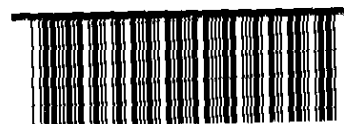


JOHNSTONE CASTINGS & ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2000

Company Registration Number SC 41865

(Handwritten mark)



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 COMPANIES HOUSE 05/09/00

FRENCH DUNCAN
 Chartered Accountants & Registered Auditor
 375 West George Street
 Glasgow
 G2 4LH

JOHNSTONE CASTINGS & ENGINEERING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr D McPherson
Mr S D McPherson
Mr C S McPherson

Company secretary

Mr D McPherson

Registered office

Drakemyre Works
Kilbirnie Road
Dalry
Ayrshire

Auditors

French Duncan
Chartered Accountants
& Registered Auditor
375 West George Street
Glasgow
G2 4LH

Bankers

The Royal Bank of Scotland plc
42 New Street
Dalry
Ayrshire
KA24 5AF

JOHNSTONE CASTINGS & ENGINEERING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the manufacturing and machining of non-ferrous castings.

The company has sustained a downturn in turnover and profits due to changes in the contracts and industries now being developed. The directors are confident that the new markets now being serviced together with traditional work will return the company to profit.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2000	At 1 April 1999
Mr D McPherson	16,668	16,668
Mr S D McPherson	16,666	16,666
Mr C S McPherson	16,666	16,666

YEAR 2000

The directors are continuing to analyse the impact of the Year 2000 issue on the business and consider that should any process failures occur these would not be critical to the future operations of the company.

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 9 to 10, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

JOHNSTONE CASTINGS & ENGINEERING LIMITED**THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 MARCH 2000****DIRECTORS' RESPONSIBILITIES** *(continued)*

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 financial statements comply with the Companies Act 1985. The directors 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.

DONATIONS

During the year the company made the following contributions:

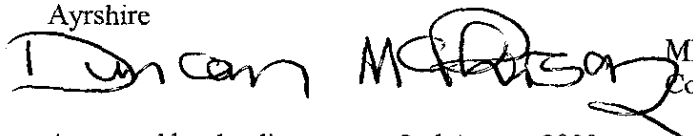
	2000	1999
	£	£
Charitable	<u>5,044</u>	<u>-</u>

AUDITORS

A resolution to re-appoint French Duncan as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Drakemyre Works
Kilbirnie Road
Dalry
Ayrshire

Signed by order of the directors

 MR D McPHERSON
Company Secretary

Approved by the directors on 2nd August 2000.

JOHNSTONE CASTINGS & ENGINEERING LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 MARCH 2000**

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements. 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

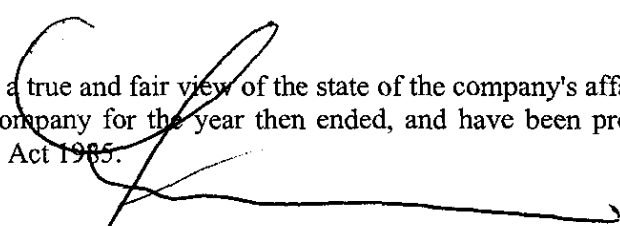
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 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 the company's affairs as at 31 March 2000 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

375 West George Street
Glasgow
G2 4LH



FRENCH DUNCAN
Chartered Accountants
& Registered Auditor

2nd August 2000

JOHNSTONE CASTINGS & ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2000**

	Note	2000 £	1999 £
TURNOVER	2	3,062,602	3,503,264
Cost of sales		<u>(2,127,487)</u>	<u>(2,354,174)</u>
GROSS PROFIT		935,115	1,149,090
Administrative expenses		<u>(1,037,876)</u>	<u>(822,434)</u>
Other operating income	3	<u>47,887</u>	<u>45,710</u>
OPERATING (LOSS)/PROFIT	4	(54,874)	372,366
Profit on disposal of fixed assets	7	<u>700</u>	<u>37,028</u>
		<u>(54,174)</u>	<u>409,394</u>
Interest receivable		<u>407</u>	<u>-</u>
Interest payable and similar charges	8	<u>(76,046)</u>	<u>(75,887)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(129,813)	333,507
Tax on (loss)/profit on ordinary activities	9	<u>24,835</u>	<u>(75,741)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(104,978)	257,766
Dividends	10	<u>-</u>	<u>(36,000)</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(104,978)</u>	<u>221,766</u>

