GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2020

INDEX

FINANCIAL HIGHLIGHTS

GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907
Established 1883

Directors:

T. J. W. Goodwin	M. S. Goodwin	S. R. Goodwin
(Chairman)	*(Managing Director)*	*(Managing Director)*
	Mechanical	*Refractory*
	Engineeering Division	*Engineering Division*

J. Connolly   S. C. Birks   B. R. E. Goodwin   J. E. Kelly *(Non-Executive Director)*

Secretary and registered office:
Mrs. J. L. Martin, L.L.B., A.C.I.S.
Ivy House Foundry, Hanley,
Stoke-on-Trent, ST1 3NR

Registrar and share transfer office:
Computershare Investor Services PLC,
The Pavilions, Bridgwater Road,
Bristol, BS99 6ZZ

Auditor:
KPMG LLP,
One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

NOTICE IS HEREBY GIVEN that the EIGHTY-FIFTH ANNUAL GENERAL MEETING of the Company will be held at 10.30am on Wednesday, 7th October, 2020 at Crewe Hall, Weston Road, Crewe, Cheshire CW1 6UZ, for the purpose of considering and, if thought fit, passing the following resolutions which are proposed as ordinary resolutions.

1. To receive the Directors' Reports and the audited financial statements for the year ended 30th April, 2020.
2. To approve the payment of the proposed ordinary dividend on the ordinary shares.
3. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30th April, 2020, as stated on pages 27 to 30 of the Directors' Report.
4. To approve the appointment of RSM UK Group LLP as auditor and to authorise the Directors to determine their remuneration.

By Order of the Board

J. L. Martin
Secretary

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent
13th August, 2020

NOTES TO NOTICE OF ANNUAL GENERAL MEETING:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post, by scanned copy sent to proxies@goodwingroup.com or (during normal business hours only) by hand at Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR no later than 10.30am on 5th October, 2020.
3. The return of a completed proxy form or other such instrument will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent, who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 10.30am on 5th October, 2020 (or, in the event of any adjournment, 10.30am on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 12th August, 2020 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 7,363,200 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13th August, 2020 are 7,363,200.
8. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by The Chartered Governance Institute on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.
10. None of the Directors has a service contract with the Company.
11. If approved by shareholders the ordinary dividends will be paid to shareholders on 9th October, 2020.

GOODWIN PLC

CHAIRMAN'S STATEMENT

The pre-tax profit for the Group for the twelve month period ending 30th April 2020, was £12.1 million *(2019: £16.4 million)*, a decrease of 26% on a revenue of £145 million *(2019: £127 million)* which is 14% up on the figures reported for the same period last financial year. The Directors propose a reduced dividend of 81.71p *(2019: 96.21p)*. As with the majority of companies around the world, Covid-19 has stalled our progress in the last quarter of the financial year, and we have seen a slower start to the new financial year than we would have expected without the pandemic. Despite this and the disruption due to trade frictions between the USA and China, the underlying progression of the business remains robust and resilient.

At the time of writing, the Group's current workload stands at £183 million which is 11% ahead of last year's Group record figure of £165 million *(2019: £165 million, 2018: £82 million, 2017: £76 million)*. Whilst the current workload figure contains the first element of the supply agreement announced to the London Stock Exchange on 22nd June, 2020, this supply agreement for the manufacture and machining of storage boxes to assist with nuclear waste clean-up accounts for less than 2% of the £183 million and excludes the amount of orders that are expected to be placed in the future once the mobilisation phase is complete. Armed with this workload, the Group retains a high degree of confidence in the future versus the looming uncertainty for many businesses this coming year.

Within the Mechanical Engineering Division, margins continue to be squeezed on our petrochemical work and this is likely to persist during the current financial year given the low oil price. In order to counteract this I am able to give the assurance that our diligently fostered and growing workload contains substantial amounts of non-petrochemical work commanding respectable margins in areas such as national defence capability and projects of national importance. The critical nature of this ongoing work was highlighted by 'key worker' notices being issued to certain of the Group's operations immediately upon the onset of the pandemic. Whilst these projects are in their infancy, they will start to ramp up over the next six to twelve months.

Goodwin Steel Castings has had another difficult year. This is largely attributable to the performance of two contracts where we are currently in dispute with our customers. Any favourable resolution will be booked in the current financial year once resolved. Going forward the casting of nuclear waste containment boxes in relation to Goodwin International's supply agreement will provide a significant base load for our foundry. However, with projects of this nature they take time to get mobilised, so in this current financial year it is unlikely this contract alone will be transformational, but it will be beneficial in future years. This with their other work for shipbuilding components in specialist alloys for the USA, that only a few alloy steel foundries in the world are qualified to produce, along with specialist nuclear power generation application castings means that our foundry has transitioned away from what used to be business reliant on the petrochemical industries. The business key market re-alignment is still transitional, but the Directors can see that with the markets it is addressing and the projects it is working on that there is a long-term, bright and profitable future for Goodwin Steel Castings.

Similarly Easat Radar Systems is now focusing on complete radar system supply contracts, with a product suite and an offering that is competitive internationally. Two complete systems will be sent to Thailand during this year, and there is a requirement for significant airport infrastructure in developing countries over the coming years, which our competitive product offering is tailored to meet. Over the past twelve months, Easat completed a substantial amount of business, such that it reduced its unacceptable working capital investment by some £4 million which has helped with the Group cash flow.

CHAIRMAN'S STATEMENT *(continued)*

The Refractory Engineering Division achieved operating profits of £7 million in the year, *(2019: £8 million)*, representing 47% of the Group's operating profit despite its customers' consumer products being affected most by Covid-19 in the last quarter. Moving forward, although the construction and industrial customers' activity is returning, uncertainty remains with regard to the medium term outlook especially for our customers' luxury products, for which they use our investment powders, waxes and silicone rubbers.

During the financial year, the Group successfully acquired the globally recognised Castaldo silicone rubber and wax division, including the trade name and associated trademarks. For the past 75 years, Castaldo has been at the centre of the worldwide jewellery casting industry and this acquisition will further increase the Group's global market share within the moulding rubber and injection wax business by aligning higher value complementary sales activities with the existing business activities. By utilising the distribution network and global presence within our Refractory Engineering Division it is forecast that significant revenue growth can be achieved over and above the Castaldo division sales levels seen pre-acquisition. The manufacturing of the product lines is being relocated to Thailand which will also increase the gross margin of the acquired product lines.

Post year end the Group has also seized the opportunity to purchase a 2.5 acre manufacturing site and mineral processing assets for £770,000 that is complementary to our existing minerals processing business that is running at near full capacity. The purchase was concluded within seven days, and the Directors believe that the site was acquired at substantially less than its true market value. In addition, we believe that within a few months we will be able to start to generate profits by utilising the assets acquired.

Across both Divisions, our intangibles have grown in recent years due to multiple product development activities and acquisitions. A number of these major activities will be completed and taken to market within the current financial year leaving us with products that can be sold for many years to come; many of these new products are covered by international patent protection. This is not to say that there will be no new product development programmes as activities here have just been scaled back, focusing as always on areas that we anticipate may yield good future prospects.

In line with the Group's strategy the Board has worked hard to control its working capital and ensure a safe level of gearing. This is transparently seen at an operational level delivering strong cash generation in the year of £22.5 million, up £7.6 million from the previous year. As a result of a reduced level of investment in the year, I am pleased to report the Group's net debt stands at a modest £19 million, equating to a gearing percentage of 18% versus 20% last year.

Following a productive ten year relationship with Lloyds Bank PLC, and with our five year facility set to mature in December 2020, we put the facilities out for competitive tender. On a like-for-like basis, in terms of available facility and once all costs in relation to the facility had been evaluated, Lloyds were no longer as competitive in relation to other offers we received. I can confirm that the Board has now signed a new facility agreement with Santander UK plc for the same quantum but on improved terms, including a higher proportion that will be committed for a five year period. In addition, a £10 million revolving credit facility (RCF) set to expire in October 2020 is also in the final stages of being renegotiated ultimately providing the Group with long-term facilities totalling over £50 million, in addition to the £30 million secured as an additional committed credit line through the Bank of England Covid Corporate Financing Facility (CCFF), which was taken out as an insurance policy should any possible extreme Covid-19 event occur and is repayable in April 2021.

Auditor rotation is now mandated by regulation meaning that the year ended 30th April, 2020 will be KPMG's last year performing the Group audit having worked with us for the

CHAIRMAN'S STATEMENT *(continued)*

prior 56 years (Peat, Marwick, Mitchell & Co. in the earlier years). The Board would like to express its gratitude for the work performed over this period. Following a competitive tender process, the Audit Committee and the Board propose that RSM UK Group LLP be appointed as the new Group auditor, commencing responsibility for auditing the Group for the financial year beginning 1st May, 2020.

Despite my optimism, at the time of writing, it is necessary that we remain acutely aware of the external environment with Covid-19, as until an effective vaccination programme is rolled out, the likelihood of more flare-ups and lockdowns across the globe seems inevitable. However, with the Group's underpinnings, in terms of its order book, its cash flow and excellent workforce from a business point of view, Covid-19 will likely be nothing more than a bump in the road of the Group's progression when we look back at it in a few years' time.

Since the start of the pandemic our workforce has been outstanding. The Group immediately set out a policy to protect its employees, and they in turn have responded and looked after the Group's interests. This has involved working in many cases even harder in order to achieve the same outcomes due to the restrictive and new working practices that were necessarily imposed for everyone's wellbeing.

The Board is once again indebted to our Directors, managers and employees around the world for their efforts in keeping the Group operational during this difficult Covid-19 period and for their devotion to the Group's long-term performance. Had the Group not kept on manufacturing over the four month period between March and the end of June, the Group's profitability and cash flow would have deteriorated substantially. We have all been working in uncharted territory because of this, and I am immensely proud of how every single employee within the Group has adapted and worked within this challenging new environment.

T. J. W. Goodwin
13th August, 2020 *Chairman*

Alternative performance measures mentioned above are defined in note 36 on page 86.

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2020

	Notes	2020 £'000	2019 £'000
CONTINUING OPERATIONS			
Revenue	4, 5	**144,512**	127,046
Cost of sales		**(109,743)**	(86,414)
GROSS PROFIT		**34,769**	40,632
Other income	6	**690**	-
Distribution expenses		**(2,792)**	(3,016)
Administrative expenses		**(19,809)**	(21,205)
OPERATING PROFIT		**12,858**	16,411
Financial expenses	8	**(809)**	(234)
Share of profit of associate companies	15	**66**	233
PROFIT BEFORE TAXATION	6	**12,115**	16,410
Tax on profit	9	**(3,775)**	(3,963)
PROFIT AFTER TAXATION		**8,340**	12,447
ATTRIBUTABLE TO:			
Equity holders of the parent		**7,866**	11,505
Non-controlling interests		**474**	942
PROFIT FOR THE YEAR		**8,340**	12,447
BASIC EARNINGS PER ORDINARY SHARE	10	**107.93p**	159.79p
DILUTED EARNINGS PER ORDINARY SHARE	10	**103.31p**	149.65p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2020

	2020 £'000	2019 £'000
PROFIT FOR THE YEAR	**8,340**	12,447
OTHER COMPREHENSIVE EXPENSE ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Foreign exchange translation differences	**(1,007)**	(383)
Goodwill arising from purchase of minority interest in subsidiaries	**(72)**	(772)
Effective portion of changes in fair value of cash flow hedges	**(355)**	(644)
Change in fair value of cash flow hedges transferred to profit or loss	**522**	180
Effective portion of changes in fair value of cost of hedging	**(843)**	(489)
Change in fair value of cost of hedging transferred to profit or loss	**395**	49
Tax credit / (charge) on items that may be reclassified subsequently to profit or loss	**77**	154
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF INCOME TAX	**(1,283)**	(1,905)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,057**	10,542
ATTRIBUTABLE TO:		
Equity holders of the parent	**6,587**	9,528
Non-controlling interests	**470**	1,014
	7,057	10,542

The full financial statements and accompanying notes are on pages 42 to 98.

OBJECTIVES, STRATEGY AND BUSINESS MODEL

The Group's main **OBJECTIVE** is to have a sustainable long-term engineering based business with good potential for profitable growth while providing a fair return to our shareholders.

The Board's **STRATEGY** to achieve this is:

- to supply a range of technically advanced products to growth markets in the mechanical engineering and refractory engineering segments in which we have built up a global reputation for engineering excellence, quality, efficiency, reliability, price and delivery;
- to manufacture advanced technical products profitably, efficiently and economically;
- to maintain an ongoing programme of investment in plant, facilities, sales and marketing, research and development with a view to increasing efficiency, reducing costs, increasing performance, delivering better products for our customers, expanding our global customer base and keeping us at the forefront of technology within our markets, whilst at all times taking appropriate steps to ensure the health and safety of our employees and customers;
- to control our working capital and investment programme to ensure a safe level of gearing;
- to maintain a strong capital base to retain investor, customer, creditor and market confidence and so help sustain future development of the business;
- to support a local presence and a local workforce in order to stay close to our customers;
- to invest in training and development of skills for the Group's future.
- to manage the environmental and social impacts of our business to support its long-term sustainability.

BUSINESS MODEL

The Group's focus is on manufacturing within two sectors, mechanical engineering and refractory engineering, and through this division of our manufacturing activities, our overseas business facilities and our global sales and marketing activities, the Group benefits from market diversity. Further details of our business and products are shown on our website www.goodwin.co.uk.

Mechanical Engineering

The Group specialises in supplying industrial goods, generally on a project basis, more often than not involving the complementary skillset of other Group companies to deliver the requirement. The projects normally involve international procurement, high integrity castings, forgings or wrought high alloy steels, precision CNC machining, complex welding and fabrication, and other operations as are required. In addition to specialist projects, the Group manufactures and sells a wide range of dual plate check valves, axial nozzle check valves and axial piston control and isolation valves to serve the oil, petrochemical, gas, liquefied natural gas (LNG), mining, nuclear power generation, nuclear waste treatment and water markets. We generate value by creating leading edge technology designs, globally sourcing the best quality raw material at good prices, manufacturing in highly efficient facilities using up to date technology to provide very reliable products to the required specification, at competitive prices and with timely deliveries.

Our mechanical engineering markets also include high alloy castings, machining and general engineering products which typically form part of large construction projects such as power generation plants, oil refineries, chemical plants, nuclear waste treatment plants, high integrity offshore structural components and bridges. The Group through its foundry, Goodwin Steel Castings, has the capability to pour high performance alloy castings up to 35 tonnes, radiograph and also finish CNC machine and fabricate them at the foundry's sister company, Goodwin International. This capability is targeting the defence industry and nuclear decommissioning, the oil and gas industry, as well as large, global projects requiring high integrity machined castings.

Goodwin International, the largest company in the Mechanical Engineering Division, not only designs and manufactures dual plate check valves, axial nozzle check valves and axial piston control and isolation valves but also undertakes specialised CNC machining and fabrication work for nuclear decommissioning projects. Goodwin International also has a division that is focused on manufacturing / machining high precision, high integrity components for naval marine vessels. Noreva GmbH also designs, manufactures and sells axial nozzle check valves. Both Goodwin International and Noreva purchase the majority of the value of their sand mould castings from Goodwin Steel Castings for their ranges of check valves and this vertical integration gives rise to competitive benefits, increased efficiencies and timely deliveries.

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

At Goodwin Pumps India we manufacture a superior range of submersible slurry pumps for end users in India, Brazil, Australia and Africa. Easat Radar Systems (Easat) and its subsidiary, NRPL, design and build bespoke high-performance radar antenna systems for the global market of major defence contractors, civil aviation authorities and border security agencies. Easat has a sister company, Easat Radar Systems India, that also manufactures, sells and maintains radar systems for air traffic control. We create value on these by innovative design, assembly and testing in our own facilities using bought in or engineered in-house components.

Refractory Engineering

Within the Refractory Engineering Division, Goodwin Refractory Services (GRS) primarily generates value from designing, manufacturing and selling investment casting powders and waxes to the jewellery casting industry. GRS also manufactures and sells investment casting powders to the tyre mould and aerospace industries. The Refractory Engineering Division has five other investment powder manufacturing companies located in China, India and Thailand which sell the casting powders directly and through distributors to the jewellery casting industry and also directly to tyre mould and aerospace industries.

These companies are vertically integrated with another of our UK companies, Hoben International, which manufactures cristobalite, which it sells to the six casting powder manufacturing companies as well as producing ground silica that also goes into casting powders and other UK uses of silica such as wind turbine blade manufacture. Hoben International now also manufactures different grades of perlite.

The other UK refractory company is Dupré Minerals which focuses on producing exfoliated vermiculite that is used in insulation, brake linings and fire protection products, including technical textiles that can withstand exposure to high temperatures and for lithium battery fire extinguishers. Dupré also sells consumable refractories to the shell moulding precision casting industry. Dupré has designed, patented and is now selling a range of fire extinguishers and an extinguishing agent for lithium battery fires that utilises a vermiculite dispersion as the fire extinguishing agent.

BUSINESS DIVERSITY AND PERFORMANCE

As can be seen in note 4 to these financial statements, in the year to 30th April, 2020 the Mechanical Engineering Division generated 53% of the Group's operating profit and the Refractory Engineering Division generated 47%. The split between the divisions remains largely unchanged due to the Refractory Engineering Division having been impacted by Covid-19 especially in our Indian, Thai and Chinese factories in the last quarter where there were mandatory shut downs, thus generating a similar performance as last year, rather than the division outperforming its previous performance as originally expected. Furthermore whilst the Mechanical Engineering Division revenue increased by 21%, its operating profits reduced by 32% which is a feature of the difficult contracts encountered in the year, as covered in the Chairman's Statement. As a result and with parts of the global economy continuing to be put in lockdown we expect the diversification to change to a 65:35 split in favour of the Mechanical Engineering Division.

During the course of the year the Group supplied goods to over 90 countries and from the geographical segmentation report on page 59 of these Accounts it can be seen that the revenue is fairly evenly spread between the Pacific Basin Countries, UK and Rest of World. The Group turnover to the rest of Europe equates to 14% of overall turnover and less than 10% relates to trade between the UK and the EU.

The Board is of the opinion that the Mechanical Engineering and Refractory Engineering products that we sell from the UK to Europe will not be significantly affected by any increases in transit delays of even up to two weeks. As the shipments are generally only once or twice per month and, be it by our customers carrying slightly more stock and / or by extending the lead time of the assembling and testing, the finished products takes weeks not days to manufacture.

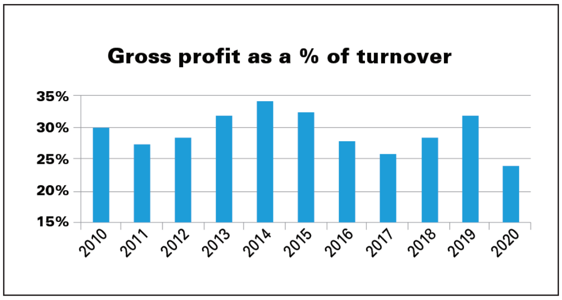
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

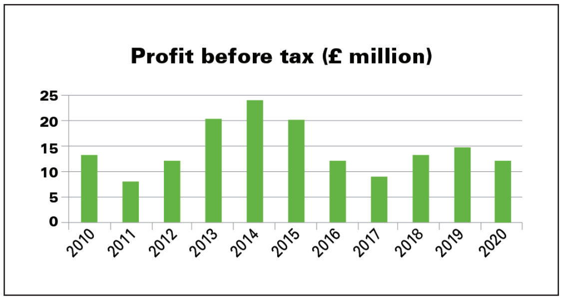
KEY PERFORMANCE INDICATORS

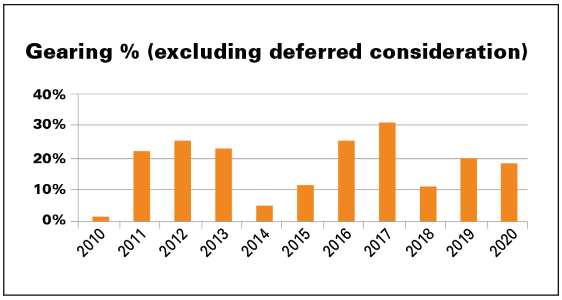
The key performance indicators for the business are listed below:

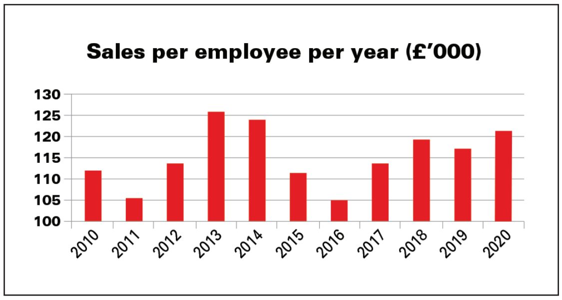
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Gross profit as a % of turnover	29.9	27.3	28.5	31.9	34.3	32.5	27.8	25.6	28.6	32.0	**24.1**
Profit before tax (in £ millions)	13.3	8.1	12.3	20.3	24.1	20.1	12.3	9.2	13.3	14.7*	**12.1**
Gearing % (excluding deferred consideration)	2%	22%	26%	23%	5%	12%	26%	31%	11%	20%	**18%**
Sales per employee per year (in £'000)	112.4	105.5	113.7	125.7	124.1	111.8	105.4	114.0	119.8	117.4	**121.4**
Dividends proposed (in £ millions)	2.0	2.1	2.3	3.8	3.0	3.0	3.0	3.0	6.0	6.9	**6.0**

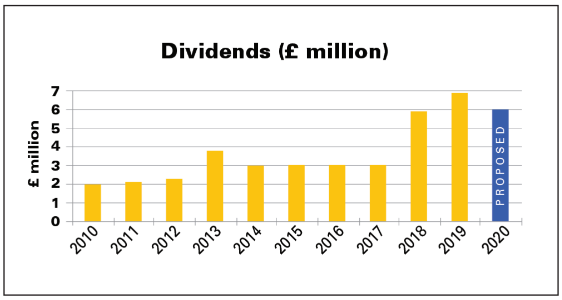
* See note 36











Alternative performance measures mentioned above are defined in note 36 on page 86. The alternative performance measures are important to management and the readers of the Annual Report in assessing the Group's performance and benchmarking it within its respective industries.

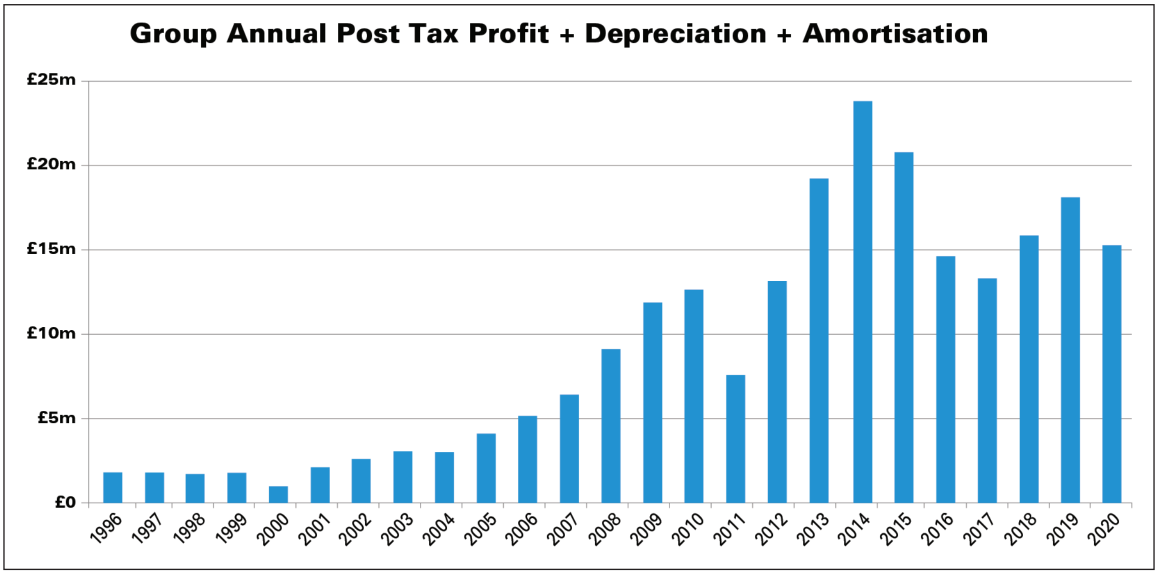
IFRS 16 has not had a significant impact on either the profit or loss or the net assets of the Group. For this reason, the Alternative Performance Measures in note 36 are considered to have been prepared on a consistent basis.

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

DIVIDEND POLICY

Covid-19 has stalled the progress of our Group, but with our agreed targeted limits of gearing at 30%, capital expenditure limited to a maximum of 55% of post tax profits plus depreciation and amortisation on a three year rolling annual average and dividends limited to 38% of (post tax profits + depreciation + amortisation) in place, the cash flow currently remains good. The dividend is automatically reduced by £911,000 to 81.71 pence per share *(2019: 96.21 pence)*. This self adjusting system results in a reduction in dividend of 15% per share.

As illustrated in the Chairman's Statement and the Stategic Report, there are many positives occuring in the Group to counter balance Covid-19 and it is not considered necessary to have a dramatic modification to the Dividend Policy.



PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations expose it to a variety of risks and uncertainties. The Directors confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. Whilst the risk of a health crisis and black swan events are not new risks, Covid-19 has been identified as a new principal risk to the Group, as discussed below.

Covid-19 risk: The Covid-19 pandemic has already had an unprecedented bearing on businesses and economic activity across the world. The Group very early on (1st March, 2020) in advance of any UK government guidelines coming out developed a policy of paying any employee or one whose household member exhibits Covid-19 symptoms to isolate at home for 14 days and at the same time set up all manufacturing and office working activities such that 2 metre social distancing was maintained. Hand sanitisers and warning labels were positioned by all opening doors and many had, where possible self-disinfecting handles fitted. Daily reporting by location was introduced with any persons, who came into contact with a symptomatic person, being mandated to take two weeks paid isolation. Amongst our UK work force of 775 people we had 7 confirmed cases of Covid-19, two of whom were hospitalised, but both have recovered and are now back at work.

In the UK, all factories have continuously run since the 6th January, 2020 and, as has been seen dispatch and revenue levels increased for the year ending 30th April, 2020. Three overseas factories in China and India were subject to mandatory lockdown for six to eight weeks, but these factories are all now back up and running.

The enduring principal risk of Covid-19 is that the consumption of jewellery in the retail shops has been very much affected world-wide with our sales volumes of our investment jewellery casting powders being down in all parts of the world. With retail shops and airports now starting to reopen there is evidence that the drop in luxury goods being purchased from our customers is starting to recover, but it is difficult to predict the 12 month effect to 30th April, 2021.

The workload in our Mechanical Engineering companies is good and we expect them to remain busy through to the end of April 2021. As mentioned in the Chairman’s Statement, much of this work is for naval vessels, and for nuclear waste reprocessing along with delivering four radar systems and large valves for the potable water industry.

