GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2021

INDEX

FINANCIAL HIGHLIGHTS

GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907
Established 1883

Directors:

T. J. W. Goodwin *(Chairman)*

M. S. Goodwin *(Managing Director) Mechanical Engineering Division*

S. R. Goodwin *(Managing Director) Refractory Engineering Division*

J. Connolly N. Brown 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:
RSM UK Audit LLP,
Festival Way, Festival Park, Stoke-on-Trent, ST1 5BB

NOTICE IS HEREBY GIVEN that the EIGHTY-SIXTH ANNUAL GENERAL MEETING of the Company will be held at 10.30am on Wednesday, 6th October, 2021 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, 2021.
2. To approve the payment of the proposed ordinary dividend on the ordinary shares.
3. To re-elect Mr. N. Brown as a Director.
4. To re-elect Mrs. J. E. Kelly as a Non-Executive Director.
5. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30th April, 2021, as stated on pages 27 to 31 of the Directors' Report.
6. To re-appoint RSM UK Audit 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
11th August, 2021

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 4th October, 2021.

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 4th October, 2021 (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 10th August, 2021 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 7,689,600 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 11th August, 2021 are 7,689,600.

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 8th October, 2021.

GOODWIN PLC

CHAIRMAN'S STATEMENT

The pre-tax profit for the Group for the twelve month period ended 30th April, 2021, was £16.5 million *(2020: £12.1 million)*, an increase of 36% on a revenue of £131 million, *(2020: £145 million)*. The Directors propose an increased dividend of 102.24p *(2020: 81.71p)* per share.

In what has been another year of unique challenges, I am delighted that excellent progress has been made particularly during the second half of the year in many areas with the Group's workload as at the time of writing remaining healthy at £165 million *(2020: £183 million)*.

Despite the placement of large capital projects having slowed as expected due to the world having to adapt to new working arrangements, headway has been made within the Mechanical Engineering Division on the nuclear propulsion engineering products and the nuclear waste containment box supply agreement. The performance achieved in the year is a reflection of the Group's strength through diversification, supplying a wide range of customers, countries and markets. Following the Group's decisive actions last financial year with the global onset of Covid-19, the Group protected its workforce and ensured our manufacturing facilities continued to operate. In doing so, we placed ourselves in a strong position to tackle the headwinds that were faced during the year ended 30th April, 2021.

Whilst Covid-19 has been the most recent global 'Black Swan' event, it is coupled with another shockwave sweeping the globe, namely the pace of the uptake of greener energy with the oil majors now rapidly investing in green energy products rather than new oilfields. So when looking at the Mechanical Engineering Division, our steel foundry, Goodwin Steel Castings Limited has faced a difficult year due to the accelerated decline of capital flows into oil projects. Whilst it has progressed well with transitioning its business away from the oil industry, it has also been hindered by Covid-19 delaying documentation approvals that would have enabled the foundry to achieve higher levels of casting activity in the year within its new targeted markets.

Looking forward, Goodwin Steel Castings should soon start to accelerate the production of 30 tonne cast nuclear waste boxes, the initial castings of which are being successfully delivered to Goodwin International Limited for machining, painting and assembly. The foundry is also having good success winning work for naval vessels both in the UK and the USA, all for long running programmes that will span decades to come in an area where there are significant time barriers to entry for other foundries.

Profitability in our submersible pump businesses in India, Australia, Africa and Brazil has materially improved, a reflection of the four companies maturing and the global metal prices having dramatically recovered. They have all performed admirably by carrying out more servicing for existing customers on the sizeable global fleet of Goodwin pumps now deployed. The submersible pump companies in the financial year just completed generated 14% of the Group pre-tax profitability. With minerals pricing across the board generally being high, our target customers that use our pumps are profitable and are expected to continue with their delayed capital expenditure in the new financial year.

Goodwin International Limited has had another successful year with a good mix of business, supplying a growing range of capabilities to their valve, nuclear waste, naval propulsion and ship construction customers. Within the year a new 1.5 acre facility with multiple 100 tonne overhead cranes and a new radiography bay, has become operational and has started to fill up with work already on order.

Valve sales to the oil industry in the last financial year represented 43% of activity for Goodwin International and in this new financial year, whilst Goodwin International's overall sales output remains extremely robust as they have orders on hand, the valve activity for the oil

CHAIRMAN'S STATEMENT *(continued)*

industry is expected to drop to less than 33% of activity as the manufacture relating to nuclear waste products, propulsion, and naval hull components is rapidly increasing.

Easat Radar Systems' recovery to profitability has also been impacted due to the severe decline in global air traffic associated with Covid-19, starving many airports of cash. Whilst market expectations forecast that air traffic levels are to return to their historic 2019 levels by 2022 / 2023, infrastructure surveillance projects continue to be planned and Easat has a growing pipeline of opportunities with the bids being submitted substantially increasing in size and therefore margin potential.

The Board has high expectations for Easat Radar Systems as it moves away from selling only the mechanical parts of a radar system. Since the integration with NRPL, based in Finland, in 2015, followed by a period of design enhancements to their transceivers and interrogators, we are now marketing and selling complete air traffic control and coastal surveillance systems inclusive of the air traffic control systems and screens, recorded radios and runway lighting control to guide planes on the tarmac should the customer so desire. The sales value of a complete system is in excess of ten times that of the original mechanical components that were previously manufactured, and now with our vertically integrated product offering we have a system that not only performs excellently but is internationally competitive. The major area of growth for Easat over the coming years will be in the Far East, where in the year, despite the travel restrictions and national lockdown Easat has successfully commissioned two of the three turnkey radar systems for which it had orders.

Whilst Goodwin Steel Castings and Easat Radar Systems have not recently been firing on all cylinders, the Board firmly believes that both businesses will become profitable again moving forward with the transitions they have both been through.

Within the Refractory Engineering Division, increased levels of consumer spending in the second half of the year on luxury goods, horticulture and construction as a consequence of Covid-19 restrictions redirecting consumer spending away from entertainment, hospitality and travel towards these sectors, has resulted in strong performance, making up for the low activity levels in the first half of the financial year due to the onset of Covid-19. Business levels remain strong with continued high levels of pent-up consumer spending. The Division achieved a record pre-tax profit of £9.3 million *(2020: £7 million)*, equating to 46% of the Group profitability.

Customer acceptance trials of the patented Silica Free Investment Powder, X-Sil, are underway and it is hoped that regular sales will start within the year ahead, further increasing the Group's market share within the industry sector.

Sales of the patented AVD Lith-EX lithium battery fire extinguishers and vermiculite-containing fluids continue to gain momentum with industry sectors, insurance companies and accreditation bodies waking up to the need and requirement for products and standards that specify their use on lithium battery fires which other extinguishing agents do not effectively extinguish.

Key industry sectors adopting the products include electric car manufacturers, car repair workshops, battery manufacturers, battery recyclers, energy storage systems, e-mobility manufacturers, e-mobility storage and repair, marine and military.

Sales of patented Soluform concrete bag work doubled within the year with good prospects for future growth with the use of the product in large scale projects such as HS2 and Thames Tideway Tunnel, along with many other projects for the formation of headwalls, culverts, scour protection, retaining walls and bridge pier protection.

As at 30th April 2021, the Group finished the year with a net debt and gearing of £17.4 million and 15.4% respectively, as calculated in note 26 (d). The strength of the Group's cash

CHAIRMAN'S STATEMENT *(continued)*

generation was a result of staying operational throughout the pandemic, which meant that the Group has been able to stay within its funding headroom without the need to approach our financial lenders for additional facilities. Furthermore, the Group has not needed to cancel any capital expenditure projects; raise additional funds from shareholders; nor has it any outstanding deferral of tax payments with HMRC. The CCFF loan, that was drawn down as an insurance policy during the financial year and referred to in the previous Chairman's Statement, was fully repaid on 26th April, 2021.

Armed with a strong balance sheet and a renewed set of bank facilities we are well placed to benefit from the recovery of the global economy and deliver strong returns on the capital that has been invested to date. The Board remains confident of the Group's ability to continue to develop new and existing activities that will deliver additional sustainable growth in the long term.

The Board is once again indebted to our Directors, managers and employees around the world for their unwavering efforts in keeping the Group operational, controlling cost and delivering what can only be described as an extraordinary Group result in the year of Covid-19 just completed.

T. J. W. Goodwin
Chairman

11th August, 2021

Alternative performance measures mentioned above are defined in note 34 on page 84.

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2021

	Notes	2021 £'000	2020 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	131,231	144,512
Cost of sales		(92,230)	(109,743)
GROSS PROFIT		39,001	34,769
Other income	5	763	690
Distribution expenses		(2,988)	(2,792)
Administrative expenses		(19,682)	(19,809)
OPERATING PROFIT		17,094	12,858
Finance costs (net)	7	(640)	(809)
Share of profit of associate company	14	60	66
PROFIT BEFORE TAXATION	5	16,514	12,115
Tax on profit	8	(3,508)	(3,775)
PROFIT AFTER TAXATION		13,006	8,340
ATTRIBUTABLE TO:			
Equity holders of the parent		12,494	7,866
Non-controlling interests		512	474
PROFIT FOR THE YEAR		13,006	8,340
BASIC EARNINGS PER ORDINARY SHARE	9	167.82p	107.93p
DILUTED EARNINGS PER ORDINARY SHARE	9	164.23p	103.31p

The full financial statements and accompanying notes are on pages 43 to 96.

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, competitive 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 product range and 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 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 chemical plants, oil refineries and naval vessels, nuclear waste treatment plants, high integrity offshore structural components and bridges. The Group through its foundry, Goodwin Steel Castings Limited, 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 Limited. 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

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

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.

At Goodwin Pumps India Private Limited we manufacture a superior range of submersible slurry pumps for end users in India, Brazil, Australia and Africa. Easat Radar Systems Limited and its subsidiary, NRPL Aero Oy, 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 Private Limited, 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

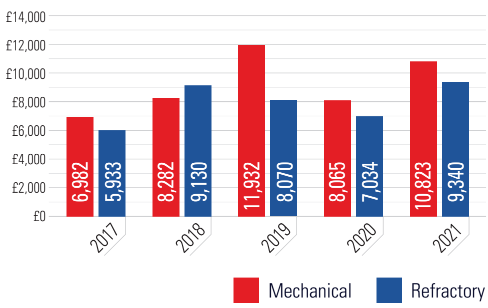
Within the Refractory Engineering Division, Goodwin Refractory Services Limited (GRS) primarily generates value from designing, manufacturing and selling investment casting powders rubbers and waxes to the jewellery casting industry. GRS also manufactures and sells investment casting powders to the tyre mould and aerospace industries. The Refractory Engineering Division has five other investment powder manufacturing companies located in China, India and Thailand which sell the consumable investment casting products 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 Limited, 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 manufactures different grades of perlite and a patented range of biodegradable bags, known as Soluform, for the placement of concrete in or around rivers and other construction applications.

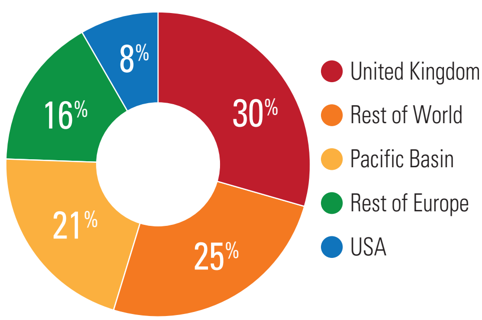
The other UK refractory company is Dupré Minerals Limited which focuses on producing exfoliated vermiculite that is used in insulation, brake linings and fire protection products, including technical textiles that can withstand exposure to high temperatures and for lithium battery fire extinguishers. 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.

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

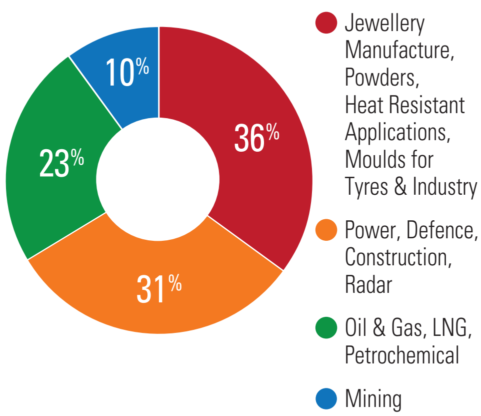
Divisional Split of Operating Profits (£'000)



External Sales: Geographical Segmental Analysis



End-User Market Sectors: £131m Sales Turnover



BUSINESS DIVERSITY AND PERFORMANCE

In the year to 30th April, 2021, the Mechanical Engineering Division generated 54% of the Group's operating profit and the Refractory Engineering Division generated 46%.

The split between the divisions remains largely unchanged due to the strong performance of the Refractory Engineering division in the second half of the year driven by high levels of consumption of the division's products in the jewellery, construction and horticultural sectors. This has been aided by the integration of the Castaldo product lines into the product portfolio along with other growing product offerings.

Whilst the Mechanical Engineering division's revenue decreased by 14%, its pre-tax operating profit improved by 34% as a result of the higher margin contracts for nuclear decommissioning and naval vessel building programmes starting to ramp up as compared to the margins available in the declining oil industry.

The upturn in demand seen within the Refractory Engineering end markets coupled with the additional contribution earned by the new and growing product lines such as Castaldo rubber, Soluform concrete bags and AVD fire extinguisher sales has enabled the division to generate the same revenue as the prior year, despite the first three quarters being significantly down on traditional investment casting powder sales. During the course of the year, the divisional global footprint helped mitigate the impact of the ongoing global shipping crisis and improve its reported pre-tax operating margin by 5% whilst also increasing market penetration as competitors that relied on importing product suffered major delays.

Geographical segmental analysis, we expect a greater proportion of the foundry revenue to be generated from the US as naval vessel building programmes accelerate in the years ahead. Of the £21,473,000 sales to the rest of Europe, 40% relate to the European sales of our German domiciled subsidiary, Noreva GmbH.

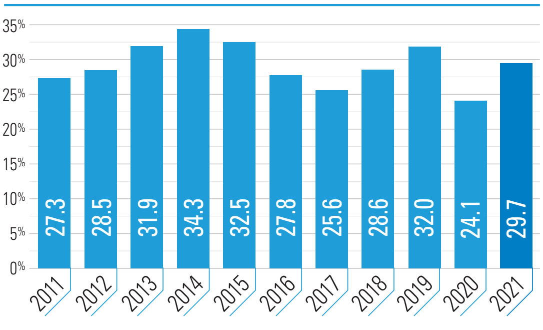
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

KEY PERFORMANCE INDICATORS

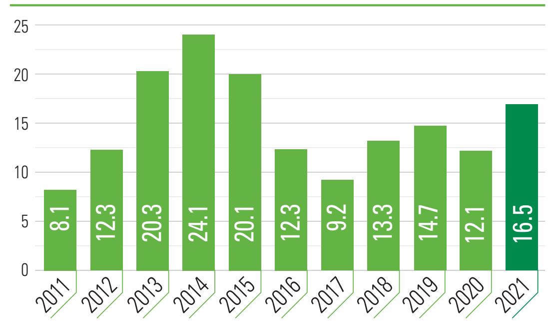
The key performance indicators for the business are listed below:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross profit as a % of turnover *	27.3	28.5	31.9	34.3	32.5	27.8	25.6	28.6	32.0	24.1	29.7
Profit before tax (£ millions)	8.1	12.3	20.3	24.1	20.1	12.3	9.2	13.3	14.7	12.1	16.5
Gearing % (excluding deferred consideration)	22%	26%	23%	5%	12%	26%	31%	11%	20%	18%	15%
Sales per employee per year (£'000)	106	114	126	124	112	105	114	120	117	121	116
Dividends proposed (in £ millions)	2.1	2.3	3.8	3.0	3.0	3.0	3.0	6.0	6.9	6.0	7.9

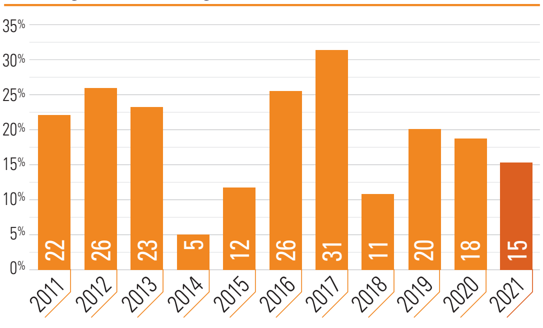
Gross Profit as a % of Turnover



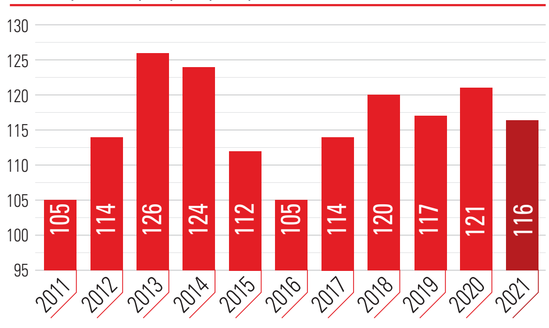
Profit before Tax (£ million)



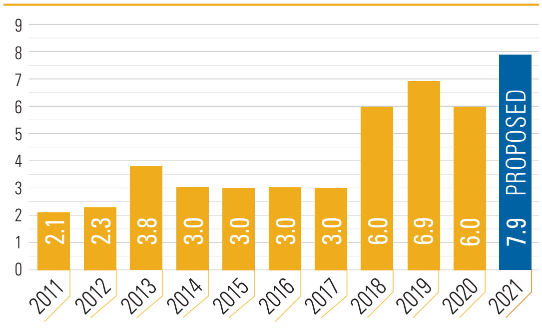
Gearing % (excluding deferred consideration)



Sales per employee per year (£'000)



Dividends (£ million)



The alternative performance measures referred to above are defined in note 34 on page 84. 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.