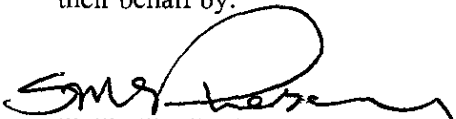
The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

JOHNSTONE CASTINGS & ENGINEERING LIMITED**BALANCE SHEET****31 MARCH 2000**

	Note	2000		1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		2,173,952		1,777,724
Investments	12		6		2
			<u>2,173,958</u>		<u>1,777,726</u>
CURRENT ASSETS					
Stocks	13	132,123		129,660	
Debtors	14	739,068		530,314	
Cash at bank and in hand		26,417		5,115	
		<u>897,608</u>		<u>665,089</u>	
CREDITORS: Amounts falling due within one year	15	<u>(1,462,900)</u>		<u>(821,702)</u>	
NET CURRENT LIABILITIES			<u>(565,292)</u>		<u>(156,613)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,608,666</u>		<u>1,621,113</u>
CREDITORS: Amounts falling due after more than one year	16		<u>(505,672)</u>		<u>(473,832)</u>
			<u>1,102,994</u>		<u>1,147,281</u>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	18		<u>(160,057)</u>		<u>(146,479)</u>
Government grants	19		<u>(391,023)</u>		<u>(343,910)</u>
			<u>551,914</u>		<u>656,892</u>
CAPITAL AND RESERVES					
Called-up equity share capital	22		50,000		50,000
Share premium account			21,000		21,000
Profit and loss account	23		480,914		585,892
SHAREHOLDERS' FUNDS	24		<u>551,914</u>		<u>656,892</u>

These financial statements were approved by the directors on 2nd August 2000, and are signed on their behalf by:



MR S D McPHERSON



MR C S McPHERSON

JOHNSTONE CASTINGS & ENGINEERING LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 MARCH 2000**

	Note	2000	1999
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	25	276,216	471,693
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		429	-
Interest paid		(31,603)	(34,850)
Interest element of hire purchase agreements		(44,465)	(41,037)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(75,639)	(75,887)
TAXATION		(40,496)	(7,235)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(445,247)	(148,494)
Receipts from sale of fixed assets		700	41,000
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(444,547)	(107,494)
ACQUISITIONS AND DISPOSALS			
Acquisition of shares in group undertakings		(4)	(2)
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		(4)	(2)
EQUITY DIVIDENDS PAID		(36,000)	-
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(320,470)	281,075

Carried forward

(320,470)

281,075

The notes on pages 9 to 21 form part of these financial statements.

JOHNSTONE CASTINGS & ENGINEERING LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 MARCH 2000**

	Note	2000	1999
		£	£
Brought forward		(320,470)	281,075
FINANCING			
Repayment of bank loans		(38,245)	(33,333)
Capital element of hire purchase agreements		(237,915)	(253,858)
Net outflow from other long-term creditors		(19,167)	(19,167)
New grants received		95,000	75,000
New bank loan received		175,000	-
NET CASH (OUTFLOW) FROM FINANCING		(25,327)	(231,358)
(DECREASE)/INCREASE IN CASH	26	(345,797)	49,717

The notes on pages 9 to 21 form part of these financial statements.

