

GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT



DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2023

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GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907

Established 1883

T. J. W. Goodwin (Chairman)	<i>Directors:</i> M. S. Goodwin (Managing Director) Mechanical Engineering Division	S. R. Goodwin (Managing Director) Refractory Engineering Division
N. Brown	B. R. E. Goodwin	J. E. Kelly (Non-Executive Director)

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

Registrar and share transfer office:
Computershare Investor Services PLC,
The Pavilions, Bridgwater Road,
Bristol, BS99 6ZZ

Auditor:
RSM UK Audit LLP,
Festival Way, Festival Park, Stoke-on-Trent, ST1 5BB

NOTICE IS HEREBY GIVEN that the EIGHTY-EIGHTH ANNUAL GENERAL MEETING of the Company will be held at 10.30am on Friday, 29th September, 2023 at Crewe Hall, Weston Road, Crewe, Cheshire CW1 6UZ for the purpose of considering and, if thought fit, passing the following resolutions which are proposed as ordinary resolutions.

1. To receive the Directors' Reports and the audited financial statements for the year ended 30th April, 2023.
2. To approve the payment of the proposed ordinary dividend on the ordinary shares.
3. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30th April, 2023, as stated on pages 34 to 38 of the Directors' Report.
4. To re-appoint RSM UK Audit LLP as auditor and to authorise the Directors to determine their remuneration.

By Order of the Board

J. L. Martin
Secretary

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent
7th August, 2023

NOTES TO NOTICE OF ANNUAL GENERAL MEETING:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post, by scanned copy sent to proxies@goodwingroup.com or (during normal business hours only) by hand at Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR no later than 10.30am on 27th September, 2023.
3. The return of a completed proxy form or other such instrument will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person, to whom this notice is sent, who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 10.30am on 27th September, 2023 (or, in the event of any adjournment, 10.30am on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. As at 4th August, 2023 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 7,509,600 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 4th August, 2023 are 7,509,600.
8. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by The Chartered Governance Institute on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.
10. None of the Directors has a service contract with the Company.
11. If approved by shareholders at the Annual General Meeting on 29th September, 2023, the ordinary dividends of 115p per share will be payable in equal instalments of 57.5p per share on 6th October, 2023 and on or around 12th April, 2024 to shareholders on the register on 15th September, 2023 and on or around 22nd March, 2024 respectively.

GOODWIN PLC

CHAIRMAN'S STATEMENT

The "Trading" pre-tax profit for the Group for the twelve month period ended 30th April, 2023, was £18.9 million (2022: £17.2 million) an increase of 10% on revenue of £186 million (2022: £144 million). Trading profit for this purpose is defined as the Group pre-tax reported profit of £22.1 million less the positive impact of our interest rate swap, having increased in value by a further £3.2 million. The £3.2 million movement relates to the 30th April, 2023 valuation of our £30 million interest rate swap derivative that expires in August 2031, whereby we have fixed our interest rate on £30 million of debt for ten years at less than 1% for a ten year term. We described in the Chairman's statement within last years Annual Report why the movements in valuation of the interest rate swap shall be excluded, as well as being excluded for dividend purposes.

The Directors propose an increased dividend of 115p (2022: 107.80p) per share.

For the financial year ending on 30th April 2023, the Group has demonstrated substantial progression in its transformation, particularly noted in the handling of increased workload. There was a significant 68% increase in order intake compared to the last year, predominantly at Goodwin Steel Castings Limited and Goodwin International Limited, contributing to the start of the rebound of our Mechanical Engineering Division, which had experienced challenges in recent years. As of the date of the current report, the Group's cumulative future orders stand at record £271 million.

Mechanical Engineering Division

Whilst there has been some resurgence for petrochemical valves for new LNG projects around the world, due to energy uncertainty from current world events, assisting our valve manufacturing companies, it is the combined package that our foundry, Goodwin Steel Castings and the precision project engineering facility Goodwin International offers, which has led to the largest part of new orders shown in the Group workload, with them being primarily for the nuclear decommissioning and naval markets.

Due to the work that these two businesses have excelled at, whilst diversifying away from their mainstay of petrochemical-based work a decade ago, be it discrete orders or orders that combine the skillset of the organisations, the future looks bright. The programmes of work, that are actively ramping up now, are being exploited to win more and more of the same, supporting projects that will still be ongoing in a decade's time.

A lot of this work has only been possible as a result of the significant investment into Goodwin Steel Castings over recent years. We focused on what needed to be done to become one of the West's large casting suppliers of choice for large technically advanced castings that we are manufacturing now. These investments look set to repay the faith the Board had in the company and after a long drought, they should now meaningfully contribute to the Group's performance going forward.

The supply of heavy duty submersible pumps, primarily to the mining industry, is 19% up on last year. The pump companies in India, Brazil, Australia and South Africa continue to convert customers from competitors' pumps that are not as reliable and robust as the Goodwin pump, which is specifically designed for the most demanding applications. In the year, a new hydraulically powered variant of our submersible slurry pump that can be mounted directly on 10 – 30 tonne excavators, driven by the excavator's hydraulics, was launched. The addition of this hydraulic pump opens up a new market area (Heavy Construction) in terms of customers and applications that will complement the natural growth that is expected for the electrically driven pumps. It will be a distributor-based market with the pump being marketed as an excavator accessory, thus allowing all the

CHAIRMAN'S STATEMENT *(continued)*

existing pump companies, that are profitable, to bolt on a complementary product with minimal increases in overheads, all for applications that do not compete with our existing pump business.

Duvelco, the Group's latest and largest investment into a new business area, which will facilitate the production of high operational temperature polyimide polymer resins, is on course to be completed in line with our previously disclosed timeline. Commercial operation of our initial plant is expected to occur prior to June 2024. As soon as production material is available, the team will look to commence gaining sales traction and break into this new market sector for the Group.

It has been a good year with real progress being made. The Division has adeptly navigated contract and customer management challenges across all sectors, with the overall divisional profitability up 33% on an increased turnover of 41%.

Refractory Engineering Division

In the year there have been two major notable successes. The first major achievement has occurred at Brassington in Derbyshire, where the team at Hoben International Limited (Hoben) has successfully installed and commissioned a second calciner. The calciner supplies one of the key raw materials for the investment casting powder, and as such, the installation not only enables the Division to continue to grow, but has provided the Division with a level of business continuity that we never had the benefit of before. In order to increase capacity to accommodate continued growth in ground silica sales, a third ball mill is in the process of being installed and is planned to be commissioned before the end of the calendar year.

The second success relates to Dupré Minerals Limited (Dupré), which supplies a range of refractory products that typically contain vermiculite. During the year the Company has achieved record trading profits by increasing its profitability by over 50%. The Company has maximised its position through the supply of its traditional products as well as growing its newer products. The energy crisis brought on by the Ukraine conflict has led to a surge in the number of wood stoves being installed, for which Dupré supplies the internal vermiculite insulation boards.

In addition to the supply of boards, Dupré's internally developed product, known as AVD that addresses the burning issues surrounding lithium-ion battery fires has taken a step forward. The momentum in sales is starting to provide a respectable contribution to the Group's profits. AVD extinguishing agent and fire extinguishers are now being sold in over forty five countries with additional distributors being appointed in new territories on a regular basis. In recent weeks Underwriters Laboratory (UL) certification for component recognition of AVD as an extinguishing agent and certification of a six litre fire extinguisher containing AVD to UL8 has now been obtained. This is a significant milestone for opening up sales into the USA and other global markets that require UL Certification and it has been pleasing to see that the order input via multiple sources for AVD in the first two months of this financial year was equal to more than the last half of 2023. Expansion of the AVD manufacturing capacity is planned in the coming year.

Sales of jewellery investment powder, moulding rubber and injection waxes have remained strong within the year. Final customer approvals for X-Sil respirable silica free investment powder are in their final stages at key reference customers in the USA and Europe. This has been a long process which should start to generate sales in the coming year. India remains the key growth country for jewellery production around the world and in order to increase production capacity for both investment powder and injection wax production in India a newly constructed larger production facility will be completed and commissioned within the current financial year.

CHAIRMAN'S STATEMENT *(continued)***Carbon Reduction Activities**

Over the course of the year, the Group has continued working on its carbon neutral programme and has spent a further £2 million on renewables, specifically solar panels where the power generated will be utilised on site. In total, the Group has now completed sixteen of the twenty two individual electricity projects that were initially targeted, which includes the installation of 5.7 MWp of solar panels. The results of this will reduce the Group's electricity purchased from the national grid by over 24.7% per year, amounting to savings of over £1 million per year, providing a reduction of 1,365 tonnes equivalent of carbon dioxide (CO₂) per year. As noted in last year's Annual Report, the remaining projects are being held up by the District Network Operator. Once this permission, along with planning permission where required, has been obtained there is potential to install a further 10MW of solar panels across our sites. Over half of this will be based at Hoben in Derbyshire where we intend to also apply for planning for two 2.5MW wind turbines. The power generated from these installations will be fully utilised by the Group and will not be exported back to the grid.

Two other major components of the carbon neutral programme are the conversion of our 4MW/hr natural gas burners on both calciners at Hoben to hydrogen and offsetting our CO₂ footprint, that cannot be eliminated in its entirety without ceasing operation. Despite two unsuccessful grant applications to BEIS to mitigate the very high cost of the electrolysis machine required to make onsite green hydrogen, we are continuing to pursue government support, as the Group's carbon neutral target heavily depends on finding an alternative to burning natural gas. However, for all other gas processes that cannot be converted, the company has purchased a new 1,180 acre plot of land that is ideally suited for planting 560,000 broad leaf trees. The planting scheme will be one of the largest in the UK and over the next fifty five years will offset an average of 2,168 tonnes of CO₂ per year, which for example, covers 100% of the CO₂ emissions that are generated at the foundry from burning natural gas, as well as being able to offset other subsidiary gas burning processes.

Cashflow

The significant increase in order input and the downpayments associated with these orders, coupled with the not insignificant levels of non-cash depreciation charges (£8 million) that occur annually, provided the Group with a very strong cash generation in the year ended 30th April, 2023. Notwithstanding the £23 million of capital expenditure that has occurred in the year, the Group's net debt reduced to finish at £33 million which equates to a modest gearing of 26.3%. The major areas of expenditure relate to the second calciner, Duvelco polymer production plant and extending the melt shop at the foundry to enable a greater level of production capacity. Furthermore, the initial costs in relation to a new 7,690sqm building in India, for which the Board had approved the investment, due to both the refractory and pump businesses reaching capacity within the existing facility, were also incurred in the year ending 30th April, 2023.

With the growth that is expected in the years to come, the Group has recently renewed a £10 million revolving credit facility. This is as well as securing an additional £25 million of committed banking facilities on effectively a four year term, as a prudent policy to ensure that guaranteed facilities and the appropriate level of headroom is available to the Group, should it ever be required. The total value of our facilities now available to fund the Group is £75.5 million, of which at the year end we were only utilising 48%.

In line with the activity, the Group's employee numbers are starting to increase. Our apprenticeship programme continues to insulate the Group from the skills shortages that exists in the local area. To date, a total of three hundred apprentices have completed

CHAIRMAN'S STATEMENT *(continued)*

the course at the Training Centre, with the vast majority of them now working within the subsidiaries and the Group's twelfth cohort of thirty apprentices will be starting in September 2023.

In March 2023, John Connolly, who had been the Group Chief Accountant and a Director of Goodwin PLC for sixteen years, retired. He had worked for the Goodwin Group for over twenty seven years and the Board takes the opportunity of thanking him for his hard work and loyalty over the years, which helped move the Group forward. We wish him much happiness in his retirement. We are also pleased to report that Adam Deeth has been brought on board as a highly capable replacement for the Group Chief Accountant role.

We are once again extremely grateful to our UK and overseas directors, managers and employees for their hard work in driving forward the performance of the Group.

7th August, 2023

T. J. W. Goodwin
Chairman

Alternative performance measures mentioned above are defined on page 104.

GOODWIN PLC

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 30th April, 2023

	Notes	2023 £'000	2022 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	185,742	144,108
Cost of sales		(139,521)	(101,404)
GROSS PROFIT...		46,221	42,704
Distribution expenses		(3,741)	(3,743)
Administrative expenses		(22,167)	(20,654)
OPERATING PROFIT		20,313	18,307
Finance costs (net)	7	(1,438)	(1,169)
Share of profit of associate company	14	65	63
TRADING PROFIT		18,940	17,201
Additional year on year unrealised gain on 10 year interest rate swap derivative... ..		3,189	2,740
PROFIT BEFORE TAXATION	5	22,129	19,941
Tax on profit*	8	(5,616)	(6,321)
PROFIT AFTER TAXATION...		16,513	13,620
ATTRIBUTABLE TO:			
Equity holders of the parent		15,904	12,980
Non-controlling interests		609	640
PROFIT FOR THE YEAR		16,513	13,620
BASIC EARNINGS PER ORDINARY SHARE (in pence)**	9	206.81p	169.14p
DILUTED EARNINGS PER ORDINARY SHARE (in pence)	9	206.81p	169.14p

* The Group has received significant benefit from the UK superdeduction capital allowances programme, that has substantially reduced the corporation tax payable in the UK. For further details, see the additional commentary in note 8.

The full financial statements and accompanying notes are on pages 48 to 104.

OBJECTIVES, STRATEGY AND BUSINESS MODEL

The Group's main **OBJECTIVE** and **PURPOSE** is to have a sustainable long-term engineering based business with good potential for profitable growth while providing a fair return to our shareholders.

The Board's **VALUES** of engineering excellence, quality, efficiency, reliability, competitive price and delivery contribute to the delivery of its strategy.

The Board's **STRATEGY** to achieve this is:

- to supply a range of technically advanced products to growth markets in the Mechanical Engineering and Refractory Engineering segments in which we have built up a global reputation for engineering excellence, quality, efficiency, reliability, competitive price and delivery;
- to manufacture advanced technical products profitably, efficiently and economically;
- to maintain an ongoing programme of investment in plant, facilities, sales and marketing, research and development with a view to increasing efficiency, reducing costs, increasing performance, delivering better products for our customers, expanding our global customer base and keeping us at the forefront of technology within our markets, whilst at all times taking appropriate steps to ensure the health and safety of our employees and customers;
- to control our working capital and investment programme to ensure a safe level of gearing;
- to maintain a strong capital base to retain investor, customer, creditor and market confidence and so help sustain future development of the business;
- to support a local presence and a local workforce in order to stay close to our customers;
- to invest in training and development of skills for the Group's future;
- to manage the environmental and social impacts of our business to support its long-term sustainability.

BUSINESS MODEL

The Group's focus is on manufacturing within two sectors, Mechanical Engineering and Refractory Engineering, and through this division of our manufacturing activities, our overseas business facilities and our global sales and marketing activities, the Group benefits from market diversity. Further details of our business and products are shown on our website www.goodwin.co.uk.

Mechanical Engineering

The Group specialises in supplying precision engineered solutions and industrial goods into critical applications, generally on a project basis, more often than not involving the complementary skill set of other group companies to deliver the requirement. The projects normally involve international procurement, high integrity castings, forgings or wrought high alloy steels, carbon fibre composite structures, precision CNC machining, complex welding and fabrication, and other operations as are required. In addition to specialist projects, the Group manufactures and sells a wide range of dual plate check valves, axial nozzle check valves and axial piston control and isolation valves. These solutions and products typically form part of large construction projects, including the construction of naval vessels, nuclear waste treatment, nuclear power generation, liquefied natural gas (LNG), gas, oil, petrochemical, mining, and water markets.

