GOODWIN PLC

Registered in England, Number 305907
Established 1883

Directors:
J. W. Goodwin *(Chairman)*
R. S. Goodwin *(Managing Director)*
H. J. Horton *(retired 20th September 1996)*
R. J. Dyer *(appointed 20th September 1996)*
P. J. Horton *(appointed 20th September 1996)*

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

Registrar and share transfer office:
The Royal Bank of Scotland,
Securities Services - Registrars,
P.O. Box No. 82, Bristol, BS99 7NH

Auditors:
KPMG,
2 Cornwall Street, Birmingham, B3 2DL

NOTICE IS HEREBY GIVEN that the SIXTY FIRST ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Thursday, 7th November, 1996 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, 1996 and to approve the payment of the proposed ordinary and extraordinary dividends on the ordinary shares.
2. To re-elect Mr. R. J. Dyer as a director.
2. To re-elect Mr. P. J. Horton as a director.
4. To appoint KPMG Audit Plc 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, 1996

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, 1996.

A sales turnover of £22.9 million, an increase of 35%, has resulted in a pre-tax profit of £2.026 million, giving earnings per share of 18.01p as compared to 1.49p last year.

The strong profit performance is the result of our companies achieving significantly increased sales turnover and gross contribution. Our radar antenna company, Easat Antennas Ltd., achieved an operating profit before interest of £493,728 which is the first profit Easat has made since we started the company nine years ago.

Exports now account for some 58% of sales turnover. Our products were sold into over 60 countries last year and with our international competitiveness we are confident of our ability to win orders for the future and thereby continue to increase sales.

By nature of a conservative dividend policy in previous years the company has been able to afford to invest in product development, cost reduction and penetration of overseas markets; the combination of which has given rise to our performance.

The directors are recommending an ordinary dividend of 2.94p per share, which is consistent with the company's increased profitability. The Board does, however, feel that the shareholders should be rewarded for accepting over the years the prudent dividend policy that has enabled the directors to do what is right for the business as judged by those directly involved. Therefore the Board is recommending an extraordinary dividend of 15p per share.

After 31 years with the company H. J. Horton retired and has been replaced by P. J. Horton who has been General Manager of Hoben Davis Limited for the last 4 years, having worked with the company for 13 years. When H. J. Horton joined, the Group had a turnover of less than £1 million. Much of the refractory company's prosperity reflects from his actions and ability and we wish him well in his advisory capacity.

R. J. Dyer has been made a director. Having started with the Company in 1964 he has proven ability and experience associated with our manufacturing and engineering business.

The company has started the new financial year well with good order input. Details of the companies' products may now be seen on Internet at www.goodwin.co.uk, www.hoben.co.uk and www.easat.co.uk.

I take this opportunity of thanking all our employees without whose dedication and hard work it would not have been possible to have achieved the Group's results.

John W. Goodwin

J. W. GOODWIN,
Chairman.

27th September, 1996

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 1996.

Business review

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

	1996 £'000	1995 £'000
Turnover	**22,994**	17,045
Profit on ordinary activities before taxation	**2,026**	214
Taxation charge	**(729)**	(107)
Profit on ordinary activities after taxation	**1,297**	107

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

Proposed dividends

The directors recommend that an ordinary dividend of 2.940p per share *(1995: 0.655p per share)* be paid to shareholders on the register at the close of business on 15th October 1996. The directors also recommend that an extraordinary dividend of 15.000p per share *(1995: £Nil)* be paid to shareholders on the register at the same date. It is proposed that the retained profit of £5,000 is transferred to reserves.

Fixed assets

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 directors of the company who have served during the year are set out below:

J. W. Goodwin
R. S. Goodwin
H. J. Horton *(retired 20th September1996)*
R. J. Dyer *(appointed 20th September1996)*
P. J. Horton *(appointed 20th September1996)*

The directors retiring in accordance with the Articles are R. J. Dyer and P. J. Horton who, being eligible, offer themselves for re-election.

