

3

R.GOODWIN & SONS (ENGINEERS) LTD.
IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS
30th APRIL 1975

R. GOODWIN & SONS (ENGINEERS) LIMITED

DIRECTORS

J. GOODWIN (*Chairman and Managing Director*)
H. J. HORTON
W. HILL, A.C.I.S.

Secretary and Registered Office:
W. Hill, A.C.I.S.,
Ivy House Foundry, Hanley,
Stoke-on-Trent.

Registrar and Share Transfer Office:
PEAT, MARWICK, MITCHELL & CO.,
165 Kings Road, Brentwood,
Essex.

Auditors:
PEAT, MARWICK, MITCHELL & CO.,
Windsor House, Temple Row,
Birmingham, B2 5LD.

Bankers:
NATIONAL WESTMINSTER BANK LIMITED,
Hanley,
Stoke-on-Trent.

Solicitors:
PINSENT & CO.,
Post and Mail House, 26 Colmore Circus,
Birmingham, B4 6BH.

NOTICE IS HEREBY GIVEN that the FORTIETH ANNUAL GENERAL MEETING of the Company will be held at Hoben Quarries Limited, Brassington Works, Brassington, Derbyshire, on Wednesday, 10th December, 1975 at 2.30 p.m. for the following purposes:—

1. To receive the Accounts for the year ended 30th April, 1975, together with the Reports of the Directors and Auditors.
2. To declare a Dividend on the Ordinary Shares.
3. To re-elect a Director.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To transact such other business as may be transacted at an Annual General Meeting.

By Order of the Board,
W. HILL,
Secretary.

Ivy House Foundry,
Hanley, Stoke-on-Trent,
14th November, 1975.

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of him. A Proxy need not be a Member of the Company.

An instrument appointing such a Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

R. GOODWIN & SONS (ENGINEERS) LIMITED

CHAIRMAN'S STATEMENT

on the Accounts for the year ended 30th April, 1975

I have pleasure in presenting the Directors' Report and Statement of Accounts for the year ended 30th April, 1975. The year's trading has resulted in a profit before taxation of £258,151.

The Steel Foundry was kept busy throughout the year and although at times raw materials were in short supply, production was reasonably maintained. Our order book for castings is healthy and we are endeavouring to expand production.

The difficulties experienced with the Engineering Division last year continue due to lack of investment by Tyre Manufacturers. A number of large overseas contracts were completed but, due to unprecedented inflation, price escalation clauses hardly covered the ever rising costs and profit margins disappeared in many cases. We are endeavouring to introduce new product lines and have had some success in this direction but the benefits will not accrue during the current year.

The Refractories and Chemicals Division increased their sales but, due to inflation, profit margins were reduced. The processing at the Quarries of our own raw materials for this Division, under strict laboratory control, is proving beneficial from quality and cost aspects.

The production at the Quarries was improved with the reorganisation of flow-lines of manufacture. However, this reorganisation was hampered to some extent by the more recent stringent environmental regulations. The initial stages of this reorganisation are nearing completion and we are now looking for a considerable increase in throughput of materials.

The increase in turnover led to cash flow problems and where possible we are now reducing stocks of raw materials which, in many cases, are more readily available. We do not feel that economic conditions will allow us to commence many of the capital projects we have pending and it is our intention, in the current year, to consolidate our position.

J. GOODWIN,
Chairman.

14th November, 1975.

R. GOODWIN & SONS (ENGINEERS) LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report for the year ended 30th April, 1975.

Group Activities

The principal activities of the Company and its Subsidiaries are Mechanical and Refractory Engineering and Metal Processing. The Directors regard these activities as a single class of business.

