

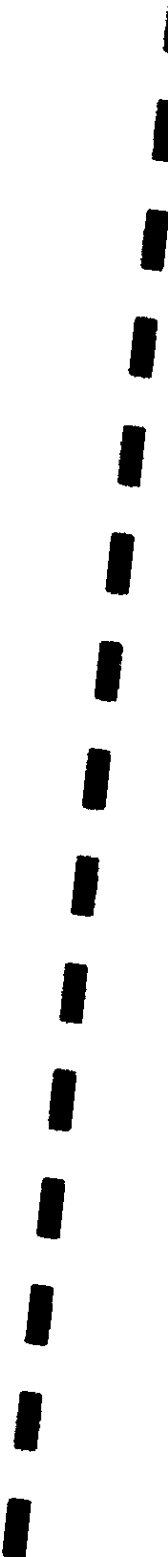


Lithgows Limited

10170

Report and Financial Statements 2000





LITHGOWS LIMITED

CHAIRMAN'S STATEMENT

2000 saw a continuation of the difficult trading conditions experienced by many within the United Kingdom's manufacturing and primary production sectors and I must report a group loss for the year of £1,594,000.

As in 1999 the relative strength of Sterling made export markets extremely tough, whilst domestic markets remained under continued price pressure from Euro imports.

A disproportionate amount of senior management effort has been spent combating the corrosive blight brought about by the policy of the Scottish Executive with regards to the control of fish diseases, and the refusal of Government to respect the property rights of fish farmers.

This has been especially frustrating given the total failure of the Scottish Parliament to respond to the issue.

However we are now seeing some daylight and continue to address the issue through various channels.

Operating Activities

Aquaculture

Landcatch's customers have seen some easing of the market, the benefits of which have been felt in smolt sales.

The business continues to invest heavily in infrastructure, technology and personnel to build on the selective breeding programme, which forms the foundation for further growth within the global aquaculture industry. The benefit of the company's long term commitment to development and research can be felt within the business and by its customers.

Landcatch Chile Ltda performed well and continues to develop, taking advantage of the emerging opportunities within Chile.

Investment has continued at The Marine Resource Centre, with the hydro electric plant now fully operational. Site infrastructure has been enhanced, creating a unique facility, ready for the next stage of development.

McKinlay & Blair have had another tough year of trading in a depressed local market.

Marine

Buckie Shipyard have felt the benefit of the new slipway, the increased capacity having provided new opportunities in the commercial shipping market. This has been offset by the further decline in the traditional fishing markets, which has been felt across the industry. With no upturn in sight for the fishing industry, the yard have worked hard to bring in new business. With a tighter focus on growth of profitable business the management team are well placed to reposition the business, away from dependency on traditional markets.

LITHGOWS LIMITED

CHAIRMAN'S STATEMENT

(continued)

Malakoff & Wm. Moore experienced the combination of depressed North Sea activity and the general downturn within the fishing fleet. The management have renewed efforts to grow shore based markets and proprietary products.

The team has recently been strengthened by new recruitment, bringing the management skills required to focus on profitable business.

J. Fleming Engineering was hit badly by the reduction in the local fleet. Regrettably the business was halted by the unrealistic pay demands of a minority of the workforce and their withdrawal of overtime working, which caused the business to lose a number of key customers. Given the difficulties of the local market, it was decided to exit this business and to concentrate management effort on growth areas.

Engineering

Prosper Engineering saw the beginning of the market upturn at the end of the year, as activity increased on the back of the rise in oil price.

The business had been tightly run throughout the slowdown and is now well placed to take advantage of the pick up in the oil related engineering markets. Standard products continue to be under pressure from Euro imports and competitive material sourcing remains a priority. New markets have been opened up, with the establishment of a sales operation in Houston, USA. This business is looking to take advantage of the emerging opportunities in South America.

Investment continues in manufacturing and information technology and the management and sales team have been strengthened. The company is well placed to grow its domestic market share and expand its presence in the global market.

Lithgows Pty

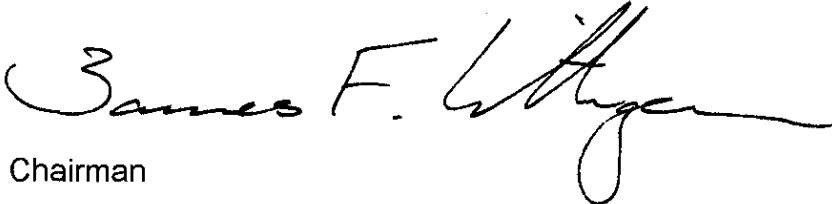
After some years of world oversupply, beef prices strengthened, helped by the growing export market to the Middle East. Capital investment continues in the farming operation, with the benefits of improved animal health and pasture management beginning to flow through. Work continues to refine the farming operation and infrastructure. Local real estate prices remain strong, supported by the continued expansion of the wine industry and population growth.

Property

The property assets are actively managed to maximise shareholder value over the long term. The sale of Whitehill quarry was concluded for £1 million.

LITHGOWS LIMITED**CHAIRMAN'S STATEMENT***(continued)*Outlook

Whilst general trading conditions continue to be hindered by the level of Sterling and the ill-judged policies of Government, the group has focussed on new areas of opportunity. I am confident this emphasis on technology and knowledge, with continued investment in infrastructure and management, will be rewarded through business growth and profit.