We generate value by creating leading edge technology designs, globally sourcing the best quality raw material at good prices, manufacturing in highly efficient facilities using up to date technology to provide very reliable products to the required specification, at competitive prices and with timely deliveries.

The Group through its foundry, Goodwin Steel Castings Limited, has the capability to pour high performance alloy castings up to 35 tonnes, radiograph and also finish CNC machine and fabricate them at the foundry's sister company, Goodwin International Limited. This capability is targeting the defence industry and nuclear decommissioning, the oil and gas industry, as well as large, global projects requiring high integrity machined castings.

Goodwin International Limited, the largest company in the Mechanical Engineering Division, not only designs and manufactures dual plate check valves, axial nozzle check valves and axial piston control and isolation valves but also undertakes specialised CNC machining and fabrication work for nuclear decommissioning projects. Goodwin International Limited also

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

has a division that is focused on manufacturing / machining high precision, high integrity components for naval marine vessels. Noreva GmbH also designs, manufactures and sells axial nozzle check valves. Both Goodwin International Limited and Noreva GmbH purchase the majority of the value of their sand mould castings from Goodwin Steel Castings Limited for their ranges of check valves and this vertical integration gives rise to competitive benefits, increased efficiencies and timely deliveries.

At Goodwin Pumps India Private Limited we manufacture a superior range of submersible slurry pumps for end users in India, Brazil, Australia and Africa. Easat Radar Systems Limited and its subsidiary, NRPL Aero Oy, design and build bespoke high-performance radar surveillance systems for the global market of major defence contractors, civil aviation authorities and coastal border security agencies. Easat has a sister company, Easat Radar Systems India Private Limited, that also manufactures, sells and maintains radar systems. We create value on these by innovative design, assembly and testing in our own facilities using bought in or engineered in-house components.

Refractory Engineering

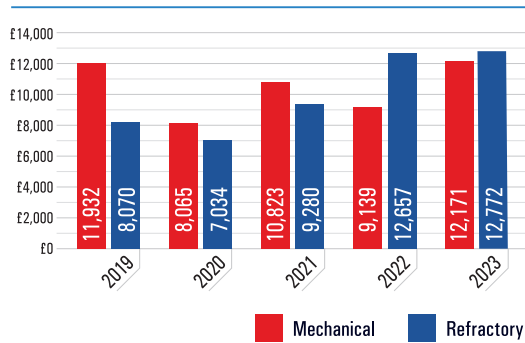
Within the Refractory Engineering Division, Goodwin Refractory Services Limited (GRS) generates value primarily from designing, manufacturing and selling investment casting powders, injection moulding rubbers and waxes to the jewellery casting industry. GRS also manufactures and sells these products to the tyre mould and aerospace industries. The Refractory Engineering Division has five other investment powder manufacturing companies located in China, India and Thailand which sell the casting powders directly and through distributors to the jewellery casting industry and also directly to tyre mould and aerospace industries.

These companies are vertically integrated with another of our UK companies, Hoben International Limited (Hoben), which manufactures cristobalite, which it sells to the six casting powder manufacturing companies as well as producing ground silica that also goes into casting powders and other UK uses of silica. Hoben now also manufactures different grades of perlite, and a patented range of biodegradable bags, known as Soluform, for use inside traditional hessian / jute bags for the placement of concrete in or around rivers.

The other UK refractory company is Dupré Minerals Limited (Dupré) which focuses on producing exfoliated vermiculite that is used in insulation, brake linings and fire protection products, including technical textiles that can withstand exposure to high temperatures. Dupré also sells consumable refractories to the shell moulding precision casting industry. Dupré has designed, patented and is now selling a range of fire extinguishers and an extinguishing agent for lithium-ion battery fires that utilises a vermiculite dispersion as the fire extinguishing agent.

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

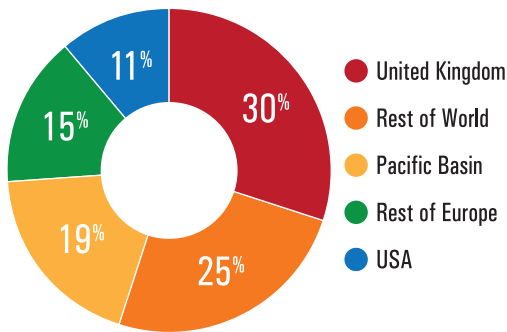
Divisional Split of Operating Profits (£'000)



BUSINESS DIVERSITY AND PERFORMANCE

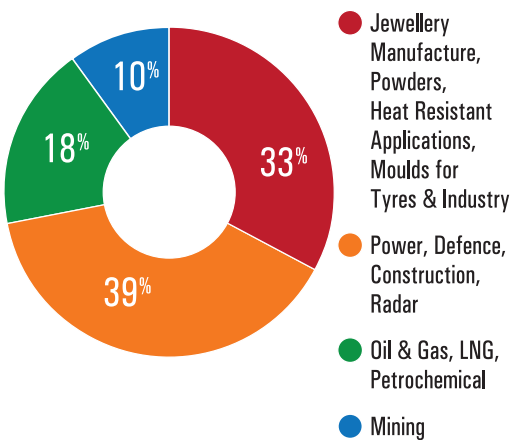
As can be seen in note 3 to these financial statements, in the year to 30th April, 2023 the operating profits of the Group increased 11% year on year. With the Mechanical Engineering Division having generated 49% of the Group's operating profit and the Refractory Engineering Division having generated 51%. The split between the divisions remains largely unchanged due to the ongoing success of the Refractory Engineering Division as sales of its core products continued to be buoyant throughout the year, especially within the Indian investment casting powder market which is supplied by our factory in Chennai.

External Revenue: Geographical Segmental Analysis



Furthermore, whilst the Mechanical Engineering Division revenue has increased by 41% in the year, its operating profit has increased by 33%, which is a feature of the work starting to actively ramp up coupled with the initial lower levels of factory throughput that occurs at the beginning of certain long-term programmes whilst the customer confirms their desired level of assurance, which may result in contractual change orders being necessary. Looking forward, the Board continues to expect the split in operating profits to swing back to a 60:40 split in favour of the Mechanical Engineering Division once the profits within these programmes starts to flow through. This is despite the Refractory Engineering Division continuing to grow, as its newer product such as the AVD fire extinguishing agents start to become a material contributor.

End-User Market Sectors: £185m Revenue



The Group's diversification is one of its key strengths that over the years has insulated it from the various negative events that have unfolded and impacted specific industries as well as specific geographical markets. The Group consists of 21 operating entities that are based in 13 different countries, that in the year supplied 52 technically sophisticated Mechanical and Refractory products to more than 100 countries. Due to this the geographical segmentation report of the Group, as is reported on pages 64, remains relatively unchanged from the prior year with a fairly even spread. Whilst the turnover to the USA only represents 11% of the Group's turnover, it has increased by over 41% versus last year, which principally relates to the increased supply of machined castings to the naval market, which will continue to grow over the next six years.

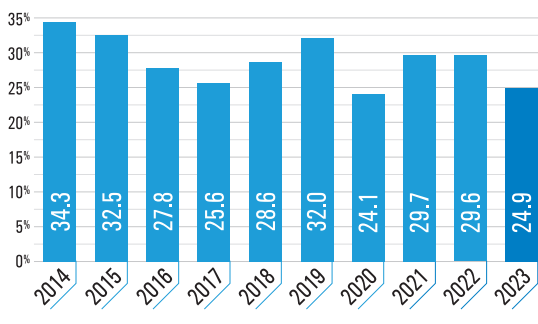
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

KEY PERFORMANCE INDICATORS

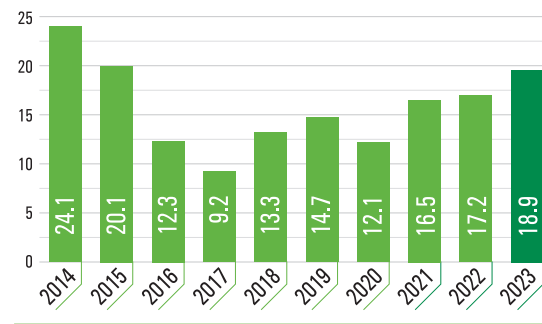
The key performance indicators for the business are listed below:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross profit as a % of turnover *	34.3	32.5	27.8	25.6	28.6	32.0	24.1	29.7	29.6	24.9
Trading profit (£ millions)	24.1	20.1	12.3	9.2	13.3	14.7	12.1	16.5	17.2	18.9
Gearing % (excluding deferred consideration)	5%	12%	26%	31%	11%	20%	18%	15%	26%	26%
Sales per employee per year (£'000)	124	112	105	114	120	117	121	116	130	162
Dividends proposed (in £ millions)	3.0	3.0	3.0	3.0	6.0	6.9	6.0	7.9	8.3	8.6

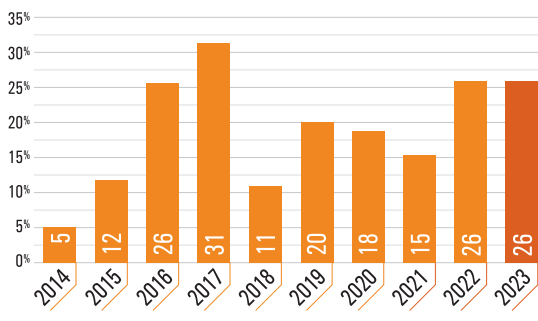
Gross Profit as a % of Turnover



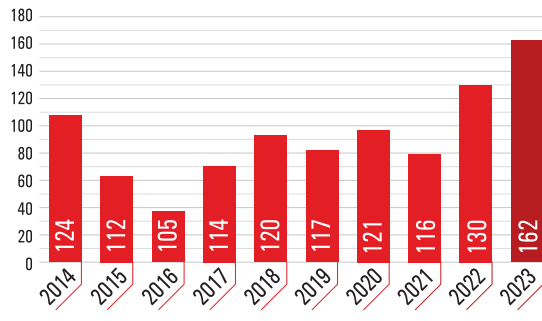
Trading profit (£ million)



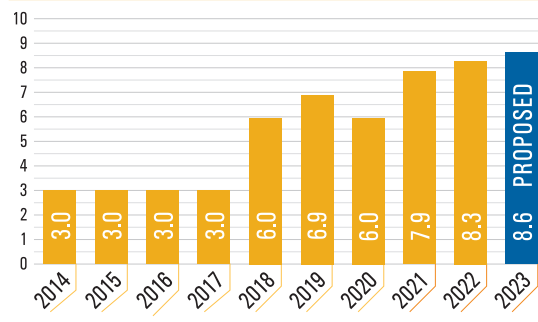
Gearing % (excluding deferred consideration)



Sales per employee per year (£'000)



Dividends (£ million)



The alternative performance measures referred to above are defined on page 104. The alternative performance measures are important to management and the readers of the Annual Report in assessing the Group's performance and benchmarking it within its respective industries.

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

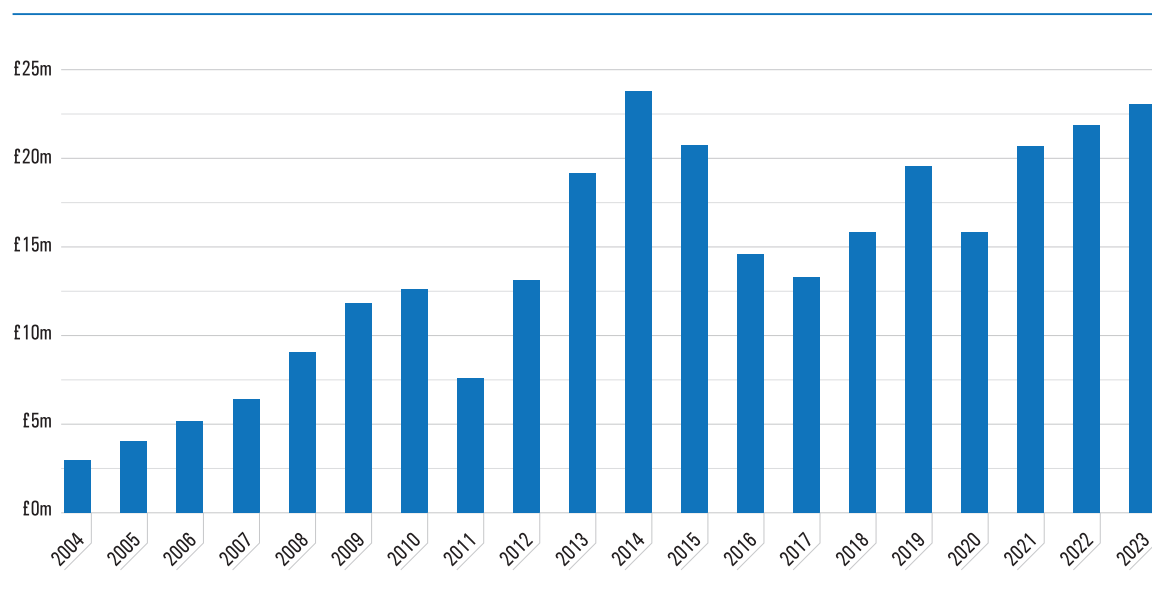
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

DIVIDEND AND CAPITAL EXPENDITURE POLICY

The Board proposes to pay a dividend of 115 pence per share, up 7% on the previous year (2022: 107.80p). The proposed dividend has been calculated using the Group’s profit after taxation figure, plus depreciation and amortisation for the year ending 30th April, 2023, after having excluded the non-cash £3.2 million mark to market unrealised gain relating to the ten year interest rate swap.

In line with expectations, following the Group's green investments, the Group finished the year with a gearing of 26.3% (2022: 25.8%). Due to the ongoing capital investment programme, the Board proposes to continue to smooth the Group’s cash flow by splitting the payment of the proposed ordinary dividends of 115 pence per share into equal instalments of 57.5 pence per share on 6th October, 2023 and on or around 12th April, 2024 to shareholders on the register on 15th September, 2023 and on or around 22nd March, 2024 respectively.

Group Annual Post Tax Profit + Depreciation + Amortisation*



*Further details are included in the Alternative Performance Measures on page 104.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations expose it to a variety of risks and uncertainties. The Directors confirm that they have carried out a robust assessment of the principal risks the Company faced, including those that would threaten its business model, future performance, solvency or liquidity.

Market risk: The Group provides a range of products and services, and there is a risk that the demand for these products and services will vary from time to time because of competitor action or economic cycles or international trade friction or even wars. As shown in note 3 to the financial statements, the Group operates across a range of geographical regions, and its turnover is split across the UK, Europe, USA, the Pacific Basin and the Rest of the World.

Operating in many territories helps spread market risk. Similarly, the Group operates in both Mechanical Engineering and Refractory Engineering sectors, mitigating the impact of a downturn in any one product area as has been seen in recent financial years.

The potential risk of the loss of any key customer is limited as, typically, no single customer accounts for more than 10% of annual turnover.