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

	10p ordinary shares 30th April 1996	10p ordinary shares 1st May 1995
Beneficial		
J. W. Goodwin	**345,506**	958,006
R. S. Goodwin	**345,506**	958,006
H. J. Horton	**151,000**	133,500
J. W. Goodwin and R. S. Goodwin	**1,508,569**	1,478,569
J. W. Goodwin and R. S. Goodwin	**1,500,000**	–
Non-beneficial		
J. W. Goodwin, R. S. Goodwin and others ...	**450,000**	450,000

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

The company does not have any share option schemes for employees or directors.

During the period from 1st May, 1996 to 27th September, 1996, there was the following change in the directors' interests:

H. J. Horton increased his holding to 158,500 ordinary shares of 10p each. At the date of their appointment the new directors had the following interests in the share capital of the company.

R. J. Dyer 33,900 shares
P. J. Horton 115,840 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.

Shareholdings

The company has been notified that, as at 27th September, 1996, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,508,569 shares (20.95%), J. W. Goodwin and R. S. Goodwin 1,500,000 shares (20.83%). These shares are registered in the name of J. M. Securities Limited and J. M. Securities (No. 2) Limited respectively. J. W. Goodwin, R. S. Goodwin and others 450,000 shares (6.25%), J. W. Goodwin 345,506 shares (4.8%), R. S. Goodwin 345,506 shares (4.8%), J. H. Ridley 469,000 shares (6.51%), Street State Nominees Ltd. 288,720 shares (4.01%), Pershing Keen Nominees Ltd. 256,216 shares (3.56%).

Donations

Donations by the Group for charitable purposes amounted to £1,050 *(1995: £1,050).*

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, on an annual basis, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

The policy of the Group is to offer the same opportunity to disabled people 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.

Creditor payment policy

The company has not adopted any formal code or standards on supplier payment practice. The company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on a contract by contract basis.

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 the 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 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.

After making enquiries, the directors have a reasonable expectation that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The Board continues to be conscious of its non-compliance with paragraphs 1.3, 1.4, 3.3 and 4.3 of the Code and will review the situation in the light of any future Group developments.

Internal Financial Control

The directors are responsible for the Group's system of internal financial control.

A system of internal financial control can provide only reasonable and not absolute assurance of:

- safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The Board, which comprises four executive directors, meets formally by itself and with subsidiary directors on a regular basis. No non-executive directors are thought appropriate, due to the cost likely to be involved and the improbability of their adding any value to the business. It is considered that the business is most effectively managed by the close personal involvement of the directors in the day to day operations.

The Board meets with an agenda to discuss corporate strategy, to formulate and monitor the progress of business plans for all subsidiaries and to consider business risks faced.

The management philosophy of the Group is to operate its subsidiaries on an autonomous basis with formally defined areas of responsibility and delegation of authority. The Group has put in place formal lines of reporting with subsidiary management meeting with the executive directors on a regular basis.

The Board of directors is responsible for the Group's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Strict financial and other controls are exercised by the Group over the operating subsidiaries. They include:

- preparation of subsidiary and Group business plans which includes the identification of, and the assessment of, business and financial risks;
- monitoring of actual results compared with budgets and business plans;
- operating treasury transactions as non-profit making and limiting its authority to:
  - hedging foreign exchange exposure in as risk averse way as possible; and
  - the negotiation and management of the Group's cash, borrowing and bank facilities;
- defined procedures for the appraisal, review and authorisation of capital expenditure.

The Board has reviewed the effectiveness of the Group's system of internal financial control.

The auditors, KPMG, have confirmed that in their opinion, with respect to the directors' statement on internal financial control and going concern above, the directors have provided the disclosures required by paragraph 4.5 and 4.6 of the code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements and that the above directors' statement appropriately reflects the company's compliance with the other paragraphs of the Code specified by the Listing Rules for their review. They have carried out their review in accordance with the Bulletin issued by the Auditing Practices Board, which does not require them to perform any additional work necessary to express a separate opinion on the effectiveness of either the Group's system of internal financial control or corporate governance procedures, or on the ability of the Group to continue in operational existence.