* The calculation of Gross Profit is after taking into account plant depreciation, training, HR, R&D, sales, exhibition and sales travel costs, as well as the material and labour costs.

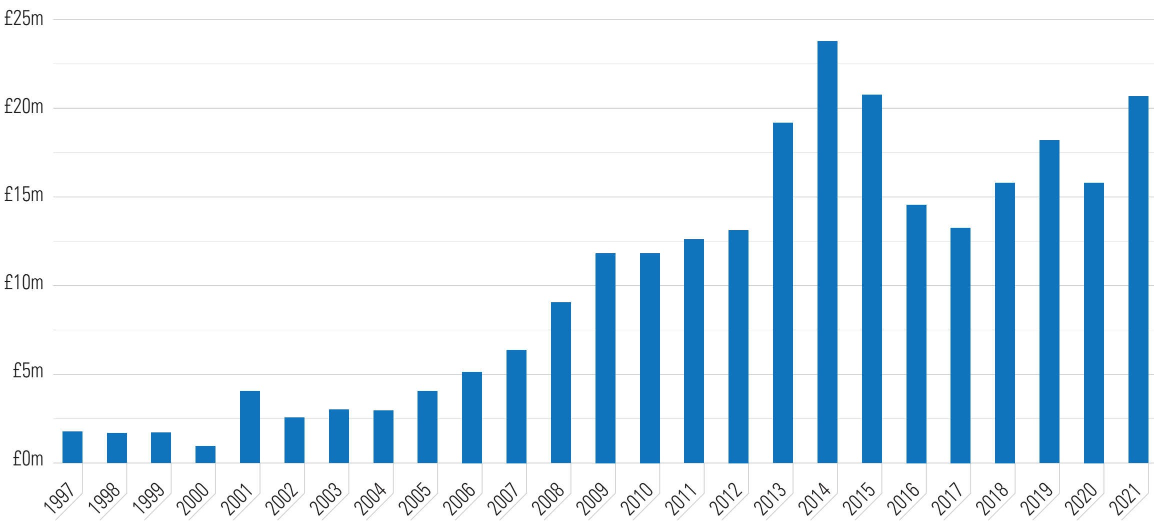
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

DIVIDEND AND CAPITAL EXPENDITURE POLICY

Based on the Group generating post tax profits plus depreciation and amortisation of £20,690,000 for the year ending 30th April, 2021, up 31% on the previous year, the Board proposes to pay a dividend of 102.24 pence per share *(2020: 81.71 pence)*.

The gearing of the Group finished at 15.4% *(2020: 17.9%)*. The Board continues to monitor its capital expenditure to ensure that shareholder funds re-invested into the Company are targeted on activities that should provide long-term benefit to the Company, its employees and its shareholders.

Group Annual Post Tax Profit + Depreciation + Amortisation



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 Company, including those that would threaten its business model, future performance, solvency or liquidity.

Covid-19 risk: The Covid-19 pandemic continues to have a global impact in varying degrees affecting the population, travel, supply chains, and the global marketplace. The spread temporarily impacted market demand for certain of our products in the first half of the financial year just completed, as well as delaying the placement of larger capital orders by our customers. We have also been contending with increased costs and shipping times from our overseas suppliers which have also been exacerbated by the grounding of the “Ever Green” container ship in the Suez Canal which whilst afloat has only just docked. It is being suggested that the combination of Covid-19 and the Ever Green incident will result in shipping costs and times being disrupted for at least another two years. The intercountry supply chain may face difficulties in the short to medium term in timely and economically fulfilling our requirements due to the stretched international shipping network, but fortunately we have so far been able to work around these issues. During the year the Group continued to dynamically adapt as circumstances changed to protect the wellbeing of the workforce and to ensure facilities remained operational and able to satisfy the orders in hand, which maintained the Group’s financial strength.

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 3 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 annual turnover.

As described in the Business Model, and to emphasise the Group’s spread of market risk, the Mechanical Engineering Division generates significant sales not only from valves it supplies to oil, gas, chemical and water markets, but increasingly significant amounts from other areas such as nuclear new build and decommissioning, naval propulsion marine applications, and ship hull components. With the submersible pumps that are supplied to the mining industries and radar systems that are supplied for civil and defence applications it is clear that the mechanical engineering is now well diversified. Within the Refractory Engineering Division, we manufacture and sell vermiculite and perlite products to the insulating, horticulture and fire prevention industries and our investment casting powder companies indirectly sell to the jewellery consumer market through the supply of investment casting moulding powders, waxes, silicone and natural rubber and so again we see a good spread of business within this division.

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.

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.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

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 26 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. As reported elsewhere within these financial statements the Company, on 2nd July, 2021, has acted to mitigate the possible impact of higher interest rates by taking out an interest rate swap derivative fixing £30 million of notional debt at less than 1% versus the variable inter-bank lending rate (SONIA) for a period of ten years.

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.

IT security: The Group performs regular and remote off site backups of its IT systems, from time to time engaging external companies to test and report any weaknesses and deficiencies found to enable solutions to be put in place to mitigate and minimise the risk of an IT security breach.

Brexit: As envisaged and disclosed in previous Annual Reports Brexit has not been seen as a significant issue to the Group, the previously identified risks have been managed or mitigated and the Board no longer consider this as a significant uncertainty.

CORPORATE SOCIAL RESPONSIBILITY

The Board as a whole is responsible for decisions relating to the long-term success of the Company and the way in which their duties have been discharged during the year in terms of the strategic, operational and risk management decisions and these can be found within the Strategic Report on pages 7 to 10.

As set out below and in line with Section 172 of the Companies Act 2006, through engagement the interests and views of the Group's employees and other stakeholders are considered by the Board within its decision making process as well as the impact they have on the environment, our reputation and the surrounding communities.

Employees

Health and Safety: The Group acknowledges that many of its manufacturing processes and some materials that it handles and sells are hazardous and that providing a safe environment for people at all of our facilities is an unconditional priority for all of those charged with governance, in addition to each member of the workforce. Awareness and training to continually reduce risk and improve safety is a mind-set that is reinforced on a daily basis through the ongoing rollout Group's "Safety Spectrum" programme. Furthermore in the year the Board regularly updated all employees on the latest situation on Covid-19 and the measures being taken by the business in line with the applicable guidance issued by the Government.

We have 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.

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 that are likely to affect their interest and the continual development of the Group. 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. Engagement in the year is further supported through workforce representative meetings, local working groups, team meetings, training, and an honest and open culture.

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.

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. The Group continues to strive to improve the balance of diversity by reviewing gender reporting and implementing our Diversity Policy through training and development, recruitment, our business culture and the Board's Strategy.

The Group's approach to investing and rewarding its employees can be found within the Corporate Governance Report on page 21 and the Directors' Remuneration report on pages 25 to 31, as well as being evidenced by our apprentice programme.

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, 2021	Male	%	Female	%	Total
Main Board and Company Secretary	6	75	2	25	8
Senior Management	71	88	10	12	81
Employees	851	82	189	18	1,040
Total	**928**	**82**	**201**	**18**	**1,129**

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Breakdown by age

Year ended 30th April, 2021	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	12	1	13	8
Senior Management	0	0	14	17	62	77	5	6	81
Employees	77	7	472	45	474	46	17	2	1,040
Total	**77**	**7**	**492**	**44**	**537**	**47**	**23**	**2**	**1,129**

Suppliers, Customers and Regulatory Authorities

The Board considers market trends regularly and reviews their likely long-term implications. Our business relationships and procedures are developed over time and are regularly reviewed to ensure as a Group we conduct business responsibly and sustainably. The Board acquires a first-hand understanding of its business relationships through regular dialogue and site visits where appropriate. 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. During the year our engagement with customers, suppliers and other bodies has been supported by Goodwin's mandatory principles and good practice guidelines have been incorporated and issued within a contract guide handbook.

The six Executive Directors of the Board 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.

Maintaining High Standards of Business Conduct

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, anti-bribery and corruption and is all enhanced by an anonymous whistle-blowing system.

Shareholders

Shareholder engagement occurs through the Annual Report, regulatory disclosures, our website and the Annual General Meeting, coupled by supplementary RNS announcements made during the course of the year. The Company has one class of ordinary shares, which have the same rights as regards voting, distributions and on liquidation. Management are also significant shareholders in the Company, holding approximately 53.23% of the register. In accordance with LR6.5, there is a controlling shareholder agreement in place. On this basis the Board feels that the Executive Directors are fully aligned with shareholders.

Communities and Environment

Communities

During the year the Group has continued to communicate to all employees our culture of responsibility and support for local communities where possible. The Board encourages its sites to support their local communities through charitable activities and initiatives to support the local area within which they operate. 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.

Donations

The Group made no political donations during the year *(2020: £nil)*.

Donations by the Group for charitable purposes amounted to £78,000 *(2020: £54,000)*. The majority of these were made to local communities within the Group's operating environments.

Environment

Whilst the Group continues to seek to achieve high standards in the management of environmental matters, the Board is aware of the Group's impact on the environment and the importance of sustainability and is therefore undertaking a methodical in-depth analysis of how it can adapt in the years to come to minimise and / or eliminate its adverse effects on the environment. The results of the work being undertaken will form part of the Group's "Balance and Reduce" initiative that will set out realistic targets and timeframes in which it will be achieved. The initiative report will be finalised and disclosed within next year's Annual Report.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Greenhouse Gas ("GHG") emissions

In line with the GHG reporting guidance set out by SECR (Streamlined Energy and Carbon Reporting) we have used the GHG Reporting Protocol methodology 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:

	2021 Tonnes of CO_2e	Proportion of emissions arising from UK operations %	2020 Tonnes of CO_2e	Proportion of emissions arising from UK operations %
Scope 1 – direct emissions (from Company facilities and vehicles)	**27,293**	98%	38,494	98%
Scope 2 – indirect emissions (from electricity purchased for own use)	**5,176**	83%	6,882	82%
Total Scope 1 and Scope 2 emissions	**32,469**		45,376	
Intensity – emissions of total CO_2 equivalent reported above per £1 million of Group revenue	**242**		313	
Energy Consumption (kWh) resulting in the above reported emissions	**69,737,248**		76,786,289	

Partly as a result of Covid-19 impacting our activity our overall emissions have marginally reduced in the year.

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 11th August, 2021 and is signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their reports and audited financial statements for the year ended 30th April, 2021.

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, Principal Risks and Uncertainties on page 12, 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 102.24p per share *(2020: 81.71p)* be paid to shareholders on the register at the close of business on 17th September, 2021. If approved by shareholders, the ordinary dividend will be paid to shareholders on 8th October, 2021.

See comments on page 11 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 *(retired on 11th December 2020)*
B. R. E. Goodwin
N. Brown *(appointed on 11th December 2020)*
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 6th August, 2021, 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 (27.69%), J. W. and R. S. Goodwin 1,424,210 shares (18.52%). 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 (6.52%), Rulegale Nominees Limited (JAMSCLT) 428,091 shares (5.57%) and Rulegale Nominees Limited (ISA001) 235,460 shares (3.06%).

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, and has complied with the independence provisions set out in LR 6.5.4 R. The Company confirms that, as far as it is aware, the controlling shareholders have complied with this agreement.

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 25 to the financial statements on page 73.

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

REPORT OF THE DIRECTORS *(continued)*

Share capital *(continued)*

authority to issue shares of the Company other than in respect of the LTIP nor have they been given any 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 31.

Research and development

The Group invests significantly in research and development. The more material investments during the year include the biodegradable concrete bags marketed under our brand name Soluform, the manufacturability of complex castings in high yield material grades and production process development for the manufacture of polyimide polymers. In addition to this, further investment has gone into the 'respirable silica free' investment casting powder for the global jewellery industry and the Group's range of axial control valves.

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.

Stakeholders 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 where 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.

Engagement with the Group's suppliers, customers and other stakeholders can be found within the Strategic Report on pages 14 and 15.

Going concern

The Directors, after having reviewed the projections and possible challenges that may lie ahead, believe that 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.

During April 2021, the Company repaid in full the £30 million drawn down from the Bank of England's CCFF scheme and having completed the refinancing of £10 million referred to within the 30th April 2020 accounts, currently has at its disposal £50.5 million of bank facilities, £44.5 million of which are vested in long-term committed facilities.

The Directors have, as part of this going concern assessment, considered the ongoing impact of Covid-19 on the Group's operations. We are now more than eighteen months on from the onset of Covid-19 and whilst we experienced a slow down in the Refractory Engineering segment of the business during March 2020 to August 2020, since then most of the entities in this division are seeing record levels of activity. As predicted when writing the 30th April, 2020 going concern assessment, there has been little Covid-19 impact on the Mechanical Engineering segment of the business. Whilst we have and are still seeing temporary impacts on our overseas pump company operations, we are thankfully seeing minimal impact on Group activities as a result of the virus pandemic.

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 financial commitments during the forecast period whilst remaining compliant with its financial covenants. The downside model factors in adverse circumstances such as unexpected problems on contracts and a further Covid-19 impact on our Refractory Engineering segment.

Since the end of the financial year, the Company has entered into a ten year interest rate swap agreement which fixes our variable interest rate on borrowings at less than 1% for the entire period. The Directors see no shortage of investment opportunities in the coming years and so given the historical low level of interest rates, we deemed it prudent to remove the impact of higher interest rates from our risk modelling.

Whilst our carrying values of trade debtors and contract assets are significant, we see little risk here in terms of recovery. We credit insure our debtors and pre credit risk (work in progress) and for significant contracts where credit insurance is not available, we ensure, where possible, that these contracts are backed by letters of credit or cash positive milestone payments.

As discussed elsewhere within these accounts, the Mechanical Engineering order book remains very high and the Refractory Engineering segment is buoyant.

REPORT OF THE DIRECTORS *(continued)*

Going concern *(continued)*

The Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve 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 UK Coporate Governance Code the Directors have assessed the Group's viability over a three year period to 30th April, 2024.

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.

As part of the going concern review process we have considered the impact of plausible adverse events over an extended period (the two years ended 30th April, 2024). The plausible adverse event scenarios have been modelled without adjusting the capital expenditure programme. The results demonstrate that the Group has sufficient facilities in place to deal with these adverse events and given that a large proportion of the future capital expenditure is by definition discretionary, there is further confidence that a downturn will not impact on the Group's ability to deal with material adverse events.

The workload within the Mechanical Engineering segment remains high and so underpinning performance in the short to medium term. This, coupled with our actual trading performance during the height of the pandemic, the Directors are 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.