As described in the Business Model, the Group generates significant sales from nuclear new build and decommissioning, naval propulsion marine applications and ship hull components as well as from valves it supplies to LNG, oil, chemical and water markets. The Mechanical Engineering Division also sells submersible pumps that are supplied to the mining industries and radar systems that are used for civil and defence applications. The Refractory Engineering Division sells vermiculite and perlite to the insulating and fire prevention industry and our investment casting powder companies indirectly sell to the jewellery consumer market through the supply of investment casting moulding powders, waxes, silicone and natural rubber.

Technical risk: The Group develops and launches new products as part of its strategy to enhance the long-term value of the Group. Such development projects carry business risks, including reputational risk, abortive expenditure and potential customer claims which may have a material impact on the Group. The potential risk here is seen as manageable given the Group is developing products in areas in which it is knowledgeable and new products are tested as far as possible prior to their release into the market.

Product failure / contractual risk: The risks that the Group supplies products that fail or are not manufactured to specification are risks that all manufacturing companies are exposed to but we try to minimise these risks through the use of highly skilled personnel operating within robust quality control system environments, using third party accreditations where appropriate. With regard to the risk of failure in relation to new products coming on line, the additional risks here are minimised at the research and development stage, where prototype testing and the deployment of a robust closed loop product performance quality control system provides feedback to the design department for the products we manufacture and sell. The risk of not meeting safety expectations, or causing significant adverse impacts to customers or the environment, is countered by the combination of the controls mentioned within this section and the purchase of product liability insurance. The risk of product obsolescence is countered by research and development investment.

Supply chain and equipment risk: Failure of a major supplier or essential item of equipment presents a constant risk of disruption to the manufacturing in progress, especially in these times of high inflation associated with the conflict in the Ukraine. Where reasonably possible, management mitigates and controls the risk with the use of dual sourcing, continual maintenance programmes, and by carrying adequate levels of stocks and spares to reduce any disruption.

Health and safety: The Group's operations involve the typical health and safety hazards inherent in manufacturing and business operations. The Group is subject to numerous laws and regulations relating to health and safety around the world. Hazards are managed by carrying out risk assessments and introducing appropriate controls, as well as attending safety training courses.

Acquisitions: The Group's growth plan over recent years has included a number of acquisitions. There is the risk that these, or future acquisitions, fail to provide the planned value. This risk is mitigated through financial and technical due diligence during the acquisition process and the Group's inherent knowledge of the markets they operate in.

Financial risk: The principal financial risks faced by the Group are changes in market prices (interest rates, foreign exchange rates and commodity prices). As reported elsewhere within these financial statements, the Company, on 2nd July, 2021 signed a contract to mitigate the impact of interest rate risk by taking out an interest rate swap derivative fixing £30 million of notional debt at less than 1% versus the variable SONIA rate for a period of ten years, commencing 1st September, 2021. Detailed information on the financial risk management objectives and policies is set out in note 28 to the financial statements. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques, including credit insurance, stage payments, forward foreign exchange contracts, secured and unsecured credit lines.

Regulatory compliance: The Group's operations are subject to a wide range of laws and regulations. Both within Goodwin PLC and its subsidiaries, the Directors and Senior Managers within the companies make best endeavours to ensure we comply with the relevant laws and regulations. The Group ensures that high ethical standards and values are adopted, specifically with regards to anti-corruption, anti-bribery and human rights. During the year, the Group has carried out enhanced sanctions training and updated internal policies to reflect the associated risks.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

IT security: The Group performs regular and remote off site backups of its IT systems, from time to time engaging external companies to test and report any weaknesses and deficiencies found to enable solutions to be put in place to mitigate and minimise the risk of an IT security breach. The Group is in the process of re-evaluating the need to invest further in this area over the next twelve months.

Energy and Climate Change: The recent geopolitical tensions, with the current conflict in Ukraine, combined with the UK Government's energy policy over the last few years to reduce carbon emissions has left the country exposed to the fragile global energy system which has driven significant increases in the cost of power. Following the impact this has had on the Group earlier on in the year, the Group has amended its strategy to manage the risk through hedging strategies, incorporating price escalation clauses into the longer term contracts, aided by the coming on stream of increasing levels of low cost solar power around the Group. Furthermore, the Group has successfully completed sixteen of the twenty two individual electricity projects that were initially targeted, which include the installation of 5.7 MW of solar panels. The results of this will reduce the Group's electricity purchased from the national grid by over 24.7% per year, amounting to savings of over £1 million per year as compared to buying electricity from the grid.

CORPORATE SOCIAL RESPONSIBILITY

The Board as a whole is responsible for decisions relating to the long-term success of the Company and the way in which their duties have been discharged during the year in terms of the strategic, operational and risk management decisions and these can be found within the Strategic Report on pages 8 to 14.

As set out below and in line with Section 172 of the Companies Act 2006, through engagement the interests and views of the Group's employees and other stakeholders are considered by the Board within its decision-making process as well as the impact they have on the environment, our reputation and the surrounding communities. During the year, unless otherwise stated, the principal decision made in the year, impacting its stakeholders, other than routine decisions that are made on a year-on-year basis as part of running the business, was the renewal and increase of its banking facilities, as well as approval to proceed with a tender offer. For further details, see page 90.

Non-Financial and Sustainability Information Statement

As per the latest disclosure requirement, under the Companies Regulations 2022, that came into effect this year, disclosures on Climate related financial disclosures, Company's employees, community issues, social matters, human rights and anti-corruption and bribery can be found on pages 15 to 17 of the Annual Report.

Employees

Health and Safety: The Group acknowledges that many of its manufacturing processes and some materials that it handles and sells are hazardous and that providing a safe environment for people at all of our facilities is an unconditional priority for all of those charged with governance, in addition to each member of the workforce. In the year, as operations change, the Group has managed the continually evolving risks that are inherent in manufacturing businesses by ensuring risk assessments are carried out by all departments and as soon as an operational change is envisaged. Such assessments enable the introduction of the appropriate controls to help ensure that the workforce is protected from foreseeable hazards. Furthermore, awareness and training to continually reduce risk and improve safety is a mind-set that is reinforced on a daily basis through the Group's global "Safety Spectrum" programme.

Employee consultation: The Group takes seriously its responsibilities to employees and, as a policy, provides employees systematically with information on matters of concern to them. It is also the policy of the Group to consult where appropriate, on an annual basis, with employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests. The Board considers the most effective form of engagement and involvement of its employees for its size and complexity is by way of informal daily discussions between the employees, the Senior Management and Board members who walk the floor, and the Company encourages its employees through its salary and bonus arrangements. Engagement in the year is further supported through workforce representative meetings, local working groups, team meetings, training, and an honest and open culture.

Employment of disabled persons: The policy of the Group is to offer the same opportunity, including training, development and promotion, to disabled people, and those who become disabled, as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them in accordance with the requirements of the Equality Act 2010.

Diversity Policy: The Group is committed to promoting diversity of gender, social and ethnic backgrounds and personal strengths, in addition to ensuring that everyone has the same opportunities for employment and promotion based on ability, qualifications and suitability for the work in question. The Group invests in training and development of skills for the Group's future and has a long-term aim that the composition of our workforce should reflect that of the community it serves. The Group continues to strive to improve the balance of diversity by reviewing gender reporting and promoting diversity through training and development, recruitment, our business culture and the Board's Strategy. Whilst the senior independent directorship is held by Jennifer Kelly, following the assessment that was carried out on 30th April, 2023 the Board does not comply fully with the latest listing requirements that have come into effect in the year, which require 40% of the Board to be female and for at least one Board member to be from an ethnic minority background. Whilst we fully acknowledge the necessity and benefits of a diversified leadership, we are unable to currently meet these specific targets due to the Board consisting of primarily executive Directors because of its size and complexity, as set out on page 22. This coupled with the fact that the appointments of the Board are made with the utmost consideration for the individual's qualifications, experience, and ability to contribute to the strategic direction of the Company, we have found ourselves at present, based on these criteria, unable to make the necessary adjustments without compromising the integrity and efficiency of our Board. Nonetheless, we are examining ways of meeting these requirements over the long-term by continuing to promote diversity at all levels of the Company, whilst also maintaining the Board's dynamism and the required level of experience, ability and qualifications.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Diversity Policy: *(continued)*

The following tables set out the breakdown of our average number of employees and Board members by gender and age:

Breakdown by gender

Year ended 30th April, 2023	Main Board and Company Secretary	Senior Management	Employees	Total
Number of female employees	2	14	190	206
Number of male employees	5	69	864	938
Total number of employees	7	83	1,054	1,144
% of female employees	29%	17%	18%	18%
% of male employees	71%	83%	82%	82%

Breakdown by age

Year ended 30th April, 2023	Main Board and Company Secretary	Senior Management	Employees	Total
Number of employees aged 16-21	-	-	81	81
Number of employees aged 22-40	4	11	496	511
Number of employees aged 41-65	3	65	456	524
Number of employees aged over 65	-	7	21	28
Total employees	7	83	1,054	1,144
% aged 16-21	-	-	8%	7%
% aged 22-40	57%	13%	47%	45%
% aged 41-65	43%	79%	43%	46%
% aged over 65	-	8%	2%	2%

Suppliers, Customers and Regulatory Authorities

The Board considers market trends regularly and reviews their likely long-term implications. Our business relationships and procedures are developed over time and are regularly reviewed to ensure as a Group we conduct business responsibly and sustainably. The Board acquires a first-hand understanding of its business relationships through regular dialogue and site visits where appropriate. Engagement is ensured from the initial tender processes to embedded sales and engineering project meetings and reinforced by an open door culture, whilst actively seeking feedback.

The five Executive Directors of the Board are actively involved with the day to day business and management of the subsidiaries thereby allowing a good understanding of key members of the supply chain and also ensuring a fair purchase culture.

Maintaining High Standards of Business Conduct

Ethics and Sustainability: We are committed to conducting business responsibly and ethically. We endeavour to ensure that our staff, suppliers and business partners adopt the same or similar high ethical standards and values. This applies, but is not limited to human rights, modern slavery, anti-bribery and corruption and is all enhanced by an anonymous whistle-blowing system, which is routinely reviewed and independently investigated if required.

Shareholders: Shareholder engagement occurs through the Annual Report, regulatory disclosures, our website, site visits and the Annual General Meeting, coupled by supplementary RNS announcements made during the course of the year. Throughout the year, the Chairman, on behalf of the Group, maintains an active dialogue with its shareholders, in order to understand their views on governance and performance against the strategy, as well as providing its investors, including institutional investors, an opportunity to ask questions, discuss the performance of the Group and make suggestions. Further engagement is obtained through shareholder site visits, which are hosted directly by the Chairman and the other members of the main Board. The Board aims to accommodate such requests as and when they are appropriate to do so. The Group's Non-Executive Director is also available before and after at the Annual General Meeting to discuss any matters shareholders might wish to raise. Such regular first-hand engagement with shareholders enables the Chairman to provide the Board with updates so the views of shareholders are taken into consideration.

The Company has one class of ordinary shares, which have the same rights as regards voting, distributions and on liquidation. Management are also significant shareholders in the Company, holding approximately 52.74% (2022: 52.48%) of the register. In accordance with LR6.5, there is a controlling shareholder agreement in place. Executive directors M.S. Goodwin, S.R. Goodwin, B.R. Goodwin and T.J.W. Goodwin are party to the controlling shareholders agreement, as well as Audit Committee members, J.W. Goodwin and R.S. Goodwin. On this basis the Board feels that the Executive Directors are fully aligned with shareholders.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

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

Donations: The Group made no political donations during the year (2022: *£nil*). Donations by the Group for charitable purposes amounted to £91,000 (2022: £71,000). The majority of these were made to local communities within the Group’s operating environments.

Environment – Task Force on Climate-related Financial Disclosures (TCFD)

The following report includes the climate-related financial disclosures that are consistent with the eleven TCFD recommendations. Climate change is a core challenge for the Group, as we transition and work towards becoming a carbon neutral Group, whereby the carbon emitted from our activities are balanced by absorbing carbon emissions. As an engineering Group, that includes a heavy goods steel foundry and high temperature refractory processing business, the consumption of energy is an integral feature in the manufacture of the complex products that are manufactured by the business. Over the past few years the Group has been actively developing and implementing our carbon neutral plan and following a group wide assessment, we have set a target of becoming carbon neutral by 2035.

The initiative consists of five mechanisms to achieve our carbon neutral target:

Initiative Mechanism	Description	Achievements to date	Future Plans
Reduce Consumption (Scope 1 & 2 emissions)	Taking engineering steps to reduce our consumption of gas and electricity in our companies by investing in more efficient plant and / or changing our working practices.	An 11% reduction in electricity has been achieved over the last two years. Modifications range from electric company cars, lighting, automatic switching off programming, base load monitoring and replacement of heavy duty fans, use of inverters and pumps that offer a greater power efficiency.	Ongoing monitoring, review of plant and modifications to our manufacturing processes to reduce our overall consumption of gas and electricity.
Renewables	Utilisation of self-generated power through the use of solar panels and wind turbines.	14 of the originally planned 22 projects have been completed, providing the Group with 5.7MWp of solar power, and significantly contributing to reducing the Groups electricity purchased by 24.7%, over the last two years. This alone will save the Group in excess of £1 million per year by utilising self-generated solar at 4.5p versus electricity from the grid at 18p per kwh.	Over the short to medium term, a further 10MWp of solar power is planned and ready to be installed but is pending permissions from the Distribution Network Operator. Installation of two wind turbines at Hoben International has been investigated and we have commenced the planning process with the local council.
Hydrogen	Finding and investing in a hydrogen generation power plant solution that can replace the natural gas utilised in our more energy intensive processing activities.	Following extensive research with the use of a wind and solar powered electrolysis machine, hydrogen was identified as a carbon free alternative for our continuous gas burning process. A bespoke first of class solution was designed but following two unsuccessful grant applications the project is on hold due to it not being commercially viable without the support of government.	Continue to seek alternatives to operating a 1580 degree Celsius process without the use of natural gas and / or obtain Government support for a green hydrogen plant.
Offsetting	Investing in land suitable for planting trees to offset the CO ₂ that is generated from activities that cannot be removed by the above three mechanisms.	With the knowledge that the Group would not be able to naturally reduce its carbon footprint to zero, it has purchased a 1,180 acre site in Wales to plant 560,000 trees that will generate in the region of 120,000 tonnes of CO ₂ offset credits over the next 55 years. This will offset more than 100% of our steel foundry’s gas consumption, the largest gas consumer within the Mechanical Engineering Division of the Group.	Our specialist contractor, Scottish Woodlands, who have advised throughout the process will commence Stage 1 planting over the next eighteen months.
3rd Party Emissions (Scope 3 emissions)	Take strategic steps to reduce Scope 3 emissions that are produced not by the Company itself but by those indirectly responsible within its value chain.	The Group has developed a draft Scope 3 emissions policy and plan.	The Group endeavours to analyse and set specific Scope 3 medium term KPI’s to reduce them in the coming years.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Environment – Task Force on Climate-related Financial Disclosures (TCFD) *(continued)*

A £13 million additional banking facility, specifically for the funding of “Green Projects”, to accelerate the Group’s implementation of Green initiatives and projects, was put in place in January 2022. As at 30th April, 2023, the Group had utilised £8.2 million of the £13 million facility on the above initiatives, with many of the initiatives having paybacks that are less than four years.