Chairman

May 14, 2001

LITHGOWS LIMITED**Directors**

Mr. J.F. Lithgow * (*Chairman*)

Sir William Lithgow, Bt ** (*Vice Chairman*)

Mr. H.M. Currie (*Managing Director*)

Mr. F.G. Hogg**

The Rt. Hon. Lord Lang of Monkton⁺

Lady Lithgow⁺

Mr. A.R. Reid (*Company Secretary*)

Mr. A.W.C. Wishart (*Finance Director*)

* Denotes a member of the Audit Committee

⁺ Denotes non-executive

Registered Office

3 Ardgowan Square
Greenock

LITHGOWS LIMITED

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended December 31, 2000.

Results and dividends

The group trading loss for the year after taxation amounted to £1,594,476.

The directors recommend dividends absorbing £14,006, leaving £1,608,482 to be deducted from reserves.

Review of the business

The group's principal operating subsidiaries and their activities during the year are shown on page 24. Comments on the results for the year and on future developments are contained in the Chairman's statement on pages 1 – 3.

Directors and their interests

The directors who served during the year are stated on page 4.

The director who retires from the board by rotation at the next Annual General Meeting is Mr. A.R. Reid who, being eligible, offers himself for re-election.

The following directors had the undernoted interests in the ordinary and preference share capital of Lithgows Limited at December 31, 2000 and at December 31, 1999.

	Ordinary shares				7.5% Preference shares			
	<u>Beneficial</u>		<u>Interest as</u>		<u>Beneficial</u>		<u>Interest as</u>	
	<u>interest</u>		<u>Trustees</u>		<u>interest</u>		<u>Trustees</u>	
	<u>2000</u>	<u>1999</u>	<u>(non-beneficial)</u>	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>	<u>(non-beneficial)</u>
Sir William Lithgow	1,753	1,753	500	500	-	-	-	-
Lady Lithgow	728	728	500	500	-	-	108,000	108,000
J.F. Lithgow	2,469	2,469	-	-	506,000	506,000	-	-

No other director at December 31, 2000 had any interest in the share capital of the company or in any subsidiary during the year.

LITHGOWS LIMITED

DIRECTORS' REPORT

(continued)

Directors' responsibilities for the financial statements

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 the group and of the profit or loss of the group 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, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

Whilst it is under no obligation to meet the requirements of the Financial Services Authority, the Lithgows' group places a high degree of importance on corporate governance and has for some years honoured most of the recommendations of the Combined Code. The Board includes 4 non-executive directors and meets on a regular basis to discuss the strategic development of the group, and to monitor the day to day implementation of the group strategy throughout the various subsidiary companies. The remuneration of the executive directors is fixed by a committee of the Chairman, Vice Chairman and a non-executive director. The Board have an Audit Committee who receive reports from both the external auditors and the internal audit function to satisfy themselves as to the effectiveness of the group's financial operating procedures and internal controls. Whilst the concentration has been on financial controls to date, it is intended to extend this to a more comprehensive review of all internal controls and risk assessment within the group. The internal audit function is unusual in a group of this size but is found to be extremely useful in meeting the responsibilities of the directors.

Disabled employees

Full and fair consideration is given to applications for employment by disabled persons, having regard to their particular aptitudes and abilities, bearing in mind the nature of the position applied for. Opportunities given to a disabled person for the continuance of employment, appropriate training and career development, are in line with those given to any other employee of the group.

Employees

Consultative procedures enable management and other employees to discuss matters of mutual interest. Through these procedures and departmental channels employees are able to be kept informed about group affairs.

LITHGOWS LIMITED**DIRECTORS' REPORT***(continued)*Charitable donations

During the year the group made charitable contributions totalling £12,500.

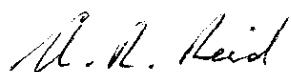
Political donations

There were no donations to political parties made during the year.

Auditors

A resolution to reappoint Grant Thornton as auditors in accordance with S.385 of the Companies Act 1985 will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD



Secretary

May 14, 2001

REPORT OF THE AUDITORS TO THE MEMBERS OF
LITHGOWS LIMITED

We have audited the financial statements on page 9 to 35 which have been prepared under the accounting policies set out on pages 15 to 17.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 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 affairs of the company and the group at December 31, 2000 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
Registered Auditors
Chartered Accountants
Glasgow

May 14, 2001

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
Turnover: group and share of joint venture's turnover		19,606	18,473
Less: share of joint venture's turnover		(451)	(500)
		<hr/>	<hr/>
GROUP TURNOVER	1	19,155	17,973
Cost of sales	2	(15,477)	(15,261)
		<hr/>	<hr/>
GROSS PROFIT		3,678	2,712
Other operating income and charges	2	(5,094)	(4,934)
		<hr/>	<hr/>
OPERATING LOSS	3	(1,416)	(2,222)
Share of operating profit of joint venture		112	203
		<hr/>	<hr/>
Net interest	5	(1,304) (426)	(2,019) (319)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,730)	(2,338)
Taxation	6	54	11
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,676)	(2,327)
Minority interests	17	82	83
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR		(1,594)	(2,244)
Dividends – including non equity interests	7	(14)	(16)
		<hr/>	<hr/>
LOSS FOR YEAR		(1,608)	(2,260)
		<hr/>	<hr/>

The notes on pages 15 to 35 form part of these financial statements

LITHGOWS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2000****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>2000</u> £'000	<u>1999</u> £'000
Loss for the year	(1,608)	(2,260)
Unrealised surplus on revaluation of assets	-	1,843
Exchange differences	15	(17)
	<hr/>	<hr/>
Total recognised gains and losses for the year	(1,593)	(434)
	<hr/>	<hr/>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>2000</u> £'000	<u>1999</u> £'000
Reported loss on ordinary activities before taxation	(1,730)	(2,338)
Realisation of revaluation gain of previous years	1,000	-
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	31	30
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(699)	(2,308)
	<hr/>	<hr/>
Historical cost loss retained	(577)	(2,230)
	<hr/>	<hr/>