Corporate governance statement

The Company's Corporate Governance Statement is set out on pages 20 to 21 and forms part of the Directors' Report.

Financial Risk Management

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, further details can be found within note 26 on page 73.

Subsequent Events

On 2nd July, 2021, the Company contracted to convert £30 million of notional debt into a fixed rate of interest of less than 1% versus the floating inter-banking lending rate (SONIA) for a period of ten years. With the level of expected trade and the opportunities open to the Group going forwards, the Directors deemed it prudent to fix its variable lending rate as an insurance policy against escalating interest rates in the light of the current and expected increases in inflation over the ten 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 re-appointment of RSM UK Audit LLP as auditor of the Company.

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

T. J. W. Goodwin — 11th August, 2021

Chairman

CORPORATE GOVERNANCE REPORT

Introduction

The Board comprises six Executive 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 six 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 smaller 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 17, 32, 33 and 41.

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 thirteen times, and details of attendees at these meetings are set out below:

M. S. Goodwin … … … … …	13 out of 13 attended
S. R. Goodwin … … … … …	13 out of 13 attended
T. J. W. Goodwin … … … … …	13 out of 13 attended
J. Connolly … … … … … …	13 out of 13 attended
S. C. Birks *(retired 11th December, 2020)* …	8 out of 13 attended
B. R. E. Goodwin … … … … …	13 out of 13 attended
N. Brown *(appointed 11th December, 2020)*	6 out of 13 attended
J. E. Kelly … … … … … …	11 out of 13 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, but referred to the Audit Committee for comment.

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, 2020, 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.

CORPORATE GOVERNANCE REPORT *(continued)*

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 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 include regular visits and discussions between Board Directors and Subsidiary Management, in-house General Counsel, 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 has been difficult during 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 — 11th August, 2021

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.
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 and commenting to the Board on any significant investment plans of the Group.
6. Reviewing the Group's "whistle-blowing" procedures and reviewing any significant reports.
7. Reviewing the scope of work for the internal audit function and the resultant reports.
8. 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 vast historical knowledge of the business and activities of the Group. This, together with their regular involvement in reviewing the Group's financial performance and accounts, provides sufficient recent financial experience. 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, 2021 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)*

2021 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 former 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 recently been appointed as brokers for the Group's UK insurance cover. Previously, they had 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

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 page 9.

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 in previous years 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 continues to review the impact on the Group of the Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Human Resources

The age profile of Senior Managers and perceived skill gaps within each Group company continue to be reviewed by the Audit Committee. A number of accountancy and business development roles have been filled.

Information Technology

During the year the Audit Committee continued to monitor the risks posed affecting information security and the steps taken to minimise these. A comprehensive internal audit of the Group's IT systems was completed during the year. Some risks have been identified and a plan to address those risks is being devised and implemented.

Capital expenditure

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 maintain awareness 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

Following shareholder approval at the Annual General Meeting in October 2020, RSM UK Audit LLP ("RSM") was appointed as the Group's Auditor for the year ending 30th April, 2021 and going forward.

AUDIT COMMITTEE REPORT *(continued)*

3. The Group's external auditor *(continued)*

RSM did not provide any 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, RSM, 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.

The Audit Committee has recommended to the Board to propose a Resolution to confirm the re-appointment of RSM UK Audit LLP, as the external auditor at the Annual General Meeting on 6th October, 2021.

4. Reviewing comments and feedback

There is regular contact with Directors and employees where open and frank discussion is encouraged.

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 Chair of the Audit Committee. 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 or members of the Audit Committee. Due to Covid-19, internal audits of our overseas subsidiaries have been and are frustrated, but the larger profit earning overseas subsidiaries, Noreva, Gold Star Powders India, Goodwin Pumps India, and Goodwin Submersible Pumps Africa, have been subject to full statutory audit by RSM Germany, India and South Africa respectively.

7. Covid-19

The Audit Committee has continued to review the likely effects of Covid-19 along with the Board as detailed in the Principal Risks and Uncertainties section on page 12.

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, 2021.

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

J. E. Kelly — 11th August, 2021

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 2020/2021
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 changed.	Directors set the base increase in salaries. For the period May 2020 to April 2021 the increase was generally 2.4%.
	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.		

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 Executive 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 2020 / 2021. 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.

Total shareholder return – unaudited

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 … … …	63.1%	35.9%	38.7%
TSR for last 10 Years … … …	170.3%	68.2%	78.5%
TSR for last 20 Years … … …	6,211.0%	141.7%	175.44%

As is required by the Listing Rules, we show in graph form both the salary of the Managing Directors 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 then 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, 2021 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:

	2021 £'000	2020 £'000	%
Ordinary dividends proposed in respect of the year … … … … …	**7,862**	6,016	31%
Total employee costs … … … … … … … … …	**44,873**	44,241	1%
Average employee numbers … … … … … … … … …	**1,129**	1,190	(5)%

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, 2020 was put to the shareholders at last year's Annual General Meeting on 7th October, 2020. The Annual Directors' Remuneration Report was accepted with 99.26% 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, 2021 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 and 30th April, 2021 is the amount earned by each Managing Director.

2017 £'000	**2018 £'000**	**2019 £'000**	**2020 £'000**	**2021 £'000**
368	**385**	**397**	**310**	**355**

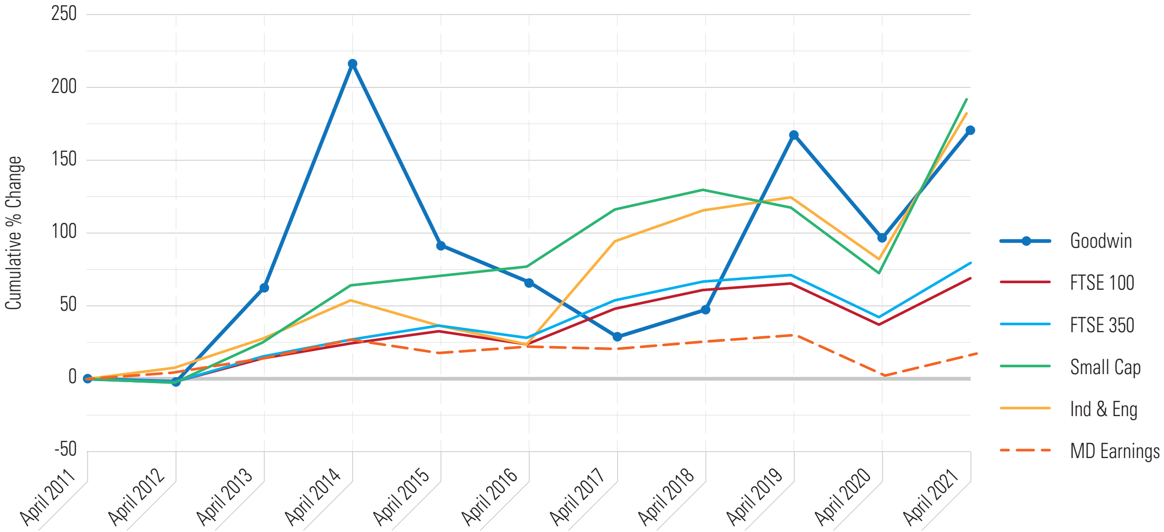
Total payroll costs, excluding the Managing Director's salary, have increased by 1%. During the year, the base increase awarded to employees in the UK companies was 2.4%. However, as a result of Covid-19, the total payroll costs disclosed in note 6 are impacted by a 5% reduction in overall employee numbers.

The following graphs have not been audited.

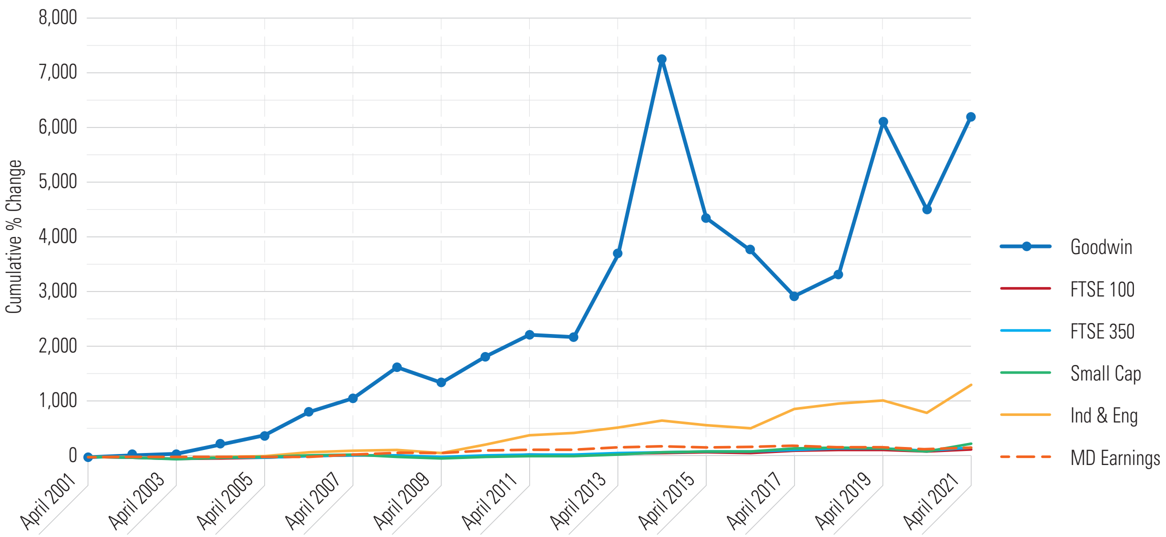
DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Total Shareholder Return (TSR)
10 Years ended 30th April 2021



Total Shareholder Return (TSR)
20 Years ended 30th April 2021



The increase in the Goodwin PLC share price since 2001 plus dividends re-invested would mean that £1.00 invested in 2001 by the 30th April, 2021 would be worth £63.11. The increase in the share price since 2011 plus dividends re-invested would mean that £1.00 invested in 2011 would at 30th April, 2021 be worth £2.70.

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 2021	30th April 2020
Beneficial		
M. S. Goodwin	**67,072**	64,034
S. R. Goodwin	**76,785**	82,247
T. J . W. Goodwin...	**120,141**	112,868
J. Connolly	**18,322**	7,622
S. C. Birks *(retired 11th December, 2020)*	**11,300**	200
B. R. E. Goodwin	**55,239**	42,501
N. Brown *(appointed 11th December, 2020)* ...	**445**	-
J. W. Goodwin*	**61,386**	40,986
R. S. Goodwin*	**22,756**	11,656
J. W. Goodwin and R.S. Goodwin*	**2,129,153**	2,129,153
J. W. Goodwin and R.S. Goodwin*	**1,424,210**	1,393,592
Non-beneficial		
J. W. Goodwin* and E. M. Goodwin	**14,166**	14,166

* Audit committee member / ex Director.

On 28th May, 2021 the last tranche of share options were granted and exercised under the Equity Long-Term Incentive Plan and the following Executive Directors received 20,400 shares each on the 4th June, 2021. Details of the total shares held on 11th August, 2021 are:

Mr. M.S. Goodwin	87,472
Mr. S.R. Goodwin	97,185
Mr. T.J.W. Goodwin	140,541
Mr. J. Connolly	38,722
Mr. B.R.E. Goodwin	75,639

There have been no other changes in the Directors' interests between 30th April, 2021 and 11th August, 2021.

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, 2021	**Salary**	**Benefits in kind**	**Non-Exec Director's fees**	**Pension contrib-utions**	**Total**
	2021 £'000	**2021 £'000**	**2021 £'000**	**2021 £'000**	**2021 £'000**
M. S. Goodwin	**333**	**12**	**-**	**10**	**355**
S. R. Goodwin	**333**	**12**	**-**	**10**	**355**
T. J. W. Goodwin	**243**	**6**	**-**	**7**	**256**
J. Connolly...	**256**	**17**	**-**	**8**	**281**
S. C. Birks *(retired 11th December, 2020)*	**64**	**13**	**-**	**2**	**79**
B. R. E. Goodwin	**209**	**6**	**-**	**6**	**221**
N. Brown *(appointed 11th December, 2020)*	**64**	**4**	**-**	**2**	**70**
J. E. Kelly	**-**	**-**	**68**	**-**	**68**
Total	**1,502**	**70**	**68**	**45**	**1,685**

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

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 contrib-utions 2020 £'000	Total 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

Benefits in kind consist of the provision of a fully expensed car, a cash alternative scheme, healthcare insurance or other services. The employer's national insurance costs relating to the Directors' remuneration amounted to £207,000 *(2020: £165,000)*.

Pay Comparison – audited

For the first time this year in accordance with the new remuneration regulations, we are including in the report a table comparing the annual change of each directors pay with that of the average employee's pay. This is required over a rolling five year period, but as the requirements came into effect for financial years ending 2021, the table below will only show the comparison from 30th April, 2020.

Annual Percentage Change of Average Remuneration of each Director	2020 - 2021 £'000
M. S. Goodwin	15%
S. R. Goodwin	15%
T. J. W. Goodwin	32%
J. Connolly	16%
S. C. Birks	N/A
B. R. E. Goodwin	42%
N. Brown	N/A
J. E. Kelly	9%
UK Average Employee % Change*	3%

Notes:

The UK average employee is based on the UK workforce employed by Goodwin PLC as a company and its UK subsidiaries. The average figure has been calculated using a mean 3% of employee pay.

The increases greater than the UK average employee percentage change are a reflection of the further development of individual directors in the areas of their new responsibilities.

Pay Ratio of Managing Directors

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 is 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 ended 30th April, 2021 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.

The tables overleaf show our Managing Directors' pay ratio at the 25th, median and 75th percentile of our UK employees since 30th April, 2020:

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Pay Ratio of Managing Directors *(continued)*

Financial Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021 ratios	Option A	14:1	11:1	8:1
2020 ratios	Option A	12:1	10:1	7:1
FTSE SmallCap		17:1	27:1	35:1
FTSE 250		22:1	32:1	61:1

Financial Year	Managing Directors £'000	25th percentile pay £'000	Median pay £'000	75th percentile pay £'000
2021 Total Pay	355	26	33	45
2020 Total Pay	333	26	33	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.*
3. *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.*
4. *The above figures are based on the total pay as at 30th April, 2021.*

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

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 in 2019, resulting in 85% of the awards granted vesting, entitling each of the sitting eight Directors to 61,200 shares (17 x 3,600 = 61,200).

Exercised

During the year ended 30th April, 2021 each Director exercised 20,400 share options, increasing the Company's total share capital by 163,200 to 7,526,400.

The aggregate share options remaining to be exercised as at 30th April, 2021 amounted to 163,200. These were exercised on 28th May, 2021, increasing the share capital by 163,200 to 7,689,600.

Whilst the Company has no follow-on LTIP incentive plans in place or proposed, the shares vested as part of the above scheme further align the Executive Directors with the long-term interests of the shareholders, as do their not insignificant shareholdings already held.

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 11th August, 2021 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 accounting standards in conformity with the requirements of the Companies Act 2006 and are additionally required, under the Listing Rules of the Financial Conduct Authority, to prepare the group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Directors have elected under company law to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union
- 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 Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 parent Company 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	M. S. Goodwin	S. R. Goodwin
Director	*Director*	*Director*

11th August, 2021

INDEPENDENT AUDITOR'S REPORT
to the members of Goodwin PLC

Opinion

We have audited the financial statements of Goodwin PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2021 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- Review of management's approved board paper which set out the going concern basis, key forecasting assumptions, sensitivities and conclusion;
- Obtained copies of management's forecasts and sensitivity analysis for the Group and checked the mathematical accuracy of the forecasts;
- Understanding and reviewing the results of the annual budget review process, including submissions from the UK and overseas businesses which are approved by the board;
- Assessment of the forecasts to historical trading results and the key assumptions for expected growth, margin improvement and capital expenditure plans;
- Undertaking our own stress test to consider circumstances under which headroom would be eroded;

- Verifying the committed funding available to the Group and parent Company for the forecast period and the headroom this provided to the Group and parent Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Summary of our audit approach

Key audit matters	**Group** • Revenue recognition – revenue recognised over time • Revenue recognition – revenue recognised at a point in time • Intangible assets – capitalisation and impairment • Inventory valuation **Parent Company** • Carrying value of investments in subsidiaries and intercompany receivables
Materiality	**Group** • Overall materiality: £651,000 • Performance materiality: £456,000 **Parent Company** • Overall materiality: £500,000 • Performance materiality: £350,000
Scope	Our audit procedures covered 80% of revenue, 85% of total assets and 83% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. These matters were addressed in the context of our audit of the Group and parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition – Revenue recognised over time

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 4. The Group has contracts with customers under which revenue is recognised over time.

