

305907.

GOODWIN PLC

Registered in England, Number 305907
Established 1883

Directors:

J. W. Goodwin (*Chairman*)
R. S. Goodwin (*Managing Director*)
H. J. Horton

Secretary and registered office:

Mrs. P. Higgs, B.A.,
Ivy House Foundry, Hanley,
Stoke-on-Trent, ST1 3NR

Registrar and share transfer office:

The Royal Bank of Scotland plc,
Securities Services - Registrars,
P.O. Box No. 82, Bristol, BS99 7NH

Auditors:

KPMG Peat Marwick,
Peat House, 2 Cornwall Street, Birmingham, B3 2DL

NOTICE IS HEREBY GIVEN that the FIFTY-NINTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Tuesday, 8th November, 1994 at the Saxon Cross Hotel, Sandbach, Cheshire, for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 1994 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. H. J. Horton as a director.
3. To re-appoint KPMG Peat Marwick as auditors and to authorise the directors to determine their remuneration.

By Order of the Board,
P. HIGGS,
Secretary.

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
11th October, 1994

NOTE:

A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the company not less than 48 hours before the time appointed for the holding of the meeting.

None of the directors have service contracts with the company.



GOODWIN PLC

CHAIRMAN'S STATEMENT

I have pleasure in presenting the Directors' Report and Financial Statements for the year ended 30th April, 1994.

Export sales were responsible for increased turnover and profit in a static U.K. market place. The earnings per share increased from 1.8p to 3.8p.

Our mechanical engineering has undergone substantial change to strengthen the company's future. Reorganisation costs at Goodwin Steel Castings Limited have dulled the year's performance although newly acquired equipment has diversified the foundry product base enabling its scope of supply to include high grade stainless alloys for remelt and for ingots. The new technology will make the steel foundry one of the foremost in the U.K. A new design of check valve has been launched by Goodwin International Limited, offering the user high energy savings, together with less fugitive emissions, in the interests of the new environmental standards. Goodwin Korea Company Limited has had a successful start and will aid sales into the Far East. Easat Antennas Limited has again missed its targets due to change orders and payment delays. However, their products are technological leaders and offer the radar system user major advantages. Refractory engineering has had an excellent year with capacity expansions scheduled in the coming year along with the implementation of new product lines.

With the continued hard work of our employees and the picking up of world markets, the company is now in a position to capitalise from previous investments.

It is proposed that the dividend remains unaltered at 0.655p.



J. W. GOODWIN,
Chairman.

23rd September, 1994

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report for the year ended 30th April, 1994.

Business review

The principal activity of the group is mechanical and refractory engineering. The results of the year may be summarised as follows:

	1994 £'000	1993 £'000
Turnover	14,745	13,541
Profit on ordinary activities before taxation	383	208
Taxation charge	(108)	(79)
Profit on ordinary activities after taxation	275	129

Comments on the results for the year are given in the chairman's statement.

Proposed dividend

The directors recommend that a dividend of 0.655p per share (1993: 0.655p per share) be paid to shareholders on the register at the close of business on 20th October, 1994. It is proposed that the retained profit of £228,000 is transferred to reserves.

Significant changes in fixed assets

The movements in fixed assets during the year are set out in notes 11 and 12 to the financial statements.

The directors consider that the market value of the group's freehold land and buildings is in excess of the values disclosed in the group balance sheet.

Directors and directors' interests

The present directors of the company are set out below.

J. W. Goodwin
R. S. Goodwin
H. J. Horton

The director retiring by rotation is Mr. H. J. Horton who, being eligible, offers himself for re-election.

The interests of each director in the share capital of the company are as follows:

	10p ordinary shares	
	1994	1993
<i>Beneficial</i>		
J. W. Goodwin	1,075,756	1,075,756
R. S. Goodwin	1,075,756	1,075,756
H. J. Horton	133,500	133,500
J. W. Goodwin and R. S. Goodwin	1,243,069	1,243,069
<i>Non-beneficial</i>		
J. W. Goodwin, R. S. Goodwin and others	450,000	450,000

The shares in which J. W. Goodwin and R. S. Goodwin are jointly beneficially interested are registered in the name of J. M. Securities Limited.