Directors' remuneration

The Group's policy is to provide a remuneration package to executive directors to attract, retain and motivate individuals of the calibre required, and to ensure that the Group is managed successfully in a manner appropriate to the company's size. This is currently provided in the form of a basic salary and suitable benefits in kind. In forming its policy, the Board has given full consideration to the London Stock Exchange's best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of directors of similar companies.

Details of each element of the directors' remuneration are given in note 5 to the accounts. No director has a service contract and there are no share option schemes or other long term incentive schemes. Whilst it remains appropriate for the Group to be managed without non-executive directors the Group is unable to comply with the London Stock Exchange's suggested provisions for a Remuneration Committee.

Auditors

Our auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the Annual General Meeting for the appointment of KPMG Audit Plc as auditors of the company.

John W. Goodwin

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

J. W. GOODWIN,
Chairman.

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

27th September, 1996

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 or loss 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 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 7 to 18.

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, 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

Birmingham
27th September, 1996

GOODWIN PLC

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th APRIL, 1996

	Note	1996 £'000	1995 £'000
TURNOVER	2	**22,994**	17,045
Cost of sales		**(17,563)**	(13,737)
GROSS PROFIT		**5,431**	3,308
Distribution costs		**(758)**	(684)
Administrative expenses		**(2,440)**	(2,220)
OPERATING PROFIT		**2,233**	404
Share of profit/(losses) of associated undertaking		**2**	(23)
Net interest payable	3	**(209)**	(167)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	**2,026**	214
Tax on profit on ordinary activities	7	**(729)**	(107)
PROFIT FOR THE FINANCIAL YEAR	8	**1,297**	107
Proposed ordinary dividend	9	**(212)**	(47)
Proposed extraordinary dividend	9	**(1,080)**	–
RETAINED PROFIT FOR THE FINANCIAL YEAR		**5**	60
Earnings per ordinary share	10	**18.01p**	1.49p

A statement of movement on reserves is given in note 20.

All of the Groups activities related to continuing operations.

GOODWIN PLC

BALANCE SHEETS

At 30th APRIL, 1996

	Notes	Group 1996 £'000	Group 1995 £'000	Company 1996 £'000	Company 1995 £'000
FIXED ASSETS					
Tangible assets	11 & 12	**3,479**	3,157	**669**	682
Investments	13	**37**	35	**1,543**	1,553
		3,516	3,192	**2,212**	2,235
CURRENT ASSETS					
Stocks	14	**3,357**	3,633	**–**	–
Debtors:					
Due within one year	15	**4,705**	4,473	**3,275**	2,197
Due after one year	15	**19**	–	**270**	–
		4,724	4,473	**3,545**	2,197
Cash at bank and in hand		**166**	262	**1**	111
		8,247	8,368	**3,546**	2,308
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	**(7,528)**	(7,199)	**(2,910)**	(2,251)
NET CURRENT ASSETS		**719**	1,169	**636**	57
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,235**	4,361	**2,848**	2,292
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	17	**(106)**	–	**–**	–
PROVISIONS FOR LIABILITIES AND CHARGES	18	**–**	(281)	**–**	(64)
NET ASSETS		**4,129**	4,080	**2,848**	2,228
CAPITAL AND RESERVES					
Called up share capital	19	**720**	720	**720**	720
Profit and loss account	20	**3,389**	3,340	**2,128**	1,508
SHAREHOLDERS' FUNDS - EQUITY		**4,109**	4,060	**2,848**	2,228
MINORITY INTERESTS - EQUITY		**20**	20	**–**	–
		4,129	4,080	**2,848**	2,228

These financial statements were approved by the Board of directors on 27th September, 1996 and signed on its behalf by:

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

John W. Goodwin

RS Goodwin

GOODWIN PLC

GROUP CASH FLOW STATEMENT

For the year ended 30th APRIL, 1996

	Notes	1996 £'000	1996 £'000	1995 £'000	1995 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES ...	22		**3,487**		538
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Dividends paid		**(47)**		(47)	
Interest paid		**(214)**		(172)	
Interest received		**5**		5	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			**(256)**		(214)
CORPORATION TAX PAID			**(98)**		(113)
INVESTING ACTIVITIES					
Acquisition of associated undertaking		**–**		(50)	
Fixed asset additions		**(685)**		(1,012)	
Fixed asset disposals		**29**		18	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES ...			**(656)**		(1,044)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ...			**2,477**		(833)
FINANCING					
Capital element of finance lease payments	24	**(8)**		–	
NET CASH OUTFLOW FROM FINANCING			**(8)**		–
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23		**2,469**		(833)

GOODWIN PLC

OTHER PRIMARY FINANCIAL STATEMENTS

For the year ended 30th APRIL, 1996

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1996 £'000	1995 £'000
Profit for the financial year	**1,297**	107
Exchange adjustments on foreign currency net investments	**44**	10
Total recognised gains and losses for the financial year	**1,341**	117

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Profit for the financial year	**1,297**	107
Dividends	**(1,292)**	(47)
	5	60
Other recognised gains and losses relating to the year (net)	**44**	10
NET ADDITIONS TO SHAREHOLDERS' FUNDS	**49**	70
Opening shareholders' funds	**4,060**	3,990
CLOSING SHAREHOLDERS' FUNDS	**4,109**	4,060

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 these 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.

(iv) For associated undertakings, the Group includes its share of profits and losses in the consolidated profit and loss account and its share of post acquisition retained profits or accumulated deficits in the consolidated balance sheet.

(c) Depreciation

Depreciation is calculated so as to write down 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
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. In determining the cost of raw materials the FIFO method is used. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is based on the estimated selling price less further costs of completion and selling expenses.

(e) Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

For consolidation purposes the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

(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.

(g) Leasing

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life, or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. Turnover

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

	1996 £'000	1995 £'000
The analysis of turnover by destination is as follows:		
United Kingdom	9,680	8,643
Rest of Europe	4,469	3,522
Other	8,845	4,880
	22,994	17,045

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

3. Net interest payable

	1996 £'000	1995 £'000
Interest payable on overdrafts	214	172
Less: Interest receivable on bank deposits	(5)	(5)
	209	167

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:	1996 £'000	1995 £'000
Depreciation and amortisation of tangible fixed assets		
– owned	461	481
– held under finance lease	23	–
Operating lease rentals for hire of plant and machinery	25	40
Auditors' remuneration and expenses	50	42

Fees charged by the company's auditors in respect of work carried out in the year for non audit services amounted to £29,000 *(1995: £14,000).*

In the opinion of the directors the Group only has one principal trading activity and therefore they do not consider there to be any requirement for segmental disclosure under SSAP 25 on the basis of materiality.

5. Directors' Remuneration

The remuneration of the directors of the company was:	1996 £'000	1995 £'000
As executives:		
– Salary	248	221
– Benefits	28	28
– Performance related bonuses	–	–
– Pension contributions	17	17
	293	266

	Salary 1996 £'000	Bonus 1996 £'000	Profit related pay 1996 £000	Benefits in kind 1996 £'000	Total 1996 £'000	Total 1995 £'000	Pension contributions 1996 £'000	Pension contributions 1995 £'000
Executive directors								
J. W. Goodwin	94	–	–	9	103	90	5	5
R. S. Goodwin	94	–	–	9	103	90	5	5
H. J. Horton	60	–	–	10	70	69	7	7
	248	–	–	28	276	249	17	17

The emoluments of the chairman, who was also the highest paid director, excluding pension contributions, were £103,000 *(1995: £90,000).* No directors have received remuneration during the year which was solely performance related.

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

	1996 Number	1995 Number
£70,001 – £75,000	1	1
£85,001 – £90,000	–	2
£100,001 – £105,000	2	–

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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:

	1996 Number	1995 Number
Works personnel	**307**	289
Administrative staff	**30**	26
	337	315

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	**5,223**	4,666
Social security costs	**514**	475
Other pension costs	**17**	25
	5,754	5,166

7. Tax on profit on ordinary activities

	1996	1995
Taxation charge based on the profit for the year of the Group:	**£'000**	£'000
U.K. corporation tax at 33% *(1995: 25% to 33%)*	**706**	121
Associated undertaking	**-**	(8)
Deferred taxation charge/(credit)	**23**	(3)
Overseas taxation	**-**	(3)
	729	107

The effective rate for the year has been increased by taxable losses in overseas companies and unrealised exchange losses. The associated deferred tax asset has not been recognised.