	Estimates are made by management based on work completed for each contract and costs to complete. Revenue is recognised based on stage of completion with an associated adjustment made to cost of sales to adjust the level of profits recognised on the contract to be in line with the stage of completion. Associated contract assets, liabilities and work in progress are recognised where applicable on these contracts. Revenue underpins the key measures of performance of the Group. There is a risk that revenue could be misstated through: - inappropriate application of the Group's revenue recognition policies; or - the high level of estimation uncertainty in recognising revenue on over time contracts.
How the matter was addressed in the audit	We assessed whether revenue was recognised in line with the Group's revenue recognition policies and IFRS 15 'Revenue from contracts with customers'. We undertook test of details on contracts that have been completed in the year and those open at the year end. We considered management's estimates of the stage of completion for open contracts at the period end, substantively testing supporting schedules, including verification of contractual terms. We challenged management on the key assumptions and variances identified. We identified that revenue on certain mechanical engineering contracts is accounted for at a point in time. We challenged management's judgement of when control passes in determining how revenue is recognised on these contracts. We performed testing to support the associated invoicing on contracts and closing contract liabilities/contract assets supported the testing undertaken.
Key observations	Our audit work in respect of revenue recognised over time concluded that the revenue is not materially misstated and associated disclosures are appropriate. Our work did identify some errors that were subsequently adjusted by management, these adjustments did not impact the profit recognised in the financial statements.

Revenue recognition – revenue recognised at a point in time

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 4. Revenue is recognised at a point in time in the Refractory division and for certain arrangements in the Mechanical division. Revenue is recognised when control of goods is passed onto the customer by the Group. Judgement is involved in determining the point at which control passes for certain mechanical engineering contracts where revenue is recognised on delivery to the customer. There is a risk that revenue could be misstated through: - inappropriate application of the Group's revenue recognition policies; or - recognition of revenue in the wrong period.

How the matter was addressed in the audit	We assessed whether revenue was recognised in line with the Group's revenue recognition policies and IFRS 15. This included an assessment of management's judgement of when control passes on mechanical engineering contracts accounted for at a point in time. Our procedures included a combination of substantive analytical review and tests of detail. We selected a sample of items to check that revenue was recognised on delivery and that the cut-off of revenue transactions around the year end was appropriate.
Key observations	The results of our procedures were satisfactory

Intangible assets – capitalisation and impairment

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 15. The Group has various intangible assets including goodwill, brand names, intellectual property, manufacturing rights and development costs. These assets form part of the Group's cash generating units (CGUs). The performance of each CGU varies and the actual or expected performance of each could impact the carrying value of the Intangible assets within the CGU. The Group has incurred expenditure on development of new products in the year which are capitalised if certain criteria are met in accordance with IAS 38 'Intangible assets'.
How the matter was addressed in the audit	We obtained management's impairment model of Cash Generating Units, including Goodwill and undertook audit procedures including: • Assessment of whether management's calculations comply with the requirements of IAS36 'Impairment of assets'; • Analysis of the structure and integrity of the model and the mathematical accuracy; • Challenging the main forecasting assumptions used in the value-in-use calculations which included expected revenues, margin and the discount rate; • Performing sensitivity analysis in assessing the risks of impairment; • Corroborating assumptions through discussions with operational management; and • Review of the disclosures in the financial statements. We also assessed the capitalisation of development costs due to the impact on reported earnings and the judgements involved in assessing whether the IAS 38 criteria for capitalisation have been met. We considered the amortisation accounting policy for each category of intangible asset.
Key observations	Based on our procedures, we concluded that the carrying value and disclosures in the financial statements were appropriate.

Inventory valuation

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 16. The Group holds a combination of raw materials and consumables, work in progress and finished goods. The valuation of inventory is underpinned by appropriate inventory controls and verification across multiple businesses and locations. The valuation of inventory, which by its nature is specialist, involves judgement relating to the valuation and potential obsolescence of inventory including net realisable value (NRV). The Group has in place a policy for addressing this risk and recognises provisions accordingly.
How the matter was addressed in the audit	We attended and undertook physical inventory counts at key locations across the Group, validating that inventory held was accurately recorded and was in good physical condition. We reviewed and tested the year-end inventory values and provision calculations prepared by management. We have challenged management on the assumptions adopted within the provisioning calculations and assessed any specific areas where a provision was considered necessary. We performed testing to ensure that the valuation of inventory is stated at the lower of cost or NRV by comparing the sales value of the products to their actual cost.
Key observations	Based on our procedures we concluded that the carrying value of inventory is satisfactory.

Carrying value of subsidiary investments and intercompany receivables

Key audit matter description	The parent Company has investments in and intercompany debtor balances with several companies which together form a large proportion of the parent Company's assets.
How the matter was addressed in the audit	Refer to accounting policies in note C1, note C5 and note C7. We obtained management's impairment assessments of the carrying values and undertook audit procedures including: • Considered the basis of the assessment, including the reliability of forecasts and that these have been signed off by the respective boards, together with underlying assets of the subsidiaries; • Assessed key assumptions adopted based on evidence provided, historical trends, future projected profits and verified the net asset values; • Obtained and challenged the expected credit loss assessment on intragroup balances; • Confirmed that any impairment identified by management is appropriately included in the financial statements; and • Assessed the disclosures in respect of these impairment reviews, including consideration of the requirements of IFRS9 and IAS36.
Key observations	Based on our procedures, the carrying values and associated disclosures were considered acceptable.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent Company
Overall materiality	£651,000	£500,000
Basis for determining overall materiality	4.5% of two year average adjusted profit before tax. Profit before tax has been adjusted for material non-recurring items.	0.4% of Total Assets
Rationale for benchmark applied	Profit before tax is considered the key benchmark of the Group. We have normalised this over a two year period to reflect the fact that some revenue contracts span multiple periods.	Total assets is considered the key benchmark of the parent Company as the entity relies on its investments as a non-revenue generating entity.
Performance materiality	£456,000	£350,000
Basis for determining performance materiality	70% of overall materiality	70% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £32,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £25,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 35 components, located in the following countries:

- United Kingdom
- Germany
- India
- South Africa
- Thailand
- China
- South Korea
- Brazil
- Australia
- Finland

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	11	80%	85%	83%
Specific audit procedures	-	-	-	-
Total	**11**	**80%**	**85%**	**83%**

Analytical procedures at Group level were performed for the remaining 24 components.

Of the above, full scope audits for four components were undertaken by component auditors. The group team had planned to visit locations in Germany and India, however, these visits were prevented by travel restrictions imposed as a result of the Covid-19 pandemic. Instead the group team performed virtual calls and remote file reviews to assess the audit risks, the work planned and the work performed.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 18;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why this period is appropriate set out on page 19;
- Directors' statement on fair, balanced and understandable set out on page 17;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 12;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 12; and,
- The section describing the work of the audit committee set out on page 23.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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 the directors 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 for the audit of the financial statements

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 error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent Company operates in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud for regulated entities, as defined in ISA 250B: having obtained an understanding of the effectiveness of the control environment.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
IFRS/FRS101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Input from a tax specialist was obtained regarding Group's transfer pricing arrangement. Consideration of whether any matter identified during the audit required reporting to an appropriate authority outside the entity.
Manufacturing and operational regulations	ISAs limit the required audit procedures to identify non-compliance with these laws and regulations to inquiry of management and where appropriate, those charged with governance (as noted above) and inspection of legal and regulatory correspondence, if any.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition – over time sales	Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified using a data analytic tool and investigated. See also the key audit matters section of this report for work performed over this risk.
Revenue recognition – point in time sales	Revenues at the period end were tested to identify for revenue recognised in the incorrect period. See also the key audit matters section of this report for work performed on this area.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements exercised in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 19 March 2021 to audit the financial statements for the year ended 30 April 2021 and subsequent financial periods.

The period of total uninterrupted consecutive appointments is one year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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.

Ian Wall (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Festival Way
Festival Park
Stoke-on-Trent
ST1 5BB

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2021

	Notes	2021 £'000	2020 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	**131,231**	144,512
Cost of sales		**(92,230)**	(109,743)
GROSS PROFIT		**39,001**	34,769
Other income	5	**763**	690
Distribution expenses		**(2,988)**	(2,792)
Administrative expenses		**(19,682)**	(19,809)
OPERATING PROFIT		**17,094**	12,858
Finance costs (net)	7	**(640)**	(809)
Share of profit of associate company	14	**60**	66
PROFIT BEFORE TAXATION	5	**16,514**	12,115
Tax on profit	8	**(3,508)**	(3,775)
PROFIT AFTER TAXATION		**13,006**	8,340
ATTRIBUTABLE TO:			
Equity holders of the parent		**12,494**	7,866
Non-controlling interests		**512**	474
PROFIT FOR THE YEAR		**13,006**	8,340
BASIC EARNINGS PER ORDINARY SHARE	9	**167.82p**	107.93p
DILUTED EARNINGS PER ORDINARY SHARE	9	**164.23p**	103.31p

The notes on pages 49 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2021

	2021 £'000	2020 £'000
PROFIT FOR THE YEAR	**13,006**	8,340
OTHER COMPREHENSIVE INCOME / (EXPENSE)		
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Goodwill arising from purchase of non-controlling interest in subsidiaries	-	(72)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Foreign exchange translation differences	**(1,371)**	(1,007)
Effective portion of changes in fair value of cash flow hedges	**1,296**	(355)
Ineffectiveness in cash flow hedges transferred to profit or loss	**(657)**	-
Change in fair value of cash flow hedges transferred to profit or loss	**1,932**	522
Effective portion of changes in fair value of cost of hedging	**(37)**	(843)
Ineffectiveness in cost of hedging transferred to profit or loss	**631**	-
Change in fair value of cost of hedging transferred to profit or loss	**381**	395
Tax (charge) / credit on items that may be reclassified subsequently to profit or loss	**(673)**	77
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR, NET OF INCOME TAX	**1,502**	(1,283)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**14,508**	7,057
ATTRIBUTABLE TO:		
Equity holders of the parent	**14,081**	6,587
Non-controlling interests	**427**	470
	14,508	7,057

The notes on pages 49 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2021

	Share capital £'000	Translation 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, 2021									
Balance at 1st May, 2020 ...	**736**	**361**	**5,244**	**(499)**	**(743)**	**99,918**	**105,017**	**4,585**	**109,602**
Total comprehensive income:									
Profit for the year	-	-	-	-	-	12,494	12,494	512	13,006
Other comprehensive income:									
Foreign exchange translation differences	-	(1,255)	-	-	-	-	(1,255)	(116)	(1,371)
Effective portion of changes in fair value	-	-	-	1,252	(42)	-	1,210	49	1,259
Ineffectiveness transferred to profit or loss	-	-	-	(617)	596	-	(21)	(5)	(26)
Change in fair value transferred to profit or loss	-	-	-	1,957	362	-	2,319	(6)	2,313
Tax	-	-	-	(492)	(174)	-	(666)	(7)	(673)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	**-**	**(1,255)**	**-**	**2,100**	**742**	**12,494**	**14,081**	**427**	**14,508**
Transactions with owners:									
Issue of shares	17	-	-	-	-	-	17	-	17
Dividends paid	-	-	-	-	-	(6,016)	(6,016)	(125)	(6,141)
Recycling of translation reserve on the disposal of subsidiary	-	42	-	-	-	-	42	-	42
BALANCE AT 30TH APRIL, 2021	**753**	**(852)**	**5,244**	**1,601**	**(1)**	**106,396**	**113,141**	**4,887**	**118,028**

The notes on pages 49 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 30th April, 2021

	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 for the year … …	-	-	-	-	-	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)
Effective portion of changes in fair value	-	-	-	(446)	(802)	-	(1,248)	50	(1,198)
Change in fair value transferred to profit or loss … … … …	-	-	-	522	398	-	920	(3)	917
Tax … … … …	-	-	-	(2)	87	-	85	(8)	77
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	**-**	**(964)**	**-**	**74**	**(317)**	**7,794**	**6,587**	**470**	**7,057**
Transactions with owners:									
Dividends paid … … …	-	-	-	-	-	(6,927)	(6,927)	-	(6,927)
Issue of shares … … …	16	-	-	-	-	-	16	-	16
Tax on equity-settled share-based payment transactions …	-	-	253	-	-	-	253	-	253
Acquisition of NCI without a change of control … …	-	-	-	-	-	-	-	(11)	(11)
Recycling of translation reserve on the 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 49 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED BALANCE SHEET
at 30th April, 2021

	Notes	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	77,063	69,626
Right-of-use assets	12	3,691	5,343
Investment in associate	14	829	816
Intangible assets	15	24,813	24,695
Derivative financial assets	26	191	749
Other financial assets at amortised cost	17	-	252
		106,587	101,481
CURRENT ASSETS			
Inventories	16	34,547	44,887
Contract assets	4	15,844	6,558
Trade receivables and other financial assets	17	20,540	24,486
Other receivables	18	5,627	4,566
Derivative financial assets	26	4,106	456
Cash and cash equivalents	19	15,160	9,840
		95,824	90,793
TOTAL ASSETS		202,411	192,274
CURRENT LIABILITIES			
Borrowings	20	1,607	14,624
Contract liabilities	4	14,332	18,965
Trade payables and other financial liabilities	21	21,730	23,485
Other payables	22	4,025	3,298
Derivative financial liabilities	26	2,016	1,071
Liabilities for current tax		1,174	1,873
Provisions for liabilities and charges	23	608	160
		45,492	63,476
NON-CURRENT LIABILITIES			
Borrowings	20	33,066	15,599
Derivative financial liabilities	26	-	202
Provisions for liabilities and charges	23	251	324
Deferred tax liabilities	24	5,574	3,071
		38,891	19,196
TOTAL LIABILITIES		84,383	82,672
NET ASSETS		118,028	109,602
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	25	753	736
Translation reserve		(852)	361
Share-based payments reserve		5,244	5,244
Cash flow hedge reserve		1,601	(499)
Cost of hedging reserve		(1)	(743)
Retained earnings		106,396	99,918
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		113,141	105,017
NON-CONTROLLING INTERESTS		4,887	4,585
TOTAL EQUITY		118,028	109,602

These financial statements were approved by the Board of Directors on 11th August, 2021, 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 49 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30th April, 2021

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit from continuing operations after tax		13,006		8,340
Adjustments for:				
Depreciation of property, plant and equipment		5,696		5,874
Depreciation of right-of-use assets		972		827
Amortisation and impairment of intangible assets		1,566		1,328
Finance costs (net)...		640		809
Foreign exchange losses		292		203
(Profit) / loss on sale of property, plant and equipment		(745)		52
Profit on disposal of subsidiary		(32)		(172)
Share of profit of associate company		(60)		(66)
Tax expense		3,508		3,775
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		24,843		20,970
Decrease in inventories		10,344		4,748
Increase in contract assets		(9,242)		(2,863)
Decrease / (increase) in trade and other reservables		2,885		(2,549)
(Decrease) / increase in contract liabilities		(4,428)		874
Increase in trade and other payables...		1,047		2,310
Increase in unhedged derivative balances		(438)		(980)
CASH GENERATED FROM OPERATIONS		25,011		22,510
Interest paid		(734)		(844)
Corporation tax paid		(3,068)		(2,493)
NET CASH FROM OPERATING ACTIVITIES		21,209		19,173
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment ...	1,958		139	
Acquisition of property, plant and equipment	(11,738)		(6,062)	
Additional investment in existing subsidiaries	-		(83)	
Acquisition of intangible asset	(719)		(1,855)	
Development expenditure capitalised	(1,420)		(1,105)	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(11,919)		(8,966)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	17		16	
Payment of capital element of lease liabilities	(1,635)		(1,463)	
Dividends paid	(6,016)		(6,927)	
Dividends paid to non-controlling interests	(125)		-	
Proceeds from new loans...	35,048		7,658	
Repayment of loans and committed facilities	(30,772)		-	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(3,483)		(716)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,807		9,491
Cash and cash equivalents at beginning of year		9,449		493
Effect of exchange rate fluctuations on cash held		(96)		(535)
CASH AND CASH EQUIVALENTS AT END OF YEAR (see note 19)		15,160		9,449

The notes on pages 48 to 96 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 accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. 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 85 to 96.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

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 level of order input remaining high, 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 and 19 within these financial statements.