No director has a service agreement with the company, nor any beneficial interest in the share capital of any subsidiary undertaking.

During the period from 30th April, 1994 to 23rd September, 1994 there were the following changes in the directors' interests: J. W. Goodwin decreased his holding to 958,006 shares. R. S. Goodwin decreased his holding to 958,006 shares. The joint beneficial holding of J. W. Goodwin and R. S. Goodwin increased to 1,478,569 shares.

No director had any beneficial interest, either during or at the end of the financial year, in any contract of significance in relation to the group's business.

Employees

The company pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others. Steps are taken to inform and consult employees regarding matters affecting them.

Donations

Donations by the group for charitable purposes amounted to £950 (1993: £679).

Income and Corporation Taxes Act 1988

The 'close company' provisions of this Act did not apply to the company at 30th April, 1994. During the period from 30th April, 1994 to 23rd September, 1994 this status has changed and the company is now a close company.

Shareholdings

Reference is made to the directors' interests disclosed above. The company has also been notified that, as at 23rd September, 1994, the following held 3% or more of the issued share capital of the company: J. M. Securities Limited 1,478,569 shares (20.54%), J. H. Ridley 414,000 shares (5.75%), J. S. Tainton 15,000 shares (4.24%) and H. M. Baggeley 266,216 (3.70%).

Liability insurance

During the year the company maintained liability insurance for its officers.

Corporate governance

The directors have considered the recommendations of the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance. The Code covers four broad areas, namely the composition and procedures of the board, the appointment and role of non-executive directors, the service contracts and pay of executive directors and the directors' responsibilities with respect to financial reporting and controls.

The board feels that it should be recognised that what may be appropriate for the larger company may not necessarily be so appropriate for the smaller company, a point raised in the Code of Best Practice. In view of the group's present size and proven track record, it is not seen as appropriate to increase the number of directors on the board. Accordingly, the group is unable to comply with aspects of the Code's requirements in terms of non-executive directors and the requirement for an Audit Committee and a Remuneration Committee.

The remuneration of the directors is considered by the board as a whole. No director has a service agreement or determines his own salary. The procedure for directors to take independent advice is not formalised.

The board meets at least once a month and retains full responsibility for the direction and control of the group. There is no formal schedule of matters reserved for the board. However, acquisitions and disposals of assets, investments and material capital related projects are as a matter of course specifically reserved for board decision.

The board is not reporting on the issues of internal control and going concern since guidance is still awaited.

The board is conscious of its non-compliance with the Code and will review the situation in light of any future group developments. Other than the matters referred to above, the board confirms that the group has complied with the Code since June 1993.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution concerning the re-appointment of KPMG Peat Marwick as auditors of the company will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf by:

J. W. GOODWIN,
Chairman.

John W. Goodwin

Ivy House Foundry,
Hanley, Stoke-on-Trent,
ST1 3NR

23rd September, 1994

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

to the Members of
GOODWIN PLC

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30th April, 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birmingham
23rd September, 1994