The reason why we are only taking a fifty five year view on the offsetting produced by the woodland project, despite the fact that it will generate credits for one hundred years, is that by 2073 all electricity, used by the Group, will be generated by Green methods and all hydro carbon needed for very high temperature processing applications is expected to have been converted to hydrogen, which will be generated using green electricity.

Governance

The Board has overall accountability for the management of all climate change related risks and opportunities, as well as being responsible for the day to day implementation, monitoring and management of our climate goals. Climate-related risk is considered by the Board as a standalone agenda item and accordingly receives regular updates on its environmental assessments, commitments and performance from the respective individuals around the group that have been tasked with a climate-related job to carry out. The updates are obtained as and when matters and opportunities arise, at which point they are then relayed on to the rest of the Board. The Group’s Audit Committee supports the Board in ensuring climate-related issues are integrated into the Group’s activities and risk management processes, in addition to reviewing and recommending policy proposals to the Board.

Risk Management

Climate change related matters are monitored by the Board and Audit Committee to ensure that they are embedded in our risk management and planning process, in addition to our long-term strategic decision-making. The identification and management of climate change risks follow our established risk-management process, of which the key elements are set out within the Strategic Report, on pages 13 to 14.

Furthermore the Board is directly able to determine which risks and opportunities could have a material impact on the Group, as well as how to prioritise them, by having a flat management structure and taking a hands-on approach so that they are actively immersed within all aspects of the business and each subsidiary.

It is the opinion of the Board that, with the Group’s activities on Green projects, climate change will have no significant effect on the Group’s financials, including:

1. Contract profitability. Whilst there will be fewer contracts for the oil and gas markets, we have already substituted a significant proportion of these contracts with new naval component supply and nuclear decommissioning activity. Whilst cost increases can be expected, the Company has the ability to pass these costs on to the customers through the use of short validity periods on quotes as well as building in escalation clauses within its longer term contracts. The fact that it is Group policy to manufacture and sell products with high technology and high gross margins assists in insulating the Group from high energy costs.
2. Going Concern of any Group company, as bank facilities will continue to be available and with the Group’s strong cash generation, it has the ability to reduce its debts at a faster rate, should it so wish.
3. Cash flow, generating our own green electricity is a much lower cost than buying electricity from the grid and our investments are self-financing and will ultimately save the Group money over the life of those assets and projects.
4. Carrying value and useful economic life of the Group’s plant and equipment, investment and intangibles.

Had we still been heavily dependent on oil and gas project contracts and had done nothing on green power investments the stated situation above would be different.

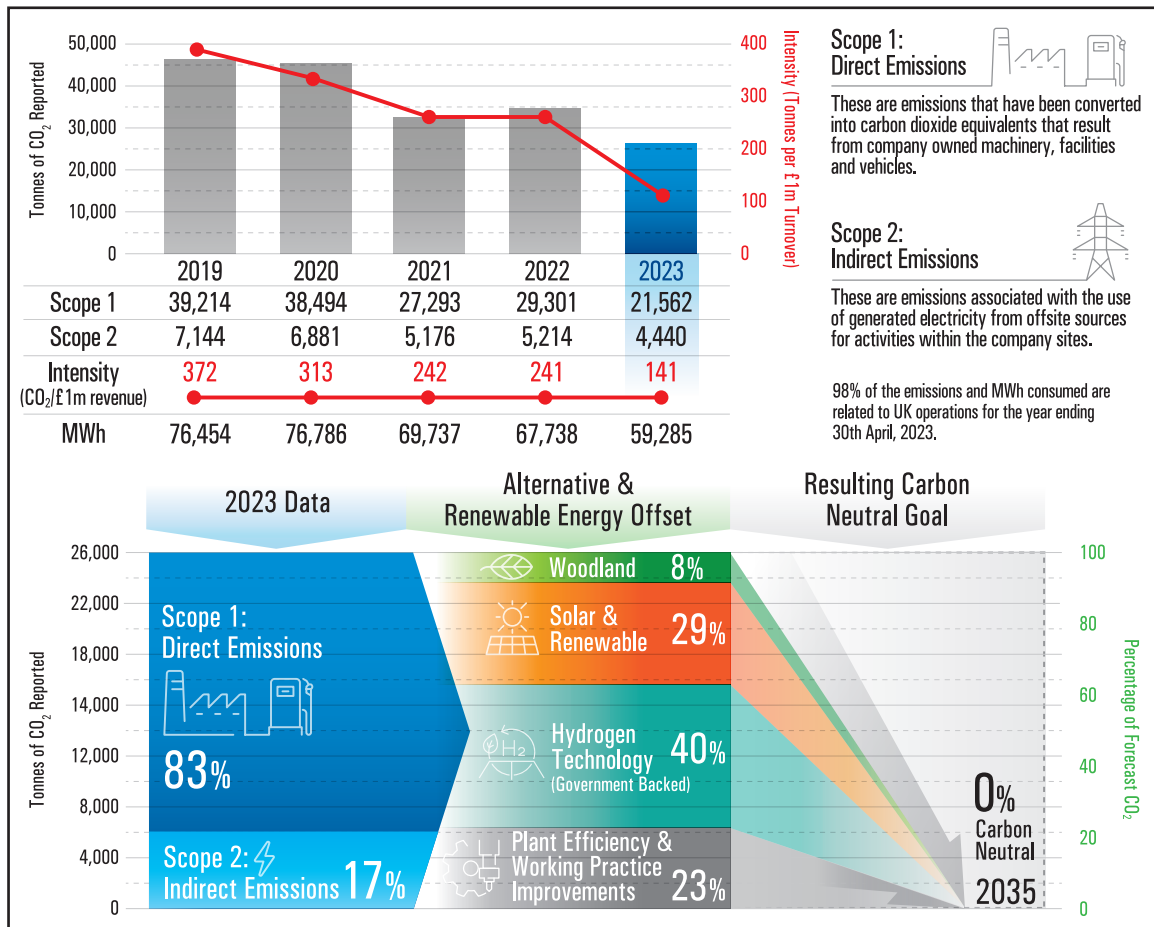
CORPORATE SOCIAL RESPONSIBILITY (continued)

Environment – Task Force on Climate-related Financial Disclosures (TCFD) (continued)

Metrics and Targets

Given the nature of our business and the diversification of our products and markets, the Board has determined that the total of Scope 1 and Scope 2 emissions is the most appropriate metric to use to assess climate-related risks and opportunities in line with its strategy and risk management process. The Group's key performance business metric is tonnes of CO₂ emitted per £ million pounds of turnover of the Group. See below for a graphical disclosure of our historic emissions, achieved reduction and forecast target of being carbon neutral by 2035.

Scope 1 and 2 Emissions Data



Carbon Neutral target, whilst possible, is heavily dependent on our gas usage and the government providing support to industry to bridge the cost gap that will enable companies to invest in alternatives such as green hydrogen. Until this occurs, the Group will not be able to reach its carbon neutral target as incurring the full cost that would be involved would be unviable and not possible.

We calculate our GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition).

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Strategy

In line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements and in conjunction with our detailed assessment that has been carried out against the TCFD guidance, the following table sets out the impact of the short, medium and long-term risks and opportunities that the Group has identified in relation to climate change.

As reported above, within the TCFD Risk Management section, the Boards hand on approach enables it to immediately evaluate as and when climate-related risks and opportunities change and whether its strategy needs to be amended.

TCFD Category		Potential Impact			Financial Magnitude	Business Resilience / Readiness
		Description	Scenario **	Time Frame*		
Policy & Legal	Pricing of GHG emissions	Risk: Direct requirement to pay carbon taxes per tonne emitted.	>3°C	Medium	Medium but reducing with carbon neutral activity	Ongoing Offsetting & Reduction steps
	Higher environmental standards	Risk: Increasing building, operation and transport standards leading to increased investment into equipment and higher supply chain and material costs.	2-3°C	Short	Medium	Manage
Technology shifts	Electrification – growth in EV transport	Opportunity: Increased sales of AVD for use on lithium ion battery fires.	2-3°C	Short to Medium	Positively – High	Monitor
	Contractual Projects	Opportunity: Progressive transfer to higher value added products.	2-3°C	Medium	Positively – Medium	Manage
	Substitution of technology	Opportunity: Transition to high temperature gas powered manufacturing processes onto a green alternative.	2-3°C	Medium	Medium	Monitor
End Demand	Transition away from fossil fuels	Risk: Reduced gross margin from sales of valves to the oil and gas industry.	>3°C	Medium	Medium	Manage – O&G exposure reduced from 60% to 23%, over the last ten years.
	Increased cost of raw materials	Risk: Impact on the availability and pricing of key raw materials due to transitional and physical risks.	2-3°C	Medium	Low	Manage
Reputational	Cost of Capital	Risk: Access to the financial industry and credit becomes tied to high levels of sustainability performance.	>3°C	Medium	High	Balance and Reduce Initiative
	Employee Risk	Risk: Attracting the highest level of talent should become easier as potential employees see the Groups prospects to becoming carbon neutral by 2035.	>3°C	Long	Low	Balance and Reduce Initiative
Physical	Natural / Extreme Climate Events	Risk: Damage to physical assets and loss of revenue.	>3°C	Medium / Long	High	Geographical diversification Insurance Business Continuity plans
		Opportunity: Increased demand for submersible pumps for disaster relief.		Medium	Low	Monitor

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Strategy *(continued)*

* Short < 3 years Medium 3-5 years Long > 5 years

**Worst Case scenario (>3°C)

Our Worst Case Scenario sees a world where climate action is delayed by world governments failing to act on climate change. This delay would result in a world where physical climate change risks are the greatest across our three scenarios.

Paris Alignment Scenario (2-3°C)

This scenario sees a market-led transition to a lower carbon future through global government commitments to the Paris Agreement. This would result in increased regulation of climate action and a reduction of the physical impacts of climate change compared with our Worst Case scenario, where governments fail to legislate in accordance with the Paris Agreement.

Transformation Scenario (<2°C)

This scenario sees a rapid decarbonisation pathway, where global emissions are close to zero in 2040, driven by society. The speed of change required to limit global warming to 1.5 degrees is likely to create stability in our supply chain as suppliers try to keep pace with decarbonisation demands and shifting preferences towards localisation.

FORWARD-LOOKING STATEMENTS

The Group Strategic Report contains forward-looking type statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report. Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them for future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

The Group Strategic Report was approved by the Board on 7th August, 2023 and is signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their reports and audited financial statements for the year ended 30th April, 2023.

The Directors have presented their Group Strategic Report on pages 3 to 21. The Group Strategic Report is intended to be an analysis of the development and performance of Goodwin PLC and contains a description of the principal risks and uncertainties facing the Group and an indication of likely future developments and the required statements under Statutory Instrument 2008/410 Schedule 7 of the Companies Act 2006. The Chairman's Statement is part of the Group Strategic Report of the Directors for the year and provides the financial review, including some of the key performance indicators and future trends of the business. Also included in the Group Strategic Report for the year are the Group's Objectives, Strategy and Business Model on page 8, Principal Risks and Uncertainties on pages 13 and 14, and the Corporate Social Responsibility Report on pages 15 to 21.

The Board considers that the Chairman's Statement, the Group Strategic Report, the Directors' Reports and the Financial Statements, taken as a whole, are fair, balanced and understandable and that they provide the information considered appropriate for shareholders to assess the Group's position and performance during the financial year and at the year end, and to assess the business model and strategy.

Proposed ordinary dividends

The Directors recommend that an ordinary dividend of 115p per share (2022: 107.80p) be paid in equal instalments of 57.5p per share on 6th October, 2023 and on or around 12th April, 2024 to shareholders on the register on 15th September, 2023 and on or around 22nd March, 2024 respectively. The ordinary dividend is subject to the approval of the shareholders at the Annual General Meeting on 29th September, 2023.

See comments on page 12 regarding the Dividend Policy.

Directors

The Directors of the Company who have served during the year are set out below.

M. S. Goodwin
 S. R. Goodwin
 T. J. W. Goodwin
 J. Connolly (*retired 31st March, 2023*)
 B. R. E. Goodwin
 N. Brown
 J. E. Kelly (*Non-Executive Director*)

The Chairman and the Managing Directors do not retire by rotation.

No Director has a service agreement with the Company, nor any direct beneficial interest in the share capital of any subsidiary undertaking. The Chairman does not have any other significant external appointments.

Shareholdings

The Company has been notified that as at 3rd August, 2023, the following had an interest in 3% or more of the issued share capital of the Company:

J. W. and R. S. Goodwin 2,178,133 shares (29%), J. W. and R. S. Goodwin 1,509,084 shares (20.10%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. H. Ridley 501,709 shares (6.68%), Rulegate Nominees Limited (JAMSCLT) 394,064 shares (5.25%).

In line with LR 9.2.2AD R (1), relating to Controlling Shareholders, the Company confirms that a written and legally binding agreement is in place, and has complied with the independence provisions set out in LR 6.5.4 R. The Company confirms that, as far as it is aware, the controlling shareholders have complied with the agreement.

The percentages above take into consideration the 180,000 reduction in shares, with the total number of shares in issue being 7,509,600 at the date of signing the financial statements.

Share capital

The Company's issued share capital comprises a single class of share capital which is divided into ordinary shares of 10p each. Information concerning the issued share capital in the Company is set out in note 27 to the financial statements on page 81.

All of the Company's shares are ranked equally and the rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales or by writing to the Company Secretary. The Directors of the Company do not have any on-going powers in relation to the purchase of its own shares and there are no restrictions on the voting rights of shares and there are no restrictions in their transfer other than:

- certain restrictions as may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- pursuant to the Market Abuse Regulation whereby Directors of the Company require approval to deal in the Company's shares.

Additionally, the Company is not aware of any agreements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights, and further details on the recent tender offer can be found within note 31 on page 90.

REPORT OF THE DIRECTORS *(continued)*

Research and development

The Group invests significantly in research and development, and for the year ending 30th April, 2023 the majority of development occurred within Dupré Minerals. In addition to ongoing development of the revolutionary fire extinguishing agent for lithium-ion battery fires, known as AVD, Dupré has also been working on a new high performance fire blanket, specifically designed for fires involving devices incorporating lithium-ion batteries. Other development projects in the Group include enhancing our submersible slurry pump range to include a hydraulically driven variant, as well as the ongoing advancement of casting methodologies to obtain improved mechanical properties at the same time as maintaining efficiency in terms of manufacturability.

Change in control

The Group's committed loan facilities include a change of control clause, which states that a change of control of the parent Company will be classed as an event of default and would enable the providers at their discretion to withdraw the facilities.

Stakeholders relations

All shareholders are encouraged to participate in the Company's Annual General Meeting. With the exception of the General Meeting on 30th May, 2023, in respect of the tender offer, no shareholder meeting has been called to discuss any business other than ordinary business at the Annual General Meeting.

The Board complies with the recommendations of the UK Corporate Governance Code that the notice of the Annual General Meeting and related papers should be sent to shareholders at least twenty working days before the meeting.

The Directors attend the Annual General Meeting. The Chairman and other members of the Board and the Chair of the Audit Committee and Audit Committee members will be available to answer questions at the forthcoming Annual General Meeting. In addition, proxy votes will be counted and the results announced after any vote on a show of hands.