Results

	1975 £	1974 £
Group Profit before Taxation...	258,151	216,579
Less Taxation ...	134,421	119,268
Group Profit after Taxation ...	123,730	97,311
Less Proposed Dividend...	32,760	33,768
Balance which the Directors recommend be added to Revenue Reserves ...	90,970	63,543

Directors

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 and loan capital of all Group Companies are as follows:—

	R. Goodwin & Sons (Engineers) Ltd. 10p Ordinary Shares		Hoben Davis Ltd. £1 Debentures	
	30.4.75	30.4.74	30.4.75	30.4.74
<i>Beneficial</i>				
J. Goodwin ...	458,726	492,058	—	—
H. J. Horton ...	83,250	66,500	30,000	30,000
W. Hill ...	12,700	12,700	—	—
<i>Trustee</i>				
J. Goodwin and Others...	489,568	1,007,716	10,000	10,000
H. J. Horton and Others ...	—	—	—	—
W. Hill and Others ...	125,642	—	—	—
J. Goodwin and W. Hill...	518,148	—	—	—

Fixed Assets

Details of the movements to fixed assets are set out at Note 7 to the Accounts.

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.

Export Sales

The value of goods exported by the Group, including charges for packing, during the year amounted to £552,993 (1974 £398,233).

Employees

The average number of persons, including Directors, employed by the Group during the year was 462 (1974 427) and their aggregate remuneration was £979,439 (1974 £742,684).

Charitable and Political Donations

Donations by the Group for Charitable purposes amounted to £120.

Auditors

The Auditors, Messrs. Poat, Marwick, Mitchell & Co., have intimated their willingness to continue in office.

For and on behalf of the Board,
J. GOODWIN,
Chairman.

14th November, 1975.

The Transfer Books of the Company will be closed from 21st November to 10th December, 1975, both days inclusive. It is proposed to post Dividend Warrants on 10th December, 1975.

R. GOODWIN & SONS (ENGINEERS) LIMITED

and Subsidiary Companies

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30th April, 1975

										1975		1974	
										£	£	£	£
Turnover	..	...	...	...	...	...	...	...	NOTES ... 1(a)		3,031,641		2,184,459
Group Profit for the year before Taxation	...	...	...	...	...	...	...	...	2		258,151		216,579
Taxation	...	...	...	...	...	...	...	...	3		134,421		119,268
Group Profit for the year after Taxation	...	...	...	...	...	...	...	...	4		123,730		97,311
Proposed Dividend													
Net Payment to Shareholders	...	...	...	...	...	...	...	...	5		32,760		33,768
Retained Profit for the year	...	...	...	...	...	...	...	...			90,970		63,543
Revenue Reserves brought forward	...	...	...	...	...	...	...	...			548,643		485,100
Revenue Reserves carried forward													
Parent Company	...	...	...	...	...	...	...	...		69,683		68,605	
Subsidiary Companies	...	...	...	...	...	...	...	...		569,930		480,038	
											639,613		548,643
Earnings per Ordinary Share	...	...	...	...	...	...	...	...	6		3.4p		2.7p

The Notes on pages 7 to 10 form a part of these Accounts.

R. GOODWIN & SONS (ENGINEERS) LIMITED

and Subsidiary Companies

GROUP BALANCE SHEET at 30th April, 1975

	NOTES	1975 £	1974 £
ASSETS EMPLOYED			
Fixed Assets	7	601,351	578,581
Net Excess Cost of Shares	8	151,750	151,750
Current Assets			
Stock and Work-in-Progress	1(d)	519,404	430,829
Debtors and Prepayments		887,483	518,017
Cash at Banks		156,324	155,430
Cash in Hand		452	908
		<u>1,563,663</u>	<u>1,105,184</u>
Less: —			
Current Liabilities			
Creditors and Accrued Charges		381,063	295,898
Loans	10	90,000	—
Bank Overdrafts		470,698	216,247
Current Taxation		20,343	110,312
Proposed Dividend		32,760	33,768
		<u>994,864</u>	<u>656,225</u>
Net Current Assets		<u>568,799</u>	<u>448,959</u>
		<u>1,321,900</u>	<u>1,179,290</u>
FINANCED BY			
Share Capital	11	360,000	360,000
Reserves	12	656,616	562,121
Deferred Taxation	13	1,016,616	922,121
Loans	10	305,284	167,169
		—	90,000
		<u>1,321,900</u>	<u>1,179,290</u>

J. GOODWIN }
H. J. HORTON } Directors

The Notes on pages 7 to 10 form a part of these Accounts.