The notes on pages 15 to 35 form part of these financial statements

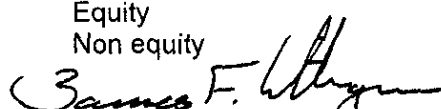
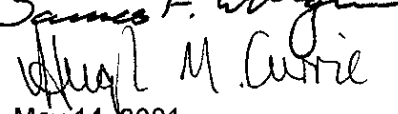
LITHGOWS LIMITED**STATEMENT OF GROUP RETAINED RESERVES AND
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>Profit and loss account</u> £'000	<u>Reval- uation surplus</u> £'000	<u>Other reserves</u> £'000	<u>Capital redemption reserves</u> £'000	<u>Total reserves</u> £'000	<u>Called-up share capital</u> £'000	<u>Total share- holders funds</u> £'000
At January 1, 1999	7,221	2,642	130	325	10,318	1,354	11,672
Movements in 1999:							
Amortisation of revaluation surplus	27	(27)	-	-	-	-	-
Unrealised surplus on revaluation of assets	-	1,843	-	-	1,843	-	1,843
Exchange differences - joint venture	(17)	-	-	-	(17)	-	(17)
Loss for the year	(2,260)	-	-	-	(2,260)	-	(2,260)
At December 31, 1999	4,971	4,458	130	325	9,884	1,354	11,238
Movements in 2000:							
Amortising of revaluation of surplus	27	(27)	-	-	-	-	-
Realisation of revaluation revenue	1,000	(1,000)	-	-	-	-	-
Exchange differences - joint venture	15	-	-	-	15	-	15
Loss for the year	(1,608)	-	-	-	(1,608)	-	(1,608)
At December 31, 2000	4,405	3,431	130	325	8,291	1,354	9,645

The notes on pages 15 to 35 form part of these financial statements

LITHGOWS LIMITED
GROUP BALANCE SHEET AT DECEMBER 31, 2000

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
Fixed assets:			
Tangible assets	8	12,812	13,790
Investments:	9		
Joint venture		404	294
Unlisted investments		58	58
		<hr/>	<hr/>
		13,274	14,142
Current assets:			
Stocks and work-in-progress	10	4,907	4,379
Debtors	11	4,048	3,610
Cash at bank and in hand		512	419
		<hr/>	<hr/>
		9,467	8,408
Creditors: amounts falling due within one year	12	(10,473)	(8,408)
		<hr/>	<hr/>
Net current (liabilities)/assets		(1,006)	-
		<hr/>	<hr/>
Total assets less current liabilities		12,268	14,142
Creditors: amounts falling due after more than one year	13	(1,195)	(1,532)
Provision for liabilities and charges	16	-	(67)
Minority interests (including non equity interests)	17	(407)	(489)
Accruals and deferred income:			
Deferred grants		(1,021)	(816)
		<hr/>	<hr/>
		9,645	11,238
Capital and reserves:			
Called up share capital	18	1,354	1,354
Reserves		8,291	9,884
		<hr/>	<hr/>
		9,645	11,238
Analysis of shareholders' funds:			
Equity		8,995	10,588
Non equity		650	650

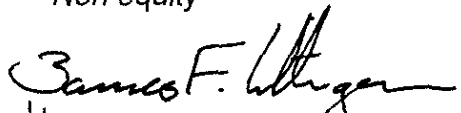
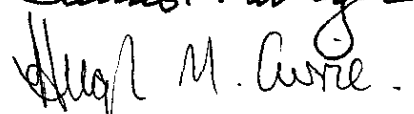
May 14, 2001

} Directors

The notes on pages 15 to 35 form part of these financial statements

LITHGOWS LIMITED
COMPANY BALANCE SHEET AT DECEMBER 31, 2000

	<u>Notes</u>	<u>£'000</u>	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Fixed assets:				
Tangible assets	8	146		1,166
Investments:	9			
Subsidiary undertakings		12,685		12,024
Unlisted investments		50		50
		<hr/>		<hr/>
			12,881	13,240
Current assets:				
Debtors	11	269		320
Cash at bank and in hand		158		153
		<hr/>		<hr/>
		427		473
Creditors: amounts falling due within one year	12	(6,680)		(6,515)
		<hr/>		<hr/>
Net current liabilities			(6,253)	(6,042)
			<hr/>	<hr/>
Total assets less current liabilities			6,628	7,198
Creditors: amounts falling due after more than one year	13		(11)	(18)
			<hr/>	<hr/>
			6,617	7,180
			<hr/>	<hr/>
Capital and reserves:				
Called up share capital	18		1,354	1,354
Reserves			5,263	5,826
			<hr/>	<hr/>
			6,617	7,180
			<hr/>	<hr/>
Analysis of shareholders' funds:				
Equity			5,967	6,530
Non equity			650	650

} Directors

May 14, 2001

The notes of pages 15 to 35 form part of these financial statements

LITHGOWS LIMITED**GROUP CASH FLOW STATEMENT**
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Notes</u>	<u>2000</u> £'000	<u>1999</u> £'000
Net cash outflow from operating activities	19	(468)	(168)
Returns on investments and servicing of finance			
Interest received		111	174
Interest paid		(407)	(302)
Finance lease interest paid		(43)	(45)
Non equity dividends paid		(8)	(16)
Loan interest paid		(87)	(146)
Net cash outflow from returns on investment and servicing of finance		(434)	(335)
Taxation		-	(8)
Capital expenditure			
Purchase of fixed assets		(1,038)	(874)
Sale of fixed assets		1,030	76
Receipt of grant		362	257
Net cash inflow/(outflow) from capital expenditure		354	(541)
Financing			
Repayment of borrowings		(376)	(377)
Capital element of finance lease rentals		(275)	(236)
Net cash outflow from financing	20	(651)	(613)
Decrease in cash	21	(1,199)	(1,665)

The notes on pages 15 to 35 form part of these financial statements

LITHGOWS LIMITED**ACCOUNTING POLICIES****Basis of preparation**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards

The principal accounting policies of the group have remained unchanged from the previous year.