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. ACCOUNTING POLICIES

Basis of accounting

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

The company has taken advantage of Section 248 of Companies Act 1985 and is not producing consolidated accounts given that the group is medium sized.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and buildings	2% straight line basis
Plant and machinery	10% straight line basis
Fixtures and fittings	10% straight line basis
Motor vehicles	25% straight line basis
Office equipment	25% straight line basis

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Government grants

Government grants in respect of capital expenditure are credited to a Deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of revenue nature are credited to income so as to match them with the expenditure to which they relate.

Pension costs

The company contributes to certain employees personal pension schemes. The annual contributions payable are charged to the profit and loss account.

Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000	1999
	£	£
United Kingdom	2,890,441	2,835,931
Overseas	172,161	667,333
	<u>3,062,602</u>	<u>3,503,264</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Government grants released	<u>47,887</u>	<u>45,710</u>

4. OPERATING LOSS/PROFIT

Operating loss/profit is stated after charging/(crediting):

	2000	1999
	£	£
Amortisation of government grants	(47,887)	(45,710)
Depreciation	256,000	210,915
Auditors' remuneration		
- as auditors	7,362	14,285
- accountancy	15,000	-
Operating lease costs:		
Vehicles	<u>12,973</u>	<u>7,899</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000	1999
	No.	No.
Production	54	55
Management & administration	14	11
	<u>68</u>	<u>66</u>

The aggregate payroll costs of the above were:

	2000	1999
	£	£
Wages and salaries	1,006,980	1,005,263
Social security costs	95,914	100,279
Other pension costs	19,384	15,189
	<u>1,122,278</u>	<u>1,120,731</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	98,023	82,872
Value of pension contributions to money purchase schemes	8,750	8,750
	<u>106,773</u>	<u>91,622</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000	1999
	No.	No.
Money purchase schemes	<u>2</u>	<u>2</u>

7. PROFIT ON DISPOSAL OF FIXED ASSETS

	2000	1999
	£	£
Profit on disposal of fixed assets	<u>700</u>	<u>37,028</u>

8. INTEREST PAYABLE

	2000	1999
	£	£
Interest payable on bank borrowing	17,597	20,100
Finance charges	44,465	41,037
Other similar charges payable	13,984	14,750
	<u>76,046</u>	<u>75,887</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

9. TAX ON PROFIT OR LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation tax based on the results for the year at 21% (1999 - 21%)	(38,162)	54,600
Increase in deferred tax provision (Note 18):	13,578	19,502
Capital allowances	(24,584)	74,102
Adjustment in respect of previous years:		
Corporation tax	(251)	1,639
	<u>(24,835)</u>	<u>75,741</u>

10. DIVIDENDS

No dividend has been recommended for the year ended 31 March 2000.

	2000 £	1999 £
Proposed dividends on equity shares	-	<u>36,000</u>

11. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Equipment	Fixtures Fittings	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£	£
COST						
At 1 April 1999	475,286	1,972,631	71,116	91,760	89,699	2,700,492
Additions	230,408	307,638	3,591	74,935	35,655	652,227
Disposals	-	-	-	(24,680)	-	(24,680)
At 31 March 2000	<u>705,694</u>	<u>2,280,269</u>	<u>74,707</u>	<u>142,015</u>	<u>125,354</u>	<u>3,328,039</u>
DEPRECIATION						
At 1 April 1999	46,471	762,357	26,006	58,733	29,201	922,768
Charge for the year	10,799	183,508	6,675	27,874	27,144	256,000
On disposals	-	-	-	(24,681)	-	(24,681)
At 31 March 2000	<u>57,270</u>	<u>945,865</u>	<u>32,681</u>	<u>61,926</u>	<u>56,345</u>	<u>1,154,087</u>
NET BOOK VALUE						
At 31 March 2000	<u>648,424</u>	<u>1,334,404</u>	<u>42,026</u>	<u>80,089</u>	<u>69,009</u>	<u>2,173,952</u>
At 31 March 1999	<u>428,815</u>	<u>1,210,274</u>	<u>45,110</u>	<u>33,027</u>	<u>60,498</u>	<u>1,777,724</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

11. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase and finance lease agreements

Included within the net book value of £2,173,952 is £878,729 (1999 - £850,421) relating to assets held under hire purchase agreements, and £Nil (1999 - £Nil) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £120,035 (1999 - £105,162), and £Nil (1999 - £Nil) in respect of assets held under finance lease agreements.