New IFRS standards and interpretations adopted during 2021

In 2021 the following amendments had been endorsed by the EU, became effective and were, therefore, mandated to be adopted by the Group:

- Amendments to IFRS 9, IAS39 and IFRS 7 – Interest rate benchmark reform phase 1 (effective for annual periods beginning on or after 1st January 2020)
- 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 implementation of these 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 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.

During April 2021, the Company repaid in full the £30 million drawn down from the Bank of England's CCFF scheme and having completed the refinancing of £10 million referred to within the 30th April, 2020 accounts, currently has at its disposal £50.5 million of Bank facilities, £44.5 million of which are vested in long term committed facilities.

The Directors have, as part of this going concern assessment, considered the ongoing impact of Covid-19 on the Group's operations. We are now more than eighteen months on from the onset of Covid-19 and whilst we experienced a slow down in the Refractory Engineering segment of the business during March 2020 to August 2020, since then most of the entities in this division are seeing record levels of activity. As predicted when writing the 30th April, 2020 going concern assessment, there has been little Covid-19 impact on the Mechanical Engineering segment of the business. Whilst we have and are still seeing temporary impacts on our overseas pump company operations, we are thankfully seeing minimal impact on Group activities as a result of the virus pandemic.

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 financial commitments during the forecast period whilst remaining compliant with its financial covenants. The downside model factors in adverse circumstances such as the loss of a major customer and a new Covid-19 impact on our Refractory Engineering segment.

Since the end of the financial year, the Company has entered into a ten year interest rate swap agreement which fixes our variable interest rate on borrowings at less than 1% for the entire period. The Directors see

1. Accounting policies *(continued)*

Going concern *(continued)*

no shortage of investment opportunities in the coming years and so, given the historical low level of interest rates, we deemed it prudent to remove the impact of higher interest rates from our risk modelling.

Whilst our carrying values of trade debtors and contract assets are significant, we see little risk here in terms of recovery. We credit insure our debtors and pre credit risk (work in progress) and for significant contracts where credit insurance is not available, we ensure where possible that these contracts are backed by letters of credit or cash positive milestone payments.

As discussed elsewhere within these accounts, the Mechanical Engineering order book remains very high and the Refractory Engineering segment is buoyant.

The Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve 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

The functional and presentational currency of the Group is GBP. 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

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

1. Accounting policies *(continued)*

Financial instruments *(continued)*

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

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.

Principal non-derivative financial liabilities

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. As at the year-end, the Group held only currency derivatives, with the valuations based on the period end currency rates, as adjusted for the forward points to maturity, the time value of money and the banks' assessed credit risk and margin.

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. 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.

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, within cost of sales.

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
- 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
- Other equipment … … … … 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 identifiable net assets 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.

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 - 20 years
- Customer lists 2 - 10 years
- Order book 1 year
- Distribution rights 25 years
- Software and licences 3 - 5 years
- Non-compete agreements 15 years

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

1. Accounting policies *(continued)*

Impairment of intangibles *(continued)*

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.

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.

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.

Provisions

General 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 recognised 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.

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.

1. Accounting policies *(continued)*

Revenue *(continued)*

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, whereby control passes to the customer, once the invoice has been raised.

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 product contracts where, as part of the contract terms, there is a termination for convenience clause which, if invoked, allows the Group company to charge for profit earned to date. 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

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.

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 as an 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 and furnaces, have been leased under contracts with an option to buy the asset at the end of the lease term. The Group also leases 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.

1. Accounting policies *(continued)*

Financial income and costs

Financial expenses comprise interest payable, interest on lease liabilities using the effective interest method together with the amortisation of any facility arrangement fees. 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.

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 9, IAS39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform phase 2 (effective for annual periods beginning on or after 1st January 2021)
- Amendments to IAS 16 – Property, plant and equipment: proceeds before intended use (effective for annual periods beginning on or after 1st January 2022)

The Group has considered the impact of these new standards and interpretations in future periods on profit, earnings per share and net assets and none are expected to result in 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 and judgements

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

2. Accounting estimates and judgements *(continued)*

Key estimates and judgements *(continued)*

IFRS 15 Revenue Recognition (continued)

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. However, the advanced stage of completion of a number of contracts reduces the risk of unforeseen events arising, and given that the initial position taken on material contracts at the balance sheet date are revisited as part of the post balance sheet review process prior to the financial statements being signed off, we would conclude that the risk of a material impact on the financial statements arising here is low.

Determination of the basis for the amortisation / impairment of intangible assets

The Group carries different classes of intangible assets on its balance sheet, which include goodwill, manufacturing rights, brand names and development costs. Capitalised intangible costs are amortised on a straight-line basis, which commences when the Group is expected to benefit from cash inflows. A key estimate is required in determining the useful economic life over which each asset is to be amortised, with current timeframes ranging from fifteen to twenty-five years. In arriving at the appropriate timeframe for amortisation, there are essentially two key estimates, namely the product life cycle and the amount of profit generated from the expected income streams. In terms of sensitivity, then, in regard to the intangible assets other than goodwill, if we were to assume assets with estimated useful lives of fifteen years or more were reduced by one third, then the pre tax profit and loss impact on the current year reported figures would be to reduce profits by £481,000 *(2020: £656,000)*. In accordance with IAS 38, the basis on which goodwill / intangible assets are amortised / impaired is assessed annually. Sensitivity as regards goodwill is considered within note 15 to these financial statements.

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.

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.

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 26(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. 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. Associates are included in refractory engineering. In accordance with the requirements of IFRS 8, information regarding the Group's operating segments is reported on the opposite page.

3. Segmental information *(continued)*

Products and services from which reportable segments derive their revenues *(continued)*

Year Ended 30th April	Mechanical Engineering		Refractory Engineering		Sub Total	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Revenue						
External sales … … … …	**86,616**	100,078	**44,615**	44,434	**131,231**	144,512
Inter-segment sales … … …	**20,871**	25,821	**11,526**	8,361	**32,397**	34,182
Total revenue … … … …	**107,487**	125,899	**56,141**	52,795	**163,628**	178,694
Reconciliation to consolidated revenue:						
Inter-segment sales … … …					**(32,397)**	(34,182)
Consolidated revenue for the year					**131,231**	144,512

Year Ended 30th April	Mechanical Engineering		Refractory Engineering		Sub Total	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Profits						
Operating profit including share of associates … … … …	**10,823**	8,065	**9,340**	7,034	**20,163**	15,099
% of total operating profit including share of associates … … …	**54%**	53%	**46%**	47%	**100%**	100%
Group centre … … … …					**(3,009)**	(2,175)
Group finance expenses … …					**(640)**	(809)
Consolidated profit before tax for the year … … …					**16,514**	12,115
Tax … … … … …					**(3,508)**	(3,775)
Consolidated profit after tax for the year … … …					**13,006**	8,340

Year Ended 30th April	Segmental total assets		Segmental total liabilities		Segmental net assets	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Segmental net assets						
Mechanical Engineering … …	**92,929**	95,193	**66,909**	72,207	**26,020**	22,986
Refractory Engineering … …	**44,114**	41,962	**20,591**	22,850	**23,523**	19,112
Sub total reportable segment …	**137,043**	137,155	**87,500**	95,057	**49,543**	42,098
Goodwin PLC net assets … …					**83,998**	83,415
Elimination of Goodwin PLC investments					**(25,392)**	(25,801)
Goodwill … … … …					**9,879**	9,890
Consolidated total net assets …					**118,028**	109,602

3. Segmental information *(continued)*

The investment in associate of £829,000 *(2020: £816,000)* is reported within the refractory engineering total assets. 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.

Segmental capital expenditure

	Property, plant and equipment		**Right-of-use assets**		**Intangible assets**		**Total**	
Year Ended 30th April	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Goodwin PLC	**5,315**	2,824	**1,180**	-	**151**	2,333	**6,646**	5,157
Mechanical Engineering	**4,952**	2,511	**1,146**	156	**1,123**	613	**7,221**	3,280
Refractory Engineering	**1,570**	633	**74**	1,033	**456**	633	**2,100**	2,299
	11,837	5,968	**2,400**	1,189	**1,730**	3,579	**15,967**	10,736

Segmental depreciation, amortisation and impairment

	Depreciation		**Amortisation and impairment**		**Total**	
Year Ended 30th April	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Goodwin PLC	**2,970**	2,934	**1,106**	708	**4,076**	3,642
Mechanical Engineering	**2,346**	2,369	**20**	97	**2,366**	2,466
Refractory Engineering	**1,352**	1,398	**440**	523	**1,792**	1,921
	6,668	6,701	**1,566**	1,328	**8,234**	8,029

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, 2021				Year ended 30th April, 2020			
	Revenue £'000	**Operational net assets £'000**	**Non-current assets £'000**	**Capital expenditure £'000**	Revenue £'000	Operational net assets £'000	Non-current assets £'000	Capital expenditure £'000
UK	**39,755**	**81,982**	**89,944**	**13,634**	39,609	76,467	84,198	8,681
Rest of Europe	**21,473**	**8,309**	**3,264**	**279**	20,004	8,346	3,439	207
USA	**8,027**	**-**	**-**	**-**	12,749	-	-	-
Pacific Basin	**28,255**	**13,708**	**6,499**	**719**	34,844	13,513	7,132	1,248
Rest of World	**33,721**	**14,029**	**6,880**	**1,335**	37,306	11,276	6,712	600
Total	**131,231**	**118,028**	**106,587**	**15,967**	144,512	109,602	101,481	10,736

Of the £21,473,000 *(April 2020: £20,004,000)* sales to the rest of Europe, £8,366,000 *(April 2020: £5,975,000)*, relate to the European sales of our German-domiciled subsidiary, Noreva GmbH.

4. Revenue

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

Geographical market

	Year ended 30th April, 2021			Year ended 30th April, 2020		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
UK	**28,258**	**11,497**	**39,755**	29,187	10,422	39,609
Rest of Europe	**15,123**	**6,350**	**21,473**	13,088	6,916	20,004
USA	**7,596**	**431**	**8,027**	12,664	85	12,749
Pacific Basin	**10,899**	**17,356**	**28,255**	16,361	18,483	34,844
Rest of World	**24,740**	**8,981**	**33,721**	28,778	8,528	37,306
Total	**86,616**	**44,615**	**131,231**	100,078	44,434	144,512

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	**10,630**	**44,615**	**55,245**	9,545	44,434	53,979
Bespoke products – point in time	**11,203**	**-**	**11,203**	25,427	-	25,427
Point in time revenue	**21,833**	**44,615**	**66,448**	34,972	44,434	79,406
Minimum period contracts	**3,306**	**-**	**3,306**	4,143	-	4,143
Bespoke products – over time	**61,477**	**-**	**61,477**	60,963	-	60,963
Over time revenue	**64,783**	**-**	**64,783**	65,106	-	65,106
Total revenue	**86,616**	**44,615**	**131,231**	100,078	44,434	144,512

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

	2021 £'000	2020 £'000
Trade receivables (note 17)	**19,378**	23,589
Contract assets	**15,844**	6,558
Contract liabilities	**(14,332)**	(18,965)
	20,890	11,182

Revenue recognised in the year, which was included in the contract liability balance at the beginning of the period, totalled £9,710,000 *(2020: £9,495,000)*.

Revenue of £387,000 *(2020: £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 shown below.

	2021 £'000	2020 £'000
Performance obligations due to be satisfied within one year	**33,216**	19,585
Performance obligations due to be satisfied after more than one year	**14,855**	45,586
	48,071	65,171

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 £2,235,000 *(2020: £2,218,000)*.

The Group's revenue is not significantly impacted by seasonal or cyclical events. The potential risk of the loss of any key customer is limited as, typically, no single customer accounts for more than 10% of annual turnover.

5. Expenses and auditor's remuneration

Included in profit before taxation are the following:

Charged / (credited) to the statement of profit or loss	**2021 £'000**	2020 £'000
Insurance claim proceeds	**-**	(690)
Profit on sale of property	**(763)**	-
Write back of deferred consideration	**-**	(204)
Depreciation:		
Owned assets	**5,696**	5,874
Right-of-use assets (see below)	**972**	827
Amortisation and impairment of intangible assets	**1,566**	1,328
Loss on sale of other tangible fixed assets	**18**	52
Profit on disposal of subsidiary	**(32)**	(172)
Research expenditure	**4,185**	306
Impairment of trade receivables charged to the statement of profit or loss	**319**	49
Foreign exchange (gains) / losses	**(686)**	1,465
Mark to market derivative gains	**(438)**	(980)
Fees receivable by the auditor and the auditor's associates in respect of:		
Audit of these financial statements	**63**	120
Audit of the financial statements of subsidiaries	**188**	271
Expenses relating to short-term property leases	**268**	380
Expenses relating to short-term plant and equipment leases	**142**	121
Expenses relating to leases of low-value assets	**14**	20
Government grants received including Covid-19 support	**(1,427)**	(227)

Depreciation on right-of-use assets may be analysed as follows:

	£'000	£'000
Right of use assets depreciation – finance leases (IAS 17 definition)	**422**	290
Right of use assets depreciation – operating leases (IAS 17 definition)	**550**	537
Depreciation – right of use assets	**972**	827

6. 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 2021	2020
Subsidiary employees	**1,080**	1,139
Goodwin PLC company employees	**49**	51
	1,129	1,190

The aggregate payroll costs of these persons were as follows:	**2021 £'000**	2020 £'000
Wages and salaries	**38,577**	38,633
Social security costs	**4,976**	4,027
Other pension costs	**1,320**	1,581
	44,873	44,241

Of the total staff costs £31,522,000 *(2020: £32,204,000)* are reported within cost of sales, and £13,351,000 *(2020: £12,037,000)* are reported within administrative expenses.

Details of the Directors' remuneration can be found within the Directors Remuneration Report on pages 29 and 30. The emoluments of the highest paid Director were £355,000 *(2020: £310,000)*. The number of Directors, who were members of a defined contribution pension scheme, was 6 *(2020: 6)*.