R. GOODWIN & SONS (ENGINEERS) LIMITED

BALANCE SHEET at 30th April, 1975

	NOTES	1975 £	1974 £
ASSETS EMPLOYED			
Fixed Assets	7	60,968	60,953
Investment in Subsidiary Companies	9	626,514	575,224
Current Assets			
Debtors and Prepayments'		34,577	29,524
Cash at Bank		7,179	3,996
Cash in Hand		230	230
		<u>41,986</u>	<u>33,750</u>
		729,468	669,927
Less:—			
Current Liabilities			
Creditors and Accrued Charges		11,756	5,173
Bank Overdraft		236,279	174,435
Current Taxation		17,640	25,146
Proposed Dividends		32,760	33,768
		<u>298,435</u>	<u>238,522</u>
		431,033	431,405
FINANCED BY			
Share Capital	11	360,000	360,000
Reserves	12	69,683	68,605
		<u>429,683</u>	<u>428,605</u>
Deferred Taxation	13	1,350	2,800
		<u>431,033</u>	<u>431,405</u>

J. GOODWIN }
H. J. HORTON } *Directors*

The Notes on pages 7 to 10 form a part of these Accounts.

10 R. GOODWIN & SONS (ENGINEERS) LIMITED

and Subsidiary Companies

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Consolidation Principles

- (i) The Group Accounts include the results of the Parent Company and its Subsidiary Companies.
- (ii) The excess cost of shares in Subsidiary Companies over the book value of the net tangible assets acquired is capitalised in the Group Accounts.
- (iii) Turnover represents the total sales for the year excluding sales between Group Member Companies.

(b) Overseas Currencies

Overseas Currencies have been converted into Sterling at the rates of exchange ruling at 30th April, 1975.

(c) Depreciation

Depreciation is being provided to write off the cost of the assets over their estimated lives. Certain of the Group's freehold land and buildings are not depreciated.

(d) Stock and Work-in-Progress

Stock and Work-in-Progress has been valued consistently at the lower of cost and net realisable value. Cost includes overheads where appropriate.

(e) Deferred Taxation

(i) Corporation Tax Equalisation

Taxation has been equalised on the basis of 52% on the excess of the net book value of fixed assets eligible for capital allowances over the written down value of such assets for taxation purposes.

(ii) Stock Appreciation Relief

Stock appreciation relief for the two years ended 30th April, 1974, has been calculated in accordance with the provisions of the Finance (No. 2) Act, 1975.

Stock appreciation relief for the year ended 30th April, 1975, has been provided on a basis which is consistent with the basis utilised for the two years ended 30th April, 1974.

(f) Research and Development

Research and Development expenditure is written off in the year in which it is incurred.

(g) Grants receivable on capital outlay are taken when the grants have been received.

2. GROUP PROFIT FOR THE YEAR BEFORE TAXATION

The Group Profit for the year has been arrived at after charging the following:—

	NOTES	1975 £	1974 £
Depreciation (adjusted by profits and losses on the disposal of fixed assets) ...	1(c)	81,366	72,565
Directors' Emoluments ...	14	35,041	34,208
Audit Fee ...		8,208	6,504
Debenture Interest ...		6,300	6,300
Bank Interest ...		11,467	2,235
And after crediting:			
Interest on Short Term Deposits ...		—	14,670

3. TAXATION

United Kingdom Corporation Tax based on the profit of the year, at 52% (1974 52%) ...

Transfer to Deferred Tax: Tax Equalisation Account ...

Stock Appreciation Relief ...

(Over)/Under provision in respect of prior years ...