KPMG Peat Marwick
KPMG PEAT MARWICK
Chartered Accountants
Registered Auditors

GOODWIN PLC

and Subsidiary Undertakings

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th APRIL, 1994

											1994 £'000	1993 £'000
									Note			
TURNOVER - CONTINUING OPERATIONS	...	...	...	...	...	...	...	...	2		14,745	13,541
Cost of sales	...	...	...	...	...	...	...	...			(11,721)	(10,975)
GROSS PROFIT	...	...	...	...	...	...	...	...			3,024	2,566
Distribution costs	...	...	...	...	...	...	...	...			(525)	(445)
Administrative expenses	...	...	...	...	...	...	...	...			(2,094)	(1,802)
OPERATING PROFIT - CONTINUING OPERATIONS	...	...	...	...	...	...	...	...			405	319
Profit on disposal of land and mineral reserves	...	...	...	...	...	...	...	...			102	-
Interest payable and similar items	...	...	...	...	...	...	...	...	3		(124)	(111)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	...	...	...	...	...	...	...	...	4		383	208
Taxation on profit on ordinary activities	...	...	...	...	...	...	...	...	7		(108)	(79)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	...	...	...	...	...	...	...	...	8		275	129
Proposed dividend	...	...	...	...	...	...	...	...	9		(47)	(47)
RETAINED PROFIT FOR THE FINANCIAL YEAR	...	...	...	...	...	...	...	...			228	82
Earnings per ordinary share	...	...	...	...	...	...	...	...	10		3.8p	1.8p

A statement of movement on reserves is given below and in note 19.

No operations were discontinued during the period.

STATEMENT OF RESERVES

											1994 £'000	1993 £'000
At beginning of year	...	...	...	...	...	...	...	...			3,048	2,938
Retained profit for the financial year	...	...	...	...	...	...	...	...			228	82
Exchange gain on re-translation of overseas subsidiaries' net assets	...	...	...	...	...	...	...	...			13	82
Exchange loss on re-translation of foreign currency liabilities related to overseas investments	...	...	...	...	...	...	...	...			(19)	(54)
At end of year	...	...	...	...	...	...	...	...			3,270	3,048

GOODWIN PLC
and Subsidiary Undertakings

GROUP BALANCE SHEET
At 30th APRIL, 1994

										1994		1993	
										£'000	£'000	£'000	£'000
FIXED ASSETS													
Tangible assets	...	...	...	...	...	...	...	...	11		2,653		2,274
CURRENT ASSETS													
Stocks	...	...	...	...	...	...	...	...	14	3,011		1,737	
Debtors	...	...	...	...	...	...	...	...	15	4,108		4,056	
Cash at bank and in hand	...	...	...	...	...	...	...	...		398		553	
										7,517		6,346	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR									16	(5,880)		(4,582)	
NET CURRENT ASSETS	...	...	...	...	...	...	...	...			1,637		1,764
TOTAL ASSETS LESS CURRENT LIABILITIES	...	...									4,290		4,038
PROVISIONS FOR LIABILITIES AND CHARGES	...	...							17		(281)		(270)
NET ASSETS	...	...	...	...	...	...	...	...			4,009		3,768
CAPITAL AND RESERVES													
Called up share capital	...	...	...	...	...	...	...	...	18		720		720
Profit and loss account	...	...	...	...	...	...	...	...	19		3,270		3,048
SHAREHOLDERS' FUNDS	...	...	...	...	...	...	...	...			3,990		3,768
MINORITY INTERESTS	...	...	...	...	...	...	...	...	23		19		-
											4,009		3,768

These Financial Statements were approved by the board of directors on 23rd September, 1994 and signed on its behalf by:

J. W. GOODWIN
R. S. GOODWIN

} Directors

John W. Goodwin
R S Goodwin

GOODWIN PLC

BALANCE SHEET At 30th APRIL, 1994

		1994		1993	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	12	742		747	
Investments	13	1,540		1,096	
			2,282		1,843
CURRENT ASSETS					
Debtors	15	1,160		1,225	
Cash at bank and in hand		301		442	
		1,461		1,667	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(1,460)		(1,236)	
NET CURRENT ASSETS			1		431
TOTAL ASSETS LESS CURRENT LIABILITIES			2,283		2,274
PROVISIONS FOR LIABILITIES AND CHARGES	17		(73)		(77)
NET ASSETS			2,210		2,197
CAPITAL AND RESERVES					
Called up share capital	18		720		720
Profit and loss account	19		1,490		1,477
			2,210		2,197

These Financial Statements were approved by the board of directors on 23rd September, 1994 and signed on its behalf by:

J. W. GOODWIN
R. S. GOODWIN } Directors

John W. Goodwin
R S Goodwin

GOODWIN PLC

and Subsidiary Undertakings

GROUP CASH FLOW STATEMENT

For the year ended 30th APRIL, 1994

		1994	1993
	Note	£'000	£'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21	356	(17)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(47)	(47)
Interest paid on bank loans		(143)	(112)
Interest received		19	4
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(171)	(155)
CORPORATION TAX PAID		(75)	(124)
INVESTING ACTIVITIES			
Fixed asset additions		(695)	(50)
Fixed asset disposals		153	13
NET CASH OUTFLOW FROM INVESTING ACTIVITIES ...		(542)	(495)
NET CASH OUTFLOW BEFORE FINANCING		(232)	(791)
FINANCING			
Issue of shares in subsidiary undertaking to minority interest 13 & 23	22	22	-
NET CASH INFLOW FROM FINANCING		22	-
DECREASE IN CASH AND CASH EQUIVALENTS	22	(210)	(791)

GOODWIN PLC

and Subsidiary Undertakings

OTHER PRIMARY FINANCIAL STATEMENTS

For the year ended 30th APRIL, 1994

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1994	1993
	£'000	£'000
Profit for the financial year	275	129
Currency translation differences on foreign currency net investments ...	(6)	28
Total recognised gains for the financial year	269	157

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no difference between the result as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994	1993
	£'000	£'000
Profit for the financial year	275	129
Dividends	(47)	(47)
	228	82
Other recognised gains and losses relating to the year (net)	(6)	23
NET ADDITIONS TO SHAREHOLDERS' FUNDS	222	110
Opening shareholders' funds	3,768	3,658
CLOSING SHAREHOLDERS' FUNDS	3,990	3,768

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

(a) Basis of accounting

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

(b) Consolidation principles

- (i) The group financial statements include the results of the parent company and all of its subsidiary undertakings made up to 30th April.
- (ii) The excess cost of shares in subsidiary undertakings over the book value of the net tangible assets acquired is written off against reserves in the group financial statements.
- (iii) The company is not required to present its annual profit and loss account in addition to the consolidated profit and loss account.

(c) Depreciation

Depreciation is calculated so as to write off the cost of fixed assets to their anticipated residual value over their estimated useful lives. The method of calculation and the annual rates applied are as follows:

Freehold land	...	...	...	...	Nil
Freehold buildings—Industrial	...	...	...	...	2% or 2½% on cost
—Quarry	...	...	...	...	10% on cost
Leasehold property	...	...	...	...	Over period of lease
Plant and machinery	...	...	...	...	15% on reducing balance or 25% on cost
Motor vehicles	...	...	...	...	15% or 25% on reducing balance
Tooling	...	...	...	...	Over estimated production life

(d) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. Cost includes relevant overheads where appropriate.

(e) Foreign exchange

The financial statements of overseas subsidiary undertakings have been translated into sterling at the rates of exchange ruling at the year end. Exchange differences arising on the re-translation of opening net assets of overseas subsidiary undertakings are taken directly to reserves, as are those on currency liabilities related to the overseas investment.

Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the dates of the transactions. Balances denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Unutilised advance corporation tax is deducted from any provision made. Deferred taxation is not provided on earnings retained in overseas subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(g) Grants

Revenue based Government grants are credited to the profit and loss account so as to match them with the expenditure to which they are intended to contribute.

(h) Leasing

The costs of operating leases are charged to the profit and loss account in the year in which they are incurred.

(i) Pension costs

The group contributes to a number of defined contribution pension schemes for certain senior employees. The assets of these schemes are held in independently administered funds. Group pension costs are charged to the profit and loss account in the year for which contributions are payable.

2. Turnover

Turnover represents the amounts receivable for goods and services supplied to customers. It excludes inter-company transactions and value added tax.