Basis of consolidation

The group financial statements incorporate the results for the year, the state of affairs and the cash flow of the company and all its subsidiary undertakings. No profit and loss account is presented for the parent company, Lithgows Limited, as provided by S.230 of the Companies Act 1985.

Entities in which the group holds an interest on a long term basis and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

The group's share of the results of joint ventures is shown in the profit and loss account.

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable assets.

Goodwill is capitalised and is amortised on a straight line basis over its useful economic life. Goodwill first accounted for in accounting periods ending before December 23, 1998, the implementation date of FRS10, was eliminated from the financial statements by immediate write off against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

Depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is calculated to write off the cost or valuation of each fixed asset other than land, by equal annual instalments over the estimated useful life. The rates most widely used are:-

LITHGOWS LIMITED

ACCOUNTING POLICIES

(continued)

Depreciation

(continued)

Freehold property	- 2%
Leasehold property	- shorter of 2½% or over life of lease
Freehold slipways and jetties	- 2% - 2½%
Plant, machinery, fixtures and fittings	- 10% - 20%
Motor vehicles	- 20% - 25%
Office equipment	- 15%
Computer hardware	- 25%
Computer software	- 50%

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work-in-progress

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost is defined as actual cost on a first-in, first-out basis and includes, where appropriate, a proportion of production overheads. Net realisable value is defined as the estimated selling price less future costs to completion and expenses of marketing and distribution.

Payments received and receivable to account of work-in-progress are deducted from the cost or net realisable value.

Payments to account in excess of costs to date of work-in-progress are included in creditors.

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year-end, by recording turnover and related costs, as defined in stocks and work-in-progress above, as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Deferred taxation

Deferred taxation is provided on the liability method on all material timing differences, except for those which are not expected to reverse in the future. Advance corporation tax on dividends, not recoverable against current taxation, is carried forward to the extent that it is anticipated to be recoverable against future mainstream corporation tax liabilities.

LITHGOWS LIMITED**ACCOUNTING POLICIES***(continued)***Grants**

Grants in respect of capital expenditure are credited to a deferred credit account and released to profit and loss account over the expected useful life of the assets to which they relate. Revenue grants are released to profit over the life of the project to which they related.

Foreign currencies

Transactions in foreign currencies during the year are converted into sterling at the rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Unrealised gains and losses on translation of the assets, liabilities, profits and reserves of the overseas subsidiaries and joint venture are dealt with as reserve movements, and other exchange differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease terms and their useful lives.

The interest element of the contractual obligations is charged to profit and loss account over the period of the lease and approximates to a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss account on a straight line basis over the terms of the lease.

Pensions

The company participates in The Lithgows Limited Pension Scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the group. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Research and development

Expenditure is charged to profits in the period in which it is incurred.

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000**1. Group turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax, together with the value of work completed in respect of long-term contracts in progress at the year end. The turnover is attributable to the following activities:-

	<u>2000</u> £'000	<u>1999</u> £'000
Marine	7,061	6,668
Engineering	5,602	5,783
Aquaculture	6,291	5,365
Others	201	157
	<hr/>	<hr/>
	19,155	17,973

Share of joint venture's turnover Aquaculture	451	500
	<hr/>	<hr/>
	19,606	18,473
	<hr/>	<hr/>

Analysis of turnover by geographical area:

	<u>2000</u> £'000	<u>1999</u> £'000
U.K.	17,100	16,496
E.U.	634	384
Other Europe	20	28
U.S.A. and Canada	306	221
Asia and Australasia	352	293
South America	734	551
Africa	9	-
	<hr/>	<hr/>
	19,155	17,973
Share of joint venture's turnover South America	451	500
	<hr/>	<hr/>
	19,606	18,473
	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****2. Cost of sales/other operating income and charges**

	<u>2000</u> £'000	<u>1999</u> £'000
Cost of sales	15,477	14,957
Impairment to fixed assets	-	304
	<hr/> 15,477	<hr/> 15,261
Other operating income and charges		
Distribution costs	465	448
Administrative costs	4,912	4,777
Other operating income	(283)	(291)
	<hr/> 5,094	<hr/> 4,934

3. Operating loss

(a) This is stated after charging and crediting the following items:

	<u>2000</u> £'000	<u>1999</u> £'000
Items charged:		
Auditors' remuneration – audit services	63	73
Auditors' remuneration – non-audit services	19	26
Depreciation of owned assets	907	984
Depreciation of assets held under finance leases and hire purchase contracts	346	376
Hire of plant	62	47
Operating lease rentals – plant and machinery	48	48
Operating lease rentals – land and buildings	328	324
Items credited:		
Net rental income	32	48
Release from deferred grants	157	131
Gain on disposal of fixed assets	18	44

(b) Directors' emoluments

	<u>2000</u> £'000	<u>1999</u> £'000
Aggregate emoluments	<hr/> 420	<hr/> 411

During the year, 4 directors (1999 – 5 directors) participated in defined benefit pension schemes.

The emoluments of the highest paid director were £113,444 (1999 - £112,190). The highest paid director's accrued pension at the year-end was £58,370 (1999 - £54,376).