	1975 £	1974 £
United Kingdom Corporation Tax based on the profit of the year, at 52% (1974 52%)	86,700	84,550
Transfer to Deferred Tax: Tax Equalisation Account	23,546	34,407
Stock Appreciation Relief	28,650	—
	138,896	118,957
(Over)/Under provision in respect of prior years	(4,475)	311
	134,421	119,268

NOTES TO THE ACCOUNTS (continued)

TAXATION (continued)

	1975 £	1974 £
(Over)/Under provision in respect of prior years:—		
Over provision of Corporation Tax on Agreement of Liabilities	(4,475)	311
Over provision of Corporation Tax due to Stock Appreciation Relief	(93,769)	—
	(93,244)	311
Under provision for Deferred Taxation in respect of Stock Appreciation Relief...	93,769	—
	(4,475)	311

4. GROUP PROFIT FOR THE YEAR AFTER TAXATION

	1975 £	1974 £
Amount dealt with in the Accounts of the Parent Company	33,838	28,016

5. DIVIDEND

Dividends are shown as the net amounts due to the shareholders.

The dividend of £32,760 (1974 £33,768) represents 0.91p per share (1974 0.938p). If the imputed tax credit available to the shareholders is added to the dividend to produce a 'gross' equivalent for comparison purposes, the rate of such gross dividend for 1975 would be 1.40p per share which is the same as for 1974.

In the opinion of the Directors, the advance payment of Corporation Tax applicable to the proposed dividend, amounting to £17,640 will be recoverable against the Corporation Tax liability on the Group's profits for the year ended 30th April, 1975. The advance Corporation Tax has been included in Current Taxation and the amount recoverable in Debtors.

6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on earnings of £123,730 (1974 £97,311) being the Group profit after taxation and the number of ordinary shares issued at 30th April, 1975.

7. FIXED ASSETS

FIXED ASSETS				The Group			Parent Company		
				Freehold Land & Buildings	Plant & other equipment	Total	Freehold Land & Buildings	Plant & other equipment	Total
Cost				£	£	£	£	£	£
At 1st May, 1974	...	...		352,068	783,478	1,135,546	87,877	32,099	119,976
Additions	...	...		—	118,416	118,416	—	7,379	7,379
				<u>352,068</u>	<u>901,894</u>	<u>1,253,962</u>	<u>87,877</u>	<u>39,478</u>	<u>127,355</u>
Disposals	...	...		6,784	14,139	20,923	—	834	834
				<u>345,284</u>	<u>887,755</u>	<u>1,233,039</u>	<u>87,877</u>	<u>38,644</u>	<u>126,521</u>
Accumulated Depreciation									
At 30th April, 1975	...			97,048	534,640	631,688	44,260	21,293	65,553
Net Book Value									
At 1st May, 1974	...			262,676	315,905	578,581	45,814	15,139	60,953
At 30th April, 1975	...			248,236	353,115	601,351	43,617	17,351	60,968

8. NET EXCESS COST OF SHARES

The net excess cost of shares represents the excess of the cost of the investments in Subsidiary Companies over the book value of their net assets at the dates of acquisition less amounts written off.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Parent Company	
	1975 £	1974 £
Shares at Cost	568,513	568,513
Amounts due from Subsidiary Companies... ..	78,123	61,992
	646,636	630,505
Amounts due to Subsidiary Companies	20,122	55,281
	626,514	575,224

NOTES TO THE ACCOUNTS (continued)

INVESTMENT IN SUBSIDIARY COMPANIES (continued)

The Company holds the whole of the issued share capital of the following Companies:—

Subsidiary Companies	Country of Incorporation
Akron Standard (Engineers) Limited	Great Britain
Goodwin Steel Castings Limited	Great Britain
Hoben Davis Limited	Great Britain
Hoben Quarries Limited	Great Britain
Goodwin Minerals Limited	Great Britain
Goodwin GmbH	West Germany

10. LOANS

The loans aggregating £90,000 are secured by debentures giving a charge on all the assets of a Subsidiary Company. The loans carry interest at the rate 7% per annum and are repayable at par on 10th November, 1975.

