R. GOODWIN & SONS (ENGINEERS) LIMITED

CHAIRMAN'S STATEMENT

on the Accounts for the year ended 30th April, 1976

I have pleasure in presenting the Directors' Report and Accounts for the year ending 30th April, 1976.

This year's trading has resulted in a profit before taxation of £280,590 which is an increase on the previous year but does not compensate for the decrease in monetary value during the period. In the year under review strenuous efforts were made to reduce stock levels. Total expenditure was kept to a minimum to conserve the Company's funds for the financing of the increased cost of stock renewals.

Due to a down-turn in the automobile industry, our engineering division suffered a fall-off in orders which resulted in some unavoidable redundancies. The refractories, chemical and foundry divisions were kept busy throughout the year, and their sales were helped by the efforts of our German subsidiary.

At the Quarry manufacturing costs were reduced by changes in our flow lines, but heavy maintenance costs of plant eroded the returns which we were expecting to make with this division. With increasing sales, however, we hope to off-set these costs during the coming year.

A great deal of energy was expended in an endeavour to increase our overseas sales and our direct exports amounted to 22% of our production. During the coming year we expect our exports to exceed one third of our total production. Although the current business climate is not conducive to capital investment, we have every confidence in British industry being competitive in world markets, and in view of the economies made during the past year, we now intend to make further expansions which will involve the Company in capital expenditure approximating £300,000. By continuing strict control of stocks and credit, the Company hopes to finance this expenditure from its own resources.

Your Board are recommending that the dividend is increased this year to 1.0p per share.

We are still finding some of our markets depressed, but with an increase in our product lines and sales force, we look forward to further expansion during the coming year.

J. GOODWIN,
Chairman.

12th October, 1976.

R. GOODWIN & SONS (ENGINEERS) LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report for the year ended 30th April, 1976.

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

	1976	1975
	£	£
Group Profit before Taxation	280,590	258,151
Less Taxation	148,005	134,421
Group Profit after Taxation	132,585	123,730
Less Proposed Dividend	36,000	32,760
Balance which the Directors recommend be added to Revenue Reserves ...	96,585	90,970

Directors

The Director retiring by rotation is Miss W. Hill, who, being eligible, offers herself for re-election.

The interests of each Director in the share capital of the Company are as follows:—

	10p Ordinary Shares	
	30.4.76	30.4.75
Beneficial		
J. Goodwin	453,726	458,726
H. J. Horton	90,250	83,250
W. Hill	12,700	12,700
Trustee		
J. Goodwin and Others... ...	489,568	489,568
W. Hill and Others	—	125,642
J. Goodwin and W. Hill... ...	518,148	518,148

No Director has any beneficial interest in the Share Capital of any subsidiary company.

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 during the year amounted to £700,693 (1975 £552,993).

Employees

The average number of persons, including Directors, employed by the Group during the year was 398 (1975 462) and their aggregate remuneration was £1,002,550 (1975 £979,439).

Charitable and Political Donations

Donations by the Group for Charitable purposes amounted to £80.

Auditors

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

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

12th November, 1976.

The Transfer Books of the Company will be closed from 19th November to 8th December, 1976, both days inclusive. It is proposed to post Dividend Warrants on 8th December, 1976.

R. GOODWIN & SONS (ENGINEERS) LIMITED

and Subsidiary Companies

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 30th April, 1976

	NOTES	1976 £	1976 £	1975 £	1975 £
Turnover	1(a)		3,101,164		3,031,641
Group Profit for the year before Taxation	2		280,590		258,151
Taxation	3		148,005		134,421
Group Profit for the year after Taxation	4		132,585		123,730
Proposed Dividend Net Payment to Shareholders	5		36,000		32,760
Retained Profit for the year			96,585		90,970
Revenue Reserves brought forward			639,613		548,643
Revenue Reserves carried forward					
Parent Company		443,599		69,683	
Subsidiary Companies		292,599		569,930	
			736,198		639,613
Earnings per Ordinary Share	6		3.7p		3.4p