Market risk: The Group provides a range of products and services, and there is a risk that the demand for these products and services will vary from time to time because of competitor action or economic cycles or international trade friction or even wars. As shown in note 4 to the financial statements, the Group operates across a range of geographical regions, and its turnover is split across the UK, Europe, USA, the Pacific Basin and the Rest of the World.

This spread reduces risk in any one territory. Similarly, the Group operates in both mechanical engineering and refractory engineering sectors, mitigating the risk of a downturn in any one product area as was seen over the past three financial years. The potential risk of the loss of any key customer is limited as, typically, no single customer accounts for more than 10% of turnover.

As described in the Business Model, the Group generates significant sales not only from the worldwide energy markets but also from naval marine applications, military ship building, vermiculite and perlite to the insulating and fire prevention industry and the jewellery consumer market that our investment casting powder companies indirectly supply through the supply of investment casting moulding powders, waxes, silicone rubber and air traffic control systems.

Technical risk: The Group develops and launches new products as part of its strategy to enhance the long-term value of the Group. Such development projects carry business risks, including reputational risk, abortive expenditure and potential customer claims which may have a material impact on the Group. The potential risk here is seen as manageable given the Group is developing products in areas in which it is knowledgeable and new products are tested prior to their release into the market.

Product failure/Contractual risk: The risks that the Group supplies products that fail or are not manufactured to specification are risks that all manufacturing companies are exposed to but we try to minimise these risks through the use of highly skilled personnel operating within robust quality control system environments, using third party accreditations where appropriate. With regard to the risk of failure in relation to new products coming on line, the additional risks here are minimised at the research and development stage, where prototype testing and the deployment of a robust closed loop product performance quality control system provides feed back to the design department for the products we manufacture and sell. The risk of not meeting safety expectations, or causing significant adverse impacts to customers or the environment, is countered by the combination of the controls mentioned within this section and the purchase of product liability insurance. The risk of product obsolescence is countered by research and development investment.

Supply chain and equipment risk: Failure of a major supplier or essential item of equipment presents a constant risk of disruption to the manufacturing in progress. Where reasonably possible, management mitigates and controls the risk with the use of dual sourcing, continual maintenance programmes, and by carrying adequate levels of stocks and spares to reduce any disruption.

Health and safety: The Group’s operations involve the typical health and safety hazards inherent in manufacturing and business operations. The Group is subject to numerous laws and regulations relating to health and safety around the world. Hazards are managed by carrying out risk assessments and introducing appropriate controls, as well as attending safety training courses.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Acquisitions: The Group's growth plan over recent years has included a number of acquisitions. There is the risk that these, or future acquisitions, fail to provide the planned value. This risk is mitigated through financial and technical due diligence during the acquisition process and the Group's inherent knowledge of the markets they operate in.

Financial risk: The principal financial risks faced by the Group are changes in market prices (interest rates, foreign exchange rates and commodity prices). Detailed information on the financial risk management objectives and policies is set out in note 28 to the financial statements. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques, including credit insurance, stage payments, forward foreign exchange contracts, secured and unsecured credit lines.

Regulatory compliance: The Group's operations are subject to a wide range of laws and regulations. Both within Goodwin PLC and its subsidiaries, the Directors and Senior Managers within the companies make best endeavours to ensure we comply with the relevant laws and regulations.

Assessment of principal risks: Changes and likely impact: As part of the Board's risk management and control of principal risks, areas of monitoring and expert advice undertaken are reported upon by the Audit Committee on pages 22 to 24.

The Board's assessment of the impact of Brexit on the Group

Brexit is not seen as a significant issue to the Group. We envisage minimal overall effect in the long-term within our trading companies, as the majority of our trade has little direct interaction within Europe. A significant proportion of our reported revenue to Europe, as set out within note 4, relates to bespoke capital contracts that typically are installed into projects not within the EU, despite the customer being resident in the EU. Our UK imports are not required on a just in time basis nor are they reliant on EU suppliers. Raw materials are primarily sourced from vendors outside of the EU due to cost-effectiveness, with EU suppliers being a dual source for the supply of critical items.

The Brexit related sensitivity or scenario testing has not indicated that there are any impairment, viability or going concern issues.

Furthermore, the Group remains focused on and has a growing proportion of its workload consisting of the supply of niche UK-based capabilities into long-term, strategically critical programmes located in the UK and the US where both countries remain committed to playing a key role in domestic and global security.

Nonetheless, the Board continually monitors and assesses the potential risks of Brexit, by regularly consulting on the matter with the Group's management, suppliers, customers and reviewing and considering the diverse opinions, written by many commentators.

Specific Risks

Potential Risks	Explanation of the Board's assessment of the potential impact	Mitigation / Management
Supply Chain Friction	The majority of products supplied into Europe are consumables. Whilst customs issues may cause some delays the goods supplied are relatively low value and customers would build up stocks. We also have the ability to supply these products from Thailand, China, India or Brazil should the need arise to circumnavigate any possible issues. For products supplied from Europe to our UK subsidiaries, in all cases we have a viable non-EU dual source option.	The Group has built flexibility to respond to changes in the operating environment by assessing supplier readiness, investigating alternative domestic supply, globally dual sourcing and increasing logistics options. Most products are only supplied / delivered once or twice per month to each customer.
Effect of changes in import / export taxes	With the Group's widespread customer base and local manufacturing structure, if World Trade Organisation (WTO) tariffs are imposed the impact is not anticipated to be material to the Group's results. We expect that any increased costs will likely be offset by the further devaluation of the pound Sterling (the positive impact on sales prices would exceed the impact of adverse movements in the cost base), where our imports generally represent 35% of our total costs to manufacture in the UK.	Management of customers' expectations and contract negotiation to protect against incremental costs and potential contractual delays. Over the next seven years we expect that the UK / US trading relationship tariffs will be a far higher agenda item than the UK's relationship with Europe.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

The Board's assessment of the impact of Brexit on the Group *(continued)*

General Risks

Potential Risks	Explanation of the Board's assessment of the potential impact	Mitigation / Management
Macro Economic	In the event of a no deal Brexit, further currency devaluation will only aid the Group's global competiveness and increase the reported net worth and the Sterling value of dividend receivables from the overseas companies.	It is the Group's policy to hedge material transaction based currency exchange exposures.
Movement of Labour	The Group is not dependent on low skilled labour and it will not be affected by its shortage in the event that the movement of EU citizens is restricted.	We continue with our 25 per year apprentice hiring programme, which has local accolade.
Regulatory and Policy	With the Group's product offerings and the commencement of major UK and US programmes, the Board considers the Group is well protected against regulatory change and the loss of market access upon which other businesses may be reliant.	N/A
Tax	The Group does not rely on double taxation treaties and cash flow impacts as a result of potential changes in VAT are insignificant.	Regular assessment and sensitivity testing.
Financing	Liquidity risks are mitigated with the use of three independent banks, committed facilities, and staggered renewal dates (see note 28).	The Board has assessed the Company's banks' health and continually monitors their Brexit exposure and strategy.

The Brexit related sensitivity or scenario testing has not indicated that there are any impairment, viability or going concern issues.

CORPORATE SOCIAL RESPONSIBILITY

Environment

The Group continues to seek to achieve high standards in the management of environmental matters. We recognise the impact our operations may have on the environment and seek to minimise or eliminate adverse effects.

In the year the Board has commenced an initiative to "Balance and Reduce" the CO_2 generated by the Group's activities. To help generate a sustainable plan, third party assistance is being sought that will provide a framework as to how the Group will grow in a carbon neutral manner and set targets for the forthcoming years to reduce our current emissions. The initiative is likely to include:

- the transition of company vehicles to electric
- incentivising the workforce to use electric vehicles
- a mandate that all future investments are to be carbon balanced, where appropriate.

Greenhouse Gas ("GHG") emissions

In line with the latest UK reporting requirements, the sites reporting GHG data are the same as those consolidated in the Group's financial statements, and we have included all material qualifying emissions around the Group for the years to 30th April, 2020 and 30th April, 2019. We have used the reporting guidance set out by the new SECR (Streamlined Energy and Carbon Reporting) requirements and used the methodology set out therein, to report our Scope 1 and Scope 2 emissions. Overseas electricity factors have been taken from the latest IEA ©OECD/IEA documentation, covering both OECD and non OECD countries.

The reported CO_2 emissions are detailed below:

	2020 Tonnes of CO_2e	2019 Tonnes of CO_2e
Scope 1 – direct emissions (from Company facilities and vehicles)	**38,494**	39,351
Scope 2 – indirect emissions (from electricity purchased for own use)	**6,882**	7,144
Total Scope 1 and Scope 2 emissions	**45,376**	46,495
Intensity – emissions of total CO_2 equivalent reported above per £1 million of Group revenue	**313**	372
Energy Consumption (kWh) resulting in the above reported emissions	**76,786,289**	Not reported
Proportion of emissions arising from UK operations %	**97%**	Not reported

Our overall emissions have marginally reduced in the year, which will partly be as a result of the Covid-19 impacting our activity in the latter months of the reported period. In the year the Group met its target to reduce all space heating and lighting by 5% by 2020, new metrics and targets will be set in the current year as a result of the new "Balance and Reduce" initiative.

Donations

The Company made no political donations during the year *(2019: £nil)*.

Donations by the Group for charitable purposes amounted to £54,262 *(2019: £65,015)*. The majority of these were made to local communities within the Group's operating environments.

Employee consultation

The Group takes seriously its responsibilities to employees and, as a policy, provides employees systematically with information on matters of concern to them. It is also the policy of the Group to consult where appropriate, on an annual basis, with employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

The policy of the Group is to offer the same opportunity to disabled people, and those who become disabled, as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them in accordance with the requirements of the Equality Act 2010.

Health and Safety

The Group acknowledges that many of its manufacturing processes and some materials that it handles and sells are hazardous.

We have a total of 18 people whose full time efforts are dedicated to :

A) Risk analyses

B) Writing safe operating and maintenance procedures

C) Ensuring our packing, material handling, customer safety data we provide to customers is fit for purpose.

D) Analysing near misses, accidents and failures to ensure appropriate action is taken to make the operating environment at our factories and offices become safer.

E) Training within the subsidiaries.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Community issues

During the year the Company has continued to communicate to all employees our culture of responsibility and support for local communities where possible.

Ethics and Sustainability

We are committed to conducting business responsibly and ethically. We endeavour to ensure that our staff, suppliers and business partners adopt the same or similar high ethical standards and values. This applies, but is not limited to human rights, modern slavery, ant-bribery and corruption.

Continual training is carried out to all relevant staff and a variety of third party evaluation services are used on an ongoing basis for agents and other business relationships. We visit major suppliers and write letters in line with the United Nations Global Compact voluntary initiative. The letters invite our major suppliers to adopt, implement and evidence adequate compliance policies. This is all enhanced by an anonymous whistle-blowing system.

Diversity Policy

The Group is committed to ensuring that everyone should have the same opportunities for employment and promotion based on ability, qualifications and suitability for the work in question. The Group invests in training and development of skills for the Group's future and has a long-term aim that the composition of our workforce should reflect that of the community it serves. Our Diversity Policy is implemented through training and development, recruitment, our business culture and the Board's Strategy.

The following tables set out the breakdown of our average number of employees and Board members by gender and age:

Breakdown by gender

Year ended 30th April, 2020	Male	%	Female	%	Total
Main Board and Company Secretary	6	75	2	25	8
Senior Management	71	92	6	8	77
Employees	893	81	212	19	1,105
Total	**970**	**82**	**220**	**18**	**1,190**

Breakdown by age

Year ended 30th April, 2020	Age 16 to 21	%	Age 22 to 40	%	Age 41 to 65	%	Age Over 65	%	Total
Main Board and Company Secretary	0	0	6	75	1	13	1	12	8
Senior Management	0	0	12	16	63	82	2	2	77
Employees	94	8	530	48	461	42	20	2	1,105
Total	**94**	**8**	**548**	**46**	**525**	**44**	**23**	**2**	**1,190**

S.172 Statement

Duty to promote the long-term sustainability through stakeholder engagement

Under Section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the Company over the long-term for the benefit of shareholders as a whole, having regard to a range of other key stakeholders and interests. The Directors must have regard (amongst other matters) to:

The likely consequence of any decision in the long-term

The Board considers the long-term consequences of the decisions it makes, focusing on the interests of relevant stakeholders as appropriate. Strategy considerations include commercial decisions (bidding for new business), reviewing current and future geographical and technology markets and investment into the workforce. The primary capital allocations decisions include R&D and dividend payments.

The interests of the Group's employees

The Board considers the most effective form of engagement and communication with its employees for its size and complexity is by way of informal daily discussions between the employees, the Senior Management and Board members who walk the floor. This is further supported by team meetings, training, and an honest and open culture.

The need to foster the Group's business relationships with suppliers, customers and others

The Board considers market trends regularly and reviews their likely long-term implications. Through regular site visits and discussions with the procurement departments the Board acquires a first-hand understanding of its business relationships.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

S.172 Statement *(continued)*

The need to foster the Group's business relationships with suppliers, customers and others *(continued)*

Engagement is ensured from the initial tender processes to embedded sales and engineering project meetings and reinforced by an open door culture, whilst actively seeking feedback.

The Board is made up of six Executive Directors who are actively involved with the day to day business and management of the subsidiaries thereby allowing a good understanding of key members of the supply chain and also ensuring a fair purchase culture.

The impact of the Groups's operations on the community and the environment

The Board encourages its sites to support their local communities through charitable activities and initiatives to support the local area within which they operate. An environmental initiative was commenced in the year to obtain the necessary knowledge and resource to help balance and reduce the CO_2 emitted as a result of the Group's activities.

Engagement occurs through collaboration with local schools where engineering and 'Women in Engineering' is promoted. Furthermore, regular dialogue is maintained with the local councils and charities.

The desirability of the Group maintaining a reputation for high standards of business conduct

The Board takes seriously the Group's obligation to maintain high standards of business conduct and assessed compliance. During the year the Board has commenced a review of its code of conduct and how it can be implemented in a more effective manner.

The need to act fairly as between members of the Company

The Company has one class of ordinary shares, which have the same rights as regards voting, distributions and on a liquidation. Management are also significant shareholders in the Company, holding approximately 52.95% of the register. In accordance with LR6.5.4R, there is a controlling shareholder agreement in place. On this basis the Board feels that the Executive Directors are fully aligned with shareholders.

Shareholders engagement occurs through the Annual Report, regulatory disclosures, our website and the Annual General Meeting.

FORWARD-LOOKING STATEMENTS

The Group Strategic Report contains forward-looking type statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report. Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them for future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

The Group Strategic Report was approved by the Board on 13th August, 2020 and is signed on its behalf by:

T. J. W. Goodwin	M. S. Goodwin	S. R. Goodwin
Director	*Director*	*Director*

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their reports and audited financial statements for the year ended 30th April, 2020.

The Directors have presented their Group Strategic Report on pages 3 to 16. The Group Strategic Report is intended to be an analysis of the development and performance of Goodwin PLC and contains a description of the principal risks and uncertainties facing the Group and an indication of likely future developments. The Chairman's Statement is part of the Group Strategic Report of the Directors for the year and provides the financial review, including some of the key performance indicators and future trends of the business. Also included in the Group Strategic Report for the year are the Group's Objectives, Strategy and Business Model on page 7, the Principal Risks and Uncertainties on page 11, and the Corporate Social Responsibility Report on pages 14 to 16.

The Board considers that the Chairman's Statement, the Group Strategic Report, the Directors' Reports and the Financial Statements, taken as a whole, are fair, balanced and understandable and that they provide the information considered appropriate for shareholders to assess the Group's position and performance during the financial year and at the year end, and to assess the business model and strategy.

Proposed ordinary dividends

The Directors recommend that an ordinary dividend of 81.71p per share *(2019: 96.21p)* be paid to shareholders on the register at the close of business on 11th September, 2020. If approved by shareholders, the ordinary dividend will be paid to shareholders on 9th October, 2020.

See comments on page 10 regarding the Dividend Policy.

Directors

The Directors of the Company who have served during the year are set out below.

M. S. Goodwin
S. R. Goodwin
T. J. W. Goodwin
J. Connolly
S. C. Birks
B. R. E. Goodwin
J. E. Kelly *(Non-Executive Director)*

The Chairman and the Managing Directors do not retire by rotation.

No Director has a service agreement with the Company, nor any beneficial interest in the share capital of any subsidiary undertaking. The Chairman does not have any other significant external appointments.

Shareholdings

The Company has been notified that as at 10th August, 2020, the following had an interest in 3% or more of the issued share capital of the Company:

J. W. and R. S. Goodwin 2,129,153 shares (28.92%), J. W. and R. S. Goodwin 1,393,562 shares (18.93%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. H. Ridley 501,709 shares (6.81%), Rulegale Nominees (JAMSCLT) 416,915 shares (5.66%).

In line with LR 9.2.2AB R, relating to Controlling Shareholders, the Company confirms that a written and legally binding agreement is in place, which complies with the provisions set out in LR 6.5.4 R.

Share capital

The Company's issued share capital comprises a single class of share capital which is divided into ordinary shares of 10p each. Information concerning the issued share capital in the Company is set out in note 27 to the financial statements on page 75.

All of the Company's shares are ranked equally and the rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales or by writing to the Company Secretary.

There are no restrictions on the voting rights of shares and there are no restrictions in their transfer other than:

- certain restrictions as may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Market Abuse Regulation whereby Directors of the Company require approval to deal in the Company's shares.

Additionally, the Company is not aware of any agreements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights.

Following the passing of a Resolution at the Company's Annual General Meeting on 5th October, 2016 to approve an Equity Long Term Incentive Plan ("LTIP") for the Executive Directors, the Directors have statutory authority to issue shares in connection with the exercise of options granted under the LTIP. The Directors have not been given authority to issue any shares of the Company other than in respect of the LTIP nor have they been given authority to buy back any shares. The LTIP earn-out for each of the eight Directors, who were eligible under the scheme, when it was approved, is 61,200 shares each and these are exercisable within five years from 1st May, 2019. Details of the options exercised during the year are reported in the Annual Directors' Remuneration Report on page 30.

REPORT OF THE DIRECTORS *(continued)*

Research and development

The Group invests significantly in research and development. The more material investments during the year included the development of high yield steels for high integrity boat hull manufacturers and axial flow control valve designs.

Change in control

The Group's committed loan facilities include a change of control clause, which states that a change of control of the parent Company will be classed as an event of default and would enable the providers at their discretion to withdraw the facilities.

Shareholder relations

All shareholders are encouraged to participate in the Company's Annual General Meeting. No shareholder meeting has been called to discuss any business other than ordinary business at the Annual General Meeting.

The Board complies with the recommendations of the UK Corporate Governance Code that the notice of the Annual General Meeting and related papers should be sent to shareholders at least twenty working days before the meeting.

The Directors attend the Annual General Meeting. The Chairman and other members of the Board and the Chair of the Audit Committee and Audit Committee members will be available to answer questions at the forthcoming Annual General Meeting. In addition, proxy votes will be counted and the results announced after any vote on a show of hands.

The Chairman ensures that the views of shareholders are communicated to the Board as a whole, ensuring that Directors develop an understanding of the views of shareholders. Any individual requests for information from shareholders are dealt with by the Chairman, and where any such requests are subject to restraint in that any disclosure would give rise to share price sensitive information, then the requests would be declined, or referred to the Board for release to all shareholders through the Stock Exchange.

Going concern

The Directors, after having reviewed the projections and possible challenges that may lie ahead, believe that, armed at the time of writing with £74.5 million of committed facility (including £30 million CCFF funds, which are repayable within one year (see notes 28 and 31), there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements, and have continued to adopt the going concern basis in preparing the financial statements.

Furthermore, we are pleased to report that the Group has recently completed the refinancing of one of its significant facilities which was due to retire by 31st December, 2020. In terms of total debt quantum, the refinancing has given the Group the same funding availability but with proportionally more of the facility moving to committed five year funding. The Group is also in the final stages of renegotiating a £10 million revolving credit facility which expires in October 2020. The Directors do not see an issue in renewing these facilities.

The Directors have, as part of this going concern assessment, specifically considered the impact of Covid-19 on the Group's operations and in particular have developed a series of in-depth financial models covering at least twelve months following the approval of the financial statements. The models show the base case (our reasonable expectation in light of Covid-19), with an alternative scenario that stress tests this base case model for severe but plausible downside outcomes. Within the base case model, the Directors have considered the current trading conditions and assumed similar activity levels within the Mechanical Engineering Division as a result of its workload and assumed the Refractory activity levels may be reduced due to it being more exposed to the global downturn. We forecast that after 30th April, 2021 activity levels will return to those seen prior to Covid-19 and growth will return.

Within our severe but plausible downside model, it is demonstrable that the Group has sufficient funds to cover the Group's and the Company's commitments during the forecast period and is forecast to be within its financial covenants. The model also incorporates various assumptions including the assumption of a series of customer failures and the failure of a major supplier within the refractory division, the inability to achieve Covid-19 cost reduction targets and the impact of further lockdowns that last three to six months in Europe, China, India and Brazil. The failure of a major supplier is modelled to result in three months of business interruption. These assumptions, whilst plausible, are considered extreme in the Board's view.

As referred to elsewhere in these financial statements, the Mechanical Engineering Division currently has a record order book and whilst we have down rated our expectations within this division in our forecasts we would emphasise that our factories largely remained open during the height of the first phase lockdown and we are not seeing any issues regarding the suspension of works on these orders. Whilst the Refractory Engineering Division would be exposed to events such as a second lockdown, as a well-diversified Group, our severe but plausible downside model clearly demonstrates we are well set to absorb the impact of a protracted Covid-19 resolution.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Viability Statement

In accordance with provision 31 of the Governance Code the Directors have assessed the Group's viability over a three year period to 30th April, 2023.

REPORT OF THE DIRECTORS *(continued)*

Viability Statement *(continued)*

While the Board has no reason to believe that the Group will not be viable over a longer period, the Board believes that a three year review period is prudent, and provides the readers of the report with a sensible degree of confidence.

Following the severe but plausible modelling, disclosed in the above Going Concern note, and given the Group's current financial position, and specifically its modest gearing levels allied to committed long-term financing lines with unutilised headroom, we see ourselves as well placed to deal with adverse events – Covid-19 or otherwise. With the significant operational workload within the Mechanical Engineering segment underpinning performance in the short to medium term, the Directors' are therefore able to confirm that they have a reasonable expectation that the Group will be able to continue in operation and remain viable over this extended three year period.

Auditor

In accordance with Section 489 of the Companies Act 2006 and the recommendation of the Board of Directors, a resolution is to be proposed at the Annual General Meeting for the appointment of RSM UK Group LLP as auditor of the Company.

Approved by the Board of Directors and signed on its behalf by:

T. J. W. Goodwin
Chairman

13th August, 2020

CORPORATE GOVERNANCE REPORT

Introduction

The Board comprises six Directors and an independent Non-Executive Director; the Audit Committee comprises the Non-Executive Director, who is the Audit Committee Chair, and three other members, the previous Chairman, the previous Managing Director and the previous Company Secretary, all of whom had held these positions for twenty-seven years and have very substantial knowledge and experience of the diversified Group's people, product ranges and the very diversified overseas markets in which the Group operates. The Board and the Audit Committee fulfil the roles required for effective corporate governance and the Board considers that it has the right governance to execute its strategy to achieve its objectives.

The Board has always felt that it should be recognised that what may be appropriate for the larger company may not necessarily be so for the smaller company, a point raised previously in the Cadbury Code of Best Practice. Whilst conscious of its non-compliance with certain aspects of the revised Code as detailed below, we do not believe that at this stage in the Group's development and circumstances it is appropriate to change its own operational or governance structure with the sole objective of achieving compliance with the revised Code given that the Board's current corporate governance strategy has been accepted by a large majority of its shareholders.

For the past five years the Company has had one Non-Executive Director who is also the Chair of the Audit Committee, which has three other members as described above. This is not in full compliance with the revised Code, but for a small company, due to the limits of time, availability and cost, the Board considers this as an optimum compromise that is beneficial to shareholders and the Group's long-term interests. For specific independent expertise the Board engages independent consultants.

Compliance statement under the UK Corporate Governance Code 2018

The Company is required to report on compliance throughout the year. In relation to all of the provisions except those mentioned below, the Company complied throughout the period.

As noted in the introduction above, the Group does not comply with aspects of the Code's requirements under provisions 11 and 13 and provision 12 in terms of having a senior independent Director. Since 14th April, 2015 a Non-Executive Director with the role of Chair of the Audit Committee has been appointed. The Group does not have a Remuneration Committee or a Nominations Committee as required under provisions 32 and 33 and 17.

The roles of the Chairman in running the Board and the Managing Directors in running the Group's businesses are well understood. It is not considered necessary to have written job descriptions. This is contrary to provision 14. The Chairman and Managing Directors do not retire by rotation, which is contrary to provision 18 of the Code.

The Board

During the year, the Board met formally twelve times, and details of attendees at these meetings are set out below:

M. S. Goodwin	12 out of 12 attended
S. R. Goodwin	12 out of 12 attended
T. J. W. Goodwin	12 out of 12 attended
J. Connolly	12 out of 12 attended
S. C. Birks	11 out of 12 attended
B. R. E. Goodwin	12 out of 12 attended
J. E. Kelly	10 out of 12 attended

The Chairman and Managing Directors do not retire by rotation. With this exception, all Directors retire at the first Annual General Meeting after their initial appointment and then by rotation at least every three years, which is contrary to provision 18 of the Code.

The Board retains full responsibility for the direction and control of the Group and, whilst there is no formal schedule of matters reserved for the Board, all acquisitions and disposals of assets, investments and material capital-related projects are, as a matter of course, specifically reserved for Board decision.

The Board meets regularly with an agenda to discuss corporate strategy; to formulate and monitor the progress of business plans for all subsidiaries and to identify, evaluate and manage the business risks faced. The management philosophy of the Group is to operate its subsidiaries on an autonomous basis, subject to overall supervision and evaluation by the Board, with formally defined areas of responsibility and delegation of authority. The Group has formal lines of reporting in place with subsidiary management meeting with the Board on a regular basis. Regular informal meetings are also held to enable all members of the Board to discuss relevant issues with local management and staff at the business units.

The Audit Committee

The Audit Committee is made up of the following: J.E. Kelly (Chair), J.W. Goodwin, R.S. Goodwin and P. Ashley and the Audit Committee reports to the Board. The Audit Committee has met formally eight times since the issue of the Annual Report for the year ended 30th April, 2019, with all members attending each meeting. The responsibility of the Audit Committee is explained in the Audit Committee Report on pages 22 to 24. The Audit Committee takes into account the Company's corporate Mission Statement, Objectives and Strategy, and reviews investor correspondence and comments, regulatory changes, current issues and market trends. The Audit Committee uses expert opinion where considered appropriate.

Board evaluation

The Managing Directors, Chairman and Audit Committee address the development and training needs of the Board as a whole. An evaluation of the effectiveness and performance of the Board and the Directors of subsidiaries has

CORPORATE GOVERNANCE REPORT *(continued)*

been carried out by the Managing Directors, Chairman and Audit Committee, by way of personal discussions and individual performance evaluation.

All Directors have reasonable access to the Company Secretary and to independent professional advice at the Company's expense.