The Chairman ensures that the views of shareholders are communicated to the Board as a whole, ensuring that Directors develop an understanding of the views of shareholders. Any individual requests for information from shareholders are dealt with by the Chairman, and where any such requests are subject to restraint in that where any disclosure would give rise to share price sensitive information, then the requests would be declined, or referred to the Board for release to all shareholders through the Stock Exchange.

Engagement with the Group's suppliers, customers and other stakeholders can be found within the Strategic Report on pages 15 to 17.

Going concern

The Directors, after having reviewed the projections and possible challenges that may lie ahead, believe that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements, and have continued to adopt the going concern basis in preparing the financial statements.

As at 30th April, 2023, the Group's gearing ratio stood at 26.3% (2022: 25.8%) against a substantial shareholders' net worth of £125 million (2022: £115 million). The retained reserves of the Group put it in a strong position to deal with unforeseen material adverse issues.

The Group has continued to incur high energy costs throughout the financial year, but it has been able to manage the increases in costs. With the measures already put in place, together with the continued monitoring of the energy costs incurred, we do not see the impact of energy costs giving rise to a going concern issue. Furthermore, the fact that it is Group policy to manufacture and sell products with high technology and high gross margins assists in insulating the Group from high energy costs.

Within our severe but plausible stress test model, it is demonstrable that the Group has sufficient funds, after the share buy-back transaction, to cover the Group's and the Company's financial commitments during the forecast period whilst remaining compliant with its financial covenants. The stress test model starts with the forecasts generated by the subsidiary directors and reflects their specific knowledge of the market conditions, strategy and outlook. Each of these subsidiary level forecasts is then reviewed, challenged and approved by the relevant Group Managing Director who themselves are immersed in each of the businesses. The stress test model then predicts the impact of a severe but plausible reduction in the pre-tax profit forecast by reducing revenues by 18% without adjusting downwards the capital expenditure programme, maintaining the overheads at their current expected levels and keeping the financing facilities at the same amounts that were in place at year end. The results of the stress test modelling did not highlight any going concern issues, breaches of covenants or requirements for any further financing facilities.

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

As discussed elsewhere within these accounts, the Mechanical Engineering order book remains high and the Refractory Engineering segment continues to be buoyant.

The Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

REPORT OF THE DIRECTORS *(continued)*

Viability Statement

In accordance with provision 31 of the UK Corporate Governance Code the Directors have assessed the Group's viability over a three year period to 30th April, 2026.

While the Board has no reason to believe that the Group will not be viable over a longer period, the Board believes that a three year review period is prudent, and provides the readers of the report with a sensible degree of confidence.

As part of the going concern review process we have considered the impact of plausible adverse events over an extended period (two more years, taking the total review period to 30th April, 2026), where it predicted a severe but plausible reduction in the pre-tax profit forecasts for each year. The plausible adverse event scenarios (using the same logic as outlined for the stress test model within the going concern review section) have been modelled by reducing revenues by 18% each year from the base case forecast without adjusting downwards the capital expenditure programme, maintaining the overheads at their current expected levels and keeping the financing facilities at the same amounts that were in place at year end. The results demonstrated that the Group did not breach any of its covenants and has sufficient financing facilities in place to deal with these adverse events and given that a large proportion of the future capital expenditure is by definition discretionary, and that overheads could be reviewed and changed accordingly, there is further confidence that a downturn will not impact on the Group's ability to deal with material adverse events.

The workload within the Mechanical Engineering segment remains high and so underpinning performance in the short to medium term. The Directors are therefore able to confirm that they have a reasonable expectation that the Group will be able to continue in its operations and remain financially viable over this extended period to 30th April 2026.

Corporate governance statement

The Company's Corporate Governance Statement is set out on pages 25 to 27 and forms part of the Directors' Report.

Financial Risk Management

The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques, further details can be found within note 28 on page 81.

Auditor

In accordance with Section 489 of the Companies Act 2006 and the recommendation of the Board of Directors, a resolution is to be proposed at the Annual General Meeting for the re-appointment of RSM UK Audit LLP as auditor of the Company.

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

T. J. W. Goodwin
Chairman

7th August, 2023

CORPORATE GOVERNANCE REPORT

Introduction

The Board comprises five Executive Directors and an independent Non-Executive Director; the Audit Committee comprises the Non-Executive Director, who is the Audit Committee Chair, and three other members, the previous Chairman, the previous Managing Director and the previous Company Secretary, all of whom had held their previous positions for twenty seven years and so have very substantial knowledge and experience of the diversified Group's people, product ranges and the very diversified overseas markets in which the Group operates. The Board and the Audit Committee fulfil the roles required for effective corporate governance and the Board considers that it has the right governance to execute its strategy to achieve its objectives.

The Board has always felt that it should be recognised that what may be appropriate for the larger company may not necessarily be so for the smaller company, a point raised previously in the Cadbury Code of Best Practice. Whilst conscious of its non-compliance with certain aspects of the Code as detailed below, we do not believe that at this stage in the Group's development and circumstances it is appropriate to change its own operational or governance structure with the sole objective of achieving compliance with the revised Code given that the Board's current corporate governance strategy has been accepted by a large majority of its shareholders. The Group's governance structure, as set out below, is a structured system of rules and practices that shapes how the Company operates, whilst also remaining dynamic, in addition to providing the Board and Directors the necessary oversight to review its progress against its strategic plan.

For the past eight years the Company has had one Non-Executive Director who is also the Chair of the Audit Committee, which has three other members as described above. This is not in full compliance with the Code, but for a smaller company, due to the limits of time, availability and cost, the Board considers this as an optimum compromise that is beneficial to shareholders and the Group's long-term interests. For specific independent expertise the Board engages independent consultants.

Compliance statement under the UK Corporate Governance Code 2018

The Company is required to report on compliance throughout the year. In relation to all of the provisions except those mentioned below, the Company complied throughout the year.

As noted in the introduction above, the Group does not comply with aspects of the Code's requirements under provisions 11 and 13 and provision 12 in terms of having a senior independent Director. Since 14th April, 2015 a Non-Executive Director with the role of Chair of the Audit Committee has been appointed. The Group does not have a Remuneration Committee or a Nominations Committee as required under provisions 10, 17, 23, 24, 32, 33, 36 and 41. Contrary to provision 36, the company does not have a formal policy for post-employment shareholding requirements as it does not have any unvested or un-exercised vested share options in existence.

The roles of the Chairman in running the Board and the Managing Directors in running the Group's businesses are well understood. It is not considered necessary to have written job descriptions. This is contrary to provision 14. In the best interests of the Company it has been concluded that an independent Chairman is not necessary when considered with the Company's investor profile, thereby the company does not comply with Provision 9 of the Code.

The Chairman and Managing Directors do not retire by rotation, which is contrary to provision 18 of the Code and as required by Provision 7, the Board has a conflicts of interest policy which includes a procedure for disclosure and review of any potential conflicts and, if appropriate, approval by the Board. The shareholding of the executive directors is not considered a conflict in interests due to their contribution to the long-term sustainable success of the Group being aligned with its other shareholders.

The Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk

The Board

During the year, the Board met formally nine times, and details of attendees at these meetings are set out below:

M. S. Goodwin	...	...	...	...	...	9 out of 9 attended
S. R. Goodwin	...	...	...	...	...	9 out of 9 attended
T. J. W. Goodwin	...	...	...	...	...	9 out of 9 attended
J. Connolly	<i>(retired 31st March, 2023)</i>				...	7 out of 9 attended
B. R. E. Goodwin	...	...	...	...	...	9 out of 9 attended
N. Brown	...	...	...	...	...	9 out of 9 attended
J. E. Kelly	...	...	...	...	...	8 out of 9 attended

The Chairman and Managing Directors do not retire by rotation. With this exception, all Directors retire at the first Annual General Meeting after their initial appointment and then by rotation at least every three years, which is contrary to provision 18 of the Code.

The Board retains full responsibility for the direction and control of the Group and continually monitors and assesses the culture to ensure that it is aligned with the Group's purpose, values and strategy. With the culture of the Group being well established there have not been any specific actions taken in the year other than continuing to lead by example and encouraging open communication, transparency and respect. Whilst there is no formal schedule of matters reserved for the Board, all acquisitions and disposals of assets, investments and material capital-related projects are, as a matter of course, specifically reserved for Board decision, but referred to the Audit Committee for comment.

The Board meets regularly to discuss corporate strategy; to formulate and monitor the progress of business plans for all subsidiaries and to identify, evaluate and manage the business risks faced. The management philosophy of the Group is to operate its subsidiaries on an autonomous basis, subject to overall supervision and evaluation by

CORPORATE GOVERNANCE REPORT *(continued)*

The Board *(continued)*

the Board, with formally defined areas of responsibility and delegation of authority. The Group has formal lines of reporting in place with subsidiary management meeting with the Board on a regular basis. Regular informal meetings are also held to enable all members of the Board to discuss relevant issues with local management and staff at the business units. This is in addition to the flat structure in place and the hands-on approach of the Directors, which is how the Board continually assesses emerging risks. Following the identification of an emerging risk the Board dynamically sets out a plan and typically appoints an individual with the necessary skill set, whether they be internal or external, to either manage or mitigate the risk.

The Audit Committee

The Audit Committee is made up of the following: J.E. Kelly (Chair), J.W. Goodwin, R.S. Goodwin and P. Ashley and the Audit Committee reports to the Board. The Audit Committee has met formally eight times since the issue of the Annual Report for the year ended 30th April, 2022, with all members attending each meeting. The responsibility of the Audit Committee is explained in the Audit Committee Report on pages 28 to 31. The Audit Committee takes into account the Company's corporate Mission Statement, Objectives and Strategy, and reviews investor correspondence and comments, regulatory changes, current issues and market trends. The Audit Committee uses expert opinion where considered appropriate.

Board evaluation

The Managing Directors, Chairman and Audit Committee address the development, composition, diversity and training needs of the Board as a whole. An evaluation of the effectiveness and performance of the Board and the Directors of subsidiaries has been carried out by the Managing Directors, Chairman and Audit Committee, by way of personal discussions and individual performance evaluation. As the Managing Directors and the Chairman are executive Directors, which in addition to there not being defined performance obligations that individuals are assessed against, the Group does not comply with provision 13 of the UK Corporate Governance Code. Furthermore, as the Chair does not individually assess and or act on the results of the evaluation, the Group does not comply with provision 22. The Board recognises the importance of its composition and diversity and remains committed to suitable corporate governance and believes that a wide range of knowledge, skills and experience are among the essential drivers to long-term success. We continue to evaluate the composition of the Board and recognise the value that non-executives typically offer, by ensuring that the Board is acting in the best interests of the Company. The Board considers the value offered in this circumstance is significantly less as the Executive Directors, who form part of the controlling concert party, are, in essence, custodians of the business, resulting in their interests being the long-term growth and success of the business. Furthermore, the Board would lose its dynamic management of the business that over the history of the Group has enabled it to vastly outperform the FTSE 100 and FTSE 250, see page 33 for details. Additionally, when consideration is also given to the recommended tenure of non-executives, the benefit of any new non-executives is limited by the fact that it would take a significant amount of time to understand the vastly diverse and extremely technical products that the Group supplies.

The structure of the Board and its Audit Committee brings balance, astute guidance and deep understanding of the business at both operational and Board level.

All Directors have reasonable access to the Company Secretary and to independent professional advice at the Company's expense.

External audit

The external auditor is appointed annually at the Annual General Meeting. The Board, following review and recommendations received from the Audit Committee, considers the appointment of the auditor, and assesses on an annual basis the qualification, expertise, cost and objectivity of the external auditor. The auditor's independence is safeguarded by the Group following its policy and procedure on non-audit services. The policy recognises that certain material or highly sensitive non-audit services may not be carried out by the external auditor, such as valuations or advisory services. In addition to the auditor having their own policies and checks, the Audit Committee monitors the level of non-audit services provided to the Group by the external auditor to ensure that their independence is not compromised.

The effectiveness of the external audit is assessed annually, following completion of the audit. Following discussions with all parties involved in the audit on an operational level, the Board discusses on the efficiency and performance of the overall audit. This is then discussed with the Audit Committee which evaluates the effectiveness of the audit process. Any suggested improvements in audit processes from the prior year are reported back to the Board and the auditor partner so that they can be taken into account when planning the audit for following year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Corporate Governance Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Internal control and risk management

The Board has overall responsibility for the Group's systems of internal controls and risk management which are designed to manage rather than eliminate risk and provide reasonable reassurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT *(continued)*

The Board has primary responsibility for controlling: operational risks; financial risks including funding and capital spend; compliance risks; and political risks. The Audit Committee has been delegated responsibility for reviewing corporate reporting, financial risk management and to regularly review the effectiveness of the Group's internal controls together with consideration of any reports from the external auditor. The Audit Committee Report is on pages 28 to 31. Except as noted within this Corporate Governance Report, the Board confirms that the internal control systems comply with the UK Corporate Governance Code.

The Group's main systems of internal controls include regular visits and discussions between Board Directors and subsidiary management, in-house General Counsel, health and safety committee and the Group Internal Auditor, on all aspects of the business including financial reporting, risk reporting and compliance reporting. In addition, there is Board representation with Goodwin PLC Directors on the boards of the subsidiaries. Any concerns are reported to the members of the Audit Committee and to the Board. The Group maintains a risk register, has business continuity programmes and has insurance programmes that are all regularly reviewed. These procedures have been in place throughout the year and are ongoing to endeavour to ensure accordance with the FRC publication 'Risk Management, Internal Control and Related Financial and Business Reporting'. The Board considers that the close involvement of Board Directors in all areas of the day to day operations of the Group's business, including considering reports from management and discussions with senior personnel throughout the Group, represents the most effective control over its financial and business risks system, by providing an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. In particular, authority is limited to Board Directors in key risk areas such as treasury management, capital expenditure and other investment decisions.

The close involvement of Board Directors in the day to day operations of the business ensures that the Board has the financial and non-financial controls under constant review and so it is not currently considered that formal Board reviews of these controls would provide any additional benefit in terms of the effectiveness of the Group's internal control systems. This is contrary to provision 29 of the UK Corporate Governance Code.

The Board recognises the importance of an effective internal audit function to assist with the management and review of internal controls and business risk. The Group's internal auditor continues to make good progress reviewing internal controls, procedures and accounting systems, though it is planned that the activity of the Group internal auditor is expanded, going forward, by the addition of an experienced assistant. During Covid-19, many more Group directors, management accountants and employees became much more proficient in using Zoom. This has, to some extent, improved the level of coverage but it is a fact of life that the best results of internal audit are achieved by site visits. The Board of Directors and Senior Management will continue to have close involvement on a day to day operational basis and the scope and results of internal audit work to be performed will be kept under review in the coming year.

The Board considers that certain functions are best carried out by independent external bodies with specific expertise, who then report to the Board directly or through the Audit Committee.

The Board confirms that it has not been advised of any material failures or weaknesses in the Group's internal control systems.