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, 1976

	NOTES	1976 £	1976 £	1975 £	1975 £
ASSETS EMPLOYED					
Fixed Assets	7		574,874		601,351
Net Excess Cost of Shares	8		151,750		151,750
Current Assets					
Stock and Work-in-Progress	1(d)	511,982		519,404	
Debtors and Prepayments		790,265		869,843	
Cash at Banks		223,088		156,324	
Cash in Hand		843		452	
		1,526,178		1,546,023	
Less:—					
Current Liabilities					
Creditors and Accrued Charges		381,137		381,063	
Loans	10	—		90,000	
Bank Overdrafts		274,242		470,698	
Current Taxation		89,200		20,343	
Proposed Dividend		36,000		32,760	
		780,579		994,864	
Net Current Assets			745,699		551,159
			1,472,223		1,304,260
FINANCED BY					
Share Capital	11		360,000		360,000
Reserves	12		766,546		656,616
			1,126,546		1,016,616
Deferred Taxation	13		345,677		287,644
			1,472,223		1,304,260

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, 1976

	NOTES	1976 £	1976 £	1975 £	1975 £
ASSETS EMPLOYED					
Fixed Assets	7		146,982		60,968
Investment in Subsidiary Companies	9		810,669		626,514
Current Assets					
Debtors and Prepayments		21,857		34,577	
Cash at Bank		3,026		7,179	
Cash in Hand		230	25,113	230	41,986
			982,764		729,468
Less:—					
Current Liabilities					
Creditors and Accrued Charges		15,986		11,756	
Bank Overdraft		102,318		236,279	
Current Taxation		20,735		17,640	
Proposed Dividends		36,000	175,039	32,760	298,435
			807,725		431,033
FINANCED BY					
Share Capital	11		360,000		360,000
Reserves	12		443,599		69,683
			803,599		429,683
Deferred Taxation	13		4,126		1,350
			807,725		431,033

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

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

CERTIFIED TO BE A TRUE COPY OF THE BALANCE SHEET AS AT 30 APRIL 1976 AND OF THE AUDITOR'S REPORT THEREON AND OF THE REPORT OF THE DIRECTORS WHICH ACCOMPANIED IT.

.... DIRECTOR.

.... SECRETARY.

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, 1976.

(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 provided at 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
Taxation has been deferred on the basis of 52% on the relief arising from increases in stock values of certain Subsidiary Companies.

(f) **Research and Development**

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

2. GROUP PROFIT FOR THE YEAR BEFORE TAXATION

The Group Profit for the year has been arrived at after charging the following:—	NOTES	1976 £	1975 £
Depreciation (adjusted by profits and losses on the disposal of fixed assets) ...	1(c)	80,345	81,366
Directors' Emoluments	14	36,464	35,041
Audit Fee		9,354	8,208
Debenture Interest		3,323	6,300
Bank Interest		10,188	11,467

3. TAXATION

	1976 £	1975 £
United Kingdom Corporation Tax at 52%	143,218	82,225
Overseas Taxation	10,109	—
Transfer (from)/to Deferred Tax: Tax Equalisation Account	(973)	23,546
Stock Appreciation Relief	(4,349)	28,650
Charge for taxation based on the profits of the year	148,005	134,421

NOTES TO THE ACCOUNTS *(continued)*

4. GROUP PROFIT FOR THE YEAR AFTER TAXATION

	1976	1975
	£	£
Amount dealt with in the Accounts of the Parent Company (including in 1976, dividends proposed by Subsidiary Companies out of prior year's profits)	409,916	33,838

5. DIVIDEND

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

The dividend of £36,000 represents 1.0p per share (1975 0.91p).

6. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on earnings of £132,585 (1975 £123,730) being the Group profit after taxation and the number of ordinary shares issued at 30th April, 1976.