External audit

The external auditor is appointed annually at the Annual General Meeting. The Board, following review and recommendations received from the Audit Committee, considers the appointment of the auditor, and assesses on an annual basis the qualification, expertise, cost, independence and objectivity of the external auditor. In addition, the Audit Committee monitors the level of non-audit services provided to the Group by the external auditor to ensure that their independence is not compromised.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Corporate Governance Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal controls and risk management which are designed to manage rather than eliminate risk and provide reasonable reassurance against material misstatement or loss.

The Board has primary responsibility for controlling: operational risks; financial risks including funding and capital spend; compliance risks; and political risks. The Audit Committee has been delegated responsibility for corporate reporting, financial risk management and to regularly review the effectiveness of the Group's internal controls together with consideration of any reports from the external auditor. The Audit Committee Report is on pages 22 to 24. Except as noted within this Corporate Governance Report, the Board confirms that the internal control systems comply with the UK Corporate Governance Code.

The Group's main systems of internal controls includes regular visits and discussions between Board Directors and subsidiary management, head of legal, health and safety committee and the Group internal auditor, on all aspects of the business including financial reporting, risk reporting and compliance reporting. In addition, there is Board representation with Goodwin PLC Directors on the boards of the subsidiaries. Any concerns are reported to the members of the Audit Committee and to the Board. The Group maintains a risk register, has business continuity programmes and has insurance programmes that are all regularly reviewed. These procedures have been in place throughout the year and are ongoing to endeavour to ensure accordance with the FRC publication 'Risk Management, Internal Control and Related Financial and Business Reporting'. The Board considers that the close involvement of Board Directors in all areas of the day to day operations of the Group's business, including considering reports from management and discussions with senior personnel throughout the Group, represents the most effective control over its financial and business risks system, by providing an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. In particular, authority is limited to Board Directors in key risk areas such as treasury management, capital expenditure and other investment decisions.

The close involvement of Board Directors in the day-to-day operations of the business ensures that the Board has the financial and non-financial controls under constant review and so it is not currently considered that formal Board reviews of these controls would provide any additional benefit in terms of the effectiveness of the Group's internal control systems.

The Board recognises the importance of an effective internal audit function to assist with the management and review of internal controls and business risk. The Group internal auditor continues to make good progress reviewing internal controls, procedures and accounting systems, though this became more difficult towards the end of the financial year due to the worldwide Covid-19 pandemic. The Board of Directors and Senior Management will continue to have close involvement on a day-to-day operational basis and the scope and results of internal audit work to be performed will be kept under review in the coming year.

The Board considers that certain functions are best carried out by independent external bodies with specific expertise, who then report to the Board directly or through the Audit Committee.

The Board confirms that it has not been advised of any material failures or weaknesses in the Group's internal control systems.

Approved by the Board of Directors and signed on its behalf by:

T. J. W. Goodwin 13th August, 2020
Chairman

AUDIT COMMITTEE REPORT

The key role of the Audit Committee is to provide confidence in the integrity of the Group's financial risk management, internal financial controls and corporate reporting. The Audit Committee, as empowered by the Group's Board of Directors, has responsibility for:

1. Reviewing and checking the Group's full year and half year Accounts and the Annual Report, as presented to the Audit Committee, to ensure that they are, in their view, fair, appropriate, representative of the Group's performance and that they provide the information necessary for shareholders to assess the Group's performance.
2. Reviewing the Group's financial and non-financial internal controls and risk management systems and commenting on whether they are relevant and effective.
3. Making recommendations to the Group's Board of Directors on the appointment and remuneration of the Group's external auditor; ensuring independence of the auditor; the effectiveness of the audit process; and that the Group receives value for money from the audit.
4. Reviewing comments and feedback brought to its attention by Directors or other employees of the Group.
5. Reviewing the Group's "whistle-blowing" procedures and reviewing any significant reports.
6. Reviewing the scope of work for the internal audit function and the resultant reports.
7. Reviewing significant accounting estimates and judgements relating to the financial statements with the external auditor and members of the Board.

The Audit Committee discharges each of its above responsibilities as follows:

1. Examining the integrity of the Group's Annual Report and half year Interim Report:

The Chair of the Audit Committee is an independent Non-Executive Director. The other members of the committee either are persons with experience in the Group's typical products and or markets or have historical knowledge of the business and activities of the Group. Regular meetings are held between members of the Audit Committee, Directors of Goodwin PLC and its subsidiaries, General Managers and Senior Management of the UK subsidiaries. Members of the Audit Committee are involved in regular discussions with the Directors, General Managers and Senior Management of each subsidiary where the positions taken on subjective financial matters are discussed. Each overseas subsidiary is normally visited at least once during the year by a member of the Audit Committee, and / or by a Main Board Director, for meetings with the General Managers and Senior Management with reports sent back to the Audit Committee. However, in the current circumstances of flight and self-quarantining restrictions, this has not been possible since March 2020 but extensive use of Zoom has enabled regular meetings to continue with our overseas factories. Any areas where the Audit Committee feels that the positions taken within any particular subsidiary are either inappropriate or merit further discussion are documented for further discussion by the Board of Directors of Goodwin PLC.

For the half year Interim Report, the Audit Committee reviews the financial and non-financial content, including the Chairman's Statement, and reviews the financial statements and qualitative notes of the financial statements, to help ensure that they are balanced, relevant, appropriately compliant with relevant accounting standards/ legislation, and are consistent and complete. The Audit Committee reports to the Board of Directors their views as to whether the half year Interim Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's half year performance. The figures in the half year Interim Report are not audited, but the external auditor is given sight of these before publication.

For the full year Annual Report, the Audit Committee reviews the financial and non-financial content of the Group Strategic Report, including the Chairman's Statement; the Corporate Governance Report; the Directors' Report; the Directors' Remuneration Policy and Report; and reviews the financial statements and the qualitative notes to the financial statements to examine whether the content is balanced, relevant, appropriately compliant with relevant accounting standards / legislation, and are consistent and complete. The Audit Committee has discussed the full year Annual Report and their views with the Group external auditor. The Audit Committee confirmed to the Board that in its opinion the proposed Annual Report for the year ended 30th April, 2020 appropriately represents the Group's trading position and, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's full year performance, its position at the year end, and its objectives, strategy and business model.

2. Helping to ensure the Group carries effective and relevant financial and non-financial internal controls and financial risk management systems:

To assess the effectiveness of systems for internal financial controls, financial reporting and financial risk management, the Audit Committee reviews reports from Main Board Directors on the Group's subsidiaries; reviews reports from the Group Chief Accountant; reviews reports from General Managers of the Group's subsidiaries; reviews quarterly financial reports; reviews reports from internal and external audit; requests and reviews reports from independent external consultants; and reviews the Group's risk register, business continuity programmes and levels of insurance.

AUDIT COMMITTEE REPORT *(continued)*

2020 Audit Committee Risk Programme

The terms of reference for the Audit Committee and how it discharges its duties have been presented to the Board and ratified.

Risk Management:

As a method of adding formality to the management of risk within all Group companies, Steven Birks, a Goodwin PLC Director, continues to mentor each subsidiary in enhancing their risk analysis and controls, and reports to the Audit Committee on this task. Having focussed initially on overseas companies, all subsidiaries in the Group are now included in the mentoring and areas being scrutinised in detail, other than risks individual to each company, are:

a) having appropriate limits of contract liability
b) having appropriate levels and types of insurance
c) ensuring appropriate control of cash flow
d) ensuring health and safety continues to be given priority and that there is a progressive plan for improvement
e) ensuring product development and life cycles are managed relative to the global market
f) ensuring that the provision of trained and skilled manpower is appropriately matched to the requirements of each company
g) risk analysis and preventative measures associated with the installation and commissioning of new plant, modified plant and new processes.

The Audit Committee continues to review the effectiveness of Know Your Customer (KYC), credit insurance, political risk insurance and contract terms and conditions. Gallagher have carried out a review of insurance policies in place at the overseas subsidiaries and it is an ongoing task to consider their comments on any areas of concern.

Market risk

This remains as stated last year and, upon review, no customer accounts for more than 10% of the annual Group turnover. The country and sector dependency for the year is shown by the charts on the Company website, www.goodwin.co.uk.

Technical risk

The performance of new products issued to market always has a degree of risk until a multi-year track record has been attained. This statement relates to all Group companies in both the Mechanical and Refractory Engineering Divisions.

Product failure/contract risk

This has been reviewed and is unchanged from that previously stated.

Financial risk

This has been reviewed and is as stated last year with the perceived increased volatility in exchange rates and the possibility of high foreign exchange hedging costs for forward long-term contracts.

Regulatory compliance

The Audit Committee continues to monitor regulatory compliance, training and competency. The Committee is aware of the recently enacted Climate Change Act 2008 (2050 Target Amendment) Order 2019 and is reviewing its impact on the Group.

Human Resources

The age profile of senior managers and perceived skill gaps within each Group company continue to be reviewed by the Audit Committee. However, due to the current Covid-19 situation no major recruitment initiatives are taking place.

During the year the Audit Committee continued to monitor the risks posed affecting information security and the steps taken to minimise these.

The Audit Committee also reviews and comments to the Board on major capital purchases or company acquisitions being proposed by the Board of a unit or linked value greater than £2 million. Gross proposed or actual capital expenditure of all Group companies is also reviewed to help ensure the Board is aware of how such expenditure will affect the limits agreed to be in place at the time.

The Audit Committee has confirmed its view to the Board that in its opinion, the Group carries relevant internal controls and risk management systems appropriate to minimise the perceived risks of the Group's business.

3. The Group's external auditor

KPMG LLP has been the Group's auditor for more than twenty years. In line with the recent changes in legislation with regards to auditor appointments, the Company has now obtained competitive tenders for its audit services, and has appointed RSM UK Group LLP as its Auditor for the year ending 30th April, 2021 and going forward subject to shareholders' approval at the Annual General Meeting. The Audit Committee followed the guidance set out in the FRC notes on best practice when considering the tenders and recommended this appointment.

AUDIT COMMITTEE REPORT *(continued)*

KPMG LLP did not provide non-audit services to the Group during the year. The Company has, for many years now, used a different accountancy practice to that of the statutory auditor for its UK tax services, which further enhances both objectivity and independence.

The Audit Committee has met formally with the Group's external auditor, KPMG LLP, to discuss the full year Annual Report, and has met with and discussed matters with them as part of the audit process during the current financial year being reported on. No material concerns were raised during these meetings or discussions. The Audit Committee was satisfied with the external auditor's independence and the effectiveness of the audit process.

As detailed above, the Audit Committee has recommended to the Board to propose a Resolution to confirm the appointment of new Auditors, RSM UK Group LLP, as the external auditor at the Annual General Meeting on 7th October, 2020.

4. Reviewing comments and feedback

There is regular contact with Directors and employees where open and frank discussion is encouraged. Shareholders who have asked to visit the Company have done so.

5. Whistle-blowing Procedures

The Group has a whistle-blowing policy in place whereby employees can report any suspected misconduct or concerns, either anonymously on a dedicated telephone line, or to the Chairman, the Company Secretary or the external auditor. Such calls are investigated and are reported to the Audit Committee. The Audit Committee has confirmed to the Board that the Group's whistle-blowing policy and procedures are appropriate.

6. Internal Audit

The scope of internal audit has been set by the Audit Committee and the results reviewed.

The internal audit function operates a random rotation policy which prioritises based on materiality and endeavours to cover all Group subsidiaries at least once within a three year cycle either via the Group Internal Auditor or by the respective Group Managing Directors. Due to Coronavirus, internal audits of our overseas subsidiaries have been and are frustrated, but the larger profit earning overseas subsidiaries, Noreva, Gold Star India and Goodwin Pumps India, have been subject to full statutory audit by KPMG Germany and India respectively. KPMG UK have this year also commissioned KPMG Thailand to perform testing on key balances at Siam Casting Powders as part of their overall Group coverage for the year end 30th April, 2020 audit. It is intended that next year in country RSM UK Group LLP auditors will carry out similar audits and testing of the larger overseas subsidiaries.

7. Covid-19

The Audit Committee considered the likely outcome as far as it could be determined of Covid-19, the measures put in place in the first week of March 2020 both for our UK companies and also recommendations for our overseas subsidiaries. The emphasis, other than keeping workers appropriately distanced as well as applying hand washing/sterilising stations, sending people home should they or a family member in their household exhibit Covid-19 symptoms, was to keep the factories producing, earning gross margin and conserving cash flow thereby remaining well within the agreed banking facilities.

8. Accounting estimates and judgements relating to the Financial Statements

The Audit Committee reviewed what it considered to be the accounting estimates and judgement areas within the Group Annual Report for the year ended 30th April, 2020.

The Audit Committee also took account of the findings of KPMG LLP in relation to their external audit work for the year.

In particular, the Audit Committee considered the following principal risk area:

> The requirements of IFRS 15, have been considered by the Audit Committee. This is seen as a key estimate / judgement area for the Audit Committee. Under certain circumstances, IFRS 15 mandates that revenue and profit be recognised in the profit and loss account before the goods are actually shipped, which may lead to corrections in subsequent periods. This impacts on companies within our Mechanical Engineering segment where we have bespoke contracts which carry termination for convenience clauses inclusive of profit in the event of a customer contract cancellation. The consequence here is that the Standard mandates that we take profit on our work in progress and show the result as revenue despite the goods not being shipped. The Audit Committee's key concern here is the risk that estimates and judgements made in good faith at the balance sheet date may lead to adjustments in subsequent periods.

J. E. Kelly 13th August, 2020
Chair of the Audit Committee

DIRECTORS' REMUNERATION POLICY AND REPORT

This report includes the Group's Remuneration Policy for Directors and sets out the Annual Directors' Remuneration Report.

Group's Remuneration Policy for Directors

The Group's policy in respect of Directors' remuneration is to provide individual packages which are determined having due regard to the Group's current and projected profitability, the employee's specific areas of responsibility and performance, their related knowledge and experience in the Group's specific fields of operation, the external labour market and their personal circumstances whereby a package to remunerate and motivate the individual so as to best serve the Group is set. Individual salaries are also indirectly linked up and down to the time allocated and perceived effort by the Director to the Group's business. Many Directors, as indeed employees, put in hours of work way beyond what could be requested and such personal devotion to duty by a Director is rewarded without formulae. All Board members have access to independent advice when considered appropriate. In forming its policy, consideration has been given to the UK Corporate Governance Code best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of Directors of comparative companies.

The remuneration policy for other employees is broadly based on principles consistent with the policy for Directors. Salary reviews take into account Group performance as well as subsidiary performance, local pay and market conditions.

Whilst being aware of the requirements to show in graph form the breakdown of base pay, bonus pay, pension and long-term benefits, the Group is unable to comply with this requirement as Directors are not paid in accordance with any specific performance criteria or KPIs. Directors are paid based on their level of activity within the Group, their knowledge and experience of the Group's activities or similar, the performance of the Group versus market opportunity whilst also considering the Director's personal circumstances and the salary needed to ensure continuity of employment. This in itself may result in decreases or increases in Director salary within any year as illustrated in the matrix below.

Element of Pay	Purpose and Link to Strategy	Operation	Maximum	Performance Targets	Changes for 2019/2020
Salary	Reflects the Directors' level of activity and achievement within the Group, their knowledge and experience of the Company's activities or similar, the performance of the Group versus market opportunity, whilst also considering the salary needed to ensure continuity of employment.	Reviewed annually at the anniversary of the previous salary adjustment for the individual Director.	Generally in line with inflation and the wage/salary increase awarded to employees, but this is not rigid.	The Group's performance, good or bad, may result in the salary being flexed.	The Managing Director sets the base increase in salaries. For the period May 2019 to April 2020, the increase was generally 2.4%.
Bonus	No bonus strategy or incentive is agreed or contractual with any Director. Should any be awarded, it is discretionary and generally between 0% and 25%, but with a maximum of 60%, as determined by the Managing Directors and audited by the Chairman.	Following review of the half year and year end results of the Company.	60% of salary	N/A	No exceptional bonuses were paid this year.

DIRECTORS' REMUNERATION POLICY AND REPORT *(continued)*

Group's Remuneration Policy for Directors *(continued)*

Element of Pay	Purpose and Link to Strategy	Operation	Maximum	Performance Targets	Changes for 2019/2020
Pensions	All Directors have 3% added to their gross remuneration which, by nature of salary sacrifice, is put into a pension scheme where they have direct dealings with the selected investment fund provider.	Monthly payments	Currently 3% of gross remuneration	N/A	No changes. This policy was adopted in October 2013 for the Directors and entire UK workforce.
Other benefits	Fully expensed car or cash alternative, health insurance or other services.	N/A	N/A	N/A	See details of the Directors' emoluments on pages 29 and 30.

We believe the above meets the requirement of Schedule 8, Companies Act 2006, regarding the changes in 2019 / 2020. The Policy and Report is signed by the Chairman and the Managing Directors.

In any company there are specific individual circumstances that on occasions will merit special treatment in a given year for a Director either to keep or look after the person, indeed no different than we may do for an employee. In the matrix of remuneration for Directors you will note the Company has given itself flexibility to deal with specific circumstances which may not even be able to be made public for confidentiality reasons of which there are many. However, bearing in mind the performance of the Company over the past twenty years and more and that the Directors' salaries are anything but excessive versus the norm of other PLCs, this is the Board's policy.

For reference the TSR of Goodwin PLC versus the FTSE 100 and the FTSE 350 is shown below for not only the last five but also the last ten years and the last twenty years.

	Goodwin	FTSE 100	FTSE 350
TSR for last 5 Years … … …	3.5%	3.7%	4.4%
TSR for last 10 Years … … …	137.8%	55.4%	62.2%
TSR for last 20 Years … … …	6,865%	90.9%	115.4%

The TSR achieved by the Company over the past five years is below the average of the FTSE 100 and FTSE 350. This has been a feature of exceedingly high growth in the period more than five years ago and the effect of the global contraction of capital expenditure in the oil, gas and mining industries over the past three years. Over the past three years the Directors have worked hard to reduce our reliance on the oil and gas market, so in the next three years the oil and gas market will have a less significant impact on the business. The TSR for the last ten years and the last twenty years still far outstrips the performance of the FTSE 100 and the FTSE 350.

As is required by the Listing Rules, we show in graph form both the salary of the Managing Director of Goodwin PLC and the TSR over the past ten years. We, however, do not list out the salary of the Financial Director of Goodwin PLC versus the TSR as in Goodwin PLC we have a Group Chief Accountant (J. Connolly) who carries out 75% of the duties of a Financial Director and who is also a Director of Goodwin PLC, but we do not have what would generally be known as a Financial Director. This is for the reason that certain decisions that outsiders might consider are the sole responsibility of the Financial Director are not. In Goodwin PLC it is a team effort and such decisions are made not only by the Group Chief Accountant but also by the Managing Directors and the Chairman.

The Company put the Remuneration Policy to the vote of the Annual General Meeting in 2019 when it was passed by 93.68% of those who voted. The Company will be putting the Remuneration Policy to the vote again in 2022 which is three years from the last vote, as is required by the Listing Rules.

For confidentiality and flexibility reasons, the Board policy is not to disclose exit/termination payments to Directors but the policy is to remain within the law, to fairly compensate good leavers and minimise payments to bad leavers. In the last ten years, the Company has managed to avoid paying any termination payments to bad leavers. It is, however, Board policy to limit termination payments to a maximum of 100% of gross annual salary and should such amount be exceeded than it will be reported in the Annual Report giving the reason why.

The Company takes seriously its responsibility for ensuring a fair deal between employees, shareholders, customers and the local community and maintaining an appropriate balance.

The Company does not use or pay any external advisors or consultants for remuneration or incentive policy. Shareholder engagement is by nature of the Annual Report, the Annual General Meeting and the votes therein.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report

This report is submitted in accordance with the Directors' Remuneration Report Regulations.

Consideration by the Directors of matters relating to Directors' remuneration

The Company's Remuneration Policy for Directors is set by the Board as a whole and is described in pages 25 to 26. The Policy has been followed in the financial year to 30th April, 2020 and will be followed in the next financial year.

The Board of Directors are also the key management personnel as defined in IAS 24.

Service contracts

None of the Directors has a service contract. A Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors other than the Chairman and Managing Directors are subject to retirement by rotation and as employees also have notice periods in accordance with law. No compensation as of right is payable to Directors on leaving office.

Relative importance of spend on pay

The table below shows shareholder distributions and total employee expenditure, and the percentage change in both:

	2020 £'000	2019 £'000	%
Ordinary dividends proposed in respect of the year … … … … …	**6,016**	6,927	(13.2)%
Total employee costs … … … … … … … … …	**44,241**	41,189	7.4%
Average employee numbers … … … … … … … … …	**1,190**	1,082	10.0%

Approval of the Company's Annual Directors' Remuneration Report

An ordinary resolution for the approval of the Annual Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. The Annual Directors' Remuneration Report presented in the accounts to 30th April, 2019 was put to the shareholders at last year's Annual General Meeting on 2nd October, 2019. The Annual Directors' Remuneration Report was accepted with 93.69% of proxy votes cast in favour.

Total shareholder return – unaudited

The following graphs compare the Group's total shareholder return over the ten and twenty years ended 30th April, 2020 with various FTSE indices. The graphs also show the change in the earnings of the previous Managing Director for the periods up to 30th April, 2019.

The base earnings figure used in the graphs for 30th April, 2020 is the amount each Managing Director earned in the year.

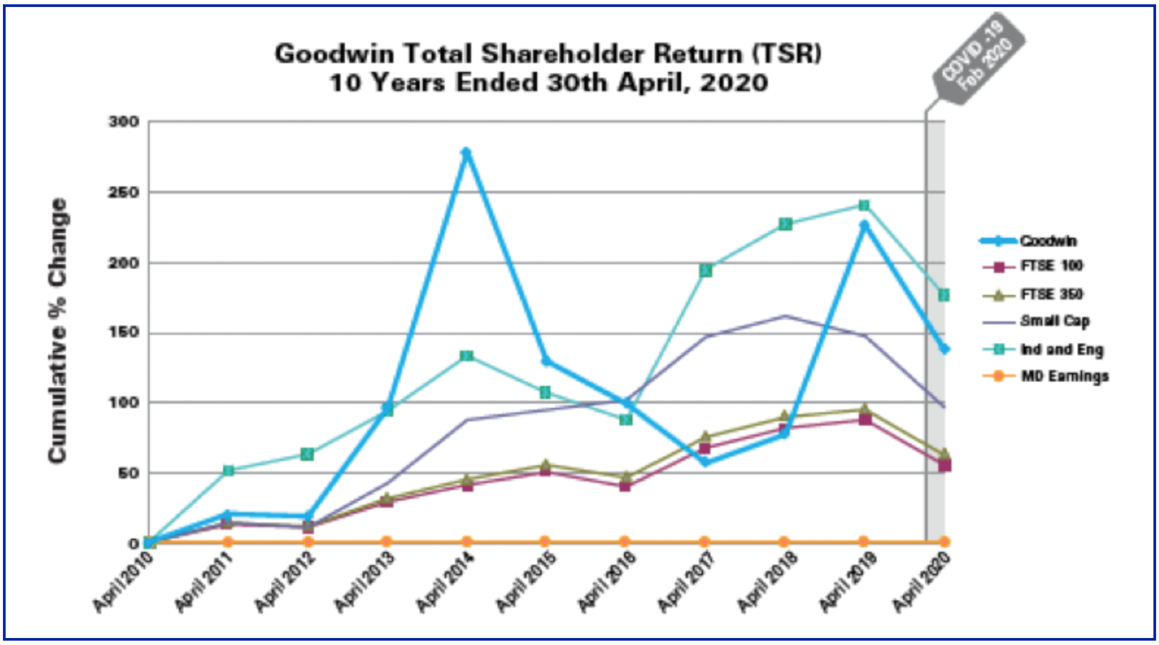
2016 £'000	**2017 £'000**	**2018 £'000**	**2019 £'000**	**2020 £'000**
369	**368**	**385**	**397**	**310**

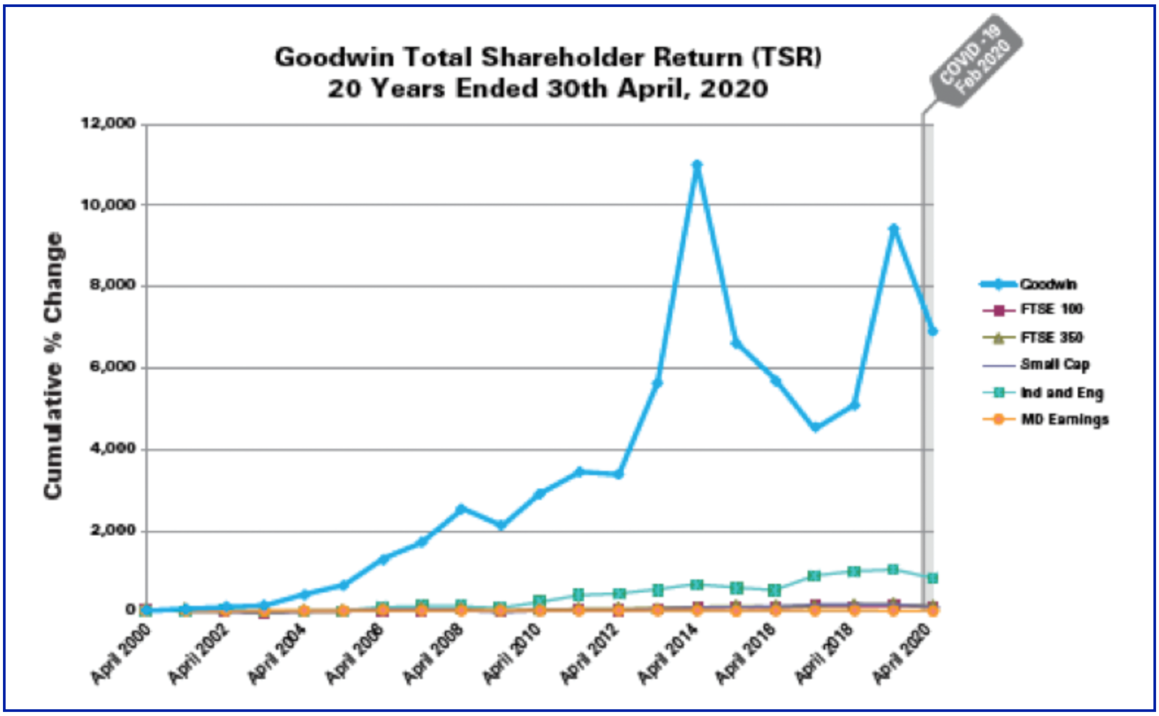
Total payroll costs have increased by 7.4% which is a reflection of the average employee numbers having increased by 108 (10%) over the course of the year. During the year, the base increase awarded to employees in the UK companies was 2.4%.

The following graphs have not been audited.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*





The increase in the Goodwin PLC share price since 2000 plus dividends re-invested would mean that £1.00 invested in 2000 by the 30th April, 2020 would be worth £69.65. The increase in the share price since 2010 plus dividends re-invested would mean that £1.00 invested in 2010 would at 30th April, 2020 be worth £2.38.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

The auditors are required to report on the following information contained in this section of the Annual Directors' Remuneration Report.