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

T. J. W. Goodwin
Chairman

7th August, 2023

AUDIT COMMITTEE REPORT

The key role of the Audit Committee is to provide confidence in the integrity of the Group's financial risk management, internal financial controls and corporate reporting. The Audit Committee, as empowered by the Group's Board of Directors, has responsibility for:

- a) Reviewing and checking the Group's full year and half year Accounts and the Annual Report, as presented to the Audit Committee.
- b) Reviewing the Group's financial and non-financial internal controls and risk management systems and commenting on whether they are relevant and effective.
- c) Making recommendations to the Group's Board of Directors on the appointment and remuneration of the Group's external auditor; ensuring independence and objectivity of the auditor; the effectiveness of the audit process; and that the Group receives value for money from the audit and that no non-audit services are carried out by the auditor.
- d) Reviewing comments and feedback brought to its attention by Directors or other employees of the Group.
- e) Reviewing and commenting to the Board on any significant investment plans of the Group.
- f) Reviewing the Group's "whistle-blowing" procedures and reviewing any significant reports.
- g) Reviewing the scope of work for the internal audit function and the resultant reports.
- h) Reviewing significant accounting estimates and judgements relating to the financial statements with the external auditor and members of the Board, and providing advice on whether the Annual Report and accounts as a whole are fair, balanced and understandable.
- i) Reviewing and recommending climate-related policies.

The Audit Committee discharges each of its above responsibilities as follows:

1. Examining the integrity of the Group's Annual Report and half year Interim Report:

The Chair of the Audit Committee is an independent Non-Executive Director. The other members of the committee either are persons with experience in the Group's typical products and or markets or have vast historical knowledge of the business and activities of the Group. This, together with their regular involvement in reviewing the Group's financial performance and accounts, provides sufficient recent financial experience. Regular meetings are held between members of the Audit Committee, Directors of Goodwin PLC and its subsidiaries, General Managers and Senior Management of the UK subsidiaries. Members of the Audit Committee are involved in regular discussions with the Directors, General Managers and Senior Management of each subsidiary where the positions taken on subjective financial matters are discussed. Each overseas subsidiary is normally visited at least once during the year by a member of the Audit Committee, and / or by a Main Board Director, for meetings with the General Managers and Senior Management with reports sent back to the Audit Committee. Flight and self-quarantining restrictions still applied to some of our overseas subsidiaries during the year and use of Zoom has enabled regular meetings with them to continue. Where possible, travel to and from some of those areas has recommenced. Any areas where the Audit Committee feels that the positions taken within any particular subsidiary are either inappropriate or merit further review are discussed with the Board of Directors of Goodwin PLC.

For the half year Interim Report, the Audit Committee reviews the financial and non-financial content, including the Chairman's Statement, and reviews the financial statements and qualitative notes of the financial statements, to help ensure that they are balanced, relevant, appropriately compliant with relevant accounting standards/legislation, and are consistent and complete. The Audit Committee discusses with the Board of Directors their views as to whether the half year Interim Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's half year performance. The figures in the half year Interim Report are not audited, but the external auditor is given sight of these before publication.

For the full year Annual Report, the Audit Committee reviews the financial and non-financial content of the Group Strategic Report, including the Chairman's Statement; the Corporate Governance Report; the Directors' Report; the Directors' Remuneration Policy and Report; and reviews the financial statements and the qualitative notes to the financial statements to examine whether the content is fair, balanced, relevant, understandable, appropriately compliant with relevant accounting standards / legislation and consistent and complete. The Audit Committee has discussed the full year Annual Report and their views with the Group external auditor. The Audit Committee confirmed to the Board that in its opinion the proposed Annual Report for the year ended 30th April, 2023 appropriately represents the Group's trading position and, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's full year performance, its position at the year end, and its objectives, strategy and business model.

2. Helping to ensure the Group carries effective and relevant financial and non-financial internal controls and financial risk management systems:

To assess the effectiveness of systems for internal financial controls, financial reporting and financial risk management, the Audit Committee reviews reports from Main Board Directors on the Group's subsidiaries; reviews reports from the Group Chief Accountant; reviews reports from General Managers of the Group's subsidiaries; reviews quarterly financial reports; reviews reports from internal and external audit; requests and reviews reports from independent external consultants; and reviews the Group's risk register, business continuity programmes and levels of insurance.

AUDIT COMMITTEE REPORT *(continued)*

2023 Audit Committee Risk Programme

The terms of reference for the Audit Committee and how it discharges its duties have been presented to the Board and ratified.

Risk Management:

As a method of adding formality to the management of risk within all Group companies, Steven Birks, a former Goodwin PLC Director, set up a framework to mentor each subsidiary in enhancing their risk analysis and controls. This framework continues to be followed by Directors and general managers, and, when appropriate, the Audit Committee reviews the status.

Having focused initially on overseas companies, all subsidiaries in the Group are now included in the risk analysis and areas being scrutinised in detail, other than risks individual to each company, are:

- a) having appropriate limits of contract liability.
- b) having appropriate levels and types of insurance.
- c) ensuring appropriate control of cash flow and banking arrangements.
- d) ensuring health and safety continues to be given priority and that there is a progressive plan for improvement
- e) ensuring product development and life cycles are managed relative to the global market.
- f) ensuring that the provision of trained and skilled manpower is appropriately matched to the requirements of each company.
- g) risk analysis and preventative measures associated with the installation and commissioning of new plant, modified plant and new processes.
- h) review of progress on environmental (TCFD) and social matters.

As reported last year, our internal Group General Counsel set up and carried out a training programme for all Directors and senior managers of the UK subsidiary companies to increase contract risk awareness, both for sales and purchases. A start has now been made on rolling this training out to overseas subsidiaries.

In addition, training has been given to both UK and overseas subsidiary Directors and senior managers on sanctions and export controls.

Training has also been provided to UK and overseas subsidiary Directors on Scope 1, Scope 2 and Scope 3 carbon emissions.

The Audit Committee continues to review the effectiveness of Know Your Customer (KYC), credit insurance, political risk insurance and contract terms and conditions. Gallagher as brokers for the Group's insurance cover continue to review policies in place, along with Board members, and report back to the Audit Committee.

Market risk

No customer accounts for more than 10% of the annual Group turnover. The country and sector dependency for the year is shown by the charts on page 10.

Technical risk

The performance of new products issued to market always has a degree of risk until a multi-year track record has been attained. This statement relates to all Group companies in both the Mechanical and Refractory Engineering Divisions.

Product failure / contract risk

This has been reviewed and is unchanged from that previously stated.

Financial risk

This has been reviewed and is as stated in previous years with the perceived increased volatility in exchange rates and the possibility of high foreign exchange hedging costs for forward long-term contracts.

The Board, with the support of the Audit Committee, has reviewed the accounting treatment of the ten year interest rate hedge that was taken out last year to protect the Group against the interest rate increases that have occurred to date, in addition to the anticipated increases expected over the coming years.

The Audit Committee has in conjunction with the Board reviewed the Group's guaranteed banking facilities in terms of quantum and tenure.

Regulatory compliance

The Audit Committee continues to monitor regulatory compliance, training and competency. The Committee continues to review the impact on the Group of the Climate Change Act 2008 (2050 Target Amendment) Order 2019.

Human Resources

The age profile of senior managers and perceived skill gaps within each Group company continue to be reviewed by the Audit Committee. Focus has been to ensure that the Group has sufficient accounting capacity and also on the recruitment of quality and project managers in the light of the on-going business changes.

AUDIT COMMITTEE REPORT *(continued)*

2. Helping to ensure the Group carries effective and relevant financial and non-financial internal controls and financial risk management systems: *(continued)*

Information Technology

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

Capital expenditure

The Audit Committee also reviews and comments to the Board on major capital purchases or company acquisitions being proposed by the Board of a unit or linked value greater than £2 million. Gross proposed or actual capital expenditure of all Group companies is also reviewed to help ensure the Board maintains awareness of how such expenditure will affect the limits agreed to be in place at the time.

The Audit Committee has confirmed its view to the Board that in its opinion, the Group carries relevant internal controls and risk management systems appropriate to minimise the perceived risks of the Group's business.

3. The Group's external auditor

Following the last audit tender process RSM UK Audit LLP ("RSM") was appointed as the Group's Auditor at the Company's AGM in October 2020. Following shareholder approval at the Annual General Meeting in October 2022, RSM was re-appointed as the Group's Auditor for the year ended 30th April, 2023. In line with regulation, the audit will be put out to tender at least every ten years. Subject to not bringing the tender forward, the Group will be required to re-tender the audit in financial year 2029.

In addition to the auditor having their own policies and checks, to preserve objectivity and independence, the Audit Committee has a policy that restricts the external auditor from carrying out any non-audit services during the year. Throughout the year the Audit Committee monitors the level of non-audit services provided by RSM to the Group and confirms that RSM did not provide any non-audit services to the Group during the year. The Company has, for many years now, used a different accountancy practice to that of the statutory auditor for its UK tax services. To further assess both objectivity and independence, the Audit Committee also takes into consideration any relationships between the Group and the audit firm, the audit fee as a proportion of the overall fee income of the audit firm and whether the Group has employed any former members of the external audit team.

The Audit Committee has met formally with the Group's external auditor, RSM, to discuss the full year Annual Report, and has met with and discussed matters with them as part of the audit process during the current financial year being reported on. No material concerns were raised during these meetings or discussions.

The Audit Committee appraises the auditor's effectiveness on an annual basis, through regular engagement with RSM during the audit process, in addition to taking into account:

- feedback from directors, senior managers and the Group Chief Accountant
- the quality and scope of all key external auditor plans and reports
- the delivery and performance against this plan
- the behaviour, qualifications and performance of their audit team
- RSM's understanding of the Group's business and industry sector

The Audit Committee was satisfied with the external auditor's independence of the audit process.

4. Reviewing comments and feedback

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

5. Whistle-blowing Procedures

The Group has a whistle-blowing policy in place whereby employees can report any suspected misconduct or concerns, either anonymously on a dedicated telephone line, or to the Chairman, the Company Secretary or the Chair of the Audit Committee. Such calls are investigated and are reported to the Audit Committee. The Audit Committee has confirmed to the Board that the Group's whistle-blowing policy and procedures are appropriate.

6. Internal Audit

The scope of internal audit has been set by the Audit Committee and the results reviewed.

The internal audit function operates a random rotation policy which prioritises based on materiality and endeavours to cover all Group subsidiaries at least once within a three year cycle either via the Group Internal Auditor or by the respective Group Managing Directors or members of the Audit Committee. Where possible travel to overseas subsidiaries has now commenced through remote desk-top internal audits of our overseas subsidiaries have continued, where the Covid-19 restrictions still applied during the year just completed. However, the larger profit earning overseas subsidiaries, Noreva, Gold Star Powders India and Goodwin Pumps India have been subject to full statutory audit by RSM Germany and India respectively.

AUDIT COMMITTEE REPORT *(continued)*

7. Accounting estimates and judgements relating to the Financial Statements

The Audit Committee again reviewed what it considered to be the accounting estimates and judgement areas within the Group Annual Report for the year ended 30th April, 2023.

Consideration of the key and other estimates and judgements as disclosed in note 2 of the financial statements, as well as:

- Review of Group inter-company late payments;
- Review of the Group's gearing, control of capital investment and the financing of further green investment;
- Review of overseas subsidiary company risk mitigation;
- Review and management of the age profile across the Group;
- Assessment of the banks' credit ratings;
- Review of Duvelco's market potential and future profitability.

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

J. E. Kelly
Chair of the Audit Committee

7th August, 2023

DIRECTORS' REMUNERATION POLICY AND REPORT

This report includes the Group's Remuneration Policy for Directors and sets out the Annual Directors' Remuneration Report.

Group's Remuneration Policy for Directors

The Group's policy in respect of Directors' remuneration is to provide individual packages which are determined having due regard to the Group's current and projected profitability, the employee's specific areas of responsibility and performance, their related knowledge and experience in the Group's specific fields of operation, the external labour market and their personal circumstances whereby a package to remunerate and motivate the individual so as to best serve the Group is set. The policy is designed to be simple and naturally aligned with the performance of the Group and its overall strategic objective of growing the long-term profitability of the Group in a sustainable manner whilst delivering a fair return to its shareholders. Consideration is given to the financial and non financial performance of the individual and how they have performed on delivering against each of the Group's strategy points, and the Group's culture, purpose and values.

Individual salaries are also indirectly linked up and down to the time allocated and perceived effort by the Director to the Group's business. Many Directors, as indeed employees, put in hours of work way beyond what could be requested and such personal devotion to duty by a Director is rewarded without formulae. All Board members have access to independent advice when considered appropriate. In forming its policy, consideration has been given to the UK Corporate Governance Code best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of Directors of comparative companies.

The remuneration policy for other employees is broadly based on principles consistent with the policy for Directors. Salary reviews take into account Group performance as well as subsidiary performance, local pay and market conditions.

Whilst being aware of the requirements to show in graph form the breakdown of base pay, bonus pay, pension and long-term benefits, the Group is unable to comply with this requirement as Directors are not paid in accordance with any specific performance criteria or KPIs. Directors are paid based on their level of activity within the Group, their knowledge and experience of the Group's activities or similar, the performance of the Group versus market opportunity whilst also considering the Director's personal circumstances and the salary needed to ensure continuity of employment. This in itself may result in decreases or increases in a Director's salary within any year as illustrated in the matrix below.

Element of Pay	Purpose and Link to Strategy	Operation	Maximum	Performance Targets	Changes for 2022 / 2023
Salary	Reflects the Directors' level of activity and achievement within the Group, their knowledge and experience of the Company's activities or similar, the performance of the Group versus market opportunity, whilst also considering the salary needed to ensure continuity of employment.	Reviewed annually at the anniversary of the previous salary adjustment for the individual Director.	Generally in line with inflation and the wage / salary increase awarded to employees, but this is not rigid.	The Group's performance, good or bad, may result in the salary being changed.	Directors set the base increase in salaries. For the period May 2022 to April 2023 the increase was generally 8.5%.
Pensions	All Executive Directors are entitled to have 3% added to their gross remuneration which, by nature of salary sacrifice, is put into a pension scheme where they have direct dealings with the selected investment fund provider.	Monthly payments	Currently 3% of gross remuneration	N/A	No changes. This policy was adopted in October 2013 for the Directors and entire UK workforce.
Other benefits	Fully expensed car or cash alternative, health insurance or other services.	N/A	N/A	N/A	See details of the Directors' emoluments on page 36.

We believe the above meets the requirement of Schedule 8, Companies Act 2006, regarding the changes in 2022 / 2023. The Policy and Report is signed by the Chairman and the Managing Directors.

DIRECTORS' REMUNERATION POLICY AND REPORT *(continued)*

Group's Remuneration Policy for Directors *(continued)*

In any company there are specific individual circumstances that on occasions will merit special treatment in a given year for a Director either to keep or look after the person, indeed no different than we may do for an employee. In the matrix of remuneration for Directors you will note the Company has given itself flexibility to deal with specific circumstances which may not even be able to be made public for confidentiality reasons of which there are many. However, bearing in mind the performance of the Company over the past twenty years and more and that the Directors' salaries are anything but excessive versus the norm of other PLCs, this is the Board's policy.

Total shareholder return – unaudited

For reference the TSR of Goodwin PLC versus the FTSE 100 and the FTSE 350 is shown below for not only the last five but also the last ten years and the last twenty years.