7. FIXED ASSETS

	The Group			Parent Company		
	Freehold Land & Buildings	Plant & Other Equipment	Total	Freehold Land & Buildings	Plant & Other Equipment	Total
Cost	£	£	£	£	£	£
At 1st May, 1975 ...	345,284	887,755	1,233,039	87,877	38,644	126,521
Additions	—	65,224	65,224	—	17,951	17,951
Group Transfers ...	—	—	—	130,248	—	130,248
	345,284	952,979	1,298,263	218,125	56,595	274,720
Disposals	—	16,538	16,538	—	13,040	13,040
	345,284	936,441	1,281,725	218,125	43,555	261,680
Accumulated Depreciation						
At 30th April, 1976 ...	104,872	601,979	706,851	93,553	21,145	114,698
Net Book Value						
At 1st May, 1975 ...	248,236	353,115	601,351	43,617	17,351	60,968
At 30th April, 1976 ...	240,412	334,462	574,874	124,572	22,410	146,982

The titles to certain of the Parent Company's freehold property, which have been included in the Parent Company's accounts, are in the name of a Subsidiary Company.

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	
	1976	1975
	£	£
Shares at Cost	568,513	568,513
Amounts due from Subsidiary Companies	271,414	78,123
	839,927	646,636
Amounts due to Subsidiary Companies	29,258	20,122
	810,669	626,514

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	England
Goodwin Steel Castings Limited	England
Hoben Davis Limited	England
Hoben Quarries Limited	England
Goodwin Minerals Limited	England
Goodwin GmbH	West Germany

10. LOANS

The secured loans aggregating £90,000, were repaid on 10th November, 1975.

11. SHARE CAPITAL

	1976 £	1975 £
Authorised, Issued and Fully Paid		
3,600,000 Ordinary Shares of 10p each	360,000	360,000

12. RESERVES

	The Group 1976 £	The Group 1975 £	Parent Company 1976 £	Parent Company 1975 £
Revenue Reserve	736,198	639,613	443,599	69,683
Exchange Contingency Reserve	30,348	17,003	—	—
	766,546	656,616	443,599	69,683

The movement to the Exchange Contingency Reserve amounting to £13,345 represents unrealised surpluses arising out of changes in exchange rates during the year.

13. DEFERRED TAXATION

	The Group 1976 £	The Group 1975 £	Parent Company 1976 £	Parent Company 1975 £
Corporation Tax payable on 1st October, 1977 ...	47,500	22,800	—	—
Corporation Tax payable on 1st January, 1978 ...	71,000	30,600	—	1,350
	118,500	53,400	—	1,350
Corporation Tax Equalisation Account (Note 1(e)(i))	128,492	129,465	4,126	—
Stock Appreciation Relief (Note 1(e)(ii))	118,070	122,419	—	—
	365,062	305,284	4,126	1,350
Deduct Advance Corporation Tax recoverable ...	19,385	17,640	—	—
	345,677	287,644	4,126	1,350

The period of deferment of Corporation Tax due to Stock Appreciation Relief will depend on future legislation.

In the opinion of the Directors, the advance payment of Corporation Tax applicable to the proposed dividend, amounting to £19,385 will be recoverable. The amount recoverable has been included in Debtors in the accounts of the Parent Company and Deducted from Deferred Taxation in the Group Accounts.

14. DIRECTORS' EMOLUMENTS

	1976 £	1975 £
Remuneration	30,964	30,641
Pensions to former Directors	5,500	4,400
	36,464	35,041

The pre-tax emoluments of the Chairman amounted to £15,100 (1975 £15,100).

	Number of Directors 1976	Number of Directors 1975
Other Directors' Emoluments		
£2,501 to £5,000	1	1
£10,001 to £12,500	1	1

NOTES TO THE ACCOUNTS *(continued)*

15. CAPITAL COMMITMENTS

	The Group 1976 £	The Group 1975 £	Parent Company 1976 £	Parent Company 1975 £
Capital Commitments not provided for in these Accounts	180,000	22,000	130,000	—
Capital Expenditure authorised by the Board but not contracted for at 30th April, 1976	120,000	55,000	—	—
	300,000	77,000	130,000	—

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, 1976, the amount owing by the representative members amounted to £18,382 (1975 £19,259).

REPORT OF THE AUDITORS

to the

MEMBERS OF R. GOODWIN & SONS (ENGINEERS) LIMITED

We have examined the Accounts set out on pages 4 to 10 which have been prepared under the historical cost convention. In our opinion they give, under that convention, a true and fair view of the state of affairs of the Company and of the Group at 30th April, 1976 and of the profit of the Group for the year to that date and comply with the Companies Acts, 1948 and 1967.

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

Birmingham
12th October, 1976