Directors' interests in the share capital of the Company as well as Audit Committee members / ex Directors – audited

The interests of the Directors in the share capital of the Company at the beginning and end of the financial year were as follows:

	Number of 10p ordinary shares **30th April 2020**	30th April 2019
Beneficial		
M. S. Goodwin	**64,034**	62,653
S. R. Goodwin	**82,247**	80,866
T. J . W. Goodwin	**112,868**	118,487
J. Connolly	**7,622**	1,222
S. C. Birks	**200**	200
B. R. E. Goodwin	**42,501**	30,120
J. W. Goodwin*	**40,986**	31,586
R. S. Goodwin*	**11,656**	2,256
J. W. Goodwin and R.S. Goodwin*	**2,129,153**	2,129,153
J. W. Goodwin and R.S. Goodwin*	**1,393,592**	1,361,486
Non-beneficial		
J. W. Goodwin* and E. M. Goodwin	**14,166**	14,166

There have been no changes in the Directors' interests between 30th April, 2020 and 13th August, 2020.

* Audit committee member but not Director

Details of individual emoluments and compensation – audited

The following parts of the Remuneration Report are subject to audit.

Single Total Figure Table Year ended 30th April, 2020	**Salary 2020 £'000**	**Benefits in kind 2020 £'000**	**Non-Exec Director's fees 2020 £'000**	**Pension contributions 2020 £'000**	**Total 2020 £'000**
M. S. Goodwin	**275**	**25**	**-**	**10**	**310**
S. R. Goodwin	**275**	**25**	**-**	**10**	**310**
T. J. W. Goodwin	**177**	**11**	**-**	**6**	**194**
J. Connolly	**199**	**36**	**-**	**6**	**241**
S. C. Birks	**117**	**25**	**-**	**4**	**146**
B. R. E. Goodwin	**140**	**11**	**-**	**5**	**156**
J. E. Kelly	**-**	**-**	**63**	**-**	**63**
Total	**1,183**	**133**	**63**	**41**	**1,420**

Single Total Figure Table Year ended 30th April, 2019	Salary 2019 £'000	Benefits in kind 2019 £'000	Non-Exec Director's fees 2019 £'000	Pension contributions 2019 £'000	Sub-total 2019 £'000	LTIP* 2019 £'000	Total 2019 £'000
J. W. Goodwin	337	49	-	11	397	1,940	2,337
R. S. Goodwin	339	47	-	11	397	1,940	2,337
J. Connolly	204	29	-	6	239	1,940	2,179
M. S. Goodwin	219	25	-	7	251	1,940	2,191
S. R. Goodwin	210	16	-	7	233	1,940	2,173
S. C. Birks	116	23	-	4	143	1,940	2,083
B. R. E. Goodwin	123	11	-	4	138	1,940	2,078
T. J. W. Goodwin	132	11	-	4	147	1,940	2,087
J. E. Kelly	-	-	52	-	52	-	52
Total	1,680	211	52	54	1,997	15,520	17,517

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Details of individual emoluments and compensation – audited *(continued)*

* The LTIP column relates to the vesting of the 2016 Equity Long Term Incentive Plan award on 1st May, 2019, based on the ten year performance ended 30th April, 2019. As required by reporting rules, the values in the April 2019 column are calculated on the actual value of vesting of the performance award in April 2019, using the average share price of £31.70 on the 30th April, 2019 and an opening share price on 1st May, 2019 of £32.38. The value attributed for each Director cannot be taken all in year one, and by the rules of the LTIP scheme, any Director must take the value over a three to five year period, with no more than one third of the value taken in any one calendar year.

Benefits in kind consist of the provision of a fully expensed car, a cash alternative scheme, healthcare insurance or other services.

Equity Long Term Incentive plan (LTIP) – Vested Share Options – audited

Awarded

Under the Long-Term Incentive Plan (LTIP) for the Executive Directors, that was approved at the Annual General Meeting on 5th October, 2016, the 2016 LTIP target was partially met, vesting 85% of the awards granted, entitling each of the sitting eight Directors to 61,200 shares (17 x 3,600 = 61,200).

Exercised

In the year ending 30th April, 2020 each Director exercised 20,400 share options, increasing the total share capital by 163,200 to 7,363,200. The value awarded for each Director cannot be taken all in year one, and by the rules of the LTIP scheme, any Director must take the value over a three to five year period, with no more than one third of the value taken in any one calendar year.

The aggregate share options remaining to be exercised amount to 326,400.

The Company has no follow-on LTIP incentive plans in place or proposed.

Pay Ratio of Managing Directors

This year, for the first time, in accordance with the Pay Ratio Regulations we are disclosing the comparison of our Managing Directors' pay with that of our average UK employees. It was felt appropriate that the Managing Directors' pay was used in the comparison as we do not have what is generally known as a Chief Executive Officer.

For the year ending 30th April, 2020 the pay for both the Managing Directors in the Single Total Pay Figure table is the same. If the figures are different in any subsequent year, the higher of the two figures will be used in the ratio pay comparison section.

We have opted for Option A of the pay ratio regulations as this is the preferred option under the regulations and also provides the most accurate data. The table below shows our Managing Directors' pay ratio at the 25th, median and 75th percentile of our UK employees as at 30th April, 2020:

Financial Year	MD Mechanical Engineering M. S. Goodwin	MD Refractory Engineering S. R. Goodwin	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020 ratios			Option A	12:1	10:1	7:1
2020 total pay £'000	310	310		25	32	45

Notes:

1. *Total pay has been calculated for each employee and, where applicable, prorated to calculate full-time equivalent pay. It includes payments that are taxable plus any employer pension contributions.*
2. *We offer competitive and fair rates of pay for all our UK employees taking into account personal circumstances.*

Total pension entitlements – unaudited

In line with the Government's requirements the Group administers a pension scheme for all UK employees including Directors. Under this Auto Enrolment Pension arrangement each Director has an amount of 3% of gross remuneration paid into a pension scheme where they have direct dealings with the selected investment fund provider. The employee also contributes a minimum of 4% of remuneration to his / her fund. The pension contributions are to defined contribution pension schemes which are independent of the Company.

The Company has no obligations to make any payments in relation to pensions when a Director leaves service by nature of removal from office, resignation or retirement.

The Annual Directors' Remuneration Report was approved by the Board on 13th August, 2020 and is signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Directors' Report and Accounts

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Group Strategic Report includes a fair review of the development and performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Directors Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

T. J. W. Goodwin *Director*	M. S. Goodwin *Director*	S. R. Goodwin *Director*

13th August, 2020

INDEPENDENT AUDITOR'S REPORT to the members of Goodwin PLC

1. Our opinion is unmodified

We have audited the financial statements of Goodwin PLC ("the Company") for the year ended 30 April 2020 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors before 1984. The period of total uninterrupted engagement is for the 37 financial years ended 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: group financial statements as a whole	£507,000 (2019:£489,000) 4.0% (2019: 3.5%) of normalised Group profit before tax*	
Coverage	83% (2019: 92%) of absolute Group profit before tax**	
Key audit matters		**vs 2019**
New risks:	Going concern – Disclosure quality	New
	Recoverability and useful economic life of capitalised development costs	New
Recurring risks:	The impact of uncertainties due to the UK exiting the European Union, on our audit	◀▶
	Revenue recognition – Engineered bespoke revenue recognised over time	▲
	Revenue recognition – Standard product and bespoke engineered product revenue recognised at point in time	◀▶
	Parent Company: Recoverability of investments in subsidiaries and receivables due from subsidiaries	◀▶

*This is the Group profit before tax averaged over the past 5 years due to volatile nature of the benchmark.

**This is the profit and losses as a percentage of total profits and losses that made up the Group profit before tax

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union, on our audit Refer to pages 12 and 13 (Group Strategic Report)	**Unprecedented levels of uncertainty:** All audits assess and challenge the reasonableness of estimates, in particular as described in the valuation of capitalised development costs key audit matter (referred to as "the key audit matter affected"), and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the group's future prospects and performance. In addition, we are required to consider the other information presented in the Annual Report including the principal risks disclosure and the viability statement and to consider the directors' statement that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Brexit is one of the most significant economic events for the UK and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: — **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks; — **Sensitivity analysis:** When addressing the key audit matter affected and other areas that depend on forecasts, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty; and — **Assessing transparency:** As well as assessing individual disclosures as part of our procedures over the key audit matter affected, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. **Our results** — As reported under the key audit matter affected, we found the resulting estimates and related disclosures of the key audit matter affected and disclosures in relation to going concern to be acceptable. — However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Going Concern Refer to page 18 (Report of the Directors'), pages 48 and 49 (accounting policy).	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and Company's available financial resources over this period were: • The impact of COVID-19 on demand for the Group's products; • The impact of COVID-19 on the Group's supply chain; • The impact of further lockdowns around the world on the group's manufacturing operations. There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: **Funding assessment:** Assessing the forecast cash position and the available committed facilities to understand the financial resources available to the Group and assessing the ability to comply with covenants during the forecast period. **Sensitivity analysis:** Considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively including the impacts of COVID-19 on demand for the group's products and the impact of COVID19 on the supply chain. **Historical comparisons:** Assessing historical forecasting accuracy, by comparing forecast cash flows to those actually achieved by the Group. **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosure by considering whether they reflect the position of the Group's financing and the risk associated with the Group's ability to continue as a going concern. **Our results** We found the disclosure without any material uncertainty to be acceptable (2019: acceptable).

	The risk	Our response
Revenue recognition – Engineered bespoke revenue recognised over time (£60.1 million; 2019: £34.5 million) Refer to page 24 (Audit Committee Report), page 53 (accounting policy) and page 60 (financial disclosures).	**Subjective Estimate:** Certain of the Group's subsidiaries enter into contractual relationships with customers to deliver bespoke products with a significant proportion of the revenues and profits derived from long term contracts. Due to the contracting nature of the business, revenue recognition involves a significant degree of judgement and estimates including: - Estimate of total contract costs; - Forecast profit margin; - Loss making contracts provision. The effect of these matters is that, as part of our risk assessment, we determined that engineered bespoke overtime revenue recognition has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: — **Personnel interview:** We enquired with management about specific contracts to understand their status and performance**;** — **Test of detail:** Considered the cost incurred per inventory items already manufactured and compared this with the forecast cost per inventory item to complete the project to assess the reasonableness of forecast; — **Test of detail**: Inspecting selected contracts for key clauses; identifying relevant contractual mechanisms such as liquidated damages and assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements**;** — **Test of detail:** We verified a sample of costs incurred to assess that they had been allocated to the correct contract and value of costs was valid; — **Assessing transparency:** Assessed the related disclosures, including those required under the relevant standard, contained in the Group financial statements. **Our results** — We found the revenue recognition over time to be acceptable (2019: acceptable).
Revenue recognition – Standard product and bespoke engineered product revenue recognised at point in time (£25.4 million; 2019: £35.1 million) Refer to page 24 (Audit Committee Report), page 53 (accounting policy) and page 60 (financial disclosures).	**Accounting application:** The Group trades under a wide variety of commercial terms, and the point at which the performance obligation is satisfied varies. The risk is that the timing of revenue recognition is not in line with the agreed commercial terms. The risk relates to transactions close to the financial year end (revenue cut-off).	Our procedures included: — **Accounting analysis:** We reviewed the specific commercial terms applied by the various businesses in the Group and made our own independent assessment of the performance obligation and the appropriate point in time to recognise revenue having regard to the requirements of the relevant accounting standards. — **Test of detail:** We challenged the recognition of revenue for a sample of sales at the financial year end, based on our assessment of the commercial terms agreed with the customer, relevant shipping documentation and sales invoices. **Our results** — We found the resulting revenue recognition of standard product and bespoke engineered product revenue recognised at a point in time at year end to be acceptable. (2019: acceptable)

	The risk	Our response
Recoverability and useful economic life of capitalised development costs (£7.5 million; 2019: £6.6 million) Refer to page 24 (Audit Committee Report), pages 51 and 52 (accounting policy) and page 70 (financial disclosures).	**Subjective estimate:** The Group operates in an evolving industry in terms of technology and customer demand. These factors can affect the useful economic life of capitalised development costs. There is a risk that capitalised development costs may be impaired, if the value of the asset cannot be supported by future profitable orders. In accordance with IAS 36 'Impairment of Assets,' the directors and management have performed an annual impairment review, which compares the net book value of the assets plus the estimated costs to complete to the net realisable value, calculated by determining future cash flows discounted to present value. This assessment performed by management incorporates key assumptions over the timing and extent of future revenues, costs to complete, and the discount rate used. Estimation is required in assessing the useful economic life of capitalised development expenditure. As part of our risk assessment, we determined that assessment of the useful economic life of development costs has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our procedures included: — **Methodology choice:** Assessing the reasonableness of management's assumptions in respect of assessing the useful economic life of individual projects. — **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in assessing the useful economic life and recoverability of capitalised development costs. — **Testing application:** Gaining an understanding of the respective projects and the forecast demand for the products through inquiry with the Managing Directors, review of actual and potential orders and challenging this assessment by comparison to historical data; **Our results** — We found the valuation and disclosures of capitalised development costs to be acceptable (2019: acceptable).

	The risk	Our response
Recoverability of parent company's investments in subsidiaries and receivables due from subsidiaries Investments: (£25.8 million; 2019: £25.4 million) Receivables: (£25.7 million; 2019: (£30.3 million) Refer to page 24 (Audit Committee Report), page 89 (accounting policy) and pages 94 and 95 (financial disclosures).	**Low risk, high value** The carrying amount of the parent company's investments in subsidiaries represents 21.8% (2019: 21.3%) of the company's total assets and the carrying amount of the intra-group debtor balance represents 21.7% (2019: 25.5%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: **Investments:** — **Tests of detail:** Comparing the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. — **Assessing subsidiary audits:** Assessing the work performed on the subsidiary audits for a sample of subsidiaries and considering the results of that work, on those subsidiaries' profits and net assets. — **Comparing valuations:** For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profit. **Receivables:** — **Tests of detail:** Assessing 100% of group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making. — **Assessing subsidiary audits:** Assessing the work performed on the subsidiary audits for a sample of subsidiaries and considering the results of that work, on those net assets, including assessing the ability of the subsidiary to obtain liquid funds and therefore the ability of the subsidiary to fund the repayment of the receivable **Our results:** — We found the group's assessment of the recoverability of the investment in subsidiaries and recoverability of the group debtor balance to be acceptable (2019: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £507,000 (2019: £489,000), determined with reference to a benchmark of Group profit before tax. The benchmark has been adjusted by averaging the Group profit before tax over a five year period. (2019: with reference to a benchmark of Group normalised profit before tax adjusted by averaging the Group profit before tax over a five year period). Normalised Group profit before tax is calculated as £12.7 million (2019: £14.0 million), of which materiality represents 4.0% (2019: 3.5%).

Materiality for the parent company financial statements as a whole was set at £291,000 (2019: £245,000), determined with reference to a benchmark of company total assets, of which it represents 0.2% (2019: 0.2%).

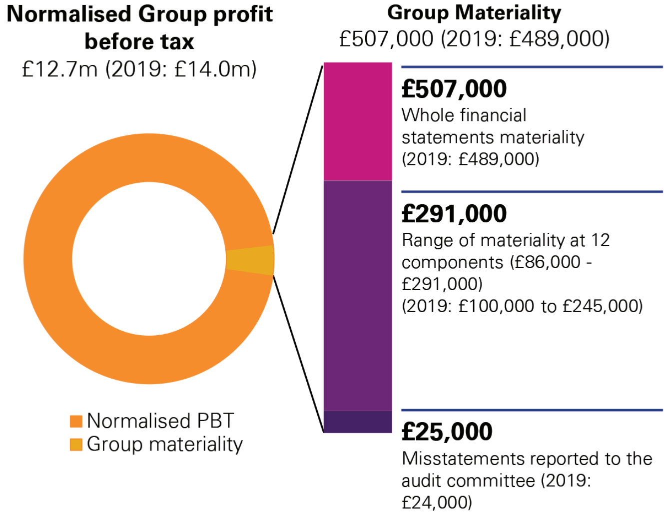
We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £25,000 (2019: £24,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 34 (2019: 34) reporting components, we subjected 11 (2019: 11) to full scope audits for Group purposes and 1 (2019: 0) to specified risk-focused audit procedures. The latter was not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 15.0% (2019: 15.0%) of total Group revenue, 17.0% (2019: 8.0%) of absolute Group profit before tax and 12.0% (2019: 12.0%) of total Group asset is represented by 30 reporting components, none of which individually represented more than 3% (2019: 4%) of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £86,000 to £291,000 (2019: £100,000 to £245,000), having regard to the mix of size and risk profile of the Group components. The work on 4 of the 11 components (2019: 3 of the 11 components) and work on the 1 (2019: none) component subject to specified risk-focused audit procedures was performed by component auditors, and the rest, including the audit of the parent company, was performed by the Group team.

Telephone conference meetings were held with the component auditors. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

• we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

• the related statement under the Listing Rules set out on page 26 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

— we have not identified material misstatements in the strategic report and the directors' report;
— in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
— in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and uncertainties and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

— the directors' confirmation within the viability statement on pages 18 and 19 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
— the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
— the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the viability statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

— we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or

— the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

— adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

— the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 31, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines. We identified the following areas as those most likely to have such an effect: health and safety, GDPR and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Barrell

Anna Barrell
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
13 August 2020

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2020

	Notes	2020 £'000	2019 £'000
CONTINUING OPERATIONS			
Revenue	4, 5	**144,512**	127,046
Cost of sales		**(109,743)**	(86,414)
GROSS PROFIT		**34,769**	40,632
Other income	6	**690**	-
Distribution expenses		**(2,792)**	(3,016)
Administrative expenses		**(19,809)**	(21,205)
OPERATING PROFIT		**12,858**	16,411
Financial expenses	8	**(809)**	(234)
Share of profit of associate companies	15	**66**	233
PROFIT BEFORE TAXATION	6	**12,115**	16,410
Tax on profit	9	**(3,775)**	(3,963)
PROFIT AFTER TAXATION		**8,340**	12,447
ATTRIBUTABLE TO:			
Equity holders of the parent		**7,866**	11,505
Non-controlling interests		**474**	942
PROFIT FOR THE YEAR		**8,340**	12,447
BASIC EARNINGS PER ORDINARY SHARE	10	**107.93p**	159.79p
DILUTED EARNINGS PER ORDINARY SHARE	10	**103.31p**	149.65p

The notes on pages 48 to 98 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2020

	2020	2019
	£'000	£'000
PROFIT FOR THE YEAR	**8,340**	12,447
OTHER COMPREHENSIVE EXPENSE		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Foreign exchange translation differences	**(1,007)**	(383)
Goodwill arising from purchase of non-controlling interest in subsidiaries	**(72)**	(772)
Effective portion of changes in fair value of cash flow hedges	**(355)**	(644)
Change in fair value of cash flow hedges transferred to profit or loss	**522**	180
Effective portion of changes in fair value of cost of hedging	**(843)**	(489)
Change in fair value of cost of hedging transferred to profit or loss	**395**	49
Tax credit on items that may be reclassified subsequently to profit or loss	**77**	154
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF INCOME TAX	**(1,283)**	(1,905)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,057**	10,542
ATTRIBUTABLE TO:		
Equity holders of the parent	**6,587**	9,528
Non-controlling interests	**470**	1,014
	7,057	10,542

The notes on pages 48 to 98 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2020

	Share capital £'000	Trans-lation reserve £'000	Share-based payment reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2020									
Balance at 1st May, 2019 ...	**720**	**1,044**	**4,991**	**(573)**	**(426)**	**99,409**	**105,165**	**4,126**	**109,291**
Total comprehensive income:									
Profit	-	-	-	-	-	7,866	7,866	474	8,340
Other comprehensive income:									
Foreign exchange translation differences	-	(964)	-	-	-	-	(964)	(43)	(1,007)
Goodwill arising from purchase of NCI interest in subsidiaries	-	-	-	-	-	(72)	(72)	-	(72)
Net movements on cash flow hedges	-	-	-	74	(317)	-	(243)	39	(204)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(964)**	**-**	**74**	**(317)**	**7,794**	**6,587**	**470**	**7,057**
Issue of shares	16	-	-	-	-	-	16	-	16
Tax on equity-settled share-based payment transactions ...	-	-	253	-	-	-	253	-	253
Dividends paid	-	-	-	-	-	(6,927)	(6,927)	-	(6,927)
Acquisition of NCI without a change of control	-	-	-	-	-	-	-	(11)	(11)
Disposal of subsidiary ...	-	(77)	-	-	-	-	(77)	-	(77)
Reclassification	-	358	-	-	-	(358)	-	-	-
BALANCE AT 30TH APRIL, 2020	**736**	**361**	**5,244**	**(499)**	**(743)**	**99,918**	**105,017**	**4,585**	**109,602**

The notes on pages 48 to 98 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2020

	Share capital £'000	Trans-lation reserve £'000	Share-based payment reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2019									
Balance at 1st May, 2018 ...	720	1,879	1,625	(224)	-	95,568	99,568	5,259	104,827
Adjustment on initial application of IFRS 9 (net of tax) ...	-	-	-	52	(52)	-	-	-	-
Adjustment on initial application of IFRS 15 (net of tax) ...	-	-	-	-	-	(684)	(684)	(350)	(1,034)
ADJUSTED BALANCE AT 1ST MAY, 2018	**720**	**1,879**	**1,625**	**(172)**	**(52)**	**94,884**	**98,884**	**4,909**	**103,793**
Total comprehensive income:									
Profit	-	-	-	-	-	11,505	11,505	942	12,447
Other comprehensive income:									
Foreign exchange translation differences	-	(430)	-	-	-	-	(430)	47	(383)
Goodwill arising from purchase of NCI interest in subsidiaries	-	(180)	-	-	-	(592)	(772)	-	(772)
Net movements on cash flow hedges	-	-	-	(401)	(374)	-	(775)	25	(750)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**(610)**	**-**	**(401)**	**(374)**	**10,913**	**9,528**	**1,014**	**10,542**
Equity-settled share-based payment transactions ...	-		1,220	-	-	-	1,220	-	1,220
Tax on equity-settled share-based payment transactions ...	-	-	2,146	-	-	-	2,146	-	2,146
Dividends paid	-	-	-	-	-	(6,126)	(6,126)	(451)	(6,577)
Acquisition of NCI without a change of control	-	-	-	-	-	-	-	(1,750)	(1,750)
Disposal of equity investments	-	(225)	-	-	-	-	(225)	-	(225)
Acquisition of subsidiary with NCI	-		-	-	-	-	-	142	142
Capital contribution	-	-	-	-	-	(262)	(262)	262	-
BALANCE AT 30TH APRIL, 2019	**720**	**1,044**	**4,991**	**(573)**	**(426)**	**99,409**	**105,165**	**4,126**	**109,291**

The notes on pages 48 to 98 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED BALANCE SHEET
at 30th April, 2020

	Notes	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	69,626	74,106
Right-of-use assets	13	5,343	-
Investment in associates	15	816	739
Intangible assets	16	24,695	22,354
Derivative financial assets	28	749	-
Other financial assets at amortised cost	18	252	505
		101,481	97,704
CURRENT ASSETS			
Inventories	17	44,887	50,524
Contract assets	5	6,558	3,698
Trade receivables and other financial assets	18	24,486	24,964
Other receivables	19	4,566	2,715
Derivative financial assets	28	456	195
Cash and cash equivalents	20	9,840	9,640
		90,793	91,736
TOTAL ASSETS		192,274	189,440
CURRENT LIABILITIES			
Bank overdrafts and interest-bearing loans	21	13,141	9,259
Lease liabilities	13	1,483	939
Contract liabilities	5	18,965	18,002
Trade payables and other financial liabilities	22	23,485	20,570
Other payables	23	3,298	4,771
Deferred consideration	24	-	204
Derivative financial liabilities	28	1,071	1,693
Liabilities for current tax		1,873	2,356
Warranty provision	25	160	261
		63,476	58,055
NON-CURRENT LIABILITIES			
Interest-bearing loans	21	14,260	19,322
Lease liabilities	13	1,339	1,164
Derivative financial liabilities	28	202	-
Warranty provision	25	324	232
Deferred tax liabilities	26	3,071	1,376
		19,196	22,094
TOTAL LIABILITIES		82,672	80,149
NET ASSETS		109,602	109,291
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	27	736	720
Translation reserve		361	1,044
Share-based payments reserve		5,244	4,991
Cash flow hedge reserve		(499)	(573)
Cost of hedging reserve		(743)	(426)
Retained earnings		99,918	99,409
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		105,017	105,165
NON-CONTROLLING INTERESTS		4,585	4,126
TOTAL EQUITY		109,602	109,291

These financial statements were approved by the Board of Directors on 13th August, 2020, and signed on its behalf by:

T. J. W. Goodwin *Director* M. S. Goodwin *Director* S. R. Goodwin *Director*

Company Registration Number: 305907

The notes on pages 48 to 98 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30th April, 2020

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit from continuing operations after tax		8,340		12,447
Adjustments for:				
Depreciation of property, plant and equipment		5,874		5,571
Depreciation of right-of-use assets		827		248
Amortisation and impairment of intangible assets		1,328		1,312
Financial expenses		809		234
Foreign exchange losses		203		66
Loss on sale of property, plant and equipment		52		13
Profit on disposal of subsidiary		(172)		-
Share of profit of associate companies		(66)		(233)
Equity-settled share-based provision		-		1,220
Tax expense		3,775		3,963
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		20,970		24,841
Decrease / (increase) in inventories		4,748		(11,816)
(Increase) / decrease in contract assets		(2,863)		1,361
Increase in trade and other receivables		(2,549)		(4,288)
Increase in contract liabilities		874		3,401
Increase in trade and other payables...		2,310		1,965
Increase in unhedged derivative balances		(980)		(579)
CASH GENERATED FROM OPERATIONS		22,510		14,885
Interest paid		(747)		(524)
Interest element of finance lease obligations		(41)		(64)
Interest element of operating lease obligations		(56)		-
Corporation tax paid		(2,493)		(3,093)
NET CASH FROM OPERATING ACTIVITIES		19,173		11,204
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment ...	139		142	
Acquisition of property, plant and equipment	(6,062)		(11,451)	
Additional investment in existing subsidiaries	(83)		(2,668)	
Acquisition of controlling interest in associates net of cash acquired...	-		(425)	
Acquisition of intangible asset	(1,855)		(315)	
Development expenditure capitalised	(1,105)		(1,500)	
Dividends received from associate companies	-		1,254	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(8,966)		(14,963)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of capital element of finance lease obligations ...	(954)		(911)	
Payment of capital element of operating lease liabilities ...	(509)		-	
Issue of shares	16		-	
Proceeds from new finance leases	102		424	
Dividends paid	(6,927)		(6,126)	
Dividends paid to non-controlling interests	-		(451)	
Net proceeds from loans and committed facilities	7,556		8,337	
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		(716)		1,273
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		9,491		(2,486)
Cash and cash equivalents at beginning of year		493		2,900
Effect of exchange rate fluctuations on cash held		(535)		79
CASH AND CASH EQUIVALENTS AT END OF YEAR (see note 20)		9,449		493

The notes on pages 48 to 98 form part of these financial statements.