LITHGOWS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000

4. <u>Staff costs</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000
Wages and salaries	6,176	5,718
Social security costs	535	482
Other pensions costs	343	324
	<hr/>	<hr/>
	7,054	6,524
	<hr/>	<hr/>

The average weekly number of employees during the year was made up as follows:-

	<u>2000</u>	<u>1999</u>
	No.	No.
Marine	188	159
Engineering	100	100
Aquaculture	26	30
Others	18	19
	<hr/>	<hr/>
	332	308
	<hr/>	<hr/>

5. <u>Net interest</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000
Bank loans and overdrafts	(494)	(448)
Finance charges payable under finance leases and hire purchase contracts	(43)	(45)
	<hr/>	<hr/>
	(537)	(493)
Bank deposit interest received	105	87
Other loans interest received	4	13
Other interest receivable	2	74
	<hr/>	<hr/>
	(426)	(319)
	<hr/>	<hr/>

6. <u>Taxation</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000
The taxation credit represents:		
Corporation tax payable	-	(4)
Transfer from deferred taxation	67	46
Share of tax on joint venture's profits	(17)	(31)
	<hr/>	<hr/>
	50	11
Corporation tax – over provision in prior years	4	-
	<hr/>	<hr/>
	54	11
	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000**

7. <u>Dividends</u>	2000 £'000	1999 £'000
Equity interests:		
Preferred ordinary dividend – 1st interim proposed £21.416 per share (1999 - £13.125)	14	8
Preferred ordinary dividend – 2nd interim proposed £nil per share (1999 - £11.83 per share)	-	8
	<hr/>	<hr/>
	14	16
	<hr/>	<hr/>

8. <u>Tangible fixed assets</u>		<u>Machinery, plant, vehicles and fittings</u>	
<u>Company</u>	<u>Freehold property</u> £'000	£'000	<u>Total</u> £'000
Cost or valuation:			
At January 1, 2000	1,377	365	1,742
Additions	-	35	35
Disposals	(1,046)	(19)	(1,065)
	<hr/>	<hr/>	<hr/>
At December 31, 2000	331	381	712
	<hr/>	<hr/>	<hr/>
Depreciation			
At January 1, 2000	303	273	576
Charge for the year	3	50	53
Disposals	(44)	(19)	(63)
	<hr/>	<hr/>	<hr/>
At December 31, 2000	262	304	566
	<hr/>	<hr/>	<hr/>
Net book value:			
At January 1, 2000	1,074	92	1,166
	<hr/>	<hr/>	<hr/>
At December 31, 2000	69	77	146
	<hr/>	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****8. Tangible fixed assets**
(continued)

<u>Group</u>	<u>Freehold property</u> £'000	<u>Long leasehold property</u> £'000	<u>Short leasehold property</u> £'000	<u>Machinery plant vehicles and fittings</u> £'000	<u>Freehold slipways and jetties</u> £'000	<u>Total</u> £'000
Cost or valuation:						
At January 1, 2000	9,580	361	246	16,304	261	26,752
Additions	27	29	-	1,231	-	1,287
Disposals	(1,046)	-	-	(485)	-	(1,531)
At December 31, 2000	8,561	390	246	17,050	261	26,508
Depreciation:						
At January 1, 2000	1,528	102	106	11,139	87	12,962
Charge for the year	141	21	11	1,074	6	1,253
Disposals	(44)	-	-	(475)	-	(519)
At December 31, 2000	1,625	123	117	11,738	93	13,696
Net book value:						
At January 1, 2000	8,052	259	140	5,165	174	13,790
At December 31, 2000	6,936	267	129	5,312	168	12,812

Cost or valuation at December 31, 2000, comprises:

Cost	4,275	390	246	17,050	96	22,057
Valuation in 1982	82	-	-	-	-	82
Valuation in 1983	279	-	-	-	-	279
Valuation in 1984	308	-	-	-	-	308
Valuation in 1985	305	-	-	-	165	470
Valuation in 1991	63	-	-	-	-	63
Valuation in 1999	3,249	-	-	-	-	3,249
	8,561	390	246	17,050	261	26,508

On implementation of FRS15, the transitional rules set out in the standard have been applied. Accordingly, the book values at implementation have been retained.

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****8. Tangible fixed assets**
(continued)

The historical cost and net book value for each category included at valuation is:

	<u>Freehold property</u> £'000	<u>Freehold slipways and jetties</u> £'000	<u>Total</u> £'000
Historical cost:			
At January 1, 2000	724	102	826
Disposals	(46)	-	(46)
	<hr/>	<hr/>	<hr/>
At December 31, 2000	678	102	780
	<hr/>	<hr/>	<hr/>
Depreciation based on cost:			
At January 1, 2000	173	53	226
Charge for the year	6	3	9
Disposals	(44)	-	(44)
	<hr/>	<hr/>	<hr/>
At December 31, 2000	135	56	191
	<hr/>	<hr/>	<hr/>
Net historical cost value:			
At January 1, 2000	551	49	600
	<hr/>	<hr/>	<hr/>
At December 31, 2000	543	46	589
	<hr/>	<hr/>	<hr/>

Included in the amounts for machinery, plant, vehicles and fittings above are the following amounts relating to leased assets and assets acquired under finance leases and hire purchase contracts.

	<u>Company</u> £'000	<u>Group</u> £'000
Net book value:		
At January 1, 2000	67	699
	<hr/>	<hr/>
At December 31, 2000	69	713
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 20009. Investments

(a) Subsidiary undertakings:	<u>2000</u>	<u>1999</u>
	£'000	£'000
<u>Company</u>		
Investment in subsidiary undertakings comprises:		
Cost	9,561	8,661
Amounts written off	(1,584)	(1,467)
Amounts due by subsidiaries, less provisions	6,987	7,120
Amounts due to subsidiaries	(2,279)	(2,290)
	<hr/>	<hr/>
Net book value	12,685	12,024
	<hr/>	<hr/>

At December 31, 2000, the company had beneficial interests directly or indirectly (*) in the ordinary share capital of the undernoted principal operating subsidiary undertakings. All are registered in Scotland unless otherwise stated and all are 100% owned with the exception of Malakoff & Wm. Moore Limited which is 55% owned, and Knapdale Shipping (Campbeltown) Limited which is 60% owned. Companies not audited by the parent company auditors are indicated by (†).