8. Profit for the financial year

The consolidated profit for the financial year includes a profit of £1,912,000 *(1995: £68,000)* which has been dealt with in the financial statements of the parent company.

9. Proposed dividend

The proposed ordinary dividend of £211,680 *(1995: £47,160)* represents 2.94p per share *(1995: 0.655p per share).*

The proposed extraordinary dividend of £1,080,000 *(1995: £Nil)* represents 15.00p per share.

10. Earnings per ordinary share

The earnings per ordinary share has been calculated on profit after taxation on ordinary activities of £1,297,000 *(1995: £275,000)* and by reference to the 7,200,000 ordinary shares in issue throughout both years.

11. Tangible fixed assets of the Group

	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At beginning of year	1,339	35	4,617	1,138	7,129
Additions	–	–	456	376	832
Disposals	–	–	(146)	–	(146)
Exchange adjustments	17	–	–	1	18
At end of year	1,356	35	4,927	1,515	7,833
Depreciable assets	1,059	35	4,927	1,515	7,536
Depreciation and amortisation					
At beginning of year	357	12	2,778	825	3,972
Charged in year	32	1	369	82	484
Disposals	–	–	(103)	–	(103)
Exchange adjustments	1	–	–	–	1
At end of year	390	13	3,044	907	4,354
Net book value					
At 30th April, 1995	982	23	1,839	313	3,157
At 30th April, 1996	**966**	**22**	**1,883**	**608**	**3,479**

The net book value of plant and machinery held under finance leases at 30th April 1996 was £124,950 *(1995: Nil).*

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. Tangible fixed assets of the company

	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost					
At beginning of year	633	35	247	768	1,683
Additions	–	–	24	70	94
Disposals	–	–	(10)	–	(10)
At end of year	633	35	261	838	1,767
Depreciable assets	590	35	261	838	1,724
Depreciation and amortisation					
At beginning of year	224	12	141	624	1,001
Charged in year	14	1	24	65	104
Disposals	–	–	(7)	–	(7)
At end of year	238	13	158	689	1,098
Net book value					
At 30th April, 1995	409	23	106	144	682
At 30th April, 1996	**395**	**22**	**103**	**149**	**669**

13. Investments

(a) **Group**

	Interest in associated undertaking £'000
Cost	
At beginning and end of year	50
Share of post acquisition reserves	
At beginning of year	(15)
Share of profits for year	2
At end of year	(13)
Net book value	
At 30th April, 1995	35
At 30th April, 1996	**37**

(b) **Company**

	Subsidiary undertakings £'000	Interest in associated undertaking £'000	Total £'000
Cost			
At beginning of year	1,518	50	1,568
Disposals in year	(10)	–	(10)
At end of year	1,508	50	1,558
Provisions			
At beginning and end of year	–	(15)	(15)
Net book value			
At 30th April, 1995	1,518	35	1,553
At 30th April, 1996	**1,508**	**35**	**1,543**

The disposal relates to the sale of the investment by Goodwin Plc in Goodwin y Asociados CA.

13. Investments *(continued)*

(c) Investments of the company in shares in subsidiary undertakings

The company is the beneficial owner of the issued share capital of the following principal subsidiary undertakings, all involved in mechanical and refractory engineering:

Subsidiary undertakings	*Country of Incorporation or registration and operation*	*Type of shares*	*% held*
Goodwin International Limited	England and Wales	Ordinary	100
		Preference	100
Goodwin Steel Castings Limited	England and Wales	Ordinary	100
Hoben Davis Limited	England and Wales	Ordinary	100
		Preference	100
Hoben Industrial Minerals Limited	England and Wales	Ordinary	100
Easat Antennas Limited	England and Wales	Ordinary	87½
Goodwin GmbH	Germany	Ordinary	100
Goodwin Korea Co. Limited	Korea	Ordinary	95
Goodwin STK Metal and Minerals Limited	Hong Kong	Ordinary	100