1. Accounting policies

Goodwin PLC (the "Company") is incorporated in England and Wales.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group's financial statements have been approved by the Directors and prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). The Company has elected to prepare its financial statements in accordance with Financial Reporting Standard (FRS) 101 issued in the UK. These are presented on pages 87 to 98.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements, with the exception of leases. The Group's new policy for leases is outlined below and the impact of the change is explained in note 3.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

With the current level of order input, the opportunity for continued profitability remains good for the next twelve months. The impact of working capital requirements on our banking facilities given the expected level of activity and capital spend commitments will continue to be monitored and managed. After reviewing the situation, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date of approval of these financial statements and have continued to adopt the going concern basis in preparing the financial statements. Going concern and viability of the Group are discussed in detail within the Report of the Directors on pages 18 to 19 within these financial statements.

New IFRS standards and interpretations adopted during 2020

In 2020 the following amendments had been endorsed by the EU, became effective and were, therefore, mandated to be adopted by the Group:

- IFRS 16 - Leases (effective for annual periods beginning on or after 1st January, 2019)
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1st January, 2019)
- IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1st January, 2019)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1st January, 2019)
- Annual Improvements to IFRSs – 2015-2017 Cycle – minor amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective for annual periods beginning on or after 1st January, 2019)

The adoption of IFRS 16 is discussed in note 3. The implementation of all the other standards and amendments has not had a material impact on the Group's financial statements.

Measurement convention

The financial statements are rounded to the nearest thousand pounds. The financial statements are based on the historical cost basis except where the measurement of balances at fair value is required as below.

Going concern

The Directors, after having reviewed the projections and possible challenges that may lie ahead, believe that, armed at the time of writing with £74.5 million of committed facility (including £30 million CCFF funds, which are repayable within one year (see notes 28 and 31), there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements, and have continued to adopt the going concern basis in preparing the financial statements.

Furthermore, we are pleased to report that the Group has recently completed the refinancing of one of its significant facilities which was due to retire by 31st December, 2020. In terms of total debt quantum, the refinancing has given the Group the same funding availability but with proportionally more of the facility moving to committed five year funding. The Group is also in the final stages of renegotiating a £10 million revolving credit facility which expires in October 2020. The Directors do not see an issue in renewing these facilities.

The Directors have, as part of this going concern assessment, specifically considered the impact of Covid-19 on the Group's operations and in particular have developed a series of in-depth financial models covering at least twelve months following the approval of the financial statements. The models show the base case (our reasonable expectation in light of Covid-19), with an alternative scenario that stress tests this base case model for severe but plausible downside outcomes. Within the base case model, the Directors have considered the current trading conditions and assumed similar activity levels within the Mechanical Division as a result of its workload and assumed the Refractory activity levels may be reduced due to it being more exposed to the global downturn. We forecast that after 30th April, 2021 activity levels will return to those seen prior to Covid-19 and growth will return.

Within our severe but plausible downside model, it is demonstrable that the Group has sufficient funds to cover the Group's and the Company's commitments during the forecast period and is forecast to be within its

1. Accounting policies *(continued)*

Going concern *(continued)*

financial covenants. The model also incorporates various assumptions including the assumption of a series of customer failures and the failure of a major supplier within the refractory division, the inability to achieve Covid-19 cost reduction targets and the impact of further lockdowns that last three to six months in Europe, China, India and Brazil. The failure of a major supplier is modelled to result in three months of business interruption. These assumptions, whilst plausible, are considered extreme in the Board's view.

As referred to elsewhere in these financial statements, the Mechanical Engineering Division currently has a record order book and whilst we have down rated our expectations within this division in our forecasts we would emphasise that our factories largely remained open during the height of the first phase lockdown and we are not seeing any issues regarding the suspension of works on these orders. Whilst the Refractory Engineering Division would be exposed to events such as a second lockdown, as a well-diversified Group, our severe but plausible downside model clearly demonstrates we are well set to absorb the impact of a protracted Covid-19 resolution.

Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss within operating profit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are taken directly to the translation reserve. They are released into the statement of profit or loss upon disposal of the foreign operation.

Financial instruments

Measurement

Trade receivables, which do not contain a significant financing component, are measured, initially, at the transaction price. All other financial assets and liabilities are measured at fair value, on initial recognition.

Non-derivative financial assets are measured subsequently at amortised cost if the objective is to hold them to collect contractual cash flows and their contractual terms include cash flows on specified dates, which are payments of principal and interest.

Principal non-derivative financial assets and liabilities

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional.

1. Accounting policies *(continued)*

Financial instruments *(continued)*

Principal non-derivative financial assets and liabilities *(continued)*

Trade receivables (continued)

Trade receivables are held with the intention of collecting the contractual cash flows and are measured subsequently, therefore, at amortised cost.

Other receivables

Other receivables principally comprise short-term tax balances and a loan to an associate company. Interest is charged at commercial rates on long-term balances. After being recognised initially at fair value, other receivables are measured, subsequently, at amortised cost. The carrying amount of other receivables is considered to be a reasonable approximation of their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, together with cash deposits with an original maturity of three months or less. Included with cash and cash equivalents, for the cash flow statement only, are bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management.

Bank borrowings

Interest-bearing bank loans and overdrafts are measured initially at their fair value less attributable transaction costs. They are carried, subsequently, at amortised cost and finance charges are recognised in the statement of profit or loss over the contract term, using an effective rate of interest.

Trade and other payables

Trade and other payables are recognised initially at fair value, and are subsequently reported at amortised cost.

Impairment

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses (ECLs). Specific impairments are made when there is a known impairment need against trade receivables and contract assets. When estimating ECLs, the Group assesses reasonable, relevant and supportable information, which does not require undue cost or effort to produce. This includes quantitative and qualitative information and analysis, incorporating historical experience, informed credit assessments and forward-looking information. Loss allowances are deducted from the gross carrying amount of the assets. Where material, impairment losses related to trade and other receivables, including contract assets, are disclosed separately in the statement of profit or loss.

Derivative financial assets and liabilities

Derivative financial assets and liabilities are recognised at fair value. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price and the current forward price for the residual maturity of the contract adjusted for counterparty credit risk. The recognition of the gain or loss on re-measuring to fair value those forward exchange contracts, which are used for hedging, is outlined below; for other forward exchange contracts, the gain or loss is recognised in the profit or loss.

Fair value derivation

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial assets and liabilities is derived using level 2 inputs.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Under the new general hedge accounting model in IFRS 9, our hedge relationships are aligned with our risk management objectives and strategy, resulting in a more qualitative and forward-looking approach in ensuring hedge effectiveness.

For cash flow hedges, the associated cumulative gain or loss on the relevant derivative financial instrument is removed from equity and recognised in the statement of profit or loss in the same period or periods during which the hedged forecast transaction affects the statement of profit or loss. Any identified ineffective portion of the hedge is recognised immediately in the statement of profit or loss. Only the change in spot rate is designated as the hedging instrument, with the change in fair value relating to forward points being reported separately as deferred costs of hedging within other comprehensive income as permitted by IFRS 9. Given under IAS39 the cash flow hedge accounting utilised the forward point inclusive rate, there is no significant impact on the accounts resulting from adopting the IFRS 9 general hedge accounting model.

1. Accounting policies *(continued)*

Cash flow hedges *(continued)*

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the cash flow hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the statement of profit or loss immediately.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the statement of profit or loss over the estimated useful lives of each part of an item of property, plant and equipment on the following bases:

Freehold land	Nil
Freehold buildings	2% to 4% on reducing balance or cost
Leasehold property	over period of lease
Plant and machinery	5% to 25% on reducing balance or cost
Motor vehicles	15% or 25% on reducing balance
Tooling	over estimated production life
Fixtures and fittings	15% to 25% on reducing balance or cost

Assets in the course of construction are not depreciated.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 1st May, 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired. For acquisitions prior to the adoption of Revised IFRS 3 "Business Combinations" (1st May, 2010), cost includes directly attributable acquisition costs. For acquisitions after this date, such costs are charged to the statement of profit or loss. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1st May, 2006, goodwill is included at transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Negative goodwill arising on an acquisition is recognised immediately in the statement of profit or loss.

Goodwill or negative goodwill resulting from increasing the percentage ownership of an existing subsidiary is dealt with in other comprehensive income.

Expenditure on research activities is recognised in the statement of profit or loss as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• Capitalised development costs	Minimum expected order unit intake or minimum product life
• Manufacturing rights	6 - 15 years
• Brand names and intellectual property	3 - 15 years
• Customer lists	10 years
• Order book	1 year
• Distribution rights	25 years
• Software and licences	3 - 4 years
• Non-compete agreements	15 years

1. Accounting policies *(continued)*

Impairment of intangibles

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Recoverable amount is the greater of an asset's or cash-generating unit's fair value less costs to sell or value in use.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1st May, 2006, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Government grants

Government grants relating to income are recognised in the statement of profit or loss as a deduction from the expenses that they are intended to compensate.

Government grants relating to assets are recognised in the balance sheet as a deduction in the carrying amount of the asset. Depreciation is charged on the value of the asset less the associated grant. Amounts of grants received are shown in note 6.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranty provisions

The Group carries a warranty provision where applicable. The warranties are committed at contract placement stage and typically, where given to a customer, the warranty has a duration of between 1 and 3 years. At the expiry of the warranty period, to the extent not utilised the warranty provision is then released back into the statement of profit or loss. The warranties are generally passive in nature confirming that the goods comply with contractual specifications and given the incidence of product failure is low, the warranties have no tangible customer value.

Revenue

Revenue is recognised when a customer obtains control of the goods or services i.e. upon the satisfaction of a performance obligation. Judgement is required to determine the timing of the transfer of control, and whether it is at a point in time or over time. Where a contract contains several performance obligations then the contract is unbundled and each performance obligation is dealt with separately.

Standard inventory product lines and consumables

Typically applies to the whole of the Group's Refractory Engineering segment and the sale of slurry pumps within the Mechanical Engineering segment. The revenue here relates to standard products manufactured for sale. The performance obligation is satisfied and revenue taken at the point when customers obtain control of the goods in accordance with the International Commercial (INCO) terms agreed or via a bill and hold arrangement.

1. **Accounting policies** *(continued)*

Revenue *(continued)*

Minimum period contracts for the provision of goods and services

Predominantly the supply of broadband and related services under minimum term contracts. Performance obligations are satisfied over time and revenue is recognised equally over the term of the contract

Engineered bespoke products – performance obligations satisfied over time

Typically applies to the Group's Mechanical Engineering segment and covers sales orders which are customer bespoke, but permit the Group subsidiary to claim profit earned to date if the customer were to trigger the cancel for convenience clause within the contract. In such cases, the performance obligations are treated as satisfied over time (i.e. as the contract progresses) and revenue is taken based on the percentage completion of the contract by the creation of a contract asset. Work in progress is eliminated and replaced by a contract asset. Measuring progress requires judgement as to the stage of completion of each job, and the production of forecasts, which contain allowances for technical risks and inherent uncertainties.

Engineered bespoke products – performance obligations satisfied at a point in time

Typically applies to the Group's Mechanical Engineering segment and covers sales orders which are customer bespoke, but permit the Group subsidiary to claim only for costs in the event the customer triggers the cancel for convenience clause within the contract. In such cases, the performance obligation is deemed to be met and revenue taken as order lines are shipped in accordance with the relevant shipping terms or via a bill and hold arrangement.

The incremental costs of obtaining a contract are recognised as an expense, as occurred, when the contract period is less than one year.

Contract assets represent the Group's rights to consideration for work completed but not invoiced at the reporting date for bespoke products contracts. Contract assets are transferred to receivables when the rights to consideration become unconditional, which is generally when the Group invoices the customer. Where payments are received in advance and exceed the costs incurred in constructing the asset together with forecast margin earned, the balances are disclosed as contract liabilities.

Leases

The Group's accounting policy on leases up to April 2019 was as follows:

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

This policy has been amended in accordance with IFRS 16, and the new policy is outlined below.

Definition of a lease

A contract is a lease or contains a lease if it transfers the right to use an identified asset over the contract term, in exchange for payment. In determining whether a contract gives the Group the right to use an asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefit of using the asset; and
- the Group has the right to direct the use of the asset by deciding how the asset is employed.

Lease term

The lease term is the non-cancellable period of a lease, and options to extend the lease or terminate it, where it is probable that the Group will exercise the available options. At the start of a lease, the Group makes a judgement about whether it is reasonably certain to exercise the options, and reassesses this judgement at every reporting period. Contracts, where the original lease term has expired, with assets continuing to be leased on a short-term rolling basis of a few months, are treated as short-term leases.

Lease balances

A right-of-use asset and a lease liability are calculated at the beginning of a lease. The right-of-use asset is measured initially at cost, being the opening lease liability, adjusted for any lease payments made by the start of the lease, adjusted for any initial direct costs, which have been incurred.

The lease liability is measured initially at the present value of the lease payments, which are outstanding at the start date, discounted at either the rate implicit in the lease or the Group's incremental borrowing rate. With the exception of leases containing an option to purchase, the Group uses its incremental borrowing rate as the discount rate. Lease liabilities are measured at amortised cost, using the effective rate, and adjusted as required for any subsequent change to the lease terms.

1. Accounting policies *(continued)*

Leases *(continued)*

Lease balances (continued)

The right-of-use asset is depreciated on a straight-line basis over the lease term, or from the start date of the lease to the end of the useful life of the right-of-use asset as appropriate. The method of calculating the estimated useful lives of the right-of-use assets and testing for impairment is the same as that for property, plant and equipment.

Recognition exemptions

Payments for short-term leases, lasting twelve months or less, without a purchase option continue to be reported an as operating expense on a straight-line basis over the term of the lease.

The cost of leasing low-value items will continue to be reported as an operating expense over the life of the lease.

Lease portfolios

The Group has leases for the following types of assets:

Land and buildings – the Group leases a number of factory buildings, warehouses and office buildings.

Plant and equipment – a number of significant items of plant, such as CNC machines, have been leased under contracts with an option to buy the asset at the end of the lease term. The Group also leases a small number of motor vehicles. For motor vehicles the Group has applied the practical expedient in paragraph 15 of IFRS 16, whereby non-lease components have not been separated from lease components, such that lease costs and service costs are treated as a single lease component.

Printers and photocopiers – the Group has applied the recognition exemption for low-value assets to these leases.

Financial expenses

Financial expenses comprise interest payable, interest on finance leases using the effective interest method and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Interest income and interest payable is recognised in the statement of profit or loss as it accrues.

Employment costs

Pension costs

The Group contributes to a defined contribution pension scheme for UK employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Group pension costs are charged to the statement of profit or loss in the year for which contributions are payable.

Contributions to the schemes are made on a monthly basis and at the end of the financial year there were one month's contributions outstanding, which were paid in the following month.

Termination costs

Employee termination costs are expended in the profit and loss figures in a year as soon as the expense is known and is certain.

Share-based payment transactions

Share-based payments arrangements, in which the Group receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. Accounting policies *(continued)*

New IFRS standards, amendments and interpretations not adopted

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the Group:

- Amendments to IFRS 3 – Definition of a business (effective for annual periods beginning on or after 1st January, 2020)
- Amendments to IAS 1 and IAS 8 – Definition of material (effective for annual periods beginning on or after 1st January, 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1st January 2020)

The Group has considered the impact of these new standards and interpretations in future periods on profit, earnings per share and net assets. None of the other standards or interpretations is expected to have a material impact.

2. Accounting estimates and judgements

The Group makes judgements and estimates in applying the Group's accounting policies, to prepare the financial statements. The Directors do not believe there have been any key judgements exercised during the period, but see the following as the key estimates considered.

Key estimates

IFRS 15 Revenue Recognition

The Directors consider that a key estimate, which may have a material impact on the financial statements, is in relation to IFRS 15 and, in particular, where we are mandated to account on a revenue over time basis on some of our mechanical engineering work in progress contracts. When reviewing the terms of contracts with customers, judgement is required to assess the number of performance obligations within the contracts and when to recognise contract provisions.

For contracts where revenue is recognised over time, there is a need to estimate the costs to complete on these contracts. The costs to complete estimates can be complex, as they need to consider several variable factors such as the impact of delays, cost overruns and also any variations to contract. Once complete, these estimates then drive the amount of revenue recognised. The estimates are prepared and reviewed by management with suitable experience and qualifications, and who endeavour to ensure the revenue mandated to be recognised prior to the completion of the contract is not overstated, based on possible technical risks and inherent uncertainties.

Whilst cost to complete estimates are based on management's best knowledge at the time, it is clear, due to the very nature of an estimate that the eventual outcomes may differ due to unforeseen events. The advanced stage of completion of a number of contracts reduces the risk of unforeseen events arising, however, if a series of unforeseen events did arise it could potentially lead to a materially different outcome on the contracts.

Determination of the basis for amortising capitalised development costs

The Group carries different classes of intangible assets on its balance sheet, which include goodwill, rights, brand names and development costs. Development costs are amortised on a straight-line basis, which commences when the Group benefits from the cash inflows. A key estimate is required in determining the useful economic life for which each asset is to be fully amortised over, current timeframes range from 15 to 25 years. In accordance with IAS 38, the basis on which development assets are amortised is assessed annually. Estimation uncertainty lies within the anticipated market life and the estimated future revenue and margins. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

Apart from above, the Group does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key judgements

The Board does not consider there to be any key judgements.

Other estimates / judgements

Other than as reported above, the Directors do not consider there to be any key estimates or judgements in preparing the financial statements. The estimates and judgements outlined below formed the main areas of focus for the Directors throughout the year.

Inventory provisions

The Group's Directors in conjunction with senior management in the subsidiaries regularly review the recoverability of their stated raw material and work in progress balances, paying particular attention to net realisable value and stock obsolescence issues. The estimates are in relation to costs to complete and the expected level of future sales orders for slow moving stocks. Where it is judged that a provision is deemed necessary the appropriate adjustments are made in the relevant subsidiary's books at the time a shortfall is identified.

2. Accounting estimates and judgements *(continued)*

Other estimates / judgements *(continued)*

Trade receivable provisions

Whilst trade debtors are insured wherever possible, the Directors are able to exercise judgement in relation to non-credit insured contracts as set out in note 28 (a). The Group Directors, in conjunction with the subsidiary credit controllers, closely monitor the adherence to payment terms across all accounts (whether insured or not) and make provision for any losses that are likely to materialise. There is a requirement under IFRS 9 to consider the statistical likelihood of a bad debt based off previous experience. Historically, the Group's bad debt write offs have been negligible and the Group results are not impacted by this requirement for a statistically based provision.

3. Changes in significant accounting policies

IFRS 16 Leases

Transition

IFRS 16 has been implemented using the modified retrospective approach, because it does not require a full restatement of comparatives, but the cumulative opening impact is posted to reserves on the transition date.

For leases, which were previously classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and lease liability on transition is the same as the carrying amount of the lease asset and lease liability calculated in accordance with IAS17.

A right-of-use asset and lease liability are now recognised for leases considered to be operating leases in accordance with IAS 17. As it is not possible to calculate the rate implicit in these leases, the lease liabilities are calculated as the present value of the remaining lease payments, discounted using the Group's estimated incremental borrowing rate (IBR). Right-of-use assets are reported as the same value as the lease liability, adjusted for any lease prepayments or accruals, at the transition date.

Practical expedients

The following practical expedients have been applied at the IFRS application date.

- There has been no re-assessment of leases treated as finance leases under IAS 17 as at 30th April, 2019.
- A single discount rate has been applied for similar leases.
- Long-term leases, which expire within twelve months of the transition date, have been treated as short-term leases, with no right-of-use asset and lease liability being calculated.
- Initial direct costs have been excluded when measuring the right-of-use asset at the transition date.

Reconciliation of lease liabilities

	£'000
Operating lease commitments at 30th April, 2019 … … … … … … … …	1,369
Impact of discounting minimum lease payments … … … … … … … …	(58)
Short-term leases … … … … … … … … … … … … …	(188)
Low value leases … … … … … … … … … … … … …	(51)
Other reconciling items … … … … … … … … … … … …	(30)
Additional lease liability at 1st May, 2019	1,042

The IFRS 16 impact on the statement of profit or loss for the year ended 30th April, 2020 is as follows:

Under IFRS 16

	£'000
Operating profit … … … … … … … … … … … … …	537
Financial expenses… … … … … … … … … … … … …	56
Impact on profit before tax	593

Previously, under IAS 17

Reported as operating lease expenses within operating profit	621

3. Changes in significant accounting policies *(continued)*

IFRS 16 Leases *(continued)*

The IFRS 16 impact on the balance sheet as at 30th April, 2020 is as follows:

	IFRS 16	IFRS 16 adjustments	IAS 17
Property, plant and equipment … … … … … …	69,626	3,805	73,431
Right-of-use assets … … … … … … … …	5,343	(5,343)	-
Lease liabilities … … … … … … … …	(2,822)	1,566	(1,256)
Total	72,147	28	72,175

As outlined above, IFRS 16 has not had a significant impact on either the profit or loss or the net assets of the Company. For this reason, the Alternative Performance Measures in note 36 are considered to have been prepared on a consistent basis.

Accounting estimates and judgments

The Group's contracts are such that the terms are generally very clear in establishing whether they are or contain leases, and consequently, significant judgements have not been required in assessing the contracts. The Group's incremental borrowing rates have been estimated separately for each country, in which leases are held, with rates ranging from 2.0% to 9.0%.

4. Segmental information

Products and services from which reportable segments derive their revenues

For the purposes of management reporting to the chief operating decision maker, the Board of Directors, the Group is organised into two reportable operating divisions: mechanical engineering and refractory engineering. Segment assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis. In accordance with the requirements of IFRS 8 the Group's reportable segments, based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance are as follows:

- Mechanical Engineering - casting, valve, antenna and pump manufacture and general engineering
- Refractory Engineering - powder manufacture and mineral processing

Information regarding the Group's operating segments is reported below. Associates are included in Refractory Engineering.

Revenue

Year Ended 30th April	Mechanical Engineering 2020 £'000	Mechanical Engineering 2019 £'000	Refractory Engineering 2020 £'000	Refractory Engineering 2019 £'000	Sub Total 2020 £'000	Sub Total 2019 £'000
Revenue						
External sales	**100,078**	82,375	**44,434**	44,671	**144,512**	127,046
Inter-segment sales	**25,821**	21,714	**8,361**	8,726	**34,182**	30,440
Total revenue	**125,899**	104,089	**52,795**	53,397	**178,694**	157,486
Reconciliation to consolidated revenue:						
Inter-segment sales					**(34,182)**	(30,440)
Consolidated revenue for the year					**144,512**	127,406

Year Ended 30th April	Mechanical Engineering 2020 £'000	Mechanical Engineering 2019 £'000	Refractory Engineering 2020 £'000	Refractory Engineering 2019 £'000	Sub Total 2020 £'000	Sub Total 2019 £'000
Profits						
Operating profit including share of associates	**8,065**	11,932	**7,034**	8,070	**15,099**	20,002
% of total operating profit including share of associates	**53%**	60%	**47%**	40%	**100%**	100%
Group centre					**(2,175)**	(2,138)
LTIP – non cash provision					**-**	(1,220)
Group finance expenses					**(809)**	(234)
Consolidated profit before tax for the year					**12,115**	16,410
Tax					**(3,775)**	(3,963)
Consolidated profit after tax for the year					**8,340**	12,447

4. Segmental information *(continued)*

Year Ended 30th April	Segmental total assets 2020 £'000	Segmental total assets 2019 £'000	Segmental total liabilities 2020 £'000	Segmental total liabilities 2019 £'000	Segmental net assets 2020 £'000	Segmental net assets 2019 £'000
Segmental net assets						
Mechanical Engineering … …	**95,193**	97,862	**72,207**	72,520	**22,986**	25,342
Refractory Engineering … …	**41,962**	43,950	**22,850**	25,541	**19,112**	18,409
Sub total reportable segment …	**137,155**	141,812	**95,057**	98,061	**42,098**	43,751
Goodwin PLC net assets … …					**83,415**	81,249
Elimination of Goodwin PLC investments					**(25,801)**	(25,374)
Goodwill … … … …					**9,890**	9,665
Consolidated total net assets …					**109,602**	109,291

Segmental property, plant and equipment (PPE) capital expenditure

	2020 £'000	2019 £'000
Goodwin PLC … … … … … … … … … … … …	**2,824**	3,602
Mechanical Engineering … … … … … … … … … …	**2,511**	6,461
Refractory Engineering … … … … … … … … … …	**633**	616
	5,968	10,679

Segmental depreciation, amortisation and impairment

	2020 £'000	2019 £'000
Goodwin PLC … … … … … … … … … … … …	**3,642**	2,367
Mechanical Engineering … … … … … … … … … …	**2,466**	3,175
Refractory Engineering … … … … … … … … … …	**1,921**	1,589
	8,029	7,131

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Board of Directors monitors the tangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments with the exception of those held by the parent Company, Goodwin PLC, and those held as consolidation adjustments.

Geographical segments

The Group operates in the following principal locations.

In presenting the information on geographical segments, revenue is based on the location of its customers and assets on the location of the assets.

	Year ended 30th April, 2020				Year ended 30th April, 2019			
	Revenue £'000	**Operational net assets £'000**	**Non-current assets £'000**	**PPE Capital expenditure £'000**	Revenue £'000	Operational net assets £'000	Non-current assets £'000	PPE Capital expenditure £'000
UK	**39,609**	**76,467**	**84,198**	**5,148**	27,934	74,780	80,300	6,044
Rest of Europe	**20,004**	**8,346**	**3,439**	**173**	24,205	7,035	3,605	2,300
USA	**12,749**	**-**	**-**	**-**	8,100	-	-	-
Pacific Basin	**34,844**	**13,513**	**7,132**	**81**	28,956	14,779	6,855	84
Rest of World	**37,306**	**11,276**	**6,712**	**566**	37,851	12,697	6,944	2,251
Total	**144,512**	**109,602**	**101,481**	**5,968**	127,046	109,291	97,704	10,679

Of the £20,004,000 *(April 2019: £24,205,000)* sales to the rest of Europe, £5,975,000 *(April 2019: £6,721,000)*, relate to the German-domiciled subsidiary, Noreva GmbH.

5. Revenue

The following tables provide an analysis of revenue by geographical market and by product line.

Geographical market

	Year ended 30th April, 2020			Year ended 30th April, 2019		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
UK	**29,187**	**10,422**	**39,609**	16,877	11,057	27,934
Rest of Europe	**13,088**	**6,916**	**20,004**	16,282	7,923	24,205
USA	**12,664**	**85**	**12,749**	8,017	83	8,100
Pacific Basin	**16,361**	**18,483**	**34,844**	12,848	16,108	28,956
Rest of World	**28,778**	**8,528**	**37,306**	28,351	9,500	37,851
Total	**100,078**	**44,434**	**144,512**	82,375	44,671	127,046

Product lines

	Year ended 30th April, 2020			Year ended 30th April, 2019		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Standard products and consumables	**9,545**	**44,434**	**53,979**	7,785	44,671	52,456
Minimum period contracts	**4,143**	**-**	**4,143**	4,996	-	4,996
Bespoke products – over time	**60,963**	**-**	**60,963**	34,538	-	34,538
Bespoke products – point in time	**25,427**	**-**	**25,427**	35,056	-	35,056
Total	**100,078**	**44,434**	**144,512**	82,375	44,671	127,046

Contract balances

The following table presents information about receivables, contract assets and liabilities from contracts with customers.