The analysis of turnover by geographical area is as follows:

	1994 £'000	1993 £'000
United Kingdom	8,854	8,636
Rest of Europe	2,680	2,560
Other	3,211	2,345
	<u>14,745</u>	<u>13,541</u>

The geographical source of all turnover is the U.K.

3. Interest payable and similar items

	1994 £'000	1993 £'000
Interest payable on bank loans and overdrafts	137	115
Less: interest receivable on bank deposits	(13)	(4)
	<u>124</u>	<u>111</u>

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:

	1994 £'000	1993 £'000
Depreciation and amortisation of tangible fixed assets	409	365
Loss on disposal of tangible fixed assets	8	4
Directors' emoluments (see note 5):		
Emoluments as executives	243	239
Pensions	17	17
Hire of plant and machinery	45	46
Auditors' remuneration and expenses	39	39
	<u>661</u>	<u>606</u>

Fees charged by the company's auditors in respect of work carried out in the year for non audit services amounted to £14,000 (1993: £23,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Emoluments of directors

Directors' emoluments for the year were as follows:

As executives:

	1994 £'000	1993 £'000
Salary and benefits ...	743	239
Pension contributions ...	17	17
	<u>260</u>	<u>256</u>

The emoluments of the chairman, who was also the highest paid director, were £92,000 (1993: £90,000), inclusive of pension contributions of £5,000 in both years.

The emoluments of all of the directors, excluding pension fund contributions, but including benefits in kind, were within the following ranges:

	1994 Number	1993 Number
£65,001 - £70,000 ...	—	1
£70,001 - £75,000 ...	1	—
£85,001 - £90,000 ...	2	2

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:

	1994 Number	1993 Number
Works personnel ...	269	310
Administrative staff ...	22	27
	<u>291</u>	<u>337</u>

The aggregate payroll costs of these persons were as follows:

	1994 £'000	1993 £'000
Wages and salaries ...	4,246	4,249
Social security costs ...	448	430
Other pension costs ...	29	26
	<u>4,723</u>	<u>4,705</u>

7. Taxation on profit on ordinary activities

Taxation charge based on the profit for the year of the group:

	1994 £'000	1993 £'000
U.K. corporation tax at 25% to 33% (1993: 25% to 33%) ...	99	76
Deferred taxation ...	9	(2)
Overseas taxation ...	—	7
	<u>108</u>	<u>81</u>
Over provision in previous years ...	—	(2)
	<u>108</u>	<u>79</u>

No tax is chargeable on the profit on disposal of land and mineral reserves of £102,000 since, for taxation purposes, a capital loss arose.

8. Profit for the financial year

The consolidated profit for the financial year includes a profit of £57,000 (1993: £75,000) which has been dealt with in the financial statements of the parent company.

9. Proposed dividend

The proposed dividend of £47,160 (1993: £47,160) represents 0.655p per share (1993: 0.655p per share).

10. Earnings per ordinary share

The earnings per ordinary share has been calculated on profit after taxation on ordinary activities of £275,003 (1993: £129,000) and by reference to the 7,200,000 ordinary shares in issue throughout both years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Tangible fixed assets of the group

Cost		Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Mineral reserves Freehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
At beginning of year	...	853	35	33	3,713	843	5,477
Additions	...	296	—	—	372	179	847
Disposals	...	(5)	—	(33)	(69)	(2)	(109)
At end of year	...	1,144	35	—	4,016	1,020	6,215
Depreciable assets	...	1,084	35	—	4,016	1,020	6,155
Depreciation and amortisation							
At beginning of year	...	294	10	—	2,268	631	3,203
Charged in year	...	31	1	—	273	104	409
Disposals	...	—	—	—	(48)	(2)	(50)
At end of year	...	325	11	—	2,493	733	3,562
Net book value							
At 30th April, 1993	...	559	25	33	1,445	212	2,274
At 30th April, 1994	...	819	24	—	1,523	287	2,653