7. Finance costs (net)

	2021 £'000	2020 £'000
Interest income	**111**	122
Interest expense on lease liabilities	**95**	97
Interest expenses on bank loans and overdrafts	**747**	874
Capitalised interest on fixed asset projects	**(91)**	(40)
Interest expense	**751**	931
Finance costs (net)	**640**	809

Interest on right-of-use assets may be analysed as follows:

	£'000	£'000
Interest on lease liabilities – finance leases (IAS 17 definition)	**44**	41
Interest on lease liabilities – operating leases (IAS 17 definition)	**51**	56
Interest expense on lease liabilities	**95**	97

8. Taxation

Recognised in the statement of profit or loss

	2021 £'000	2020 £'000
Current tax expense		
Current year	**1,878**	1,985
Over provision in prior years	**(128)**	(62)
	1,750	1,923
Deferred tax expense		
Origination and reversal of temporary differences – current year	**1,845**	1,531
Origination and reversal of temporary differences – over provision in prior years	**(87)**	(50)
Origination and reversal of temporary differences – rate change to prior year	**-**	371
	1,758	1,852
Total tax expense	**3,508**	3,775

Reconciliation of effective tax rate

	2021 £'000	2020 £'000
Profit before taxation	**16,514**	12,115
Tax using the UK corporation tax rate of 19.00% *(2020: 19.00%)*	**3,138**	2,302
Non-taxable income	**(45)**	(57)
Non-deductible expenses	**33**	116
Other permanent timing differences	**309**	214
Over provision in prior years	**(210)**	(112)
Losses not recognised	**133**	114
Share-based payments	**59**	-
Losses utilised where a deferred tax asset was not recognised	**(115)**	-
Rate change to prior year	**-**	371
Withholding tax unrelieved	**108**	36
Difference in overseas tax rates	**113**	805
Effect of equity accounting for associate	**(15)**	(14)
Total tax expense	**3,508**	3,775

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:

	2021 £'000	2020 £'000
Cash flow hedge deferred tax (charge) / credit	**(673)**	77

9. Earnings per share

	Number of ordinary shares 2021 £'000	2020 £'000
Ordinary shares in issue		
Balance at 1st May, 2020 *(1st May, 2019)*	**7,363,200**	7,200,000
Shares issued in the year (note 33)	**163,200**	163,200
	7,526,400	7,363,200
Outstanding ordinary share options (note 33)	**163,200**	326,400
Total ordinary shares (issued and options)	**7,689,600**	7,689,600
Weighted average number of ordinary shares in issue	**7,445,024**	7,288,289
Weighted average number of outstanding ordinary share options	**162,651**	325,365
Denominator used for diluted earnings per share calculation	**7,607,675**	7,613,654

	2021 £'000	2020 £'000
Relevant profits attributable to ordinary shareholders	**12,494**	7,866

10. Dividends

	2021 £'000	2020 £'000
Paid ordinary dividends during the year in respect of prior years 81.71p *(2019: 96.21p)* per qualifying ordinary share	**6,016**	6,927

After the balance sheet date an ordinary dividend of 102.24p per qualifying ordinary share was proposed by the Directors *(2020: Ordinary dividend of 81.71p)*.

The proposed current year ordinary dividend of £7,862,000 has not been provided for within these financial statements *(2020: Proposed ordinary dividend of £6,016,000 was not provided for within the comparative figures)*.

11. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Other equipment ** £'000	Assets in course of construction £'000	Total £'000
Cost					
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 to right-of-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**
Balance at 1st May, 2020	41,671	78,959	3,278	2,006	125,914
Additions	1,397	3,906	486	6,048	11,837
Reclassification – others	74	(3,888)	4,002	(188)	-
Reclassification – ROU*	-	4,045	-	-	4,045
Disposals	(641)	(1,221)	(747)	(75)	(2,684)
Exchange adjustment	(503)	(222)	(64)	(12)	(801)
Balance at 30th April, 2021	**41,998**	**81,579**	**6,955**	**7,779**	**138,311**
Depreciation					
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 to right-of-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**
Balance at 1st May, 2020	8,150	45,799	2,339	-	56,288
Charged in year	1,195	4,004	497	-	5,696
Reclassification – others	-	(3,032)	3,032	-	-
Reclassification – ROU*	-	1,045	-	-	1,045
Disposals	-	(812)	(659)	-	(1,471)
Exchange adjustment	(119)	(147)	(44)	-	(310)
Balance at 30th April, 2021	**9,226**	**46,857**	**5,165**	**-**	**61,248**
Net book value					
At 1st May, 2019	34,773	33,381	1,185	4,767	74,106
At 30th April, 2020 and 1st May, 2020	33,521	33,160	939	2,006	69,626
At 30th April, 2021	**32,772**	**34,722**	**1,790**	**7,779**	**77,063**

* This is a transfer from the right-of-use assets category on the settlement of a lease purchase agreement and payment of the option to purchase fee.

** Other equipment comprises motor vehicles, IT hardware and office equipment.

Plant and machinery

During the year the Group expended £11,837,000 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.

Assets in the course of construction of £7,779,000 *(2020: £2,006,000)* comprise £4,481,000 *(2020: £1,345,000)* in relation to land and buildings and £3,298,000 *(2020: £661,000)* for plant and machinery.

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

Depreciation

Depreciation is reported as follows:	**2021 £'000**	2020 £'000
Cost of sales	**5,393**	5,557
Administrative expenses	**303**	317
	5,696	5,874

Security

There is a charge over Noreva GmbH's land and buildings of €1.4 million to secure a bank loan repayable by instalments and at Goodwin PLC a bank loan of £4.0 million is secured against three furnaces located at Goodwin Steel Castings Limited (see note 20).

12. Right-of-use assets

	Land and buildings £'000	**Plant and machinery £'000**	**Other equipment £'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**
Balance at 1st May, 2020	1,937	4,787	132	6,856
Additions	1,079	70	1,251	2,400
Transfer to tangible fixed assets	-	(4,045)	-	(4,045)
Reclassification	-	(86)	86	-
Disposals	(285)	(6)	-	(291)
Exchange adjustment	(3)	1	(10)	(12)
Balance at 30th April, 2021	**2,728**	**721**	**1,459**	**4,908**
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**
Balance at 1st May, 2020	500	982	31	1,513
Charged in year	499	306	167	972
Transfer to tangible fixed assets	-	(1,045)	-	(1,045)
Reclassification	-	(13)	13	-
Disposals	(212)	(6)	-	(218)
Exchange adjustment	(2)	-	(3)	(5)
Balance at 30th April, 2021	**785**	**224**	**208**	**1,217**
Net book value				
At 1st May, 2019	942	3,955	100	4,997
At 30th April, 2020 and 1st May, 2020	1,437	3,805	101	5,343
At 30th April, 2021	**1,943**	**497**	**1,251**	**3,691**

Depreciation

Depreciation is charged as follows:	**2021 £'000**	2020 £'000
Cost of sales	**473**	321
Administrative expenses	**499**	506
	972	827

Of the £972,000 depreciation, £422,000 relates to finance leases (IAS 17 definition) *(2020: £290,000)* and £550,000 relates to operating leases *(2020: £537,000)*.

13. Investments in subsidiaries

The Group has the following principal subsidiaries. Non-principal subsidiaries are listed in note 30:

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 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**
Duvelco Limited … … … … … …	1	England and Wales	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	**75.5**
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	**75.5**
Jewelry Plaster Limited … … … … …	14	Thailand	Ordinary	**75**

*The registered address for each company can be found in note 32.

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

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	**24.5**
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	**24.5**
Shenzhen King-Top Modern Hi-Tech Company Limited	16	China	Ordinary	**24.5**
Ultratec Jewelry Supplies Limited … … …	12	China	Ordinary	**24.5**
Ying Tai (UK) Limited … … … … …	1	England and Wales	Ordinary	**24.5**

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	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Profit / (loss) allocated to non-controlling interests … … … … … …	**(283)**	(262)	**795**	736	**512**	474
Dividends paid to non-controlling interests … … … … … …	**-**	-	**(125)**	-	**(125)**	-
Accumulated reserves held by non-controlling interests … …	**243**	458	**4,644**	4,127	**4,887**	4,585

13. Investments in subsidiaries *(continued)*

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.

	Mechanical Engineering		**Refractory Engineering**		**Total**	
Year Ended 30th April	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Non-current assets	**2,954**	2,985	**12,037**	12,236	**14,991**	15,221
Current assets	**13,425**	20,550	**14,529**	12,671	**27,954**	33,221
Current liabilities	**(13,333)**	(17,170)	**(7,071)**	(7,082)	**(20,404)**	(24,252)
Non-current liabilities	**(388)**	(2,939)	**(511)**	(728)	**(899)**	(3,667)
Total net assets of companies with non-controlling interests	**2,658**	3,426	**18,984**	17,097	**21,642**	20,523
Revenue of companies with non-controlling interests	**15,984**	19,835	**19,269**	18,764	**35,253**	38,599
Profit / (loss) for the year of companies with non-controlling interests ...	**(918)**	(1,177)	**3,137**	2,851	**2,219**	1,674
Total comprehensive income of companies with non-controlling interests	**(769)**	(985)	**2,733**	2,647	**1,964**	1,662
Net cash from operating activities	**823**	511	**1,926**	3,977	**2,749**	4,488
Net cash from investing activities	**(320)**	(646)	**(992)**	(1,937)	**(1,312)**	(2,583)
Net cash from financing activities	**(146)**	(32)	**(1,037)**	(1,032)	**(1,183)**	(1,064)

14. Investment in associate

The Group's share of profit after tax in its immaterial associate for the year ended 30th April, 2021 was £60,000 *(2020: £66,000)*.

Summary financial information of the Group's share of its associate company is as follows:

	2021 £'000	2020 £'000
Balance at 1st May ...	**816**	739
Profit before tax ...	**75**	80
Tax ...	**(15)**	(14)
Exchange adjustment ...	**(47)**	11
Balance at 30th April ...	**829**	816
Assets ...	**967**	1,076
Liabilities ...	**(138)**	(260)
	829	816

15. 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, 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**
Balance at 1st May, 2020 ...	10,233	9,672	161	5,420	1,175	8,426	35,087
Additions...	-	18	-	68	224	1,420	1,730
Disposals...	-	-	(161)	-	(11)	(25)	(197)
Exchange adjustment ...	(15)	(45)	-	5	3	-	(52)
Balance at 30th April, 2021	**10,218**	**9,645**	**-**	**5,493**	**1,391**	**9,821**	**36,568**
Amortisation and impairment							
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**
Balance at 1st May, 2020 ...	343	5,884	161	2,227	810	967	10,392
Amortisation for the year ...	-	591	-	334	240	381	1,546
Impairment	-	-	-	-	-	20	20
Disposals...	-	-	(161)	-	(6)	(24)	(191)
Exchange adjustment ...	(4)	(12)	-	2	2	-	(12)
Balance at 30th April, 2021	**339**	**6,463**	**-**	**2,563**	**1,046**	**1,344**	**11,755**
Net book value							
At 1st May, 2019...	9,665	2,263	-	3,473	319	6,634	22,354
At 30th April, 2020 and 1st May, 2020	9,890	3,788	-	3,193	365	7,459	24,695
At 30th April, 2021 ...	**9,879**	**3,182**	**-**	**2,930**	**345**	**8,477**	**24,813**

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 assets, including the intellectual property, trade name and associated trademarks. For the past 75 years, Castaldo has been at the heart of the worldwide jewellery casting industry by supplying moulding rubber and injection waxes, and the recent acquisition will further increase the Group's global market share.

Identifiable assets acquired

The table below analyses the total identifiable Castaldo assets acquired during the year ended 30th April, 2020.

	£'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

15. Intangible assets *(continued)*

Consideration

The consideration for the net assets acquired was as follows:

	£'000
Cash consideration paid in the previous year … … … … … … … …	1,517
Cash consideration paid in the current year … … … … … … … …	457
Total cash consideration	1,974
Acquisition costs … … … … … … … … … … … … …	23

Amortisation and impairment charges

The amortisation charge of £1,546,000 *(2020: £1,328,000)* and impairment charge of £20,000 *(2020: £Nil)* are reported 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:

	2021	2020
	£'000	£'000
Noreva GmbH … … … … … … … … … …	**4,742**	4,744
Goodwin Refractory Services Holdings Limited … … … … …	**3,346**	3,346
NRPL Aero Oy… … … … … … … … … … …	**1,260**	1,260
Other … … … … … … … … … … … …	**531**	540
	9,879	9,890

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 fair value less costs of disposal. 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 budgets and plans approved 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 (typically 0% to 15%), with a zero growth rate then assumed for any terminal values. The forecasts are then discounted at an appropriate pre-tax weighted average cost of capital rate considering the perceived levels of risk, ranging between 9.8% and 17.8% *(2020: between 10% and 20%)* for the Mechanical Engineering Division and 11.4% to 12% *(2020: between 13% and 21%)* 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.

16. Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	**16,572**	18,717
Work in progress	**9,784**	17,334
Finished goods	**8,191**	8,836
	34,547	44,887

The amount of inventory impaired during the year was £1,427,000 *(2020: £2,745,000)*.

The Group carries provisions against inventories as follows:

	2021 £'000	2020 £'000
Raw materials and consumables	**373**	301
Work in progress	**493**	532
Finished goods	**435**	417
	1,301	1,250

17. Trade and other financial assets

Balances due within one year	2021 £'000	2020 £'000
Trade receivables	**19,378**	23,589
Other financial assets	**1,162**	897
	20,540	24,486

The Group had 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 £250,000 *(2020: £255,000)* being reported within other current financial assets. Interest is charged at a commercial rate.

Balances due after more than one year	2021 £'000	2020 £'000
Other receivables	**-**	252

18. Other receivables

	2021 £'000	2020 £'000
Advance payments to suppliers	**2,002**	1,640
Prepayments and other non-financial assets	**2,594**	2,582
Corporation tax receivable	**902**	284
Deferred tax asset (see note 24)	**129**	60
	5,627	4,566

19. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents per balance sheet	**15,160**	9,840
Bank overdrafts	**-**	(391)
Cash and cash equivalents per cash flow statement	**15,160**	9,449

20. Borrowings

This note provides information about the contractual terms of the Group's lease liabilities, bank loans and borrowings. The bank loans repayable by instalment are secured against a property in Germany and furnaces in the UK (see note 11). For more information about the Group's exposure to interest rate and foreign currency risk, see note 26.

Non-current liabilities	2021 £'000	2020 £'000
Bank loans – repayable by instalments	**4,538**	5,260
Bank loans – rolling credit facilities	**26,000**	9,000
Lease liabilities	**2,528**	1,339
	33,066	15,599

20. Borrowings *(continued)*

Current liabilities

Bank overdrafts	**-**	391
Bank loans – repayable by instalments	**761**	750
Bank loans – rolling credit facilities	**-**	12,000
Lease liabilities	**846**	1,483
	1,607	14,624

Reconciliation of liabilities arising from financing activities

	Opening balance 1st May 2020 £'000	**Non-cash movements £'000**	**Change in bank overdrafts £'000**	**Cash flows £'000**	**Foreign exchange movement £'000**	**Closing balance 30th April 2021 £'000**
Bank overdrafts used for cash management	**391**	**-**	**(391)**	**-**	**-**	**-**
Bank loans – repayable by instalments	**6,010**	**-**	**-**	**(724)**	**13**	**5,299**
Bank loans – rolling credit facilities	**21,000**	**-**	**-**	**5,000**	**-**	**26,000**
Lease liabilities	**2,822**	**2,195**	**-**	**(1,635)**	**(8)**	**3,374**
	30,223	**2,195**	**(391)**	**2,641**	**5**	**34,673**

	Opening balance 1st May 2019 £'000	Non-cash movements £'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 – repayable by instalments	1,434	-	-	4,556	20	6,010
Bank loans – rolling credit facilities	18,000	-	-	3,000	-	21,000
Lease liabilities	2,103	2,087	-	(1,361)	(7)	2,822
	30,684	2,087	(8,756)	6,195	13	30,223

Bank loans repayable by instalments

Bank loans are payable as follows:

	2021			2020		
	Minimum loan payments £'000	**Interest £'000**	**Principal £'000**	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	**903**	**142**	**761**	912	162	750
Between one and five years	**3,570**	**324**	**3,246**	3,547	419	3,128
More than five years	**1,406**	**114**	**1,292**	2,289	157	2,132
	5,879	**580**	**5,299**	6,748	738	6,010

20. Borrowings *(continued)*

Lease liabilities

The contractual undiscounted cash flows are payable as follows:

	2021			2020		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**938**	**92**	**846**	1,552	69	1,483
Between one and five years ...	**2,219**	**127**	**2,092**	1,410	71	1,339
More than five years	**454**	**18**	**436**	-	-	-
	3,611	**237**	**3,374**	2,962	140	2,822

Of the total lease liabilities, £1,292,000 *(2020: £1,256,000)* relate to finance leases (IAS17 definition) and £2,082,000 *(2020: £1,566,000)* to operating leases (IAS17 definition).