	2020 £'000	2019 £'000
Trade receivables (note 18)	**23,589**	23,279
Contract assets	**6,558**	3,698
Contract liabilities	**(18,965)**	(18,002)
Net book value at the end of the period	**11,182**	8,975

Of the contract liabilities recognised at the beginning of the period, revenue of £25,761,000 *(2019: £4,124,000)* has been recognised.

Revenue of £Nil *(2019: £Nil)* has been recognised from performance obligations, which were satisfied (or partially satisfied) in previous periods.

The Group has applied the practical expedient in IFRS 15, paragraph 121, and has not disclosed the remaining performance obligations for contracts which have an original expected duration of one year or less. The aggregate amount of the transaction price allocated to the performance obligations for longer-term contracts, which are unsatisfied (or partially unsatisfied) as at the end of the reporting period is £65,171,000 *(2019: £72,914,000)*. The longest of these contracts is due to be completed in 2023.

Incremental costs of obtaining contracts lasting less than one year, are recognised as an expense, when incurred, in accordance with the practical expedient in IFRS 15, paragraph 94. The impairment charge for contract assets was £2,218,000 *(2019: £846,000)*.

The Group's revenue is not significantly impacted by seasonal or cyclical events.

6. Expenses and auditor's remuneration

Included in profit before taxation are the following:

Charged / (credited) to the statement of profit or loss	2020 £'000	2019 £'000
Insurance claim proceeds	**(690)**	-
Write back of deferred consideration	**(204)**	-
Depreciation:		
Owned assets	**5,874**	5,571
Right-of-use assets – formerly finance leases	**290**	248
Right-of-use assets – formerly operating leases	**537**	-
Amortisation of intangible assets	**1,328**	1,312
Loss on sale of other tangible fixed assets	**52**	13
Profit on disposal of subsidiary	**(172)**	-
Research and development expensed as incurred	**306**	823
Impairment of trade receivables charged to the statement of profit or loss	**49**	38
Foreign exchange losses / (gains)	**485**	(551)
Fees receivable by the auditor and the auditor's associates in respect of:		
Audit of these financial statements	**120**	120
Audit of the financial statements of subsidiaries	**271**	222
Other non–audit related services:		
Other assurance services	**-**	4
Share-based provisions	**-**	1,220
Government grants received against research and development, infrastructure spend and training costs	**(14)**	(1,323)

7. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2020	2019
Works personnel	**1,139**	1,032
Administration staff	**51**	50
	1,190	1,082

The aggregate payroll costs of these persons were as follows:	2020 £'000	2019 £'000
Wages and salaries	**38,633**	36,008
Social security costs	**4,027**	3,711
Other pension costs	**1,581**	1,470
	44,241	41,189

Details of the Directors' remuneration can be found within the Directors Remuneration Report on page 29. The emoluments of the highest paid Director were £310,000 *(2019: £397,000)*. The number of Directors, who were members of a defined contribution pension scheme, was 6 *(2019: 8)*.

A charge of £Nil for the LTIP *(2019: £1,220,000)* has been recognised in the year, but not included in the above table. Further information is contained in note 35.

8. Financial expenses	2020 £'000	2019 £'000
Interest expense on finance leases	**41**	64
Interest expense on right-of-use assets	**56**	-
Net interest expense on bank loans and overdrafts	**752**	527
Capitalised interest on fixed asset projects	**(40)**	(132)
Gain on previously held interest in equity associates (see note 14)	**-**	(225)
Financial expenses	**809**	234

9. Taxation

Recognised in the statement of profit or loss

	2020 £'000	2019 £'000
Current tax expense		
Current year	**1,985**	4,100
Over provision in prior years	**(62)**	(55)
	1,923	4,045
Deferred tax expense		
Origination and reversal of temporary differences – current year	**1,531**	186
Origination and reversal of temporary differences – over provision in prior years	**(50)**	(268)
Origination and reversal of temporary differences – rate change to prior year	**371**	-
	1,852	(82)
Total tax expense	**3,775**	3,963

Reconciliation of effective tax rate

	2020 £'000	2019 £'000
Profit before taxation	**12,115**	16,410
Tax using the UK corporation tax rate of 19.00% *(2019: 19.00%)*	**2,302**	3,118
Non-taxable income	**(57)**	(79)
Non-deductible expenses	**116**	55
Overseas intercompany profits	**-**	163
Other permanent timing differences	**214**	198
Over provision in prior years	**(112)**	(323)
Losses not recognised	**114**	114
Rate change to prior year	**371**	-
Withholding tax unrelieved	**36**	177
Difference in overseas tax rates	**805**	606
Difference between corporation and deferred tax rates	**-**	9
Effect of equity accounting for associates	**(14)**	(75)
Total tax expense	**3,775**	3,963

Where subsidiary companies have incurred losses in the year, which are unlikely to be relieved against future profits in the next twelve months, deferred tax assets are not recognised.

Withholding tax unrelieved represents withholding tax deducted on dividends from overseas subsidiaries and associates.

Deferred tax recognised directly in equity

The following amounts are included in the consolidated statement of comprehensive income:

	2020 £'000	2019 £'000
Cash flow hedge deferred tax credit	**77**	154

10. Earnings per share

The calculation of the basic earnings per ordinary share is based on the number of ordinary shares in issue. For all periods up to and including 30th April, 2019 this amounted to 7,200,000 shares and with effect from the 16th October, 2019 this has increased to 7,363,200 shares. The weighted average number of ordinary shares in issue during the year ended 30th April, 2020 was 7,288,289. The relevant profits attributable to ordinary shareholders were £7,866,000 *(2019: £11,505,000)*.

There is a share option scheme in place for the Directors of the Company under the Company's Equity Long Term Incentive Plan (LTIP), based on the Company exceeding a target growth in the total shareholder return of the Company over the period from 1st May, 2016 to 30th April, 2019. Under the scheme, a maximum of 489,600 share options vested at 1st May, 2019, of which 163,200 were exercised during the current period. The total number of ordinary shares used as the denominator for the diluted earnings per share is 7,613,654 *(2019: 7,688,056)*.

11. Dividends

	2020 £'000	2019 £'000
Paid ordinary dividends during the year in respect of prior years 96.21p *(2018: 83.473p)* per qualifying ordinary share	**6,927**	6,010
Dividends paid to minority shareholders in Noreva GmbH	**-**	116
Total dividends	**6,927**	6,126

After the balance sheet date an ordinary dividend of 81.71p per qualifying ordinary share was proposed by the Directors *(2019: Ordinary dividend of 96.21p)*.

The proposed current year ordinary dividend of £6,016,000 has not been provided for within these financial statements *(2019: Proposed ordinary dividend of £6,927,000 was not provided for within the comparative figures)*.

Noreva had been an 87.5% owned subsidiary, which was treated as a 100% owned subsidiary, because there were both put and call options in place for the remaining 12.5%. During the previous year, the Group paid for the remaining 12.5% shareholding in Noreva.

12. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Assets in course of construction £'000	Total £'000
Cost					
Balance at 1st May, 2018	30,417	71,832	3,819	11,397	117,465
Additions	4,467	3,834	213	2,165	10,679
Additions - company acquisitions	411	285	62	-	758
Reclassification	6,638	2,223	(50)	(8,811)	-
Disposals	(15)	(1,452)	(91)	-	(1,558)
Exchange adjustment	(110)	(194)	(4)	16	(292)
Balance at 30th April, 2019	**41,808**	**76,528**	**3,949**	**4,767**	**127,052**
Balance at 1st May, 2019	41,808	76,528	3,949	4,767	127,052
Additions	206	3,843	158	1,761	5,968
Reclassification	91	5,173	(744)	(4,520)	-
Disposals	(34)	(1,632)	(68)	-	(1,734)
Transfer of right-to-use assets on transition to IFRS 16	-	(4,648)	-	-	(4,648)
Exchange adjustment	(400)	(305)	(17)	(2)	(724)
Balance at 30th April, 2020	**41,671**	**78,959**	**3,278**	**2,006**	**125,914**
Depreciation					
Balance at 1st May, 2018	5,821	39,956	2,534	-	48,311
Charged in year	1,088	4,410	321	-	5,819
Depreciation - company acquisitions	195	122	32	-	349
Reclassification	(47)	76	(29)	-	-
Disposals	-	(1,312)	(91)	-	(1,403)
Exchange adjustment	(22)	(105)	(3)	-	(130)
Balance at 30th April, 2019	**7,035**	**43,147**	**2,764**	**-**	**52,946**
Balance at 1st May, 2019	7,035	43,147	2,764	-	52,946
Charged in year	1,209	4,425	240	-	5,874
Reclassification	36	595	(631)	-	-
Disposals	(2)	(1,498)	(43)	-	(1,543)
Transfer of right-to-use assets on transition to IFRS 16	-	(693)	-	-	(693)
Exchange adjustment	(128)	(177)	9	-	(296)
Balance at 30th April, 2020	**8,150**	**45,799**	**2,339**	**-**	**56,288**
Net book value					
At 1st May, 2018	24,596	31,876	1,285	11,397	69,154
At 30th April, 2018 and 1st May, 2019	34,773	33,381	1,185	4,767	74,106
At 30th April, 2020	**33,521**	**33,160**	**939**	**2,006**	**69,626**

12. Property, plant and equipment *(continued)*

Plant and machinery

During the year the Group expended £5,968,000 on fixed assets. The focus here has been within the Mechanical Engineering segment and to develop further the infrastructure and capabilities at both Goodwin International and Goodwin Steel Castings to deal with their increased workloads.

Leased plant and machinery is reported within right-of-use assets in note 13.

Assets in the course of construction of £2,006,000 *(2019: £4,767,000)* comprise £1,345,000 *(2019: £181,000)* in relation to land and buildings and £661,000 *(2019: £4,586,000)* for plant and machinery.

Government grants related to tangible fixed assets

Additions to fixed assets are after deducting grants receivable of £Nil *(2019: £Nil)*.

Security

There is a charge over Noreva GmbH's land and buildings of €1.6 million to secure a bank loan repayable by instalments and a bank loan of £4.7 million is secured against three furnaces (see note 21).

13. Right-of-use assets and lease liabilities

Right-of-use assets

	Land and buildings (formerly operating leases) **£'000**	**Plant and equipment** (formerly finance leases) **£'000**	**Plant and equipment** (formerly operating leases) **£'000**	**Total £'000**
Cost				
Balance recognised on transition to IFRS 16	942	-	100	1,042
Opening balance transfer from property, plant and equipment	-	4,648	-	4,648
Additions	1,013	144	32	1,189
Exchange adjustment	(18)	(5)	-	(23)
Balance at 30th April, 2020	**1,937**	**4,787**	**132**	**6,856**
Depreciation				
Opening balance transfer from property, plant and equipment	-	693	-	693
Charged in year	506	290	31	827
Exchange adjustment	(6)	(1)	-	(7)
Balance at 30th April, 2020	**500**	**982**	**31**	**1,513**
Net book value at 30th April, 2020	**1,437**	**3,805**	**101**	**5,343**

Lease liabilities

	2020			2019
	£'000 Formerly finance leases	**£'000** Formerly operating leases	**£'000** Total	£'000 Total
Non-current liabilities	**264**	**1,075**	**1,339**	1,164
Current liabilities	**992**	**491**	**1,483**	939
Total	**1,256**	**1,566**	**2,822**	2,103

The right-of-use assets secure lease obligations (see note 21).

13. Right-of-use assets and lease liabilities *(continued)*

Lease liabilities *(continued)*

Reconciliation of liabilities arising from leasing activities

	Opening balance 1st May 2019 £'000	IFRS 16 leases £'000	Cash flows – new leases £'000	Cash flows – lease payments £'000	Foreign exchange movement £'000	Closing balance 30th April 2020 £'000
Formerly finance leases	2,103	-	102	(954)	5	1,256
Formerly operating leases	-	2,087	-	(509)	(12)	1,566
Total	2,103	2,087	102	(1,463)	(7)	2,822

	Opening balance 1st May 2018 £'000	Change in bank overdrafts £'000	Company acquisition £'000	Cash flows £'000	Foreign exchange movement £'000	Closing balance 30th April 2019 £'000
Finance leases	2,548	-	42	(487)	-	2,103

The contractual undiscounted cash flows are payable as follows:

	2020 Minimum lease payments £'000	2020 Interest £'000	2020 Principal £'000	2019 Minimum lease payments £'000	2019 Interest £'000	2019 Principal £'000
Formerly finance leases						
Less than one year	1,016	24	992	980	41	939
One to five years	271	7	264	1,184	20	1,164
	1,287	31	1,256	2,164	61	2,103
Formerly operating leases						
Less than one year	536	45	491	-	-	-
One to five years	1,139	64	1,075	-	-	-
	1,675	109	1,566	-	-	-

Amounts recognised in profit or loss

	2020 £'000	2019 £'000
Interest on liabilities – formerly finance leases	41	64
Interest on liabilities – formerly operating leases...	56	-
Expenses relating to short-term leases	121	126
Expenses relating to leases of low-value assets	20	18
	238	208

14. Investments in subsidiaries

The Group has the following principal subsidiaries. Non-principal subsidiaries are listed in note 32:

Subsidiaries:	Registered address*	Country of Incorporation	Class of shares held	% held
Mechanical Engineering:				
Goodwin Steel Castings Limited	1	England and Wales	Ordinary	**100**
Goodwin International Limited	1	England and Wales	Ordinary	**100**
Easat Radar Systems Limited	1	England and Wales	Ordinary	**77**
Goodwin Korea Company Limited	3	South Korea	Ordinary	**95**
Goodwin Pumps India Private Limited	4	India	Ordinary	**100**
Goodwin Shanghai Company Limited	5	China	Ordinary	**100**
Noreva GmbH	6	Germany	Ordinary	**100**
Goodwin (Shanxi) Pump Company Limited	7	China	Ordinary	**100**
Goodwin Indústria e Comércio de Bombas Submersas Ltda	8	Brazil	Ordinary	**100**
Internet Central Limited	1	England and Wales	Ordinary	**82**
Goodwin Submersible Pumps Australia Pty. Limited	9	Australia	Ordinary	**100**
Metal Proving Services Limited	1	England and Wales	Ordinary	**100**
NRPL Aero Oy	10	Finland	Ordinary	**77**
Goodwin Submersible Pumps Africa Pty. Limited ...	15	South Africa	Ordinary	**100**
Refractory Engineering:				
Goodwin Refractory Services Limited	1	England and Wales	Ordinary	**100**
Dupré Minerals Limited	1	England and Wales	Ordinary	**100**
Hoben International Limited	2	England and Wales	Ordinary	**100**
Gold Star Powders Private Limited	4	India	Ordinary	**100**
Siam Casting Powders Limited	11	Thailand	Ordinary	**58**
Ultratec Jewelry Supplies Limited	12	China	Ordinary	**76**
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	**76**
Gold Star Brazil Limited	8	Brazil	Ordinary	**100**
Jewelry Plaster Limited	14	Thailand	Ordinary/Preference	**75**

*The registered address for each company can be found in note 34.

All of the above companies are included as part of the consolidated accounts and are involved in mechanical and refractory engineering.

Acquisition of subsidiaries

On 26th April, 2019, the Group acquired 25% of Asian Industrial Investment Casting Powders Private Limited (Asian Industrial), increasing its interest from 50% to 75%, and increasing its control of the company. The Group had an existing shareholding of 49% in Jewelry Plaster Limited (Jewelry Plaster), which owns 100% of Jewelry Wax Limited, and by acquiring a further 26% shareholding, increased its total ownership to 75% and obtained control of the company.

In the current year, the Group acquired the remaining 25% of Asian Industrial.

Consideration

The consideration in April 2019 for the Asian Industrial shares was £40,000 in cash. The remaining 25% was acquired for £83,000.

For the Jewelry Plaster shares, the Group paid £777,000 in cash. The fair value of the contingent consideration payable, based on the pre-tax profits of Jewelry Plaster for the financial year to 30th April, 2020, was £204,000. The pre-tax profits of Jewelry Plaster for the financial year to 30th April, 2020 were £100,000. As the contingent consideration is therefore not payable, £204,000 has been recognised as income in the profit and loss.

Acquisition-related costs

The legal fees incurred in the previous year in relation to the acquisition were £10,000, and have been reported within administrative expenses.

14. Investments in subsidiaries *(continued)*

Identifiable assets acquired and liabilities assumed

The table below analyses the total identifiable net assets of Asian Industrial and Jewelry Plaster acquired in April 2019. The net assets of Asian Industrial are not shown separately because the value is insignificant.

	£'000
Property, plant and equipment	409
Investments	354
Intangibles	803
Inventories	803
Trade and other financial assets	1,339
Non-financial assets	91
Cash and cash equivalents	392
Short-term interest-bearing loans and borrowings	(11)
Trade and other financial liabilities	(2,623)
Non-financial liabilities	(159)
Long-term interest-bearing loans and borrowings	(31)
Total identifiable net assets acquired	**1,367**

Goodwill

The goodwill arising from the acquisitions has been recognised as follows:

	£'000
Asian Industrial cash consideration	40
Jewelry Plaster cash consideration	777
Jewelry Plaster contingent consideration	204
Fair value of pre-existing interest in Asian Industrial and Jewelry Plaster (note 15)	279
Fair value of identifiable net assets	(1,367)
Non-controlling interests	142
Goodwill	**75**

The non-controlling interests have been calculated as the proportionate share of the identifiable net assets of Asian Industrial and Jewelry Plaster.

The pre-existing equity interest in Asian Industrial and Jewelry Plaster was stated at fair value before the acquisition of the additional shares. No further fair value adjustments have been made to the value of identifiable net assets, and there has been no gain or loss on re-measuring to fair value the Group's existing associate investments, at the date of acquisition. However, the translation reserve at the date of acquisition has been realised and an unrealised gain previously recognised in OCI has been reported within financial expenses (see note 8).

NCI – Non-controlling interests

The following subsidiaries each have non-controlling interests:

	Registered address*	Country of Incorporation	Class of shares held	% held by NCI
Mechanical Engineering:				
Easat Radar Systems Limited	1	England and Wales	Ordinary	**23**
Goodwin Korea Company Limited	3	South Korea	Ordinary	**5**
Internet Central Limited	1	England and Wales	Ordinary	**18**
NRPL Aero Oy	10	Finland	Ordinary	**23**
Refractory Engineering:				
Jewelry Plaster Limited	14	Thailand	Ordinary	**25**
Jewelry Wax Limited	14	Thailand	Ordinary	**25**
Siam Casting Powders Limited	11	Thailand	Ordinary	**42**
SRS Guangzhou Limited	12	China	Ordinary	**25**
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	**25**
Shenzhen King-Top Modern Hi-Tech Company Limited	16	China	Ordinary	**25**
Ultratec Jewelry Supplies Limited	12	China	Ordinary	**25**
Ying Tai (UK) Limited	1	England and Wales	Ordinary	**25**

14. Investments in subsidiaries *(continued)*

Acquisition of NCI

In April 2019, the Group acquired an additional 24.5% in Ultratec, which owns Shenzhen King-Top Modern Hi-Tech Company, and a further shareholding of 24.5% in Ying Tai (UK), which owns SRS Guangzhou and SRS (Qingdao) Casting Materials Company. Through its acquisition of additonal shares in Jewelery Plaster, the Group acquired a further 2.3% stake in Siam Casting Powders.

	Ultratec Group £'000	Ying Tai (UK) Group £'000	Siam Casting Powders £'000	Total £'000
Carrying value of NCI acquired	859	800	91	1,750
Consideration paid to NCI	(1,765)	(403)	(354)	(2,522)
Goodwill arising from purchase of NCI in subsidiaries ...	(906)	397	(263)	(772)

The decrease in equity attributable to owners of the Company comprised a decrease in retained earnings of £592,000 and a decrease of £180,000 in the translation reserve.

The financial information on subsidiaries with non-controlling interests has been aggregated, analysing the data by segment, as the entities in each segment have similar characteristics and risk profiles.

	Mechanical Engineering		**Refractory Engineering**		**Total**	
Year Ended 30th April	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Profit / (loss) allocation to non-controlling interests	**(262)**	91	**736**	851	**474**	942
Dividends paid to non-controlling interests	**-**	-	**-**	451	**-**	451
Accumulated reserves held by non-controlling interests	**458**	678	**4,127**	3,448	**4,585**	4,126

The summarised financial information below represents the amounts in the financial statements of the subsidiaries, before any intercompany eliminations, and does not reflect the Group's share of those amounts. The results for the year of both Jewlry Plaster and Asian Industrial are shown within share of profit of associate companies, on the basis that the effective acquisition date was 26th April, 2019.

	Mechanical Engineering		**Refractory Engineering**		**Total**	
Year Ended 30th April	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Non-current assets	**2,985**	2,291	**12,236**	9,554	**15,221**	11,845
Current assets	**20,550**	21,717	**12,671**	13,827	**33,221**	35,544
Current liabilities	**(17,170)**	(17,723)	**(7,082)**	(8,079)	**(24,252)**	(25,802)
Non-current liabilities	**(2,939)**	(1,874)	**(728)**	(29)	**(3,667)**	(1,903)
Total net assets of companies with non-controlling interests	**3,426**	4,411	**17,097**	15,273	**20,523**	19,684
Revenue of companies with non-controlling interests	**19,835**	12,294	**18,764**	15,796	**38,599**	28,090
Profit / (loss) for the year of companies with non-controlling interests ...	**(1,177)**	1,333	**2,851**	1,844	**1,674**	3,177
Total comprehensive income of companies with non-controlling interests	**(985)**	1,475	**2,647**	1,933	**1,662**	3,408

15. Investments in associates

The Group's share of profit after tax in its associates for the year ended 30th April, 2020 was £66,000 *(2019: £233,000)*.

Summary financial information of the Group's share of associates is as follows:

	2020 £'000	2019 £'000
Balance at 1st May, 2019 *(1st May, 2018)*	**739**	1,963
Profit before tax	**80**	298
Tax	**(14)**	(65)
Dividend	**-**	(1,254)
Exchange adjustment	**11**	76
Disposal	**-**	(279)
Balance at 30th April	**816**	739
Assets	**1,076**	1,112
Liabilities	**(260)**	(373)
	816	739

On 26th April 2019, the Group increased its ownership and control of Asian Industrial and Jewelry Plaster. The Group's pre-existing interest in these two companies was reported as a disposal in the prior year. Details of the acquisitions are included in note 14.

Summarised financial information of the Group's share of the individually material associate, Jewelry Plaster, is shown below. The figures for 2019 reflect trading for the full year, before the Group increased its control of the company.

On 26th April, 2019, 25.5% of Jewelry Plaster was acquired by Goodwin PLC, thus moving this company from an associate company to a subsidiary company. In accordance with the revised status the figures for 2020 are zero.

	2020 £'000	2019 £'000
Revenue	**-**	1,406
Profit after tax	**-**	148

16. Intangible assets

	Goodwill £'000	Brand names and intellectual property £'000	Order book £'000	Manufacturing rights £'000	Software and Licences £'000	Development costs £'000	Total £'000
Cost							
Balance at 1st May, 2018 ...	10,050	6,974	162	5,117	708	5,844	28,855
Additions...	75	799	-	201	115	1,500	2,690
Additions – company acquisition	-	-	-	-	4	-	4
Disposals...	-	(19)	-	-	(135)	-	(154)
Exchange adjustment ...	(117)	(80)	(3)	-	(8)	(31)	(239)
Balance at 30th April, 2019	**10,008**	**7,674**	**159**	**5,318**	**684**	**7,313**	**31,156**
Balance at 1st May, 2019 ...	10,008	7,674	159	5,318	684	7,313	31,156
Additions...	161	1,936	-	102	275	1,105	3,579
Reclassification	-	-	-	-	357	-	357
Disposals...	-	-	-	-	(116)	-	(116)
Exchange adjustment ...	64	62	2	-	(25)	8	111
Balance at 30th April, 2020	**10,233**	**9,672**	**161**	**5,420**	**1,175**	**8,426**	**35,087**
Amortisation and impairment							
Balance at 1st May, 2018 ...	339	4,983	162	1,536	281	416	7,717
Amortisation for the year ...	-	514	-	309	219	270	1,312
Disposals...	-	(19)	-	-	(135)	-	(154)
Exchange adjustment ...	4	(67)	(3)	-	-	(7)	(73)
Balance at 30th April, 2019	**343**	**5,411**	**159**	**1,845**	**365**	**679**	**8,802**
Balance at 1st May, 2019 ...	343	5,411	159	1,845	365	679	8,802
Amortisation for the year ...	-	439	-	382	220	287	1,328
Reclassification	-	-	-	-	357	-	357
Disposals...	-	-	-	-	(116)	-	(116)
Exchange adjustment ...	-	34	2	-	(16)	1	21
Balance at 30th April, 2020	**343**	**5,884**	**161**	**2,227**	**810**	**967**	**10,392**
Net book value							
At 1st May, 2018...	9,711	1,991	-	3,581	427	5,428	21,138
At 30th April, 2019 and 1st May, 2019	9,665	2,263	-	3,473	319	6,634	22,354
At 30th April, 2020 ...	**9,890**	**3,788**	**-**	**3,193**	**365**	**7,459**	**24,695**

Customer lists are included within brand names and intellectual property or within manufacturing rights, depending on the nature of the acquisition; non-compete agreements are disclosed within manufacturing rights. During the year, the Group added to its portfolio of intangible assets.

On 23rd December, 2019, Goodwin PLC successfully acquired the globally recognised Castaldo silicone rubber and wax division, including the intellectual property, trade name and associated trademarks. For the past 75 years Castaldo has been at the centre of the worldwide jewellery casting industry and the recent acquisition will further increase the Group's global market share within the moulding rubber and injection wax business.

Identifiable assets acquired

The table below analyses the total identifiable Castaldo assets acquired during the year.

	£'000
Property, plant and equipment	38
Brand name and registered trademarks	1,301
Customer list	77
Recipe intellectual property	558
Total identifiable net assets acquired	1,974

16. Intangible assets *(continued)*

Consideration

The consideration for the net assets acquired is as follows:

	£'000
Cash consideration paid	1,517
Cash consideration to be paid	457
Total cash consideration	1,974
Acquisition costs	23

Amortisation and impairment charges

The amortisation charge of £1,328,000 *(2019: £1,312,000)* is recognised in cost of sales in the statement of profit or loss.