12. Tangible fixed assets of the company

Cost		Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
At beginning of year	...	633	35	259	642	1,569
Additions	...	—	—	—	95	95
At end of year	...	633	35	259	737	1,664
Depreciable assets	...	590	35	259	737	1,621
Depreciation and amortisation						
At beginning of year	...	196	10	117	499	822
Charged in year	...	14	1	24	61	100
At end of year	...	210	11	141	560	922
Net book value						
At 30th April, 1993	...	437	25	142	143	747
At 30th April, 1994	...	423	24	118	177	742

13. Investments of the company in shares in subsidiary undertakings

Cost		£'000
At beginning of year	...	1,096
Additions in year	...	424
Exchange gain on re-translation of investment in overseas subsidiary	...	20
At end of year	...	1,540

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Investments of the company in shares in subsidiary undertakings (continued)

The company is the beneficial owner of the issued share capital of the following undertakings:

Subsidiary undertakings	Country of incorporation and operation	Type of shares	% held
Goodwin International Limited	England	Ordinary	100
		Preference	100
Goodwin Steel Castings Limited	England	Ordinary	100
Hoben Davis Limited	England	Ordinary	100
		Preference	100
Hoben Industrial Minerals Limited	England	Ordinary	100
Goodwin Minerals Limited	England	Ordinary	100
Easat Antennas Limited	England	Ordinary	87½
R. Goodwin International Limited	England	Ordinary	100
Goodwin GmbH	Germany	Ordinary	100
Goodwin STK Metal and Minerals Limited	Hong Kong	Ordinary	100
Goodwin y Asociados CA	Venezuela	Ordinary	100
Goodwin Korea Co. Limited	Korea	Ordinary	95

All subsidiary undertakings, with the exception of Goodwin Minerals Limited and R. Goodwin International Limited which are dormant, are involved in mechanical and refractory engineering.

During the year the company arranged for the incorporation of a subsidiary undertaking, Goodwin Korea Co. Limited. The initial investment of £424,000 represents the acquisition of 95% of the issued ordinary share capital of the company. The operating loss of Goodwin Korea Co. Limited which has been consolidated amounted to £20,000. The company reduced the group's net operating cash flow by £159,000, was responsible for £251,000 in respect of investing activities and received £6,000 in respect of net returns on investments and servicing of finance.

The company also arranged for the incorporation of R. Goodwin International Limited in the year.

14. Stock and work in progress of the group

	1994 £'000	1993 £'000	1994 £'000	1993 £'000
Raw materials and consumables	1,282	1,125	526	896
Work in progress	(8)		(132)	
Less: payments on account				
	1,274		394	
Finished goods and goods for resale	612		447	
	3,011		1,737	

15. Debtors

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Trade debtors	3,734	3,930	—	—
Amounts owed by subsidiary undertakings	—	—	1,122	1,145
Other debtors	214	50	9	22
Prepayments and accrued income	160	76	29	35
Group relief receivable	—	—	—	7
ACT recoverable	—	—	—	16
	4,108	4,056	1,160	1,225

Included in prepayments and accrued income of the group are pension contributions paid in the year of £5,000 (1993: £5,000).

16. Creditors: amounts falling due within one year

	Group 1994 £'000	Group 1993 £'000	Company 1994 £'000	Company 1993 £'000
Bank loans and overdrafts	2,183	2,123	353	429
Payments received on account	119	108	—	—
Trade creditors	2,974	1,805	44	75
Amounts owed to subsidiary undertakings	—	—	895	610
Other creditors including taxation and social security:				
Corporation tax	96	83	31	14
Other taxes	178	172	16	13
Social security	85	72	11	10
Other creditors	12	14	12	—
	371	341	70	37
Accruals and deferred income	186	158	51	38
Proposed dividend	47	47	47	47
	5,880	4,582	1,460	1,236

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Provisions for liabilities and charges