<u>Nature of Business</u>	<u>Company</u>
Marine:	Buckie Shipyard Limited Campbeltown Shipyard Limited J. Fleming Engineering (Stornoway) Limited† Kingfisher Marine Services Limited Malakoff & Wm. Moore Limited
Engineering:	Prosper Engineering Limited Prosper Fasteners Inc* (incorporated in USA)†
Aquaculture:	Clachbreck Fish Farms* Cruive Limited Cruive III Limited* Inver Lochs Limited* Knapdale Shipping (Campbeltown) Limited† Landcatch Limited McKinlay & Blair Limited Ormsary Fish Farms Limited* The Marine Resource Centre Limited MRC Energy Limited*
Primary Production:	Lithgows Pty Limited (incorporated in Australia)
Building Products:	A. Kenneth & Sons Limited
Finance:	Inver Salmon Limited Lithgow Factoring Limited

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000**9. Investments
(continued)

(b) Interest in joint venture

At December 31, 2000 the group had an interest in the following joint venture:

<u>Joint venture</u>	<u>Country of incorporation</u>	<u>Class of share capital held</u>	<u>Proportion held by group</u>	<u>Nature of business</u>
Landcatch Chile Limitada	Chile	Ordinary shares	50%	Fish farming
				<u>Group £'000</u>
At January 1, 2000				294
Share of profit retained by joint venture				95
Exchange difference				15
				<hr/>
At December 31, 2000				404
				<hr/>
The group's share in its joint venture comprises:				
Fixed assets				159
Current assets				293
				<hr/>
Gross assets				452
				<hr/>
Liabilities due within one year				47
Liabilities due after more than one year				1
				<hr/>
Gross liabilities				48
				<hr/>
Net assets				404
				<hr/>
Turnover				451
				<hr/>
Profit before tax				112
Taxation				(17)
				<hr/>
Profit after taxation				95
				<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****9. Investments***(continued)***(c) Associated undertakings**

The investment in associated undertakings, all of which are unlisted, comprises:

	<u>Company</u> £'000	<u>Group</u> £'000
Cost:		
At January 1, 2000 and December 31, 2000	-	75
	<u> </u>	<u> </u>
Amounts written off:		
At January 1, 2000 and December 31, 2000	-	75
	<u> </u>	<u> </u>
Net book value:		
At January 1, 2000 and December 31, 2000	-	-
	<u> </u>	<u> </u>

(d) Unlisted investments

Unlisted investments comprise:

	<u>Company</u> £'000	<u>Group</u> £'000
Cost:		
At January 1, 2000 and December 31, 2000	94	199
	<u> </u>	<u> </u>
Amounts written off:		
At January 1, 2000 and December 31, 2000	44	141
	<u> </u>	<u> </u>
Net book value:		
At January 1, 2000 and December 31, 2000	50	58
	<u> </u>	<u> </u>

10. Stocks and work-in-progress

	<u>2000</u> £'000	<u>Group</u> <u>1999</u> £'000
Raw material and consumables	1,210	1,025
Work-in-progress	1,594	658
Work-in-progress payments received on account	(751)	(61)
Finished goods and goods for resale	390	408
Livestock	2,464	2,349
	<u> </u>	<u> </u>
	4,907	4,379
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 200011. Debtors

	Company		Group	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£'000
Trade debtors	23	62	3,144	2,779
Other debtors	41	100	403	370
Prepayments and accrued income	185	137	480	440
Corporation tax	20	21	21	21
	<hr/>	<hr/>	<hr/>	<hr/>
	269	320	4,048	3,610
	<hr/>	<hr/>	<hr/>	<hr/>

12. Creditors: amounts falling due within one year

	Company		Group	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£'000
Bank overdrafts	5,958	5,739	4,780	3,488
Current instalments due on loans (note 14)	-	-	352	405
Obligations under finance lease and hire purchase contracts (notes 15)	21	34	211	223
Trade creditors	75	100	2,785	1,993
Corporation tax	-	-	-	4
Other taxes and social security costs	20	22	257	241
Other creditors	307	335	709	852
Proposed dividend	14	8	14	8
Accruals	285	277	1,295	1,187
Payments to account	-	-	70	7
	<hr/>	<hr/>	<hr/>	<hr/>
	6,680	6,515	10,473	8,408
	<hr/>	<hr/>	<hr/>	<hr/>

13. Creditors: amounts falling due after more than one year

	Company		Group	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£'000
Loans (note 14)	-	-	981	1,304
Obligations under finance leases and hire purchase contracts (note 15)	11	18	214	228
	<hr/>	<hr/>	<hr/>	<hr/>
	11	18	1,195	1,532
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 200014. Loans

	Group	
	2000	1999
	£'000	£'000
Loans are repayable as follows:		
Not wholly repayable within five years	884	996
Wholly repayable within five years	449	713
	<hr/>	<hr/>
	1,333	1,709
	<hr/>	<hr/>

Instalments due:

After five years	285	380
Between two and five years	425	601
Between one and two years	271	323
	<hr/>	<hr/>