			Goodwin	FTSE 100	FTSE 350
TSR for last 5 Years	...	...	155%	27%	24%
TSR for last 10 Years	...	...	131%	79%	80%
TSR for last 20 Years	...	...	5,376%	320%	354%

As is required by the Listing Rules, we show in graph form both the salary of the Managing Director (CEO equivalent) of Goodwin PLC and the TSR over the past ten years. We, however, do not list out the salary of the Financial Director of Goodwin PLC versus the TSR as in Goodwin PLC we have a Group Chief Accountant who carries out 75% of the duties of a Financial Director, but we do not have what would generally be known as a Financial Director. This is for the reason that certain decisions that outsiders might consider are the sole responsibility of the Financial Director are not. In Goodwin PLC it is a team effort and such decisions are made not only by the Group Chief Accountant but also by the Managing Directors and the Chairman.

For confidentiality and flexibility reasons, the Board policy is not to disclose exit / termination payments to Directors but the policy is to remain within the law, to fairly compensate good leavers and minimise payments to bad leavers. In the last ten years, the Company has managed to avoid paying any termination payments to bad leavers. It is, however, Board policy to limit termination payments to a maximum of 100% of gross annual salary and should such amount be exceeded then it will be reported in the Annual Report giving the reason why.

The Company takes seriously its responsibility for ensuring a fair deal between employees, shareholders, customers and the local community and maintaining an appropriate balance.

The Company does not use or pay any external advisers or consultants for remuneration or incentive policy. Shareholder engagement is by nature of the Annual Report, the Annual General Meeting and the votes therein.

Approval of the Company's Directors' Remuneration Policy

The Company put the Remuneration Policy to the vote at the Annual General Meeting on 5th October, 2022, when it was passed by 99.94% of those who voted. The Company will be putting the Remuneration Policy to the vote again in 2026, which is three years from the last vote, as is required by the Listing Rules.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report

This report is submitted in accordance with the Directors' Remuneration Report Regulations.

Consideration by the Directors of matters relating to Directors' remuneration

The Company's Remuneration Policy for Directors, including remuneration of its non-executive, is set by the Board as a whole and is described in pages 32 to 33 therein. The Policy has been followed in the financial year to 30th April, 2023 and will be followed in the next financial year.

The Board of Directors are also the key management personnel as defined in IAS 24.

Service contracts

None of the Directors has a service contract. A Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors other than the Chairman and Managing Directors are subject to retirement by rotation and as employees also have notice periods in accordance with law. No compensation as of right is payable to Directors on leaving office.

Relative importance of spend on pay

The table below shows shareholder distributions and total employee expenditure, and the percentage change in both:

	2023	2022	
	£'000	£'000	%
Ordinary dividends proposed in respect of the year (£'000)	8,636	8,289	4.2
Total employee costs (£'000)	50,075	44,745	11.9
Average employee numbers	1,144	1,112	2.9

Approval of the Company's Annual Directors' Remuneration Report

An ordinary resolution for the approval of the Annual Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting. The Annual Directors' Remuneration Report presented in the accounts to 30th April, 2022 was put to the shareholders at last year's Annual General Meeting on 5th October, 2022. The Annual Directors' Remuneration Report was accepted with 99.94% of proxy votes cast in favour.

Total shareholder return – unaudited

The following graphs compare the Group's total shareholder return over the ten and twenty years ended 30th April, 2023 with various FTSE indices. The graphs also show the change in the earnings of the previous Managing Director for the periods up to 30th April, 2019.

The base earnings figure since 30th April, 2019 is the amount earned by each Managing Director.

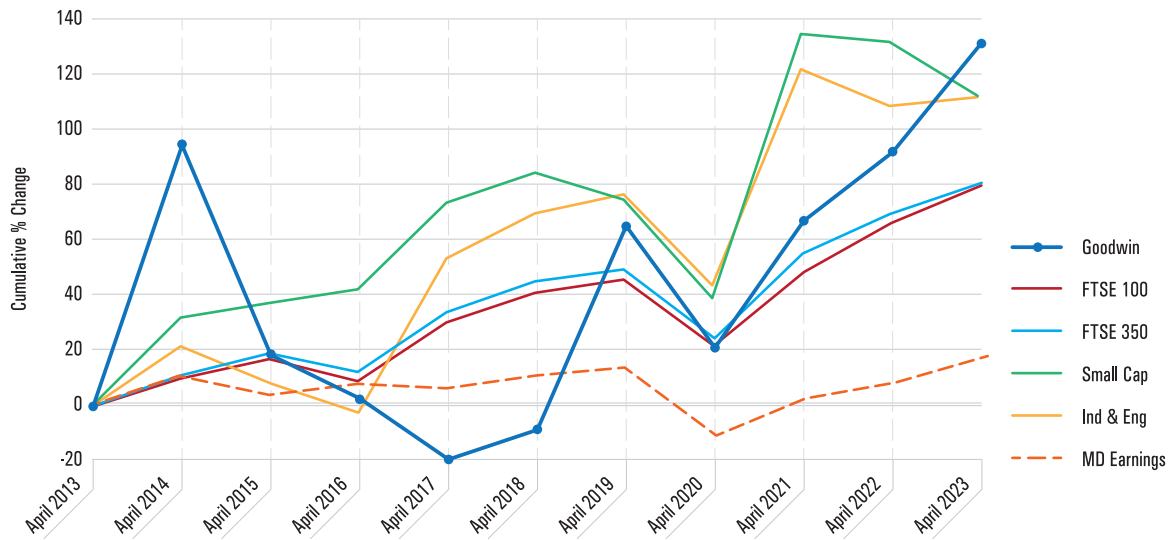
2019	2020	2021	2022	2023
£'000	£'000	£'000	£'000	£'000
397	310	355	374	406

Total payroll costs, excluding the Managing Director's salaries, have decreased by 12.0%. During the year, the initial base increase awarded to employees in the UK companies was 5.3% followed by a further 3.2% being awarded later on in the year. The following graphs have not been audited.

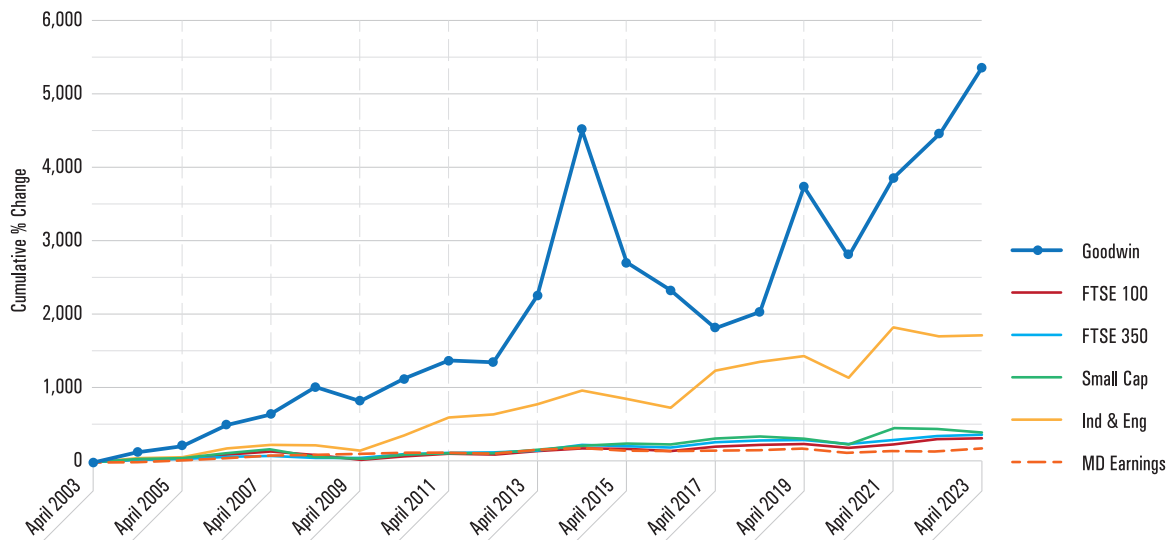
DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Total Shareholder Return (TSR)
10 Years ended 30th April 2023



Total Shareholder Return (TSR)
20 Years ended 30th April 2023



The increase in the Goodwin PLC share price since 2003 plus dividends re-invested would mean that £1.00 invested in 2003 by 30th April, 2023 would be worth £54.76. The increase in the share price since 2013 plus dividends re-invested would mean that £1.00 invested in 2013 would at 30th April, 2023 be worth £2.31.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

The auditor is required to report on the following information contained in this section of the Annual Directors' Remuneration Report.

Directors' interests in the share capital of the Company as well as ex Directors – audited

The interests of the Directors in the share capital of the Company at the beginning and end of the financial year were as follows:

	Number of 10p ordinary shares	
	30th April 2023	30th April 2022
<i>Beneficial</i>		
M. S. Goodwin	69,054	69,265
S. R. Goodwin	78,786	78,978
T. J. W. Goodwin... ..	118,926	122,334
J. Connolly <i>(retired 31st March, 2023)</i>	28,802	28,802
B. R. E. Goodwin	54,536	59,189
N. Brown	445	445
J. W. Goodwin*	52,041	71,866
R. S. Goodwin*	21,670	33,236
J. W. Goodwin* and R. S. Goodwin*	2,154,009	2,129,153
J. W. Goodwin* and R. S. Goodwin*	1,492,036	1,457,358
<i>Non-beneficial</i>		
J. W. Goodwin* and E. M. Goodwin	14,166	14,166

* Audit committee member / ex Director.

Details of individual emoluments and compensation – audited

Single Total Figure Table	Salary	Benefits in kind	Non-Exec Director's fees	Pension contrib- utions	Total
Year ended	2023 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
M. S. Goodwin	399	5	-	2	406
S. R. Goodwin	399	5	-	2	406
T. J. W. Goodwin	280	5	-	8	293
J. Connolly... ..	238	1	-	7	246
B. R. E. Goodwin	256	5	-	8	269
N. Brown	184	11	-	6	201
J. E. Kelly	-	-	78	-	78
Total	1,756	32	78	33	1,899

Single Total Figure Table	Salary	Benefits in kind	Non-Exec Director's fees	Pension contrib- utions	Total total
Year ended	2022 £'000	2022 £'000	2022 £'000	2022 £'000	2022 £'000
M. S. Goodwin	360	3	-	11	374
S. R. Goodwin	360	3	-	11	374
T. J. W. Goodwin	259	3	-	8	270
J. Connolly	270	2	-	8	280
B. R. E. Goodwin	233	3	-	7	243
N. Brown	167	11	-	5	183
J. E. Kelly	-	-	72	-	72
Total	1,649	25	72	50	1,796

Benefits in kind consist of the provision of a fully expensed car, a cash alternative scheme, healthcare insurance or other services. The employer's national insurance costs relating to the Directors' remuneration amounted to £250,000 (2022: £222,000).

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Pay Comparison – audited

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

Annual Percentage Change of Average Remuneration of each Director	2022 / 2023 %	2021 / 2022 %	2020 / 2021 %
M. S. Goodwin	8.5**	5	15*
S. R. Goodwin	8.5**	5	15*
T. J. W. Goodwin	8.5	5	32*
J. Connolly <i>(retired 31st March, 2023)</i>	0	0	16
B. R. E. Goodwin	10.4	10	42
N. Brown <i>(appointed 11th December, 2020)</i>	10	N/A	N/A
J. E. Kelly	8.5	6	9
UK Base Increase Awarded to Employees	8.5		

Any increases greater than the UK average employee % change are a reflection of the further development of individual Directors in the areas of their new responsibilities. It should be noted in 2023, M. S. Goodwin and S. R. Goodwin total remuneration has increased inline with the UK base increase but the reallocation of pension contribution has resulted in the average % increase of their salary and benefits in kind increasing by 11.2% compared to last year.

* *The above increases are in relation to the appointment of M. S. Goodwin, S. R. Goodwin and T. J. W. Goodwin as Mechanical Divisional Managing Director, Refractory Divisional Managing Director and Group Chairman respectively.*

** *It should be noted in 2023, that the percentage for M. S. Goodwin and S. R. Goodwin is higher due to the changes in their pension contributions which affect these figures.*

Average % Increase of the UK Workforce

As required to be disclosed by the remuneration regulations, the average 'mean' pay of the UK workforce has increased by 9.6%, which takes into account salary, bonuses and benefits in kind and is based on all individuals employed by Goodwin PLC and its UK subsidiaries. The increase is a factor of the pay increases awarded in the year, as well as the business needing to employ individuals with a greater and wider skillset as the Group takes on more technical work.

	2022 / 2023 %	2021 / 2022 %	2020 / 2021 %
UK workforce average % Increase	9.6	5	3

Pay Ratio of Managing Directors

In accordance with the Pay Ratio Regulations we are disclosing the comparison of our Managing Directors' pay with that of our average UK employees. It is appropriate that the Managing Directors' pay was used in the comparison as we do not have what is generally known as a Chief Executive Officer.

For the year ended 30th April, 2023 the pay for both the Managing Directors in the Single Total Pay Figure table is the same. If the figures are different in any subsequent year, the higher of the two figures will be used in the ratio pay comparison section.

The tables below show our Managing Directors' pay ratio at the 25th, median and 75th percentile of our UK employees as at 30th April, 2023:

Financial Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023 FTSE 350		-	44:1	-
2023 ratios	Option A	14:1	11:1	8:1
2022 ratios	Option A	14:1	11:1	8:1
2021 ratios	Option A	14:1	11:1	8:1
2020 ratios	Option A	12:1	10:1	7:1

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Pay Ratio of Managing Directors *(continued)*

Financial Year	Managing Directors £'000	25th percentile pay £'000	Median pay £'000	75th percentile pay £'000
2023 Total Pay	406	29	38	52
2022 Total Pay	374	27	34	48
2021 Total Pay	355	26	33	45
2020 Total Pay	333	26	33	45

Notes:

- 1. Total pay has been calculated for each employee and, where applicable, prorated to calculate full-time equivalent pay. It includes payments that are taxable plus any employer pension contributions.*
- 2. We offer competitive and fair rates of pay for all our UK employees taking into account personal circumstances.*
- 3. We have opted for Option A of the pay ratio regulations as this is the preferred option under the regulations and also provides the most accurate data.*
- 4. The above figures are based on the total pay as at 30th April, 2023.*

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

All share options under the Equity Long-Term Incentive plan (LTIP) for the Executive Directors, that was approved at the Annual General Meeting on 5th October, 2016, have now been exercised and the Company has no follow-on LTIP incentive plans in place or proposed. The Company does not have a formal policy for post-employment shareholding requirements, and contrary to provision 37 of the UK Corporate Governance Code, the Company does not have the ability to recover and / or withhold sums or share awards in relation to the vested share options. The shares vested as part of the above scheme further align the executive directors with the long-term interests of the shareholders, as do their not insignificant shareholdings already held.

Total pension entitlements – unaudited

In line with the Government's requirements the Group administers a pension scheme for all UK employees including Directors. Under this Auto Enrolment Pension arrangement each Director is entitled to have an amount of 3% of gross remuneration paid into a pension scheme where they have direct dealings with the selected investment fund provider. The employee also contributes a minimum of 4% of remuneration to their fund. The pension contributions are to defined contribution pension schemes which are independent of the Company.

The Company has no obligations to make any payments in relation to pensions when a Director leaves service by nature of removal from office, resignation or retirement.