	Deferred taxation	
	Group	Company
	£'000	£'000
Balance at beginning of year	270	77
Advance corporation tax utilised during the year	14	14
Advance corporation tax on proposed dividend	(12)	(12)
Charge/(credit) for the year in the profit and loss account	9	(6)
Balance at end of year	<u>281</u>	<u>73</u>

The amount provided for deferred taxation, which is the full potential liability calculated on the liability method at 33% (1993: 33%), is set out below:

	Group		Company	
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	286	284	85	91
Advance corporation tax recoverable	(12)	(14)	(12)	(14)
Other timing differences	7	—	—	—
	<u>281</u>	<u>270</u>	<u>73</u>	<u>77</u>

18. Called up share capital

	1994	1993
	£'000	£'000
Authorised, allotted, called up and fully paid: 7,200,000 ordinary shares of 10p each	<u>720</u>	<u>720</u>

19. Profit and loss account

	Group	Company
	£'000	£'000
At beginning of year	3,048	1,477
Retained profit for the year	228	10
Exchange gain on re-translation of overseas investments	13	9
Exchange loss on re-translation of foreign currency liabilities related to overseas investments	(19)	(6)
At end of year	<u>3,270</u>	<u>1,490</u>

Aggregate goodwill in the group amounting to £221,000 arising on the acquisition of subsidiary undertakings has been written off in previous years

20. Reconciliation of movements in shareholders' funds

	1994	1993
	£'000	£'000
Company		
Profit for the financial year	57	75
Dividends	(47)	(47)
Other recognised gains and losses relating to the year (net)	<u>10</u>	<u>28</u>
Net additions to shareholders' funds	13	32
Opening shareholders' funds	<u>2,197</u>	<u>2,165</u>
Closing shareholders' funds	<u>2,210</u>	<u>2,197</u>

21. Reconciliation of operating profit to net cash inflow from operating activities

	1994	1993
	£'000	£'000
Operating profit	405	319
Depreciation charge	409	365
Loss on sale of fixed assets	8	4
Decrease/(increase) in debtors	9	(1,092)
Increase/(decrease) in creditors	980	(66)
(Increase)/decrease in stocks	(1,255)	453
Net cash inflow/(outflow) from operating activities	<u>556</u>	<u>(17)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Analysis of changes in cash and cash equivalents during the year

	1994 £'000	1993 £'000
At beginning of year:		
Cash at bank and in hand	553	206
Bank overdrafts	(2,123)	(995)
	<u>(1,570)</u>	<u>(789)</u>
Net cash outflow before adjustments for the effect of foreign exchange rate changes	(210)	(791)
Effect of changes in foreign exchange rates	(5)	10
At end of year	<u>(1,785)</u>	<u>(1,570)</u>
Represented by:		
Cash at bank and in hand	398	553
Bank overdrafts	(2,183)	(2,123)
	<u>(1,785)</u>	<u>(1,570)</u>

23. Analysis of changes in financing during the year

	1994 £'000
Minority interest at beginning of year	—
Issue of shares in subsidiary undertaking to minority interest for cash	22
Non-cash movements:	
Effect of changes in foreign exchange rates	(3)
Minority interest at end of year	<u>19</u>

24. Contingencies

On 30th April 1994, the parent company was jointly and severally liable for value added tax due by members of the group amounting to £89,000 (1993: £107,000) and had entered into performance bonds in the normal course of business on behalf of subsidiary undertakings amounting to £312,000 (1993: £383,000) in respect of 22 export contracts.

25. Commitments

(a) Capital Commitments

Capital commitments at 30th April, for which no provision has been made in these financial statements, were as follows:

	1994 £'000	Group 1993 £'000	1994 £'000	Company 1993 £'000
Contracted	150	105	—	80
Authorised but not contracted	50	—	—	—
	<u>200</u>	<u>105</u>	<u>—</u>	<u>80</u>

(b) Other Commitments

The group is committed to pay annual premiums of £53,520 until February 1998 to insure itself against future interest rate increases.