Impairment testing for cash-generating units containing goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the relevant subsidiary which is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are:

	2020	2019
	£'000	£'000
Noreva GmbH	**4,744**	4,688
Goodwin Refractory Services Holdings Limited	**3,346**	3,346
NRPL Aero Oy	**1,260**	1,245
Other	**540**	386
	9,890	9,665

An impairment test is a comparison of the carrying value of the assets of a cash-generating unit ("CGU") to their recoverable amount, based on a value-in-use calculation. Recoverable amount is the greater of value-in-use and market value. Where the recoverable amount is less than the carrying value an impairment results. During the year each CGU containing goodwill was separately assessed and tested for impairment.

As part of testing goodwill for impairment detailed forecasts of operating cash flows for the next five years are used, which are based on approved budgets and plans by the Board. The forecasts represent the best estimate of future performance of the CGU based on past performance and expectations for the market development of the CGU.

A number of key assumptions are used as part of impairment testing. These key assumptions, such as the CGU's position within its relevant market; its ability to generate profitable orders within that market; expected growth rates both in the market and geographically, are made by management who also take into account past experience and knowledge of forecast future performance together with other relevant external sources of information.

The projections use various growth rates consistent with the profit forecasts of the CGU for the first five years, with growth rates of typically 0% to 15% thereafter, extrapolated over the minimum expected life span of the unit. The forecasts are then discounted at an appropriate pre-tax weighted average cost of capital rate considering the perceived levels of risk, ranging between 10% and 20% *(2019: between 19% and 21%)* for the Mechanical Engineering Division and 13% to 21% *(2019: between 14% and 22%)* for the Refractory Engineering Division. Further sensitivity tests are then performed reducing the discounted cash flows by 10% and also increasing the discount rate by a range of up to 10% to confirm there is no need to consider further a need for impairment.

The estimates and assumptions made in connection with the impairment testing could differ from future actual results of operations and cash flows. A reasonably likely variation in the assumptions would not give rise to an impairment. However, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired.

17. Inventories

	2020 £'000	2019 £'000
Raw materials and consumables	**18,717**	15,576
Work in progress	**17,334**	23,324
Finished goods	**8,836**	11,624
	44,887	50,524

The amount of inventory impaired during the year was £2,745,000 *(2019: £2,550,000)*. The comparative for the prior year has been amended to incorporate the impairment charge for all inventory classifications.

The Group carries provisions against inventories as follows:

	2020 £'000	2019 £'000
Raw materials and consumables	**301**	253
Work in progress	**532**	829
Finished goods	**417**	337
	1,250	1,419

18. Trade and other financial assets

Balances due within one year	2020 £'000	2019 £'000
Trade receivables	**23,589**	23,279
Other financial assets	**897**	1,685
	24,486	24,964

The Group has a long-term receivable balance due from an associate company, which is repayable within five years. The balance, which is due after more than one year is disclosed within non-current assets, with the balance due within one year, of £255,000 *(2019: £240,000)* being reported within other current financial assets. Interest is charged at a commercial rate.

Balances due after more than one year	2020 £'000	2019 £'000
Other receivables	**252**	505

19. Other receivables

	2020 £'000	2019 £'000
Advance payments to suppliers	**1,640**	565
Prepayments and other non-financial assets	**2,582**	1,911
Corporation tax receivable	**284**	176
Deferred tax asset (see note 26)	**60**	63
	4,566	2,715

20. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash and cash equivalents per balance sheet	**9,840**	9,640
Bank overdrafts	**(391)**	(9,147)
Cash and cash equivalents per cash flow statement	**9,449**	493

21. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing bank loans and borrowings. The bank loans repayable by instalment are secured against a property in Germany and furnaces in the UK (see note 12). For more information about the Group's exposure to interest rate and foreign currency risk, see note 28.

	2020 £'000	2019 £'000
Non-current liabilities		
Bank loans and committed facilities	**14,260**	19,322
Current liabilities		
Bank loans and committed facilities	**12,750**	112
Bank overdrafts	**391**	9,147
	13,141	9,259

21. Interest-bearing loans and borrowings *(continued)*

Reconciliation of liabilities arising from financing activities

	Opening balance 1st May 2019 £'000	Change in bank overdrafts £'000	Cash flows £'000	Foreign exchange movement £'000	Closing balance 30th April 2020 £'000
Bank overdrafts used for cash management	**9,147**	**(8,756)**	**-**	**-**	**391**
Bank loans	**18,000**	**-**	**3,000**	**-**	**21,000**
Bank loans repayable by instalments	**1,434**	**-**	**4,556**	**20**	**6,010**
	28,581	**(8,756)**	**7,556**	**20**	**27,401**

	Opening balance 1st May 2018 £'000	Change in bank overdrafts £'000	Cash flows £'000	Foreign exchange movement £'000	Closing balance 30th April 2019 £'000
Bank overdrafts used for cash management	4,585	4,562	-	-	9,147
Bank loans	11,000	-	7,000	-	18,000
Bank loans repayable by instalments	110	-	1,337	(13)	1,434
	15,695	4,562	8,337	(13)	28,581

Bank loans repayable by instalments

Bank loans are payable as follows:

	2020			2019		
	Minimum loan payments £'000	**Interest £'000**	**Principal £'000**	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	**912**	**162**	**750**	138	26	112
Between one and five years	**3,547**	**419**	**3,128**	389	91	298
More than five years	**2,289**	**157**	**2,132**	1,173	149	1,024
	6,748	**738**	**6,010**	1,700	266	1,434

22. Trade and other financial liabilities

	2020 £'000	2019 £'000
Trade payables	**19,238**	17,012
Other financial liabilities	**1,688**	1,701
Other taxation and social security costs	**2,559**	1,857
	23,485	20,570

23. Other payables

	2020 £'000	2019 £'000
Accrued expenses	**3,212**	4,300
Advance payments from customers	**86**	471
	3,298	4,771

24. Deferred consideration

	2020 £'000	2019 £'000
Deferred consideration on acquisitions	-	204

At 30th April, 2019, the balance related to the acquisition of Jewelry Plaster (see note 14). As at 30th April, 2020, the balance has been written back due to performance criteria not being met.

25. Warranty provision

	2020 £'000	2019 £'000
Balance at 1st May, 2019 *(1st May, 2018)*	493	513
Generated	251	166
Credited to the statement of profit or loss	(265)	(176)
Exchange adjustment	5	(10)
Balance at 30th April	484	493
Warranty due within one year	160	261
Warranty due after one year	324	232
Balance at 30th April	484	493

Provisions for warranties relate to products sold and generally cover a period of between 1 and 3 years.

26. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Liabilities 2019 £'000
Property, plant and equipment	221	-	(3,765)	(3,014)
Intangible assets	286	-	(1,898)	(1,306)
Derivative financial instruments	241	252	(98)	-
Share-based payments reserve	1,888	2,630	-	-
Other temporary differences	192	125	(78)	-
	2,828	3,007	(5,839)	(4,320)

	2020 £'000	2019 £'000
Deferred tax asset (see note 19)	60	63
Deferred tax liability	(3,071)	(1,376)
	(3,011)	(1,313)

	Property, plant and equipment £'000	Intangible assets £'000	Derivative financial instruments £'000	Share-based payments reserve £'000	Other temporary differences £'000	Total £'000
Balance at 1st May, 2018	(2,661)	(1,510)	199	-	40	(3,932)
Impact of IFRS 15	-	-	-	-	214	214
Recognised in profit or loss	(347)	175	(101)	484	(129)	82
Recognised in equity	-	-	154	2,146	-	2,300
Exchange adjustment	(6)	29	-	-	-	23
Balance at 30th April, 2019	(3,014)	(1,306)	252	2,630	125	(1,313)
Recognised in profit or loss	(546)	(115)	(186)	(995)	(10)	(1,852)
Recognised in equity	-	(161)	77	253	-	169
Exchange adjustment	16	(30)	-	-	(1)	(15)
Balance at 30th April, 2020	(3,544)	(1,612)	143	1,888	114	(3,011)

26. Deferred tax assets and liabilities *(continued)*

Within the current and previous year, the Group has no material tax losses where a deferred tax asset has been recognised. As at 30th April, 2020, the Group has not recognised £511,000 of deferred tax assets in relation to the accumulated losses *(2019: £690,000)* within overseas subsidiaries.

On 11th March, 2020, it was announced that the UK corporation tax rate would remain at 19% on 1st April, 2020 and would no longer reduce to 17%. This measure was made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968 and, as such, it is substantively enacted on the passing of the resolution on 17th March, 2020. On this basis the deferred tax liability has been calculated at a rate of 19%.

27. Capital and reserves

Share capital	**2020 £'000**	2019 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each … … … … … … … … …	**720**	720
Issue of 163,200 ordinary shares of 10p each … … … … … … … …	**16**	-
	736	720

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Share-based payments reserve

The share-based payments reserve is a non cash-impacting provision, as required by Accounting Standard IFRS 2, relating to the Equity Long Term Incentive Plan, which vested at 1st May, 2019. Further details are included in note 35.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred.

Deferred tax

The aggregate deferred tax relating to items that are recognised in equity is an asset of £1,629,000 *(2019: £2,350,000)*, being £1,348,000 *(2019: £2,146,000)* in respect of the Equity Long Term Incentive Plan and £281,000 *(2019: £204,000)* in respect of derivatives.

28. Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices (interest rates, foreign exchange rates and commodity prices), credit risk and liquidity. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

a) Credit risk

The Group's financial assets are cash and cash equivalents and trade and other receivables, the carrying amounts of which represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables and is managed through the following processes:

i) The majority of orders accepted by Group companies are backed by credit insurance.

ii) Some orders are accepted with no credit insurance but with letters of credit.

iii) Some orders are accepted with no credit insurance and no letter of credit but with an internal analysis of the customer's size, creditworthiness, historic profitability and payment record.

iv) A few orders (less than 10%) are taken at risk following review by at least two Board members.

v) Major orders are normally accompanied by stage payments which go towards mitigating our credit risk.

28. Financial risk management *(continued)*

a) Credit risk *(continued)*

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Carrying amount 2020 £'000	2019 £'000
Contract assets	*5*	**6,558**	3,698
Trade and other financial assets – due after more than one year	*18*	**252**	505
Trade and other financial assets – due within one year	*18*	**24,486**	24,964
Cash at bank and cash equivalents	*20*	**9,840**	9,640
Derivative financial assets	*28(d)*	**1,205**	195
		42,341	39,002

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount 2020 £'000	2019 £'000
UK	**5,403**	4,914
Rest of Europe	**1,947**	3,732
USA	**1,640**	719
Pacific Basin	**5,072**	7,994
Rest of World	**9,527**	5,920
	23,589	23,279

The ageing of trade receivables and impairments at the reporting date was:

	Net 2020 £'000	Gross 2020 £'000	Impairment provision 2020 £'000	Net 2019 £'000	Gross 2019 £'000	Impairment provision 2019 £'000
Not past due	**14,696**	**14,709**	**(13)**	16,956	16,956	-
Past due 1-30 days	**3,067**	**3,083**	**(16)**	3,944	3,944	-
Past due 31-90 days	**2,609**	**2,656**	**(47)**	1,190	1,190	-
Past due more than 90 days	**3,217**	**3,457**	**(240)**	1,189	1,470	(281)
	23,589	**23,905**	**(316)**	23,279	23,560	(281)

Management believes that there are no significant credit risks remaining with the above net receivables and that the credit quality of customers is good, based on a review of past payment history and the current financial status of the customers. Included in trade receivables are retentions which are job specific and have varying due dates depending on the complexity of the job. These are included in the not past due category. The Group has not renegotiated the terms of any trade receivables and has not pledged any trade receivables as security.

The Directors estimate that the fair value of the Group's trade and other receivables is approximate to their carrying values.

An analysis of the provision for impairment of receivables is as follows:

	2020 £'000	2019 £'000
Balance at 1st May, 2019 *(1st May, 2018)*	**281**	429
Exchange adjustment	**(6)**	(1)
Impairment charged through the statement of profit or loss	**49**	38
Impairment provision utilised during the year	**(8)**	(185)
At 30th April	**316**	281

28. Financial risk management *(continued)*

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At the year end the Group had the following unutilised bank facilities in respect of which all conditions precedent had been met:

	Uncommitted		**Committed**		**Total**	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Unutilised bank facilities ...	**17,095**	7,585	**12,000**	15,000	**29,095**	22,585

The Group's principal borrowing facilities are provided by three banks in the form of borrowings and short-term overdraft facilities. The quantum of borrowing facilities available to the Group is reviewed regularly in light of current working capital requirements and the need for capital investment for the long-term future for the Group.

Maturity analysis

The table below analyses the Group's financial liabilities into maturity groupings based on the period outstanding at the balance sheet date up to the contractual maturity date. All figures are contracted gross cash flows that have not been discounted.

	2020 Contractual cash flows				**2020 Carrying value**
	Within 1 year £'000	**1-5 years £'000**	**5+ years £'000**	**Total £'000**	**Total £'000**
Non-derivative financial liabilities					
Bank loans and committed facilities ...	**12,912**	**12,547**	**2,289**	**27,748**	**27,010**
Overdrafts	**391**	**-**	**-**	**391**	**391**
Finance leases	**1,016**	**271**	**-**	**1,287**	**1,256**
Operating leases	**536**	**1,139**	**-**	**1,675**	**1,566**
Trade and other financial liabilities ...	**23,485**	**-**	**-**	**23,485**	**23,485**
Total	**38,340**	**13,957**	**2,289**	**54,586**	**53,708**

The 30th April, 2020 bank loans and committed facilities are repayable as follows: £12 million within year end 30th April, 2021 and £9 million within year end 30th April, 2024. The interest rates chargeable on these loans are on a floating basis against LIBOR and UK base rate, with bank margins of less than 2%. There is also a bank loan of £1.3 million repayable by instalments, with the final payment due in the year ended 30th April, 2039. Interest is charged at an effective interest rate of 1.96%, which is fixed for the whole period.

	2019 Contractual cash flows				2019 Carrying value
	Within 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000	Total £'000
Non-derivative financial liabilities					
Bank loans and committed facilities ...	138	18,389	1,173	19,700	19,434
Overdrafts	9,147	-	-	9,147	9,147
Finance leases	980	1,184	-	2,164	2,103
Trade and other financial liabilities ...	20,570	-	-	20,570	20,570
Deferred considerations on acquisitions	204	-	-	204	204
Total	31,039	19,573	1,173	51,785	51,458

c) Market risk

Foreign exchange risk

The Group is subject to fluctuations in exchange rates on its net investments overseas and transactional monetary assets and liabilities not denominated in the operating (or "functional") currency of the operating unit involved.

The Group is exposed to fluctuations in several currencies which give rise to the net currency gains and losses recognised in the statement of profit or loss.

28. Financial risk management *(continued)*

c) Market risk *(continued)*

Foreign exchange risk *(continued)*

The Group at its discretion is empowered to hedge its estimated annual foreign currency exposure in respect of forecast sales and purchases if the Board deems it appropriate after having taken into account the expected movement in the foreign exchange rates. The Group uses forward exchange contracts to hedge its foreign currency risk. All the foreign exchange contracts have maturities within three years after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies, the Group ensures that the net exposure is eliminated through the use of forward exchange contracts or spot transactions at the time the contractual commitment is in place.

Currency profile of financial assets and liabilities:

	2020 US Dollar £'000	2019 US Dollar £'000	**2020 Euro £'000**	2019 Euro £'000	**2020 Other £'000**	2019 Other £'000	**2020 Total £'000**	2019 Total £'000
Trade and other receivables	**4,584**	5,076	**1,068**	1,225	**-**	59	**5,652**	6,360
Cash and cash equivalents	**576**	(2,412)	**(2,634)**	(7,172)	**1,786**	(35)	**(272)**	(9,619)
Trade and other payables	**(1,770)**	(169)	**(1,185)**	(603)	**(1,768)**	(17)	**(4,723)**	(789)
	3,390	2,495	**(2,751)**	(6,550)	**18**	7	**657**	(4,048)

The following significant exchange rates applied during the year:

	Average exchange rate 2020	2019	**Reporting date spot rate 2020**	2019
US Dollar … … … … … …	**1.2661**	1.3046	**1.2594**	1.3040
Euro … … … … … …	**1.1427**	1.1353	**1.1497**	1.1633

Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and surplus cash. The Group is aware of the financial products available to hedge against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. During the year, no new interest rate swaps or caps were entered into.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non interest-bearing.

	Fixed rate		**Floating rate**		**Non interest-bearing**		**Total**	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Cash and cash equivalents	**-**	-	**9,840**	9,640	**-**	-	**9,840**	9,640
Contract assets	**-**	-	**-**	-	**6,558**	3,698	**6,558**	3,698
Trade and financial assets	**507**	746	**-**	-	**24,231**	24,723	**24,738**	25,469
Derivative assets	**-**	-	**-**	-	**1,205**	195	**1,205**	195
Contract liabilities	**-**	-	**-**	-	**(18,965)**	(18,002)	**(18,965)**	(18,002)
Trade and other financial liabilities	**-**	-	**-**	-	**(23,485)**	(20,570)	**(23,485)**	(20,570)
Deferred consideration	**-**	-	**-**	-	**-**	(204)	**-**	(204)
Derivative liabilities	**-**	-	**-**	-	**(1,273)**	(1,693)	**(1,273)**	(1,693)
Bank overdrafts	**-**	-	**(391)**	(9,147)	**-**	-	**(391)**	(9,147)
Bank loans and committed facilities	**(5,988)**	(1,370)	**(21,022)**	(18,064)	**-**	-	**(27,010)**	(19,434)
Finance lease liabilities	**(1,256)**	(2,103)	**-**	-	**-**	-	**(1,256)**	(2,103)
Operating lease liabilities	**(1,566)**	-	**-**	-	**-**	-	**(1,566)**	-
	(8,303)	(2,727)	**(11,573)**	(17,571)	**(11,729)**	(11,853)	**(31,605)**	(32,151)

28. Financial risk management *(continued)*

d) Capital management

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Board maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Operations are funded through various shareholders' funds, bank debt, finance leases and, where appropriate, deferred consideration on acquisitions. The capital structure of the Group reflects the judgement of the Board as to the appropriate balance of funding required. At 30th April, 2020, the capital used was £123.8 million *(2019: £126.4 million)* as shown in the following table:

	2020 £'000	2019 £'000
Cash and cash equivalents	**(9,840)**	(9,640)
Finance leases	**1,256**	2,103
Bank loans and committed facilities	**27,010**	19,434
Overdrafts	**391**	9,147
Deferred consideration	**-**	204
Net debt	**18,817**	21,248
Total equity attributable to equity holders of the parent ...	**105,017**	105,165
Capital	**123,834**	126,413

The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group's general strategy is to keep the debt to equity ratio below 30%, adjusted where appropriate for the effect of acquisitions. At 30th April, 2020 net debt was £18.8 million *(2019: £21.2 million)*. The gearing ratio, excluding deferred consideration from net debt, is 17.9% *(2019: 20%)*.

The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Working capital is managed in order to generate maximum conversion of profits into cash and cash equivalents. Dividends are paid from current year profits, thereby maintaining equity.

The policy for debt is to ensure a smooth debt maturity profile with the objective of ensuring continuity of funding. The repayment profile for the debt is shown in note 28(b).

There were no changes in the Group's approach to capital management during the year.

Currency derivatives

The Group utilises currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures.

Forecast transactions

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges and states them at fair value.

The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April, 2020, in Sterling terms, was £97 million spread across USD, EUR and THB denominated contracts. The fair value of these contracts at 30th April, 2020 was a liability of £750,000 (being assets totalling £338,000 and liabilities totalling £1,088,000). In addition, a nominal value of £9.4 million of USD denominated forward exchange contracts, which matured before 30th April, 2020, have been carried forward as part of the hedge reserve given that the underlying transactions had not occurred and the hedge was still effective at maturity. The fair value of these at 30th April, 2020 was a liability of £731,000. The Group also had a number of forward contracts not designated as cash flow hedges, and therefore recorded at fair value through the statement of profit or loss. The nominal value of these contracts at 30th April, 2020, in Sterling terms, was £37 million spread across USD and EUR denominated contracts. The fair value of these at 30th April, 2020 was an asset of £682,000 (being assets totalling £867,000, and liabilities totalling £185,000).

The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April, 2019, in Sterling terms, was £53 million spread across USD and EUR denominated contracts. The fair value of these at 30th April, 2019 was a liability of £1,200,000 (being assets totalling £158,000 and liabilities totalling £1,358,000). The Group also had a number of forward contracts not designated as cash flow hedges, and therefore recorded at fair value through the statement of profit or loss. The nominal value of these contracts at 30th April, 2019, in Sterling terms, was £7 million spread across USD and EUR denominated contracts. The fair value of these at 30th April, 2019 was a liability of £298,000 (being assets totalling £37,000, and liabilities totalling £335,000).

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the statement of profit or loss. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of cost of sales.

28. Financial risk management *(continued)*

d) Capital management *(continued)*

Derivative financial instruments

The following table sets out the periods when the cash flows are expected to occur and when they are expected to affect profit or loss:

2020	**Carrying amount £'000**	**Expected cash flow £'000**	**Within 1 year £'000**	**Between 1 and 5 years £'000**
Forward exchange contracts / currency swaps				
Assets not designated in a cash flow hedge relationship	**867**	**867**	**223**	**644**
Assets designated and effective as cash flow hedging instruments	**338**	**338**	**233**	**105**
Total assets	**1,205**	**1,205**	**456**	**749**
Liabilities not designated in a cash flow hedge relationship	**(185)**	**(185)**	**(185)**	**-**
Liabilities designated and effective as cash flow hedging instruments	**(1,088)**	**(1,088)**	**(886)**	**(202)**
Total liabilities	**(1,273)**	**(1,273)**	**(1,071)**	**(202)**

2019	Carrying amount £'000	Expected cash flow £'000	Within 1 year £'000	Between 1 and 5 years £'000
Forward exchange contracts / currency swaps				
Assets not designated in a cash flow hedge relationship	37	37	16	21
Assets designated and effective as cash flow hedging instruments	158	158	142	16
Total assets	195	195	158	37
Liabilities not designated in a cash flow hedge relationship	(335)	(335)	(257)	(78)
Liabilities designated and effective as cash flow hedging instruments	(1,358)	(1,358)	(1,213)	(145)
Total liabilities	(1,693)	(1,693)	(1,470)	(223)

28. Financial risk management *(continued)*

d) Capital management *(continued)*

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward contract markets for the principal foreign currencies in which the Group operates. Given recent fluctuations in rates, it is deemed sensible to provide the quantum for a 1% change in rates to aid understanding. These figures can be extrapolated proportionately to obtain an estimate of the impact of large movements. The Group's exposure to foreign currency changes for all other foreign currencies is not considered material.

	2020 £'000	2019 £'000
Impact on equity	**(Profit)/loss**	(Profit)/loss
1% increase in US Dollar fx rate against pound Sterling	**(633)**	(406)
1% increase in Euro fx rate against pound Sterling	**(202)**	(253)
1% decrease in US Dollar fx rate against pound Sterling	**633**	406
1% decrease in Euro fx rate against pound Sterling	**202**	253

	2020 £'000	2019 £'000
Impact on the statement of profit or loss	**(Profit)/loss**	(Profit)/loss
1% increase in US Dollar fx rate against pound Sterling	**(102)**	(74)
1% increase in Euro fx rate against pound Sterling	**(175)**	95
1% decrease in US Dollar fx rate against pound Sterling	**102**	74
1% decrease in Euro fx rate against pound Sterling	**175**	(95)
1% increase in interest rates	**-**	235

28. Financial risk management *(continued)*

e) Total financial assets and liabilities

The table below sets out the Group's accounting classification of each class of financial assets and liabilities and their fair values at 30th April, 2020 and 30th April, 2019.

	30th April, 2020		30th April, 2019	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets				
At amortised cost				
Cash and cash equivalents	**9,840**	**9,840**	9,640	9,640
Contract assets	**6,558**	**6,558**	3,698	3,698
Trade receivables	**23,589**	**23,589**	23,279	23,279
Other receivables	**1,149**	**1,149**	2,190	2,190
At fair value through profit and loss				
Derivative financial assets not designated in a cash flow hedge relationship	**867**	**867**	37	37
Fair value – hedging instrument				
Derivative financial assets designated and effective as cash flow hedging instruments	**338**	**338**	158	158
Total financial assets	**42,341**	**42,341**	39,002	39,002

	30th April, 2020		30th April, 2019	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial liabilities at amortised cost				
Contract liabilities	**18,965**	**18,965**	18,002	18,002
Trade payables	**19,238**	**19,238**	17,012	17,012
Other financial liabilities	**4,247**	**4,247**	3,558	3,558
Deferred consideration	**-**	**-**	204	204
Finance lease liabilities	**1,256**	**1,256**	2,103	2,103
Operating lease liabilities	**1,566**	**1,566**	-	-
Bank loans and committed facilities	**27,010**	**27,010**	19,434	19,434
Bank overdrafts	**391**	**391**	9,147	9,147
At fair value through the profit and loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	**185**	**185**	335	335
Fair value – hedging instrument				
Derivative financial liabilities designated and effective as cash flow hedging instruments	**1,088**	**1,088**	1,358	1,358
Total financial liabilities	**73,946**	**73,946**	71,153	71,153

Derivative financial assets and liabilities fair values in the above table are derived using Level 2 inputs as defined by IFRS 7 as detailed in the paragraph below.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are underpinned by firm orders from customers or to suppliers or where there is a high degree of probability that orders will be received.

For short-term cash and cash equivalents, trade and other receivables, trade and other financial liabilities, fixed and floating rate borrowings, the fair values are the same as carrying value.

29. Capital commitments

Contracted capital commitments at 30th April, 2020 for which no provision has been made in these financial statements were £4,154,000 *(2019: £392,000)*.

30. Guarantees and contingencies

The table below sets out the number and value of unexpired bank guarantee bonds as at 30th April, 2020 and 30th April, 2019. These guarantee bonds are required as part of the terms and conditions within our mechanical engineering contracts.

	2020 £'000	2019 £'000
219 guarantee and bonds contracts *(2019: 265)* … … … … …	**11,944**	10,698

31. Subsequent events

After the balance sheet date an ordinary dividend of 81.71p per qualifying ordinary share was proposed by the Directors *(2019: Ordinary dividend of 96.21p)*.

The current year proposed ordinary dividend of £6,016,000 has not been provided for within these financial statements *(2019: Proposed ordinary dividend of £6,927,000 was not provided for within the comparative figures).*

On 11th June, 2020 Goodwin PLC drew down £30 million of funding from the Bank of England CCFF scheme. This loan will be repaid in full on 27th April, 2021.

On 31st July, 2020 and as a result of a competitive tender exercise, Goodwin PLC replaced its Lloyds Bank PLC revolving credit and overdraft facilities with new facilities from Santander UK plc. As a result of this exercise, the Group now has £24.5 million on a 5 year committed basis (Lloyds £13 million) and £5 million on overdraft (Lloyds £16.5 million) thus giving the Group proportionately more in the way of long-term committed lines.

The Group is also in the final stages of renegotiating a £10 million revolving credit facility which expires in October 2020. The Directors do not see an issue in renewing these facilities.

Covid-19 continues to impact on the Refractory Engineering segment performance since the end of the current financial year but the Directors remain confident that the impact here will be short lived.