Within one year (note 12)	981	1,304
	352	405
	<hr/>	<hr/>

	1,333	1,709
	<hr/>	<hr/>

Details of loans not wholly repayable within five years are as follows:-

Loan repayable in six monthly instalments of £47,500 commencing April 1998, secured by a mortgage on a vessel and supplemental Deed of Covenant. Interest is 7.5% for the period to April 2005, and thereafter at 8.08%

884	996
-----	-----

Details of loans wholly repayable within five years as follows:

10½% loan repayable in quarterly instalments of £15,860, including interest, commencing June 1994, secured by a mortgage on a vessel	173	215
--	-----	-----

7½% loan repayable in six monthly instalments of £34,000 commencing May 1995, secured by a mortgage on a vessel and supplemental Deed of Covenant	34	102
---	----	-----

7½% loan repayable in six monthly instalments of £47,429 commencing January 1996, secured by a mortgage on a vessel and supplemental Deed of Covenant	190	285
---	-----	-----

Variable rate loan repayable in monthly instalments of £5,175, including interest, commencing in November 1996, secured by a bond and floating charge over the whole assets of the recipient subsidiary	52	102
---	----	-----

10.3% loan repayable in monthly instalments of £490, including interest, commencing in October 1998	-	9
---	---	---

1,333	1,709
<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000**

14. <u>Loans</u>	<u>2000</u>	<u>1999</u>
(continued)	£'000	£'000

Analysis of changes in loan financing:

At January 1	1,709	2,086
Capital element of repayments	(376)	(377)
	<hr/>	<hr/>
At December 31	1,333	1,709
	<hr/>	<hr/>

The total minority interest share of the above outstanding loans is £377,000 (1999 - £448,000). The above figures represent the full liability of loans which have been advanced to subsidiary companies with sizeable external minority shareholdings. The outstanding loan of £884,000 is a liability of Knapdale Shipping (Campbeltown) Limited, in which there is a 40% minority interest, whilst Malakoff & Wm. Moore Limited, in whom there is a 45% minority interest, have loan liabilities totalling £52,000.

15. Obligations under leases and hire purchase contracts

	<u>Company</u>		<u>Group</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£'000
Amounts due within one year	22	37	236	253
Amounts due within two to five years	13	19	235	250
	<hr/>	<hr/>	<hr/>	<hr/>
	35	56	471	503
Less finance charges allocated to future periods	(3)	(4)	(46)	(52)
	<hr/>	<hr/>	<hr/>	<hr/>
	32	52	425	451
	<hr/>	<hr/>	<hr/>	<hr/>
The above shown as:				
Current obligations (note 12)	21	34	211	223
Non-current obligations (note 13)	11	18	214	228
	<hr/>	<hr/>	<hr/>	<hr/>
	32	52	425	451
	<hr/>	<hr/>	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****15. Obligations under leases and hire purchase contracts**
(continued)

	<u>Group</u>	
	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>
Analysis of changes:		
At January 1	451	485
New contracts	249	202
Capital element of repayments	(275)	(236)
	<hr/>	<hr/>
At December 31	425	451
	<hr/>	<hr/>

Annual commitments under non cancellable operating leases:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Leases which expire:				
Within one year	82	51	17	14
Within the second to fifth years inclusive	-	28	28	34
Over five years	246	245	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	328	324	45	48
	<hr/>	<hr/>	<hr/>	<hr/>

16. Provisions for liabilities and charges

<u>Group</u>	<u>Deferred taxation</u>
	<u>£'000</u>
At January 1, 2000	67
Released during the year (note 6)	(67)
	<hr/>
At December 31, 2000	-
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 200016. Provisions for liabilities and charges
(continued)

The potential amounts of deferred taxation, including the amounts for which provision has been made, are as follows:-

<u>Group</u>	<u>Provision</u>	
	<u>2000</u> £'000	<u>1999</u> £'000
Accelerated capital allowances	-	50
Other timing differences	-	17
	<hr/>	<hr/>
	-	67
	<hr/>	<hr/>

<u>Company</u>	<u>Provision</u>	
	<u>2000</u> £'000	<u>1999</u> £'000
Accelerated capital allowances	-	-
Other timing differences	-	-
	<hr/>	<hr/>
Deferred asset	-	-
	<hr/>	<hr/>

There are potential deferred tax assets within both the Group and Company as a consequence of accelerated capital losses, other timing differences and taxation losses carried forward.

17. <u>Minority interests</u>	<u>2000</u> £'000	<u>1999</u> £'000
At January 1	489	572
Minority interest share of losses	(82)	(83)
	<hr/>	<hr/>
At December 31	407	489
	<hr/>	<hr/>
Equity interest	133	241
Non equity interest	274	248
	<hr/>	<hr/>
	407	489
	<hr/>	<hr/>

The non equity interests subscribed to are in respect of preference shares in a subsidiary company which are non-voting and non-convertible. The only rights to dividends relate to a 12.5% fixed dividend which is cumulative.

The preference shares are due for redemption by the subsidiary company, at par together with a premium of 25p per share, in two equal instalments on December 31, 2001 and December 31, 2003.

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000

18. <u>Share capital</u>	<u>2000</u> £'000	<u>1999</u> £'000
Authorised:		
Equity interests		
9,346 ordinary shares of £100 each (1999:9,346)	935	935
654 preferred ordinary shares of £100 each (1999:654)	65	65
Non equity interests		
1,00,00 7.5% preference shares of £1 each (1999:1,000,000)	1,000	1,000
	<hr/>	<hr/>
	2,000	2,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
Equity interests		
6,390 ordinary shares of £100 each (1999:6,390)	639	639
654 preferred ordinary shares of £100 each (1999:654)	65	65
Non equity interests		
650,000 7.5% preference shares of £1 each (1999: 650,000)	650	650
	<hr/>	<hr/>
	1,354	1,354
	<hr/>	<hr/>

The preferred ordinary shares are non-voting shares, but have rights to be paid out of the distributable profits of each financial year in preference to any dividend on the ordinary shares of the company, but after payment of the dividend on the preference shares. In the event of a winding up, the holders of the ordinary shares and the holders of the preferred ordinary shares shall rank *pari passu*.