(d) Interest in associated undertaking

The interest in associated undertaking at 30th April 1996 comprises the company's investment of 50% in the ordinary share capital of Wiggin Alloy Products Limited, a joint venture with Inco Alloys Limited. The principal activity of Wiggin Alloy Products Limited is the distribution of metal alloys to the UK market. It is incorporated in Great Britain, is registered in England and Wales and has £100,000 of issued ordinary shares of £1 each.

14. Stocks

	Group	
	1996	1995
	£'000	£'000
Raw materials and consumables	**1,867**	1,521
Work in progress	**1,134**	1,487
Finished goods and goods for resale	**356**	625
	3,357	3,633

15. Debtors

	Group		Company	
	1996	1995	**1996**	1995
Due within one year	**£'000**	£'000	**£'000**	£'000
Trade debtors	**4,287**	3,780	**–**	–
Amounts owed by associated undertakings ...	**193**	376	**–**	–
Amounts owed by subsidiary undertakings ...	**–**	–	**1,563**	2,156
Other debtors	**60**	186	**42**	10
Prepayments and accrued income	**165**	131	**46**	31
Dividends receivable	**–**	–	**1,624**	–
	4,705	4,473	**3,275**	2,197
Due after one year				
Advance Corporation Tax recoverable	**19**	–	**270**	–
	4,724	4,473	**3,545**	2,197

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

16. Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Bank overdrafts	**267**	2,876	**337**	894
Payments received on account	**158**	384	**–**	–
Trade creditors	**4,123**	3,306	**41**	63
Amounts owed to subsidiary undertakings	**–**	–	**774**	1,096
Amounts owed to associate undertaking	**8**	–	**8**	–
Other creditors including taxation and social security:				
Corporation tax	**718**	110	**45**	77
Advanced Corporation tax	**323**	12	**323**	12
Other taxes	**150**	99	**35**	1
Social Security	**160**	89	**17**	11
Obligations under finance leases	**33**	–	**–**	–
Other creditors	**67**	3	**–**	–
	1,451	313	**420**	101
Accruals and deferred income	**229**	273	**38**	50
Proposed dividends	**1,292**	47	**1,292**	47
	7,528	7,199	**2,910**	2,251

17. Creditors: Amounts falling due after more than one year

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Obligations under finance leases				
Repayable between 2 and 5 years	**106**	–	–	–

18. Provisions for liabilities and charges

	Deferred taxation	
	Group	Company
	£'000	£'000
Balance at beginning of year	281	64
Advance corporation tax	(304)	(53)
Charge/(credit) for the year in the profit and loss account	23	(11)
Balance at end of year	–	–

The amount provided for deferred taxation, which is the full potential liability calculated on the liability method at 33% *(1995: 33%)*, is set out below:

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Difference between accumulated depreciation and amortisation and capital allowances	**304**	290	**53**	73
Advance corporation tax recoverable	**(304)**	(9)	**(53)**	(9)
Other timing differences	**–**	–	**–**	–
	–	281	**–**	64

19. Share capital

	1996	1995
	£'000	£'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720

20. Profit and loss account

	Group	Company
	£'000	£'000
At beginning of year	3,340	1,508
Retained profit for the year	5	620
Exchange gain on re-translation of overseas subsidiaries net assets	44	24
Exchange loss on re-translation of foreign currency liabilities related to overseas investments	–	(24)
At end of year	3,389	2,128

Cumulative goodwill in the Group amounting to £221,000 *(1995: £221,000)* arising on the acquisition of subsidiary undertakings has been written off in previous years.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

26. Commitments

(a) **Capital commitments**

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

	Group		Company	
	1996	1995	**1996**	1995
	£'000	£'000	**£'000**	£'000
Contracted	**60**	135	**12**	80
	72	425	**12**	80

(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.