On 30th June, 2020 the Group acquired freehold, plant and buildings for a sum of £770,000. This acquisition complements the mixing business activities at Hoben International where the plant is reaching capacity.

32. Non-principal subsidiaries and associates

	Registered address*	**Country of Incorporation**	**Class of shares held**	**% held**
Non-principal Subsidiaries:				
Asian Industrial Investment Casting Powders Private Limited … … … … …	4	India	Ordinary	100
Easat Radar Systems India Private Limited … …	4	India	Ordinary	100
Goodwin Engineering Training Company Limited …	1	England and Wales	Ordinary	100
Goodwin Refractory Services India Private Limited …	4	India	Ordinary	100
Duvelco Limited … … … … … …	1	England and Wales	Ordinary	100
Jewelry Wax Limited … … … … … …	14	Thailand	Ordinary	75
GRS Silicone Company Limited … … … …	17	China	Ordinary	75
SRS Guangzhou Limited … … … … …	12	China	Ordinary	75
Shenzhen King-Top Modern Hi-Tech Company Limited	16	China	Ordinary	75
Holding Companies:				
Goodwin Refractory Services Holdings Limited… …	1	England and Wales	Ordinary	100
Ying Tai (UK) Limited … … … … … …	1	England and Wales	Ordinary	75
Non-principal Associates:				
Tet Goodwin Property Company Limited … … …	11	Thailand	Ordinary	49
Dormant companies:				
Gold Star Powders Limited … … … … …	1	England and Wales	Ordinary	100
Net Central Limited … … … … … …	1	England and Wales	Ordinary	100
Sandersfire International Limited … … … …	1	England and Wales	Ordinary	100
Specialist Refractory Services Limited … … …	1	England and Wales	Ordinary	100

*The registered address for each company can be found in note 34.

All of the above companies are included as part of the consolidated accounts.

33. Related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not reported in this note. Year end balances and transactions during the year with the Group's associate companies are shown below.

	2020 **£'000**	2019 £'000
Jewelry Plaster Limited		
Revenue	**-**	582
Management fee income	**-**	36
Interest income	**-**	97
Dividends	**-**	1,254
TET Goodwin Property Company Limited		
Rental cost	**337**	310
Interest income	**24**	20
Receivables	**507**	745

34. Registered offices of subsidiaries and associates

The registered offices of the companies listed in notes 14 and 32 are listed below.

1. Ivy House Foundry, Hanley, Stoke-on-Trent ST1 3NR
2. Brassington, Nr. Matlock, Derbyshire DE4 4HF
3. 13-1, Jungbong-daero, 396 Beon-Gil, Seo-gu, Incheon, South Korea
4. 112/2-5 Chinna Amman Koil Street, Kalavakkam, Thiruporur 603 110, Tamil Nadu, India
5. Suite C, F1, Building #14, Xiya Road No.11, Waigaoqiao Free Trade Zone, 200131, Shanghai, China
6. Hocksteiner Weg 56, D - 41189 Mönchengladbach, Germany
7. Suite 1105, Building 1, Wanguocheng Moma, No.16 Changfeng West Street, Wanbailin District, Taiyuan, Shanxi Province, 30021, China
8. Rua das Margaridas s/n, No 70, Barrio Terra Preta - Mairipora – SP, CEP 07662-025, São Paulo, Brazil
9. Confidential Tax and Business Services, Level 1, 449 Gympie Road, Kedron Qld 4031, Australia
10. Koivupuistontie 34, 01510 Vantaa, Finland
11. 99/9 Moo5 Khlong Yong, Bhudhamontol, Nakhonpathom 73170, Thailand
12. No.73, Jiao Xin Road, Lanhe Town, Nansha District, Guangzhou City, 511480, China
13. 400 metres North from Nan Zhai Committee, Xifuzhen Street, Chengyang District, Qingdao City, 266106, China
14. 238, 3rd Floor, OPG Tech Building Bangkhuntien-Chatalay, Samaedum Sub-district, Bangkhuntien District, Bangkok 10150, Thailand
15. Unit 1 Bridgeway Business Park, Cnr Sam Green Road and Pinnacle Close, Tunney Extension 9, Germiston, Gauteng 1401, South Africa
16. No.2-1, Shanzixia Road, Dakang Community, Yuanshan Street, Longgang District, Shenzhen City, Guangdong Province, China
17. 165 Minsheng Road. Lanhe Town, Nansha District, Guangzhou, China

35. Share-based payment transactions

The Group had one share option scheme, the LTIP, the terms of which are outlined in the Directors' Remuneration Policy and Report on page 30. The scheme has now ended.

The non cash-impacting provision for the year, recognised in the statement of profit or loss in respect of share-based payments is £Nil *(2019: £1,220,000)*.

Grant date/ employees entitled	**Method of settlement**	**Maximum number of instruments**	**Vesting conditions**	**Contractual life of options**
Options granted on 5th October, 2016 to Executive Directors	Equity	576,000	For every 10% growth in TSR 28,800 shares will vest	Expiry date: 30th April, 2019

Awards entitle each holder to earn up to 1% of the share capital of the Company subject to the performance condition.

An award vested and became exercisable over 0.05% of the share capital of the Company for every 10% increase in the TSR of the Company at the end of the three financial years ending on 30th April, 2019 with a base year of 2009 but excluding the growth already achieved up to 30th April, 2016.

35. Share-based payment transactions *(continued)*

Number of share options	**2020**	2019
Outstanding at beginning of year	**-**	-
Vested 1st May, 2019	**489,600**	-
Exercised during the year	**163,200**	-
Share price at the date of exercise	**£34.00**	-
Exerciseable at end of year	**326,400**	-

36. Alternative performance measures

As outlined in note 3, IFRS 16 has not had a significant impact on either the profit or loss or the net assets of the Group. For this reason, the Alternative Performance Measures are considered to have been prepared on a consistent basis.

Measure	Method of calculation / reference	2020	2019
Gross profit (£'000)	Consolidated statement of profit or loss, page 42	**34,769**	40,632
Revenue (£'000)	Consolidated statement of profit or loss, page 42	**144,512**	127,046
Gross profit as percentage of revenue (%)	Gross profit / revenue	**24.1**	32.0
Operating profit (£'000)	Consolidated statement of profit or loss, page 42	**12,858**	16,411
Capital employed (£'000)	Note 28 (d), page 79	**123,834**	126,413
Return on capital employed (%)	Operating profit / capital employed	**10.4**	13.0
Net debt (£'000)	Note 28 (d), page 79	**18,817**	21,248
Deferred consideration (£'000)	Note 28 (d), page 79	**-**	204
Net debt excluding deferred consideration (£'000)		**18,817**	21,044
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet, page 46	**105,017**	105,165
Gearing (%)	Net debt (excluding deferred consideration) / equity, as above	**17.9**	20.0
Net profit attributable to equity holders of the parent (£'000)	Consolidated statement of profit or loss, page 42	**7,866**	11,505
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet, page 46	**105,017**	105,165
Return on investment (%)	Net profit / net assets	**7.5**	10.9
Revenue (£'000)	Consolidated statement of profit or loss, page 42	**144,512**	127,046
Average number of employees	Note 7, page 61	**1,190**	1,082
Sales per employee (£'000)	Group revenue / average employees	**121**	117
Annual post tax profit (£'000)	Consolidated statement of profit or loss, page 42	**8,340**	12,447
Depreciation owned assets (£'000)	Note 6, page 61	**5,874**	5,571
Depreciation finance leased assets	Note 6, page 61	**290**	248
Amortisation (£'000)	Note 6, page 61	**1,328**	1,312
Annual post tax profit + depreciation + amortisation (£'000)		**15,832**	19,578
Annual pre-tax profit (£'000)	Consolidated statement of profit or loss, page 42	**12,115**	16,410
Impact of IFRS 16 implementation	Note 3 page 57	**28**	-
Impact of IFRS 15 implementation	Note 3 page 53 Directors' Report and Accounts April, 2019	**-**	(1,682)
Like-for-like annual pre tax profit (£'000)		**12,143**	14,728

GOODWIN PLC

COMPANY BALANCE SHEET
at 30th April, 2020

	Notes	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	C4	22,210	24,583
Investment properties	C4	24,811	24,741
Right-of-use assets	C4	3,202	-
Investments	C5	25,801	25,374
Intangible assets	C6	15,531	12,877
		91,555	87,575
CURRENT ASSETS			
Other receivables	C7	26,383	31,092
Deferred tax asset	C10	-	216
Cash at bank and in hand		111	87
		26,494	31,395
TOTAL ASSETS		118,049	118,970
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	C8	13,958	10,750
Other payables	C9	5,515	6,696
Corporation tax		-	332
		19,473	17,778
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	C8	13,009	18,856
Deferred income		1,034	1,087
Deferred tax liabilities	C10	1,118	-
		15,161	19,943
TOTAL LIABILITIES		34,634	37,721
NET ASSETS		83,415	81,249
EQUITY			
Called up share capital	C11	736	720
Share-based payments reserve		5,244	4,991
Profit and loss account		77,435	75,538
TOTAL EQUITY		83,415	81,249
Profit after tax for the year		8,824	17,178

These financial statements were approved by the Board of Directors on 13th August, 2020, and signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

Company Registration Number: 305907

The notes on pages 89 to 98 form part of these financial statements.

GOODWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2020

	Notes	**Share capital £'000**	**Share-based payments reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
YEAR ENDED 30TH APRIL, 2020					
Balance at 1st May, 2019		720	4,991	75,538	81,249
Total comprehensive income:					
Profit	*C2*	-	-	8,824	8,824
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**8,824**	**8,824**
Issue of shares		16	-	-	16
Other transactions		-	253	-	253
Dividends paid		-	-	(6,927)	(6,927)
BALANCE AT 30TH APRIL, 2020		**736**	**5,244**	**77,435**	**83,415**
YEAR ENDED 30TH APRIL, 2019					
Balance at 1st May, 2018		720	1,625	64,370	66,715
Total comprehensive income:					
Profit	*C2*	-	-	17,178	17,178
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-**	**-**	**17,178**	**17,178**
Equity-settled share-based payment transactions		-	1,220	-	1,220
Tax on equity-settled share-based payment transactions		-	2,146	-	2,146
Dividends paid		-	-	(6,010)	(6,010)
BALANCE AT 30TH APRIL, 2019		**720**	**4,991**	**75,538**	**81,249**

The notes on pages 89 to 98 form part of these financial statements.

C1 Accounting policies

Principal accounting policies

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Basis of accounting

Goodwin PLC (the "Company") is a company incorporated and domiciled in England and Wales.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The consolidated financial statements of Goodwin PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Company Secretary, Goodwin PLC, Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.

The Company is exempt under S408 (3) Companies Act 2006 from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

As the consolidated financial statements of Goodwin PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2 of the Group financial statements.

Measurement convention

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

Investments in subsidiary undertakings

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off for impairment.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss within operating profit.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand including cash deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Recognition and valuation of equity instruments

Equity instruments are stated at par value. For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

Recognition and valuation of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements into which the Company has entered.

C1 Accounting policies *(continued)*

Financial instruments *(continued)*

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at their fair value less attributable transaction costs. They are subsequently carried at their amortised cost and finance charges and are recognised in the statement of profit or loss over the term of the instrument using an effective rate of interest.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method where material.

Intangible fixed assets and amortisation

Manufacturing rights, brand names and customer lists purchased by the Company are amortised to nil by equal annual instalments over their estimated useful lives. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Amortisation rates are as follows:

Manufacturing rights … … … … …	11 - 15 years
Brand names … … … … … …	now fully amortised
Software and licences … … … …	4 years
Intellectual property rights … … … …	15 years
Non-compete agreements … … … …	15 years
Capitalised development costs … … …	Minimum expected order unit intake or minimum product life

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss over the estimated useful lives of each part of an item of property, plant and equipment on the following bases:

Freehold land … … … … … …	Nil
Freehold buildings … … … … … …	2% to 4% on reducing balance or cost
Plant and machinery … … … … … …	5% to 25% on reducing balance or cost
Motor vehicles … … … … … …	15% or 25% on reducing balance
Tooling … … … … … …	over estimated production life
Fixtures and fittings … … … … …	15% to 25% on reducing balance

Assets in the course of construction are not depreciated.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of investment properties which is typically 25 years.

Government grants

Government grants relating to income are recognised in the statement of profit or loss as a deduction from the expenses that they are intended to compensate.

Unamortised government grants relating to assets are recognised in the balance sheet as a deferred creditor. Amortisation of such grants is credited to profit and loss in accordance with the useful lives of the assets to which they relate.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Leases

The Company's accounting policy on leases up to April 2019 was as follows:

Operating lease payments

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit or loss as an integral part of the total lease expense.

C1 Accounting policies *(continued)*

Leases *(continued)*

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

This policy has been amended in accordance with IFRS 16, and the new policy it outlined below.

Definition of a lease

A contract is a lease or contains a lease if it transfers the right to use an identified asset over the contract term, in exchange for payment. In determining whether a contract gives the Company the right to use an asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefit of using the asset; and
- the Company has the right to direct the use of the asset by deciding how the asset is employed.

Lease term

The lease term is the non-cancellable period of a lease, and options to extend the lease or terminate it, where it is probable that the Company will exercise the available options. At the start of a lease, the Company makes a judgement about whether it is reasonably certain to exercise the options, and reassesses this judgement at every reporting period. Contracts, where the original lease term has expired, with assets continuing to be leased on a short-term rolling basis of a few months, are treated as short-term leases.

Lease balances

A right-of-use asset and a lease liability are calculated at the beginning of a lease. The right-of-use asset is measured initially at cost, being the opening lease liability, adjusted for any lease payments made by the start of the lease, adjusted for any initial direct costs, which have been incurred.

The lease liability is measured initially at the present value of the lease payments, which are outstanding at the start date, discounted at either the rate implicit in the lease or the Company's incremental borrowing rate. With the exception of leases containing an option to purchase, the Company uses its incremental borrowing rate as the discount rate. Lease liabilities are measured at amortised cost, using the effective rate, and adjusted as required for any subsequent change to the lease terms.

The right-of-use asset is depreciated on a straight-line basis over the lease term, or from the start date of the lease to the end of the useful life of the right-of-use asset as appropriate. The method of calculating the estimated useful lives of the right-of-use assets and testing for impairment is the same as that for property, plant and equipment.

Recognition exemptions

Payments for short-term leases, lasting twelve months or less, without a purchase option continue to be reported an as operating expense on a straight-line basis over the term of the lease.

The cost of leasing low-value items will continue to be reported as an operating expense over the life of the lease.

Financial expenses

Financial expenses comprise interest payable, interest on finance leases using the effective interest method and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset.

Interest income and interest payable is recognised in the statement of profit or loss as it accrues.

Pension costs

The Company contributes to a defined contribution pension scheme for employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Company pension costs are charged to the statement of profit or loss in the year for which contributions are payable.

Contributions to the schemes are made on a monthly basis, and at the end of the financial year there were one month's contributions outstanding, which were paid in the following month.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

C1 Accounting policies *(continued)*

Taxation *(continued)*

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payment transactions

Share-based payment arrangements, in which the Company receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

C2 Expenses and auditor's remuneration

Included in the profit / (loss) before taxation are the following:

	2020 **£'000**	2019 £'000
Depreciation		
Owned assets	**2,788**	2,092
Assets held under finance leases	**203**	202
Amortisation of intangible assets	**708**	137
Reversal of impairment of amounts due from Group undertakings	**-**	(4,040)
Impairment of investments in subsidiary companies	**-**	1,385
Fees receivable by the auditors and the auditor's associates in respect of:		
Audit of these financial statements	**45**	39

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis (see note 6 of the Group financial statements).

C3 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Administration staff	**51**	50

	2020 **£'000**	2019 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**3,730**	3,723
Social security costs	**469**	424
Other pension costs	**98**	107
	4,297	4,254

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on page 29. The emoluments of the highest paid Director were £310,000 *(2019: £397,000)*. The number of Directors who were members of a defined contribution pension scheme was 6 *(2019: 8)*.

A charge of £Nil for the LTIP *(2019: £1,220,000)* has been recognised in the year, but not included in the above table. Further information is contained in note 35 of the Group financial statements.

C4 Tangible fixed assets

	Investment properties	Property, Plant and Equipment				
		Land and buildings	Plant and equipment	Fixtures and fittings	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1st May, 2019	29,559	1,166	32,853	1,637	4,767	40,423
Additions	124	-	897	68	1,735	2,700
Reclassifications ...	23	-	4,497	-	(4,520)	(23)
IFRS 16 classification adjustment	-	-	(4,045)	-	-	(4,045)
Disposals	-	-	(47)	(2)	-	(49)
Intercompany transfers	856	-	197	-	-	197
Balance at 30th April, 2020	**30,562**	**1,166**	**34,352**	**1,703**	**1,982**	**39,203**
Depreciation						
Balance at 1st May, 2019	4,818	644	14,090	1,106	-	15,840
Charged in year	933	20	1,737	98	-	1,855
IFRS 16 classification adjustment - opening	-	-	(640)	-	-	(640)
Disposals	-	-	(32)	(2)	-	(34)
Intercompany transfers	-	-	(28)	-	-	(28)
Balance at 30th April, 2020	**5,751**	**664**	**15,127**	**1,202**	**-**	**16,993**
Net book value						
At 30th April, 2019 ...	24,741	522	18,763	531	4,767	24,583
At 30th April, 2020	**24,811**	**502**	**19,225**	**501**	**1,982**	**22,210**

A bank loan of £4.7 million is secured against three furnaces (see note C8).

The Company's investment properties have been valued, using the cost model, and depreciated over their estimated useful lives – typically 25 years. In the opinion of the Directors, the fair value of the investment properties as at 30th April, 2020 was estimated to be £45 million *(2019: £45 million)*. Fair value for this purpose is based on Level 3 fair value inputs and, specifically, the Directors' opinion as to the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction given a reasonable timeframe in which to conclude such an exchange.

	Right-of-use assets £'000
Cost	
Opening IFRS 16 classification adjustment	4,045
Balance at 30th April, 2020	**4,045**
Depreciation	
Opening IFRS 16 classification adjustment	640
Charged in the year	203
Balance at 30th April, 2020	**843**
Net book value at 30th April, 2020	**3,202**

The right-of-use assets secure lease obligations (see note C8).

C5 Fixed asset investments

	Shares in associated undertakings £'000	Shares in Group undertakings £'000	Total £'000
Cost			
Balance at 1st May, 2019	237	31,097	31,334
Additions	-	505	505
Disposals	-	(125)	(125)
Balance at 30th April, 2020	**237**	**31,477**	**31,714**
Impairment			
Balance at 1st May, 2019	-	5,960	5,960
Disposals	-	(47)	(47)
Balance at 30th April, 2020	-	**5,913**	**5,913**
Net book value			
At 30th April, 2019	237	25,137	25,374
At 30th April, 2020	**237**	**25,564**	**25,801**

A list of principal subsidiaries and associates is given in note 14 and a list of non-principal subsidiaries and associates is given in note 32 of the Group financial statements.

During the year, the Company sold its shareholding in Asian Industrial Investment Casting Powders Private Limited, to Gold Star Powders, India, a fellow group company. The Company acquired 100% of Duvelco Limited, a company incorporated in 2020.

C6 Intangible fixed assets

	Brand names and intellectual property £'000	Manu-facturing rights £'000	Software and Licences £'000	Develop-ment costs £'000	Total £'000
Cost					
Balance at 1st May, 2019	5,680	2,145	142	7,758	15,725
Additions	2,186	102	147	175	2,610
Intercompany transfers	-	-	-	752	752
Balance at 30th April, 2020	**7,866**	**2,247**	**289**	**8,685**	**19,087**
Amortisation					
Balance at 1st May, 2019	880	1,364	109	495	2,848
Amortisation for the year	240	112	24	332	708
Balance at 30th April, 2020	**1,120**	**1,476**	**133**	**827**	**3,556**
Net book value					
At 30th April, 2019	4,800	781	33	7,263	12,877
At 30th April, 2020	**6,746**	**771**	**156**	**7,858**	**15,531**

During the financial year, Goodwin PLC successfully acquired the globally recognised Castaldo silicone rubber and wax division, including the intellectual property, trade name and associated trademarks. For the past 75 years Castaldo has been at the centre of the worldwide jewellery casting industry and the recent acquisition will further increase the Group's global market share within the moulding rubber and injection wax business. Details of the acquisition are included in note 16 of the Group financial statements.

C7 Debtors

	2020 £'000	2019 £'000
Interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**5,229**	6,918
Amounts owed by Group undertakings – repayable within five years	**2,782**	3,869
Non interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**17,095**	18,735
Amounts owed by Group undertakings – repayable within five years	**598**	783
Other debtors	**202**	226
Prepayments and accrued income	**439**	561
Corporation tax receivable	**38**	-
	26,383	31,092

C8 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing bank loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 28 of the Group financial statements.

	2020 £'000	2019 £'000
Non-current liabilities		
Finance lease liabilities	**-**	856
Bank loans and committed facilities	**9,000**	18,000
Bank loans repayable by instalments	**4,009**	-
	13,009	18,856
Current liabilities		
Finance lease liabilities	**859**	835
Bank loans and committed facilities	**12,000**	-
Bank loans repayable by instalments	**657**	-
Bank overdrafts	**442**	9,915
	13,958	10,750

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2020			2019		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**872**	**13**	**859**	872	37	835
Between one and five years	**-**	**-**	**-**	869	13	856
	872	**13**	**859**	1,741	50	1,691

Bank loan repayable by instalments

The loan is secured against three furnaces (see note C4). Bank loans are payable as follows:

	2020			2019		
	Minimum loan payments £'000	**Interest £'000**	**Principal £'000**	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	**795**	**138**	**657**	-	-	-
Between one and five years	**3,180**	**334**	**2,846**	-	-	-
More than five years	**1,192**	**29**	**1,163**	-	-	-
	5,167	**501**	**4,666**	-	-	-

C9 Other payables

	2020 £'000	2019 £'000
Trade payables	**1,164**	580
Amounts owed to Group undertakings – interest-bearing	**2,535**	4,947
Amounts owed to Group undertakings – non interest-bearing	**784**	18
Other taxation and social security	**617**	273
Accruals and deferred income	**415**	878
	5,515	6,696

C10 Provisions for liabilities

Deferred taxation	2020 £'000
Balance at 1st May, 2019	(216)
Recognised in the statement of profit or loss	1,587
Recognised in equity	(253)
Balance at 30th April, 2020	**1,118**

The elements of deferred taxation are as follows:

	2020 £'000	2019 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**3,009**	2,418
Share-based payment reserve	**(1,888)**	(2,630)
Other temporary differences	**(3)**	(4)
	1,118	(216)

Within the current and previous year, the Company has no unrelieved tax losses.

On 11th March, 2020, it was announced that the UK corporation tax rate would remain at 19% on 1st April, 2020 and would no longer reduce to 17%. This measure was made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968 and, as such, it is substantively enacted on the passing of the resolution on 17th March, 2020. On this basis the deferred tax liability has been calculated at a rate of 19%.

C11 Called up share capital

	2020 £'000	2019 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720
Issue of 163,200 ordinary shares of 10p each	**16**	-
	736	720

Details of the share issue are contained in note 35 of the Group financial statements.

C12 Contingent liabilities

The Company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil *(2019: £Nil)*.

C13 Related Party Transactions

The Company has applied the exemptions available under FRS 101 in respect of the disclosure of transactions with wholly-owned subsidiary companies. The Company has transacted with Easat Radar Systems Limited, Internet Central Limited, Jewelry Plaster Limited, NRPL Aero Oy, Siam Casting Powers Limited and Ying Tai (UK) Limited which are not wholly-owned subsidiaries.

C13 Related Party Transactions *(continued)*

Transactions and balances are summarised below:

	2020 £'000	2019 £'000
Interest receivable	**238**	418
Interest payable	**10**	13
Dividend income	**-**	515
Management fee income	**810**	660
Rental income	**257**	123
Transfer of development costs	**-**	4,700
Interest-bearing balances		
Amounts owed by Group undertakings – repayable on demand	**5,229**	6,918
Amounts owed by Group undertakings – repayable within five years	**2,782**	3,569
Interest-bearing balances		
Amounts owed to Group undertakings – repayable on demand	**1,837**	1,523

Compensation of key management personnel

Key management personnel are defined in the Directors' Remuneration Report on page 27, and their remuneration is disclosed on pages 29 and 30 of the Group financial statements. All the Executive Directors are party to an Equity Long Term Incentive Plan (LTIP). Further details of the LTIP can be found in note 35 of the Group financial statements.

C14 Commitments

Contracted capital commitments at 30th April, 2020 for which no provision has been made in these financial statements were £Nil *(2019: £331,000)*.

C15 Subsequent events

After the balance sheet date, ordinary dividends were declared of £6,016,000, which have not been provided for within these financial statements.

On 11th June, 2020 Goodwin PLC drew down £30 million of funding from the Bank of England CCFF scheme. This loan will be repaid in full on 27th April, 2021.

On 31st July, 2020 and as a result of a competitive tender exercise, Goodwin PLC replaced its Lloyds Bank PLC revolving credit and overdraft facilities with new facilities from Santander UK plc. As a result of this exercise, the Group now has £24.5 million on a 5 year committed basis (Lloyds £13 million) and £5 million on overdraft (Lloyds £16.5 million) thus giving the Group proportionately more in the way of long-term committed lines.

The Group is also in the final stages of renegotiating a £10 million revolving credit facility which expires in October 2020. The Directors do not see an issue in renewing these facilities.

On 30th June, 2020 the Company acquired freehold, plant and buildings for a sum of £770,000. This acquisition complements the mixing business activities at Hoben International where the plant is reaching capacity.

C16 Dividends

	2020 £'000	2019 £'000
Paid ordinary dividends during the year in respect of prior years 96.21p *(2019: 83.473p)* per qualifying ordinary share	**6,927**	6,010

After the balance sheet date an ordinary dividend of 81.71p per qualifying ordinary share was proposed by the Directors *(2019: Ordinary dividend of 96.21p)*.

The proposed current year ordinary dividend of £6,016,000 has not been provided for within these financial statements *(2019: Proposed ordinary dividend of £6,927,000 was not provided for)*.

C17 Accounting estimates and judgements

The material accounting estimates and judgements for the Company follow that of the Group which have been considered in note 2 of the Group financial statements.

C18 Share-based payment transactions

Details of the equity-settled share-based payment transactions are disclosed in note 35 of the Group financial statements.

Continuing operations	2016 £'000	2017 £'000	2018 £'000	2019 £'000	**2020 £'000**
Revenue...	123,539	131,587	124,811	127,046	**144,512**
Profit before taxation	12,314	9,244	13,300	16,410	**12,115**
Tax on profit	(3,376)	(2,487)	(3,865)	(3,963)	**(3,775)**
Profit after taxation	8,938	6,757	9,435	12,447	**8,340**
Basic earnings per ordinary share	122.75p	84.47p	118.11p	159.79p	**107.93p**
Diluted earnings per ordinary share	122.75p	84.47p	118.11p	149.65p	**103.31p**
Total equity	90,117	93,661	104,827	109,291	**109,602**