	(473)
	<u>11,656</u>
Retained profit for the year	3,547
	<u>15,203</u>

As detailed in note 1 to the financial statements, during the year the company changed its accounting policy in respect of providing for the anticipated cost of maintenance under guarantees and warranties in respect of original equipment products delivered and invoiced. Consequently a prior year adjustment has been made and the comparatives amended accordingly.

16. CONTINGENT LIABILITIES

The company has given, in the normal course of business, the following guarantees in respect of:

	1993	1992
	£'000	£'000
Forward exchange contracts	-	382
Acceptances and guarantees given by banks	300	50
Performance bonds	39	286
	<u>339</u>	<u>718</u>

Certain subsidiary companies have entered into arrangements with customers whereby the companies are committed to buy back certain vehicles at a fixed price. It is not expected that these arrangements will give rise to any liability.

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**17. FINANCIAL COMMITMENTS****Operating Leases**

At 31 January 1993 the company had annual commitments under non-cancellable operating leases as follows:

	1993 £'000	1992 £'000
On land and buildings:		
Between two to five years	105	100
In over five years	805	802
	<u>910</u>	<u>902</u>

18. PENSION COSTS

The company is a subsidiary of Trinity Holdings Plc which operates a pension scheme for all monthly paid employees (Staff Scheme) and a defined benefit lump sum scheme for all hourly paid employees (Works Scheme).

Specialist Vehicles' employees are members of both schemes and the assets are held in separate trustee administered funds. The cost relating to the schemes is assessed in accordance with the advice of a qualified actuary using the defined accrued benefits method. The latest actuarial assessment of the scheme was at 6 April 1992. At this date, the market value of the assets of the staff scheme was £9,052,000 which was sufficient to cover 115% of the value of the benefits that had accrued to members. The Works Scheme was in deficit by £62,000 but this was subsequently extinguished by a capital injection. The profit and loss account charge for the year of £352,000 is based on contributions across the group.

Further details of the actuarial valuation are noted in the financial statements of Trinity Holdings Plc.

19. DIRECTORS**(a) Emoluments**

The emoluments of directors of the company were:

	1993 £'000	1992 £'000
Other emoluments (including pension contributions and benefits in kind)	<u>521</u>	<u>431</u>

SPECIALIST VEHICLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 January 1993 (continued)**19. DIRECTORS (continued)**

	1993	1992
	£'000	£'000

(b) Bandings

Other emoluments disclosed above (excluding pension contributions) include amounts paid to:

The chairman	-	-
The highest paid director	63	62

Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£0 - £5,000	3	3
£15,001 - £20,000	-	1
£30,001 - £35,000	1	1
£35,001 - £40,000	4	4
£40,001 - £45,000	-	2
£45,001 - £50,000	2	2
£50,001 - £55,000	2	-
£60,001 - £65,000	1	-

20. EMPLOYEES**(a) Number of employees**

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

	Number	Number
Manufacturing	529	507
Distribution and selling	145	146
Administration	282	265
	956	918

(b) Employment costs

	£'000	£'000
Wages and salaries	15,556	13,513
Social security costs	1,547	1,289
Pension costs	352	197
	17,455	14,999

21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Trinity Holdings Plc, registered in England and Wales. A copy of the financial statements of that company is available from the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UF.