11. SHARE CAPITAL

	1975 £	1974 £
Authorised, Issued and Fully Paid		
3,600,000 Ordinary Shares of 10p each	<u>360,000</u>	<u>360,000</u>

12. RESERVES

	The Group		Parent Company	
	1975 £	1974 £	1975 £	1974 £
Revenue Reserve	639,613	548,643	69,683	68,605
Exchange Contingency Reserve	<u>17,003</u>	<u>13,478</u>	—	—
	<u>656,616</u>	<u>562,121</u>	<u>69,683</u>	<u>68,605</u>

The Exchange Contingency Reserve represents the effect of changes in exchange rates on the investment by the Parent Company in its overseas subsidiary.

13. DEFERRED TAXATION

	The Group		Parent Company	
	1975 £	1974 £	1975 £	1974 £
Corporation Tax payable on 1st October, 1976	22,800	39,450	—	—
Corporation Tax payable on 1st January, 1977	<u>30,600</u>	<u>21,800</u>	<u>1,350</u>	<u>2,800</u>
	53,400	61,250	1,350	2,800
Corporation Tax Equalisation Account (Note 1(e)(ii))	129,465	105,919	—	—
Stock Appreciation Relief (Note 1(e)(iii))	<u>122,419</u>	—	—	—
	<u>305,284</u>	<u>167,169</u>	<u>1,350</u>	<u>2,800</u>

Should Stock Appreciation Relief not be available for the year ended 30th April, 1975, then under the current legislation the Deferred Taxation amounting to £122,419 will become payable as follows:—

	£
1st February, 1976	68,883
1st October, 1976	4,341
1st January, 1977	<u>49,195</u>
	<u>122,419</u>

14. DIRECTORS' EMOLUMENTS

	1975 £	1974 £
Remuneration	30,641	29,868
Pensions to former Directors	<u>4,400</u>	<u>4,400</u>
	<u>35,041</u>	<u>34,268</u>

The pre-tax emoluments of the Chairman amounted to £15,100 (1974 £15,217).

Other Directors' Emoluments

	Number of Directors	
	1975	1974
£2,501 to £5,000	1	1
£10,001 to £12,500	1	1

NOTES TO THE ACCOUNTS (continued)

15. CAPITAL COMMITMENTS

	The Group		Parent Company	
	1975 £	1974 £	1975 £	1974 £
Capital Commitments not provided for in these Accounts	22,000	10,000	—	—
Capital Expenditure authorised by the Board but not contracted for at 30th April, 1975	55,000	100,000	—	5,000
	<u>77,000</u>	<u>110,000</u>	<u>—</u>	<u>5,000</u>

16. INCOME AND CORPORATION TAXES ACT, 1970

The 'close' company provisions of this Act apply to the Company.

17. CONTINGENT LIABILITIES

As a result of the group registration arrangements for Value Added Tax, the company is jointly and severally liable for Value Added Tax due by the representative members of the group. At 30th April, 1975, the amount owing by the representative members amounted to £19,259 (1974 £8,711).

14

REPORT OF THE AUDITORS

to the

MEMBERS OF R. GOODWIN & SONS (ENGINEERS) LIMITED

We have examined the Balance Sheet and Group Balance Sheet and Group Profit and Loss Account, together with the Notes thereon, set out on pages 4 to 10.

In our opinion the Balance Sheet and Group Accounts comply with the Companies Acts, 1948 and 1967, and give respectively a true and fair view of the state of the Company's affairs at 30th April, 1975, and a true and fair view of the state of affairs and the profit of the Group.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

Birmingham
23rd October, 1975.

13

Certified true copy of Balance Sheet laid
before the Company in General Meeting on
10th December, 1975, and a true copy of the
report of the Auditors on, and of the report
of the Directors accompanying this balance
sheet.

Am. Coramini.....Director

[Signature].....Secretary

INDISTINCT ORIGINAL