12. INVESTMENTS

	£
COST	
At 1 April 1999	2
Additions	4
	<hr/>
At 31 March 2000	6
	<hr/>
NET BOOK VALUE	
At 31 March 2000	6
	<hr/>
At 31 March 1999	2
	<hr/>

The company owned all of the issued share capital of the undernoted companies:-

		<u>Country of Registration and Operation</u>
Pelet Limited	Training Company	Scotland
Envirocote Limited	Specialised Coatings	Scotland
G & T Construction Limited	Specialised Coatings	Northern Ireland

13. STOCKS

	2000	1999
	£	£
Raw materials	30,461	15,845
Work in progress	101,662	113,815
	<hr/>	<hr/>
	132,123	129,660
	<hr/>	<hr/>

14. DEBTORS

	2000	1999
	£	£
Trade debtors	527,121	497,401
Corporation Tax repayable	38,190	-
Other debtors	50,320	7,796
Prepayments and accrued income	123,437	25,117
	<hr/>	<hr/>
	739,068	530,314
	<hr/>	<hr/>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

15. CREDITORS: Amounts falling due within one year

	2000	1999
	£	£
Bank loans and overdrafts	478,120	91,554
Trade creditors	543,435	251,052
Amounts owed to group undertakings	5,118	-
Other creditors including taxation and social security:		
Corporation tax	-	40,719
PAYE and social security	28,775	22,335
VAT	50,285	32,318
Hire purchase agreements	243,626	204,044
Dividends payable	-	36,000
Loan creditors	14,931	19,166
Other creditors	3,948	1,998
Directors current accounts	12,101	45,088
Accruals and deferred income	82,561	77,428
	<u>1,462,900</u>	<u>821,702</u>

The company has granted standard securities and a bond and floating charge in respect of monies due or becoming due to The Royal Bank of Scotland Plc. The company has also granted a second security in the form of a floating charge to Strathclyde Regional Council.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	478,120	91,554
Loan creditors	5,555	6,667
Hire purchase & finance leases	243,626	204,044
	<u>727,301</u>	<u>302,265</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2000****16. CREDITORS: Amounts falling due after more than one year**

	2000	1999
	£	£
Bank loans and overdrafts	206,177	88,889
Other creditors:		
Hire purchase agreements	299,495	370,013
Loan creditors	-	14,930
	<u>505,672</u>	<u>473,832</u>

The company has two bank term loan from the Royal Bank of Scotland.

The first loan received was for £200,000 and was granted in November 1995 and is repayable by 72 instalments commencing 13 months after drawdown and attracts interest at a fixed rate of 10.24% per annum.

This loan can be further analysed as follows:

Amounts repayable:

	£
within one year	33,333
in 1 to 2 years	55,556
in 2 to 5 years	-
	<u>88,889</u>

The second loan was for £175,000 and was granted in November 1999 and is repayable by 83 instalments commencing one month after drawdown and attracts interest at 2.5% per annum above the Bank's Base Rate.

The loan can be further analysed as follows:

Amounts repayable:

	£
within one year	19,467
in 1 to 2 years	77,869
in 2 to 5 years	72,752
	<u>170,088</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

16. CREDITORS: Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2000	1999
	£	£
Bank loans and overdrafts	206,177	88,889
Other creditors	-	5,555
Hire purchase & finance leases	299,495	370,013
	<u>505,672</u>	<u>464,457</u>

17. PENSIONS

The company contributes to certain employees personal pension schemes. The annual contributions payable are charged to the profit and loss account and the charge for the year amounted to £19,384 (1999 - £15,189). There were accrued contributions of £4,400 at the balance sheet date (1999 - £3,291).

18. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2000	1999
	£	£
Provision brought forward	146,479	126,977
Increase in provision	13,578	19,502
Provision carried forward	<u>160,057</u>	<u>146,479</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2000	1999
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>160,057</u>	<u>146,479</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2000

19. GOVERNMENT GRANTS

	2000 £	1999 £
Received and receivable:		
At 1 April 1999	468,783	393,783
Receivable during year	95,000	75,000
At 31 March 2000	<u>563,783</u>	<u>468,783</u>
Amortisation:		
At 1 April 1999	124,873	79,163
Credit to profit and loss account	47,887	45,710
At 31 March 2000	<u>172,760</u>	<u>124,873</u>
Net balance at 31 March 2000	<u>391,023</u>	<u>343,910</u>

20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2000 £	1999 £
Amounts payable within 1 year	290,857	244,856
Amounts payable between 2 to 5 years	362,551	446,607
	653,408	691,463
Less interest and finance charges relating to future periods	(110,287)	(117,406)
	<u>543,121</u>	<u>574,057</u>

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets Other Than Land & Buildings	
	2000 £	1999 £
Operating leases which expire:		
Within 1 year	4,092	3,807
Within 2 to 5 years	-	4,092
	<u>4,092</u>	<u>7,899</u>

JOHNSTONE CASTINGS & ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2000****22. SHARE CAPITAL****Authorised share capital:**

	2000 £	1999 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>50,000</u>	<u>50,000</u>

23. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Balance brought forward	585,892	364,126
Retained (loss)/profit for the financial year	<u>(104,978)</u>	<u>221,766</u>
Balance carried forward	<u>480,914</u>	<u>585,892</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/Profit for the financial year	(104,978)	257,766
Dividends	-	<u>(36,000)</u>
	<u>(104,978)</u>	221,766
Opening shareholders' equity funds	656,892	435,126
Closing shareholders' equity funds	<u>551,914</u>	<u>656,892</u>

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25. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	£	£
Operating (loss)/profit	(54,874)	372,366
Depreciation	256,000	210,915
Amortisation of government grants	(47,887)	(45,710)
(Increase)/Decrease in stocks	(2,463)	84,291
(Increase)/Decrease in debtors	(170,564)	37,062
Increase/(Decrease) in creditors	296,004	(187,231)
Net cash inflow from operating activities	<u>276,216</u>	<u>471,693</u>

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2000	1999
	£	£
(Decrease)/Increase in cash in the period	(345,797)	49,717
Net cash outflow from bank loans	38,245	33,333
Net cash outflow in respect of hire purchase agreements	237,915	253,858
Net cash outflow from other long-term creditors	<u>19,167</u>	<u>19,167</u>
	(50,470)	356,075
New hire purchase contracts	(206,980)	(84,766)
New bank loan	(175,000)	-
Change in net debt	<u>(432,450)</u>	<u>271,309</u>
Net debt at 1 April 1999	(783,481)	(1,054,790)
Net debt at 31 March 2000	<u>(1,215,931)</u>	<u>(783,481)</u>

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27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 1999 £	Cash flows £	At 31 March 2000 £
Net cash:			
Cash in hand and at bank	5,115	21,302	26,417
Overdrafts	(58,221)	(367,099)	(425,320)
	<u>(53,106)</u>	<u>(345,797)</u>	<u>(398,903)</u>
Debt:			
Debt due within 1 year	(52,499)	(15,231)	(67,730)
Debt due after 1 year	(103,819)	(102,358)	(206,177)
Hire purchase agreements	(574,057)	30,936	(543,121)
	<u>(730,375)</u>	<u>(86,653)</u>	<u>(817,028)</u>
Net debt	<u>(783,481)</u>	<u>(432,450)</u>	<u>(1,215,931)</u>