21. Trade and other financial liabilities

	2021 £'000	2020 £'000
Trade payables ...	**16,791**	19,238
Other financial liabilities...	**1,424**	1,688
Other taxation and social security costs ...	**3,515**	2,559
	21,730	23,485

22. Other payables

	2021 £'000	2020 £'000
Accrued expenses...	**3,543**	3,212
Advance payments from customers ...	**482**	86
	4,025	3,298

23. Provisions

	2021 £'000	2020 £'000
Balance at 1st May, 2020 *(1st May, 2019)* ...	**484**	493
Increase in provision ...	**550**	251
Release of provision ...	**(164)**	-
Provision utilised ...	**(11)**	(265)
Exchange adjustment ...	**-**	5
Balance at 30th April ...	**859**	484
Warranty due within one year ...	**608**	160
Warranty due after one year ...	**251**	324
Balance at 30th April ...	**859**	484

Provisions include warranties for products sold which generally cover a period of between 1 and 3 years, and other provisions which are due within one year.

24. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Property, plant and equipment	**127**	221	**(4,509)**	(3,765)
Intangible assets	**46**	286	**(1,732)**	(1,898)
Derivative financial instruments	**58**	241	**(494)**	(98)
Share-based payments reserve	**915**	1,888	**-**	-
Other temporary differences	**234**	192	**(90)**	(78)
	1,380	2,828	**(6,825)**	(5,839)

	2021	2020
	£'000	£'000
Deferred tax asset (see note 18)	**129**	60
Deferred tax liability	**(5,574)**	(3,071)
	(5,445)	(3,011)

	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, 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)
Recognised in profit or loss	(866)	(31)	94	(973)	18	(1,758)
Recognised in equity	-	-	(673)	-	-	(673)
Exchange adjustment	28	(43)	-	-	12	(3)
Balance at 30th April, 2021	**(4,382)**	**(1,686)**	**(436)**	**915**	**144**	**(5,445)**

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, 2021, the Group has not recognised £436,000 *(2020: £511,000)* of deferred tax assets in relation to the accumulated losses of £2,016,000 *(2020: £2,015,000)* within subsidiaries.

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1st April, 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April, 2020 (as enacted by Finance Act 2016 on 15th September, 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22nd July, 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3rd March, 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1st April, 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the Group's deferred tax balances at the period end were re-measured at 25% this would result in a deferred tax charge of £1.5 million.

25. Capital and reserves

Share capital	**2021 £'000**	2020 £'000
Authorised, allotted, called up and fully paid:		
7,363,000 *(2020: 7,200,000)* ordinary shares of 10p each … … … … …	**736**	720
Issue of 163,200 ordinary shares of 10p each … … … … … … …	**17**	16
	753	736

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 33.

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 £528,000 *(2020: £1,629,000)*, being an asset of £915,000 *(2020: £1,348,000)* in respect of the Equity Long Term Incentive Plan and a liability of £387,000 *(2020: asset of £281,000)* in respect of derivatives.

26. 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; trade and other receivables; contract assets, 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%), with a material value, 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.

Whilst the theoretical credit risk would be the actual balances themselves as reported within the table below, this assumes that the credit insurance company is also a credit risk for the invoiced trade debtors and contract assets underwritten by them. Our insurer enjoys a strong credit rating with the likes of Moody's, S&P and Fitch. As a result, and after having looked back on the Group's track record of negligible impairment losses on these type of assets over the last 10 years, the Directors are of the opinion that there is no cost / benefit in performing an ECL type loss analysis and so impairment provisions are based on known issues rather than a statistical estimate.

26. 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 **2021** **£'000**	2020 £'000
Contract assets	*4*	**15,844**	6,558
Trade and other financial assets – due after more than one year	*17*	**-**	252
Trade and other financial assets – due within one year	*17*	**20,540**	24,486
Cash at bank and cash equivalents	*19*	**15,160**	9,840
Derivative financial assets	*26d)*	**4,297**	1,205
		55,841	42,341

The maximum exposure to credit risk for trade receivables, before taking into account credit insurance, at the reporting date by geographic region was:

	Carrying amount **2021** **£'000**	2020 £'000
UK	**3,874**	5,403
Rest of Europe	**4,102**	1,947
USA	**775**	1,640
Pacific Basin	**5,008**	5,072
Rest of World	**5,619**	9,527
	19,378	23,589

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

	Net 2021 £'000	**Gross 2021 £'000**	**Impairment provision 2021 £'000**	Net 2020 £'000	Gross 2020 £'000	Impairment provision 2020 £'000
Not past due	**13,446**	**13,503**	**(57)**	14,696	14,709	(13)
Past due 1-30 days	**3,033**	**3,035**	**(2)**	3,067	3,083	(16)
Past due 31-90 days	**1,175**	**1,189**	**(14)**	2,609	2,656	(47)
Past due more than 90 days	**1,724**	**2,199**	**(475)**	3,217	3,457	(240)
	19,378	**19,926**	**(548)**	23,589	23,905	(316)

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:

	2021 £'000	2020 £'000
Balance at 1st May, 2020 *(1st May, 2019)*	**316**	281
Increase in provision	**369**	188
Release of provision	**(50)**	(139)
Provision utilised during the year	**(89)**	(8)
Exchange adjustment	**2**	(6)
At 30th April	**548**	316

26. 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**	
	2021	2020	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Unutilised bank facilities ...	**6,050**	17,095	**18,500**	12,000	**24,550**	29,095

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.

	2021 Contractual cash flows				**2021 Carrying value**
	Within 1 year	**1-5 years**	**5+ years**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Non-derivative financial liabilities					
Bank loans and committed facilities ...	**903**	**29,570**	**1,406**	**31,879**	**31,299**
Lease liabilities	**938**	**2,219**	**454**	**3,611**	**3,374**
Trade and other financial liabilities ...	**21,730**	**-**	**-**	**21,730**	**21,730**
Total	**23,571**	**31,789**	**1,860**	**57,220**	**56,403**

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%. With effect from 1st September, 2021 the Group has entered into a ten year derivative with HSBC to fix its variable interest rate at less than 1% against a notional £30 million of debt. 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.

	2020 Contractual cash flows				2020 Carrying value
	Within 1 year	1-5 years	5+ years	Total	Total
	£'000	£'000	£'000	£'000	£'000
Non-derivative financial liabilities					
Bank loans and committed facilities ...	12,912	12,547	2,289	27,748	27,010
Overdrafts	391	-	-	391	391
Lease liabilities	1,552	1,410	-	2,962	2,822
Trade and other financial liabilities ...	23,485	-	-	23,485	23,485
Total	38,340	13,957	2,289	54,586	53,708

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.

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. 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.

26. Financial risk management *(continued)*

c) Market risk *(continued)*

Foreign exchange risk *(continued)*

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:

	2021 US Dollar £'000	2020 US Dollar £'000	**2021 Euro £'000**	2020 Euro £'000	**2021 Other £'000**	2020 Other £'000	**2021 Total £'000**	2020 Total £'000
Trade and other receivables	**2,511**	4,584	**1,513**	1,068	**-**	-	**4,024**	5,652
Cash and cash equivalents	**789**	576	**(40)**	(2,634)	**454**	1,786	**1,203**	(272)
Trade and other payables	**(537)**	(1,770)	**(661)**	(1,185)	**(763)**	(1,768)	**(1,961)**	(4,723)
	2,763	3,390	**812**	(2,751)	**(309)**	18	**3,266**	657

The following significant exchange rates applied during the year:

	Average exchange rate		Reporting date spot rate	
	2021	2020	**2021**	2020
US Dollar	**1.3202**	1.2661	**1.3845**	1.2594
Euro	**1.1222**	1.1427	**1.1500**	1.1497

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 financial year just completed, no new interest rate swaps or caps were entered into. As reported elsewhere in these financial statements the Company on 2nd July, 2021 has mitigated the impact of interest rate risk by taking out an interest rate swap derivative fixing £30 million of notional debt at less than 1% versus the variable inter-bank lending rate (SONIA) for a period of ten years.

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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Cash and cash equivalents	**-**	-	**15,160**	9,840	**-**	-	**15,160**	9,840
Contract assets	**-**	-	**-**	-	**15,844**	6,558	**15,844**	6,558
Trade and financial assets	**250**	507	**-**	-	**20,290**	24,231	**20,540**	24,738
Derivative assets	**-**	-	**-**	-	**4,297**	1,205	**4,297**	1,205
Contract liabilities	**-**	-	**-**	-	**(14,332)**	(18,965)	**(14,332)**	(18,965)
Trade and other financial liabilities	**-**	-	**-**	-	**(21,730)**	(23,485)	**(21,730)**	(23,485)
Derivative liabilities	**-**	-	**-**	-	**(2,016)**	(1,273)	**(2,016)**	(1,273)
Bank overdrafts	**-**	-	**-**	(391)	**-**	-	**-**	(391)
Bank loans and committed facilities	**(5,299)**	(5,988)	**(26,000)**	(21,022)	**-**	-	**(31,299)**	(27,010)
Lease liabilities	**(2,945)**	(2,822)	**(429)**	-	**-**	-	**(3,374)**	(2,822)
	(7,994)	(8,303)	**(11,269)**	(11,573)	**2,353**	(11,729)	**(16,910)**	(31,605)

26. 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, 2021, the capital used was £130.6 million, *(2020: £123.8 million)* as shown in the following table:

	2021 **£'000**	2020 £'000
Cash and cash equivalents … … … … … …	**(15,160)**	(9,840)
Total lease liabilities … … … … … … …	**3,374**	2,822
Bank loans and committed facilities … … … …	**31,299**	27,010
Overdrafts … … … … … … … …	**-**	391
Net debt in accordance with IFRS16 … … … …	**19,513**	20,383
Operating lease debt (IAS17 definition) … … … …	**(2,082)**	(1,566)
Relevant net debt for KPI purposes… … … … …	**17,431**	18,817
Total equity attributable to equity holders of the parent …	**113,141**	105,017
Capital	**130,572**	123,834

The Directors, for the purpose of calculating and monitoring the Group's gearing ratio, do not recognise the value of the capitalised leases where ownership does not ultimately vest with the Group – see note 34.

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, 2021 net debt was £17.4 million *(2020: £18.8 million)*. The gearing ratio is 15.4% *(2020: 17.9%)*.

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 26(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. Foreign currency forward contracts are denominated in the same currency as the highly probable future sales and the hedged ratio is 1:1.

Forecast transactions

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

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.

26. Financial risk management *(continued)*

d) Capital management *(continued)*

Derivative financial instruments

2021

	Nominal value	**Carrying amount of hedged item**		**Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item**		**Change in value used to calculate hedge ineffectiveness**	**Cash flow and reserve (net of tax)**	**Cost of hedging reserve (net of tax)**
		Assets	**Liabilities**	**Assets**	**Liabilities**			
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash flow hedges								
Forward exchange contracts – current	**43,945**	**1,166**	**(5)**	**1,166**	**(5)**	**1,259**	**929**	**14**
Forward exchange contracts – matured	**15,852**	**904**	**-**	**904**		**904**	**732**	**-**
	59,797	**2,070**	**(5)**	**2,070**	**(5)**	**2,163**	**1,661**	**14**

Analysis of cash flow and cost of hedging reserve

Attributable to equity holders of the parent	**1,601**	**(1)**
Attributable to non-controlling interests	**60**	**15**
	1,661	**14**

2020

	Nominal value	Carrying amount of hedged item		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item		Change in value used to calculate hedge ineffectiveness	Cash flow and reserve (net of tax)	Cost of hedging reserve (net of tax)
		Assets	Liabilities	Assets	Liabilities			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash flow hedges								
Forward exchange contracts – current	97,107	338	(1,088)	-	(750)	(466)	169	(776)
Forward exchange contracts – matured	9,400	-	(731)	-	(731)	(731)	(593)	-
	106,507	338	(1,819)	-	(1,481)	(1,197)	(424)	(776)

Analysis of cash flow and cost of hedging reserve

Attributable to equity holders of the parent	(499)	(743)
Attributable to non-controlling interests	75	(33)
	(424)	(776)

26. Financial risk management *(continued)*

d) Capital management *(continued)*

	2021			2020		
	Nominal value	**Carrying amount of unhedged item**		Nominal value	Carrying amount of unhedged item	
		Assets	**Liabilities**		Assets	Liabilities
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Forward exchange contracts not designated in a cash flow hedge	**28,926**	**3,131**	**(2,011)**	36,802	867	(185)

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:

	2021			
	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	**3,131**	**3,131**	**3,128**	**3**
Assets designated and effective as cash flow hedging instruments	**1,166**	**1,166**	**978**	**188**
Total assets	**4,297**	**4,297**	**4,106**	**191**
Liabilities not designated in a cash flow hedge relationship	**(2,011)**	**(2,011)**	**(2,011)**	**-**
Liabilities designated and effective as cash flow hedging instruments	**(5)**	**(5)**	**(5)**	**-**
Total liabilities	**(2,016)**	**(2,016)**	**(2,016)**	**-**

Derivative financial instruments

	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)

26. 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.

	2021 £'000	2020 £'000
Impact on equity	**(Profit)/loss**	(Profit)/loss
1% increase in US Dollar fx rate against pound Sterling	**(345)**	(633)
1% increase in Euro fx rate against pound Sterling	**(207)**	(202)
1% decrease in US Dollar fx rate against pound Sterling	**345**	633
1% decrease in Euro fx rate against pound Sterling	**207**	202
1% increase in interest rates	**(424)**	-

	2021 £'000	2020 £'000
Impact on the statement of profit or loss	**(Profit)/loss**	(Profit)/loss
1% increase in US Dollar fx rate against pound Sterling	**(177)**	(102)
1% increase in Euro fx rate against pound Sterling	**(96)**	(175)
1% decrease in US Dollar fx rate against pound Sterling	**177**	102
1% decrease in Euro fx rate against pound Sterling	**96**	175

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, 2021 and 30th April, 2020.

	30th April, 2021		30th April, 2020	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets				
At amortised cost				
Cash and cash equivalents	**15,160**	**15,160**	9,840	9,840
Contract assets	**15,844**	**15,844**	6,558	6,558
Trade receivables	**19,378**	**19,378**	23,589	23,589
Other receivables	**1,162**	**1,162**	1,149	1,149
At fair value through profit and loss				
Derivative financial assets not designated in a cash flow hedge relationship	**3,131**	**3,131**	867	867
Fair value – hedging instrument				
Derivative financial assets designated and effective as cash flow hedging instruments	**1,166**	**1,166**	338	338
Total financial assets	**55,841**	**55,841**	42,341	42,341

26. Financial risk management *(continued)*

e) Total financial assets and liabilities *(continued)*

	30th April, 2021		30th April, 2020	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial liabilities at amortised cost				
Contract liabilities	**14,332**	**14,332**	18,965	18,965
Trade payables	**16,791**	**16,791**	19,238	19,238
Other financial liabilities	**4,939**	**4,939**	4,247	4,247
Lease liabilities	**3,374**	**3,374**	2,822	2,822
Bank loans and committed facilities... ...	**31,299**	**31,299**	27,010	27,010
Bank overdrafts	**-**	**-**	391	391
At fair value through the profit and loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	**2,011**	**2,011**	185	185
Fair value – hedging instrument				
Derivative financial liabilities designated and effective as cash flow hedging instruments	**5**	**5**	1,088	1,088
Total financial liabilities	**72,751**	**72,751**	73,946	73,946

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.

27. Capital commitments

Contracted capital commitments at 30th April, 2021 for which no provision has been made in these financial statements were £488,000 *(2020: £4,154,000)*.

28. Guarantees and contingencies

The table below sets out the number and value of unexpired bank guarantee bonds as at 30th April, 2021 and 30th April, 2020. These guarantee bonds are required as part of the terms and conditions within our mechanical engineering contracts.

	2021 £'000	2020 £'000
165 guarantee and bonds contracts *(2020: 219)*	**9,613**	11,944

29. Subsequent events

After the balance sheet date an ordinary dividend of 102.24p per qualifying ordinary share was proposed by the Directors *(2020: Ordinary dividend of 81.71p)*.

The current year proposed ordinary dividend of £7,862,000 has not been provided for within these financial statements *(2020: Proposed ordinary dividend of £6,016,000 was not provided for within the comparative figures)*.

On 2nd July, 2021, the Company contracted to convert £30 million of notional debt in to a fixed rate of interest of less than 1% versus the floating inter-banking rate (SONIA) for a period of ten years. With the level of expected trade and the opportunities open to the Group going forwards, the Directors deemed it prudent to fix its variable lending rate at what is perceived to be a favourable rate over this time frame.