The preference shares are non-voting and non-convertible and have no rights to share in dividends other than the fixed 7.5% dividend which is non-cumulative. The shares are redeemable at the option of the holder at any time, subject to the holder providing the company one month's notice in writing of his intention to redeem. In the event of a winding up, the holders of the preference shares shall rank ahead of the holders of the ordinary shares and the preferred ordinary shares, but only to the extent of being repaid at par.

19. <u>Net cash outflow from operating activities</u>	<u>2000</u> £'000	<u>1999</u> £'000
Operating loss	(1,416)	(2,222)
Gain on disposal of fixed assets	(18)	(44)
Depreciation	1,253	1,360
Impairment of assets	-	304
(Increase)/decrease in stocks	(528)	694
(Increase)/decrease in debtors	(438)	232
Increase/(decrease) in creditors	836	(361)
Release from deferred grants	(157)	(131)
	<hr/>	<hr/>
Net cash outflow from operating activities	(468)	(168)
	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000**

20. <u>Reconciliation of net cash flow to movement in net debt</u>	<u>2000</u> £'000	<u>1999</u> £'000
Decrease in cash in the year	(1,199)	(1,665)
Cash outflow from loans	376	377
Cash outflow from finance leases	275	236
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(548)	(1,052)
Inception of finance leases	(249)	(202)
	<hr/>	<hr/>
Movement in net debt in the year	(797)	(1,254)
Net debt at January 1	(5,229)	(3,975)
	<hr/>	<hr/>
Net debt at December 31	(6,026)	(5,229)
	<hr/>	<hr/>

The share of net debt attributable to minority interests at December 31, 2000 was £730,000 (1999 - £671,000).

21. Analysis of change in net debt

	<u>At Jan 1</u> <u>2000</u> £'000	<u>Cash flow</u> £'000	<u>Non cash</u> <u>items</u> £'000	<u>At Dec 31</u> <u>2000</u> £'000
Cash in hand and at bank	419	93	-	512
Overdrafts	(3,488)	(1,292)	-	(4,780)
	<hr/>	<hr/>	<hr/>	<hr/>
	(3,069)	(1,199)	-	(4,268)
Debt	(1,709)	376	-	(1,333)
Finance leases	(451)	275	(249)	(425)
	<hr/>	<hr/>	<hr/>	<hr/>
	(5,229)	(548)	(249)	(6,026)
	<hr/>	<hr/>	<hr/>	<hr/>

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****22. Related parties**

During the year companies within the group were involved in contracts with Ormsary Farmers and Inver Farmers. Sir William Lithgow, a shareholder and director of the parent company, holds an interest in both these partnerships and James Lithgow, also a shareholder and director of the parent company, holds an interests in the Ormsary Farmers partnership. These contracts were on an arm's length basis and were in respect of the provision of services by Ormsary Farmers and Inver Farmers to rear fish stocks at Ormsary, Argyll, the provision by Ormsary Farmers of consultancy services, and the provision of electrical contracting and labour to Ormsary Farmers and Inver Farmers.

Landcatch Limited provided services in the provision of production support and technical know-how to its joint venture entity, Landcatch Chile Limitada. In addition, in 1999 Landcatch also supplied the joint venture with salmon ova.

Details of the values of these services supplied during the financial year and the balances outstanding at the balance sheet date are shown below:-

	<u>2000</u> £'000	<u>1999</u> £'000
Value of services provided in financial year:		
Provision of electrical contracting services to Ormsary Farmers	51	79
Provision of labour to Ormsary Farmers	2	15
Provision of electrical contracting services to Inver Farmers	7	3
Provision of labour to Ormsary Farmers	-	6
Provision of services to Landcatch Chile Limitada	68	63
Provision of salmon ova to Landcatch Chile Limitada	-	32
Provision of services by Ormsary Farmers to rear fish stocks	1,623	1,487
Provision of consultancy services by Ormsary Farmers	5	6
Provision of services by Inver Farmers to rear fish stocks	207	127
Amounts outstanding at December 31:		
Due by Ormsary Farmers	21	11
Due by Inver Farmers	3	-
Due to Ormsary Farmers	119	155
Due to Inver Farmers	29	25

LITHGOWS LIMITED**NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2000****23. Capital Commitments**

	<u>Company</u>		<u>Group</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
	£'000	£'000	£'000	£'000
Contracted for but not provided in these financial statements	-	-	-	624

24. Contingent liabilities

There were no contingent liabilities at either December 31, 2000 or December 31, 1999.

25. Pension commitments

The Group operates a defined benefit scheme, The Lithgows Limited Pension Scheme. The assets of the scheme are held separately from those of the group, being managed by independent fund managers. 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 group. The contributions are determined by a qualified actuary on the basis of regular valuations, the most recent of which was at April 6, 1998. The valuation used the projected unit method. The principal assumptions used in the valuation were an investment return of 1.75% per annum higher than the rate of increase in pensionable salaries (2.25% for hourly paid members) and 3.75% higher than the rate of dividend growth and future pension increases in accordance with the rules of the scheme.

The most recent actuarial valuation showed that the market value of the scheme's assets was £15,023,505, and that the actuarial value of those assets represented 100% of the benefits that had accrued to members after allowing for expected future increases in pensionable salaries.

On the basis of the contributions paid by the group the pension charge for the year was £342,900 (1999 - £324,190).