30. 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
Goodwin (Shanxi) Pumps Company Limited	5	China	Ordinary	100
Gold Star Brazil Limited	8	Brazil	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
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 32.

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

31. 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.

	2021 £'000	2020 £'000
TET Goodwin Property Company Limited		
Rental cost	**311**	337
Interest income	**7**	24
Receivable balance	**260**	507

32. Registered offices of subsidiaries and associates

The registered offices of the companies listed in notes 14 and 30 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. No 39/1-5, Old Mahabalipuram Road, Kalavakkam, Thiruporur Chengalpattu District – 603110, 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

33. 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 31. The scheme has now ended.

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.

	2021	2020
Number of share options		
Vested 1st May, 2019	**489,600**	489,600
Outstanding at beginning of year	**326,400**	489,600
Exercised during the year	**163,200**	163,200
Share price at the date of exercise	**£30.45**	£34.00
Exerciseable at end of year	**163,200**	326,400

34. Alternative performance measures

Measure	Method of calculation / reference	2021	2020
Gross profit (£'000)	Consolidated statement of profit or loss, page 43	**39,001**	34,769
Revenue (£'000)	Consolidated statement of profit or loss, page 43	**131,231**	144,512
Gross profit as percentage of revenue (%)	Gross profit / revenue	**29.7**	24.1
Operating profit (£'000)	Consolidated statement of profit or loss, page 43	**17,094**	12,858
Capital employed (£'000)	Note 26 (d), page 77	**130,572**	123,834
Return on capital employed (%)	Operating profit / capital employed	**13.1**	10.4
Net debt (£'000)	Note 26 (d), page 77	**17,431**	18,817
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet, page 47	**113,141**	105,017
Gearing (%)	Net debt / equity, as above	**15.4**	17.9
Net profit attributable to equity holders of the parent (£'000)	Consolidated statement of profit or loss, page 43	**12,494**	7,866
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet, page 47	**113,141**	105,017
Return on investment (%)	Net profit / net assets	**11.0**	7.5
Revenue (£'000)	Consolidated statement of profit or loss, page 43	**131,231**	144,512
Average number of employees	Note 6, page 60	**1,129**	1,190
Sales per employee (£'000)	Group revenue / average employees	**116**	121
Annual post tax profit (£'000)	Consolidated statement of profit or loss, page 43	**13,006**	8,340
Depreciation owned assets (£'000)	Note 5, page 60	**5,696**	5,874
Depreciation right-of-use assets (£'000)	Note 5, page 60	**972**	827
Amortisation and impairment (£'000)	Note 5, page 60	**1,566**	1,328
Exclude operating lease depreciation (£'000)	Note 5, page 60	**(550)**	(537)
Annual post tax profit + depreciation + amortisation (£'000)		**20,690**	15,832

GOODWIN PLC

COMPANY BALANCE SHEET
at 30th April, 2021

	Notes	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	C4	**27,984**	22,210
Investment properties	C4	**23,900**	24,811
Right-of-use assets	C4	**1,077**	3,202
Investments	C5	**25,392**	25,801
Intangible assets	C6	**15,877**	15,531
		94,230	91,555
CURRENT ASSETS			
Other receivables	C7	**28,609**	26,383
Cash at bank and in hand		**3,783**	111
		32,392	26,494
TOTAL ASSETS		**126,622**	118,049
CURRENT LIABILITIES			
Borrowings	C8	**920**	13,958
Other payables	C9	**7,570**	5,515
Provisions		**300**	-
		8,790	19,473
NON-CURRENT LIABILITIES			
Borrowings	C8	**30,116**	13,009
Deferred income		**981**	1,034
Deferred tax liabilities	C10	**2,737**	1,118
		33,834	15,161
TOTAL LIABILITIES		**42,624**	34,634
NET ASSETS		**83,998**	83,415
EQUITY			
Called up share capital	C11	**753**	736
Share-based payments reserve		**5,244**	5,244
Profit and loss account		**78,001**	77,435
TOTAL EQUITY		**83,998**	83,415
Profit after tax for the year		**6,582**	8,824

These financial statements were approved by the Board of Directors on 11th August, 2021 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 87 to 96 form part of these financial statements.

GOODWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2021

	Share capital £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2021				
Balance at 1st May, 2020	736	5,244	77,435	83,415
Total comprehensive income:				
Profit for the year	-	-	6,582	6,582
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**6,582**	**6,582**
Issue of shares	17	-	-	17
Dividends paid	-	-	(6,016)	(6,016)
BALANCE AT 30TH APRIL, 2021	**753**	**5,244**	**78,001**	**83,998**
YEAR ENDED 30TH APRIL, 2020				
Balance at 1st May, 2019	720	4,991	75,538	81,249
Total comprehensive income:				
Profit for the year	-	-	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**

The notes on pages 87 to 96 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.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the 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 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:

Principal non-derivative financial assets

Other receivables

Other receivables principally comprise short-term tax balances and receivables from Group undertakings. 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. A provision for expected credit losses (ECL) is not seen as necessary given that the counterparties here are Group undertakings. The Company is privy to both the accounts and future prospects of its subsidiary and associate companies. Accordingly, impairment provisions are raised where the carrying value of a subsidiary company / associated company cannot be fully supported.

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.

C1 Accounting policies *(continued)*

Financial instruments *(continued)*

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.

Principal non-derivative financial liabilities

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

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 … … … … … …	20 years
Software and licences … … … …	3 - 5 years
Intellectual property rights … … … …	15 - 20 years
Non-compete agreements … … … …	2 - 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
Other equipment … … … … …	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 or reducing balance 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.

Unamortised government grants relating to property, plant and equipment 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

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:

C1 Accounting policies *(continued)*

Leases *(continued)*

Definition of a lease (continued)

- 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 and interest on finance leases using the effective interest method together with the amortisation of any facility arrangement fees. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which 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.

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.

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 Auditor's remuneration

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

	2021 **£'000**	2020 £'000
Fees receivable by the auditors and the auditor's associates in respect of:		
Audit of these financial statements	**40**	45

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 5 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	
	2021	2020
Administration staff	**49**	51

	2021 **£'000**	2020 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**4,055**	3,730
Social security costs	**1,902**	469
Other pension costs	**99**	98
	6,056	4,297

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on pages 29 and 30. The emoluments of the highest paid Director were £355,000 *(2020: £310,000)*. The number of Directors who were members of a defined contribution pension scheme was 6 *(2020: 6)*. The social security costs include £1.4 million in respect of employer's national insurance relating to exercised share options under the Executive Directors Long Term Investment Plan.

C4 Tangible fixed assets

	Investment properties	Property, Plant and Equipment				
		Land and buildings	Plant and machinery	Other equipment **	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1st May, 2020	30,562	1,166	34,352	1,703	1,982	39,203
Additions	663	-	280	103	4,320	4,703
Reclass - Other	-	-	(186)	157	29	-
Reclass ROU*	-	-	4,045	-	-	4,045
Disposals	(632)	-	(30)	(85)	(75)	(190)
Intercompany transfers	-	-	(36)	-	-	(36)
Balance at 30th April, 2021	**30,593**	**1,166**	**38,425**	**1,878**	**6,256**	**47,725**
Depreciation						
Balance at 1st May, 2020	5,751	664	15,127	1,202	-	16,993
Charged in the year ...	942	19	1,648	108	-	1,775
Reclass ROU*	-	-	1,045	-	-	1,045
Reclass other	-	-	(133)	133		-
Disposals	-	-	-	(65)	-	(65)
Intercompany transfers	-	-	(7)	-	-	(7)
Balance at 30th April, 2021	**6,693**	**683**	**17,680**	**1,378**	**-**	**19,741**
Net book value						
At 30th April, 2020 ...	24,811	502	19,225	501	1,982	22,210
At 30th April, 2021	**23,900**	**483**	**20,745**	**500**	**6,256**	**27,984**

* This is a transfer from the right-of-use assets category on the settlement of a lease purchase agreement and payment of the option to purchase fee.

** Other equipment comprises motor vehicles, IT hardware and office equipment.

A bank loan of £4 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, 2021 was estimated to be £47 million *(2020: £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. There has not been a valuation by an independent valuer.

C4 Tangible fixed assets *(continued)*

Right-of-use assets

	Plant and machinery £'000	Other equipment £'000	Total £'000
Cost			
Balance at 1st May, 2020	4,045	-	4,045
Additions	-	1,181	1,181
Transfer to tangible fixed	(4,045)	-	(4,045)
Balance at 30th April, 2021	**-**	**1,181**	**1,181**
Depreciation			
Balance at 1st May, 2020	843	-	843
Charged in the year	202	104	306
Transfer to tangible fixed	(1,045)	-	(1,045)
Balance at 30th April, 2021	-	**104**	**104**
Net book value			
At 30th April, 2020	3,202	-	3,202
At 30th April, 2021	**-**	**1,077**	**1,077**

C5 Fixed asset investments

	Shares in associated undertakings £'000	Shares in Group undertakings £'000	Total £'000
Cost			
Balance at 1st May, 2020	237	31,477	31,714
Disposals	-	(409)	(409)
Balance at 30th April, 2021	**237**	**31,068**	**31,305**
Impairment			
Balance at 1st May, 2020	-	5,913	5,913
Balance at 30th April, 2021	-	**5,913**	**5,913**
Net book value			
At 30th April, 2020	237	25,564	25,801
At 30th April, 2021	**237**	**25,155**	**25,392**

A list of principal subsidiaries and associates is given in note 13 and a list of non-principal subsidiaries and associates is given in note 30 of the Group financial statements.

The disposal in the year is due to the dissolution of Goodwin (Shanxi) Pump Company Limited.

C6 Intangible 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, 2020	7,866	2,247	289	8,685	19,087
Additions	18	-	133	-	151
Intercompany transfers in	-	-	-	1,409	1,409
Intercompany transfers out	-	-	-	(105)	(105)
Disposals	-	-	(6)	(25)	(31)
Balance at 30th April, 2021	**7,884**	**2,247**	**416**	**9,964**	**20,511**
Amortisation					
Balance at 1st May, 2020	1,120	1,476	133	827	3,556
Amortisation for the year	422	121	109	437	1,089
Impairment charge	-	-	-	20	20
Disposals	-	-	(6)	(25)	(31)
Balance at 30th April, 2021	**1,542**	**1,597**	**236**	**1,259**	**4,634**
Net book value					
At 30th April, 2020	6,746	771	156	7,858	15,531
At 30th April, 2021	**6,342**	**650**	**180**	**8,705**	**15,877**

C7 Debtors

	2021 £'000	2020 £'000
Interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**8,038**	5,229
Amounts owed by Group undertakings – repayable within five years	**-**	2,782
Non interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**18,759**	17,095
Amounts owed by Group undertakings – repayable within five years	**602**	598
Other debtors	**240**	202
Prepayments and accrued income	**813**	439
Corporation tax receivable	**157**	38
	28,609	26,383

C8 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 26 of the Group financial statements.

	2021 £'000	2020 £'000
Non-current liabilities		
Finance lease liabilities	**757**	-
Bank loans and committed facilities	**26,000**	9,000
Bank loans repayable by instalments	**3,359**	4,009
	30,116	13,009
Current liabilities		
Finance lease liabilities	**230**	859
Bank loans and committed facilities	**-**	12,000
Bank loans repayable by instalments	**690**	657
Bank overdrafts	**-**	442
	920	13,958

C8 Borrowings *(continued)*

Lease liabilities

Finance Lease liabilities are payable as follows:

	2021			2020		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**264**	**34**	**230**	872	13	859
Between one and five years	**799**	**42**	**757**	-	-	-
	1,063	**76**	**987**	872	13	859

Bank loan repayable by instalments

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

	2021			2020		
	Minimum loan payments £'000	**Interest £'000**	**Principal £'000**	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	**807**	**117**	**690**	795	138	657
Between one and five years	**3,208**	**244**	**2,964**	3,180	334	2,846
More than five years	**399**	**4**	**395**	1,192	29	1,163
	4,414	**365**	**4,049**	5,167	501	4,666

C9 Other payables

	2021 £'000	2020 £'000
Trade payables	**352**	1,164
Amounts owed to Group undertakings – interest-bearing	**4,596**	2,535
Amounts owed to Group undertakings – non interest-bearing	**372**	784
Other taxation and social security	**1,890**	617
Accruals and deferred income	**360**	415
	7,570	5,515

C10 Provisions for deferred tax

Deferred taxation	**2020 £'000**
Balance at 1st May, 2020	1,118
Recognised in the statement of profit or loss	1,619
Balance at 30th April, 2021	**2,737**

The elements of deferred taxation are as follows:

	2021 £'000	2020 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**3,656**	3,009
Share-based payment reserve	**(915)**	(1,888)
Other temporary differences	**(4)**	(3)
	2,737	1,118

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

C11 Called up share capital

	2021 £'000	2020 £'000
Authorised, allotted, called up and fully paid:		
7,362,200 *(2020: 7,200,000)* ordinary shares of 10p each	**736**	720
Issue of 163,200 ordinary shares of 10p each	**17**	16
	753	736

Details of the share issue are contained in note 33 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 £216,000 *(2020: £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, Goodwin Korea Company Limited, Internet Central Limited, Jewelry Plaster Limited, NRPL Aero Oy, Siam Casting Powers Limited, Ultratec Jewelry Supplies Limited and Ying Tai (UK) Limited which are not wholly-owned subsidiaries.

Transactions and balances are summarised below:

	2021 £'000	2020 £'000
Interest receivable	**239**	238
Interest payable	**11**	10
Dividend income	**389**	-
Management fee income	**536**	810
Rental income	**213**	257
Royalty income	**218**	-
Interest-bearing balances		
Amounts owed by Group undertakings – repayable on demand	**8,038**	5,229
Amounts owed by Group undertakings – repayable within five years	**-**	2,782
Non interest-bearing balances		
Amounts owed to Group undertakings – repayable on demand	**1,631**	-
Interest-bearing balances		
Amounts owed to Group undertakings – repayable on demand	**2,011**	1,837

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 to 30 of the Group financial statements. Some of the Executive Directors are party to an Equity Long Term Incentive Plan (LTIP). Further details of the LTIP can be found in note 33 of the Group financial statements.

C14 Commitments

Contracted capital commitments at 30th April, 2021 for which no provision has been made in these financial statements were £142,000 *(2020: £Nil)*.

C15 Subsequent events

After the balance sheet date, ordinary dividends were declared of £7,862,000, which have not been provided for within these financial statements

On 2nd July, 2021, the Company contracted to convert £30 million of notional debt in to a fixed rate of less than 1% versus the floating inter-banking lending rate (SONIA) for a period of ten years. With the level of expected trade and the opportunities open to the Group going forwards, the Directors deemed it prudent to fix its variable lending rate at what is perceived to be a favourable rate over this time frame.

C16 Dividends

	2021 £'000	2020 £'000
Paid ordinary dividends during the year in respect of prior years 81.71p *(2020: 96.21p)* per qualifying ordinary share…	**6,016**	6,927

After the balance sheet date an ordinary dividend of 102.24p per qualifying ordinary share was proposed by the Directors *(2020: Ordinary dividend of 81.71p)*.

The proposed current year ordinary dividend of £7,862,000 has not been provided for within these financial statements *(2020: Proposed ordinary dividend of £6,016,000 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 33 of the Group financial statements.

Continuing operations	2017 £'000	2018 £'000	2019 £'000	2020 £'000	**2021 £'000**
Revenue...	131,587	124,811	127,046	144,512	**131,231**
Profit before taxation	9,244	13,300	16,410	12,115	**16,514**
Tax on profit	(2,487)	(3,865)	(3,963)	(3,775)	**(3,508)**
Profit after taxation	6,757	9,435	12,447	8,340	**13,006**
Basic earnings per ordinary share	84.47p	118.11p	159.79p	107.93p	**167.82p**
Diluted earnings per ordinary share	84.47p	118.11p	159.79p	103.31p	**164.23p**
Total equity	93,661	104,827	109,291	109,602	**118,028**