The Annual Directors' Remuneration Report was approved by the Board on 7th August, 2023 and is signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the Report of the Directors, the Directors' Remuneration Report, the separate Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law and are required under the Listing Rules of the Financial Conduct Authority to prepare Group financial statements in accordance with UK-adopted International Accounting Standards. The Directors have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d. for the Company financial statements, state whether they have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- e. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names are listed on page 22, confirm that to the best of each person's knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Goodwin PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

7th August, 2023

INDEPENDENT AUDITOR'S REPORT to the members of Goodwin PLC

Opinion

We have audited the financial statements of Goodwin PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2023 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 "Reduced Disclosure Framework", (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Summary of our audit approach

Key audit matters	<p>Group Revenue recognition – revenue recognised over time Intangible assets – capitalisation and impairment</p> <p>Parent Company No key audit matters noted</p>
Materiality	<p>Group Overall materiality: £778,000 (2022: £715,000) Performance materiality: £583,000 (2022: £536,000)</p> <p>Parent Company Overall materiality: £430,000 (2022: £425,000) Performance materiality: £322,500 (2022: £318,000)</p>
Scope	Our audit procedures covered 80% of revenue, 92% of total assets and 74% of absolute profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent

Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – Revenue recognised over time

Key audit matter description	<p>Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 4.</p> <p>Revenue underpins the key measures of performance of the Group. As a profit-oriented business, we considered the risk of fraud in the recognition of revenue. We identified that there was a heightened risk of misstatement around the year end through inappropriate application of the Group’s revenue recognition policies and revenue transactions being recognised in the wrong period.</p> <p>The Group has contracts with customers under which revenue is recognised over time. Revenue recognised in the year on these contracts amounted to £79,998,000.</p> <p>Estimates are made by management based on work completed for each contract and costs to complete.</p> <p>Revenue is recognised with an associated adjustment made to cost of sales to adjust the level of profits recognised on the contract to be in line with the percentage stage of completion.</p> <p>Associated contract assets, liabilities and work in progress are recognised where applicable on these contracts.</p> <p>There is a risk that revenue could be misstated through:</p> <ul style="list-style-type: none">- inappropriate application of the Group’s revenue recognition policies;- the high level of estimation uncertainty in recognising revenue on over time contracts; or- modifications in contractual arrangements, such as variations and settlements of claims.
How the matter was addressed in the audit	<p>We assessed whether revenue was recognised in line with the Group’s revenue recognition policies and IFRS 15 ‘Revenue from contracts with customers’.</p> <p>We undertook tests of details on contracts that have been completed in the year and those open at the year end.</p> <p>We considered management’s estimates of the stage of completion for open contracts at the period end, substantively testing supporting schedules, including verification of contractual terms. We challenged management on the key assumptions and variances identified and reviewed historical budgeting accuracy.</p> <p>For all contracts selected we tested the associated contract assets and contract liabilities.</p> <p>The Group reached a settlement for additional revenue on a contract during the year. We checked the associated adjustments to revenue were appropriate for the period through our contract testing procedures.</p> <p>We reviewed the disclosures associated with revenue recognition.</p>
Key observations	<p>In concluding our audit, we identified misstatements in excess of the trivial threshold relating to revenue contracts. Where misstatements were identified, we reported these to those charged with governance and certain adjustments were recorded by the management. The remaining unadjusted misstatements relating to revenue contracts were below overall materiality.</p> <p>The combination of revenue contract adjustments with other accumulated unadjusted misstatements resulting from the group audit was a large proportion of, albeit below, our overall materiality. These adjustments, if corrected would serve to increase reported profit for the period.</p>

Intangible assets – capitalisation and impairment

Key audit matter description	<p>Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 15.</p> <p>The Group has various intangible assets including goodwill, brand names, intellectual property, manufacturing rights and development costs. These assets form part of the Group's cash generating units (CGUs). The performance of each CGU varies and the actual or expected performance of each could impact the carrying value of the Intangible assets within the CGU.</p> <p>The Group has incurred expenditure on development of new products in the year. As certain projects have moved towards production, there has also been capital expenditure on plant and equipment. Amounts are capitalised if criteria are met in accordance with IAS 38 'Intangible assets' and IAS 16 'Property, plant and equipment'</p> <p>The viability of and market for new products is not guaranteed. Judgement is required in considering this and appropriate disclosures should be made in the financial statements.</p>
How the matter was addressed in the audit	<p>We assessed the appropriateness of capitalisation of development costs and capital expenditure in a new CGU due to the impact on reported earnings. We challenged the judgements made in assessing whether the IAS 38 criteria for capitalisation had been met.</p> <p>We obtained management's impairment model for their CGUs, including Goodwill and undertook audit procedures including:</p> <ul style="list-style-type: none"> • Assessing whether management's calculations comply with the requirements of IAS 36 'Impairment of assets'; • Analysing the structure and integrity of the model and the mathematical accuracy; • Challenging the main forecasting assumptions used in the value-in-use calculations which included expected revenues, margin and the discount rate; • Performing sensitivity analysis in assessing the risks of impairment; • Corroborating assumptions through discussions with operational management; and • Review of the disclosures in the financial statements. <p>We considered the amortisation accounting policy for each category of intangible asset.</p>
Key observations	<p>Based on our procedures, we concluded that the carrying value and disclosures in the financial statements were appropriate.</p>

Our application of materiality

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

	Group	Parent Company
Overall materiality	£778,000 (2022: £715,000)	£430,000 (2022: £425,000)
Basis for determining overall materiality	4.5% of two year average adjusted profit before tax. Profit before tax has been adjusted for material non-recurring items.	0.3% of Total Assets

Rationale for benchmark applied	Profit before tax is considered the key benchmark of the Group. We have normalised this over a two year period to reflect the fact that some revenue contracts span multiple periods.	Total assets is considered the key benchmark of the parent Company as the entity relies on its investments as a non-revenue generating entity.
Performance materiality	£583,000 (2022: £536,000)	£322,500 (2022: £318,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £38,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £21,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

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

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

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Absolute Profit before tax
Full scope audit	10	78%	92%	74%
Specific audit procedures *	1	2%	-	-
Total	11	80%	92%	74%

*While the specific scope % represents the component's total portion; our procedures consisted of specific audit procedures over the cut-off of revenue of the component only.

Procedures were performed at Group level and testing of intercompany eliminations were performed for the remaining 24 components.

Of the above, full scope audits for three components and specific audit procedures for one component were undertaken by component auditors.

Conclusions relating to going concern

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

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

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 23 to 24;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 24;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 24;
- Directors' statement on fair, balanced and understandable set out on page 22;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 13;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 27; and,
- Section describing the work of the Audit Committee set out on page 29.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent Company operates in and how the Group and parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud, as defined in ISA 250B: having obtained an understanding of the effectiveness of the control environment.

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

The most significant laws and regulations were determined as follows:

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

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

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

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 19 March 2021 to audit the financial statements for the year ending 30 April 2021 and subsequent financial periods. The period of total uninterrupted consecutive appointments is three years, covering the years ended 30 April 2021 and 30 April 2023.

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

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In due course, as required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements will form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Festival Way

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 30th April, 2023

	Notes	2023 £'000	2022 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	185,742	144,108
Cost of sales		(139,521)	(101,404)
GROSS PROFIT		46,221	42,704
Distribution expenses		(3,741)	(3,743)
Administrative expenses		(22,167)	(20,654)
OPERATING PROFIT		20,313	18,307
Finance costs (net)	7	(1,438)	(1,169)
Share of profit of associate company	14	65	63
PROFIT BEFORE TAXATION AND MOVEMENT IN FAIR VALUE OF INTEREST RATE SWAP*		18,940	17,201
Additional year-on-year unrealised gain on 10 year interest rate swap derivative		3,189	2,740
PROFIT BEFORE TAXATION	5	22,129	19,941
Tax on profit**	8	(5,616)	(6,321)
PROFIT AFTER TAXATION		16,513	13,620
ATTRIBUTABLE TO:			
Equity holders of the parent		15,904	12,980
Non-controlling interests		609	640
PROFIT FOR THE YEAR		16,513	13,620
BASIC EARNINGS PER ORDINARY SHARE (in pence)	9	206.81p	169.14p
DILUTED EARNINGS PER ORDINARY SHARE (in pence)	9	206.81p	169.14p

* The Chairman's Statement refers to trading profit, which is the profit before taxation less the further positive movement in fair value of interest rate swap as trading profit.

** The Group has received significant benefit from the UK superdeduction capital allowances programme, that has substantially reduced the corporation tax payable in the UK. For further details, see the additional commentary in note 8.

The notes on pages 54 to 104 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2023

	2023	2022
	£'000	£'000
PROFIT FOR THE YEAR	16,513	13,620
OTHER COMPREHENSIVE INCOME / (EXPENSE)		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Foreign exchange translation differences	(1,412)	1,493
Effective portion of changes in fair value of cash flow hedges	3,741	(3,834)
Ineffectiveness in cash flow hedges transferred to profit or loss	518	(339)
Change in fair value of cash flow hedges transferred to profit or loss	1,308	(1,432)
Effective portion of changes in fair value of cost of hedging	(1,447)	275
Ineffectiveness in cost of hedging transferred to profit or loss	(76)	(23)
Change in fair value of cost of hedging transferred to profit or loss	33	(75)
Tax (charge) / credit on items that may be reclassified subsequently to profit or loss	(919)	1,114
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR, NET OF INCOME TAX...	1,746	(2,821)
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18,259	10,799
	<hr/>	<hr/>
ATTRIBUTABLE TO:		
Equity holders of the parent	17,726	10,089
Non-controlling interests	533	710
	<hr/>	<hr/>
	18,259	10,799
	<hr/>	<hr/>

The notes on pages 54 to 104 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2023

	Share capital £'000	Trans- lation reserve £'000	Share- based payment reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non- controlling interests £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2023									
Balance at 1st May, 2022 ...	769	463	5,244	(2,746)	140	111,440	115,310	4,433	119,743
Total comprehensive income:									
Profit for the year	-	-	-	-	-	15,904	15,904	609	16,513
Other comprehensive income:									
Foreign exchange translation differences	-	(1,312)	-	-	-	-	(1,312)	(100)	(1,412)
Effective portion of changes in fair value	-	-	-	3,741	(1,447)	-	2,294	-	2,294
Ineffectiveness transferred to profit or loss... ..	-	-	-	518	(76)	-	442	-	442
Change in fair value transferred to profit or loss	-	-	-	1,274	40	-	1,314	27	1,341
Tax	-	-	-	(1,283)	367	-	(916)	(3)	(919)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	-	(1,312)	-	4,250	(1,116)	15,904	17,726	533	18,259
Transactions with owners:									
Dividends paid	-	-	-	-	-	(8,289)	(8,289)	(556)	(8,845)
BALANCE AT 30TH APRIL, 2023	769	(849)	5,244	1,504	(976)	119,055	124,747	4,410	129,157

The notes on pages 54 to 104 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued) for the year ended 30th April, 2022

	Share capital £'000	Trans- lation reserve £'000	Share- based payment reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non- controlling interests £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2022									
Balance at 1st May, 2021 ...	753	(852)	5,244	1,601	(1)	106,396	113,141	4,887	118,028
Total comprehensive income:									
Profit for the year	-	-	-	-	-	12,980	12,980	640	13,620
Other comprehensive income:									
Foreign exchange translation differences	-	1,315	-	-	-	-	1,315	178	1,493
Effective portion of changes in fair value	-	-	-	(3,790)	275	-	(3,515)	(44)	(3,559)
Ineffectiveness transferred to profit or loss	-	-	-	(333)	(23)	-	(356)	(6)	(362)
Change in fair value transferred to profit or loss	-	-	-	(1,359)	(64)	-	(1,423)	(84)	(1,507)
Tax	-	-	-	1,135	(47)	-	1,088	26	1,114
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	-	1,315	-	(4,347)	141	12,980	10,089	710	10,799
Transactions with owners:									
Issue of shares	16	-	-	-	-	-	16	-	16
Acquisition of NCI without a change in control	-	-	-	-	-	(74)	(74)	(356)	(430)
Dividends paid	-	-	-	-	-	(7,862)	(7,862)	(808)	(8,670)
BALANCE AT 30TH APRIL, 2022	769	463	5,244	(2,746)	140	111,440	115,310	4,433	119,743

The notes on pages 54 to 104 form part of these financial statements.

GOODWIN PLC
CONSOLIDATED BALANCE SHEET
at 30th April, 2023

	Notes	2023 £'000		2022 £'000
NON-CURRENT ASSETS				
Property, plant and equipment	11	101,243		87,594
Right-of-use assets	12	6,763		6,191
Investment in associate	14	964		896
Intangible assets...	15	25,448		24,817
Long-term trade receivables	18	-		1,191
Derivative financial assets	16, 28	5,932		2,741
		140,350		123,430
CURRENT ASSETS				
Inventories...	17	47,955		40,364
Contract assets	4	16,257		12,331
Trade and other receivables	18	34,589		28,647
Corporation tax receivable		1,337		1,347
Derivative financial assets	19, 28	2,684		1,211
Cash and cash equivalents	20	19,661		11,651
		122,483		95,551
TOTAL ASSETS		262,833		218,981
CURRENT LIABILITIES				
Borrowings	21	6,729		2,764
Contract liabilities	4	32,747		14,749
Trade and other payables	22	31,765		27,260
Derivative financial liabilities...	23, 28	2,383		2,393
Liabilities for current tax		921		1,886
Provisions for liabilities and charges	24	266		205
		74,811		49,257
NON-CURRENT LIABILITIES				
Borrowings	21	47,256		40,376
Derivative financial liabilities...	25, 28	-		1,643
Provisions for liabilities and charges	24	246		251
Deferred tax liabilities	26	11,363		7,711
		58,865		49,981
TOTAL LIABILITIES...		133,676		99,238
NET ASSETS		129,157		119,743
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	27	769		769
Translation reserve	27	(849)		463
Share-based payments reserve	27	5,244		5,244
Cash flow hedge reserve	28	1,504		(2,746)
Cost of hedging reserve	28	(976)		140
Retained earnings		119,055		111,440
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		124,747		115,310
NON-CONTROLLING INTERESTS	13	4,410		4,433
TOTAL EQUITY		129,157		119,743

These financial statements were approved by the Board of Directors on 7th August, 2023, and signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

Company Registration Number: 305907

The notes on pages 54 to 104 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30th April, 2023

	Notes	2023 £'000	2022 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from continuing operations after tax		16,513	13,620
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		6,272	6,202
Depreciation of right-of-use assets		1,198	1,192
Amortisation and impairment of intangible assets		1,257	1,572
Finance costs (net)		1,438	1,169
Currency (gains) / losses net of unhedged derivative movements		1,213	(1,535)
Loss / (profit) on sale of property, plant and equipment		134	(18)
Unrealised gain on 10 year interest rate swap derivative		(3,189)	(2,740)
Share of profit of associate company		(65)	(63)
UK tax incentive credit on research and development... ..		(610)	(675)
Tax expense		5,616	6,321
		29,777	25,045
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS			
(Increase) in inventories... ..		(8,377)	(5,175)
(Increase) / decrease in contract assets		(3,804)	3,498
(Increase) in trade and other receivables		(5,304)	(3,341)
Increase in contract liabilities... ..	*	17,954	472
Increase in trade and other payables		4,072	804
		34,318	21,303
CASH GENERATED FROM OPERATIONS			
Interest received		75	157
Interest paid		(2,015)	(1,415)
Corporation tax paid		(3,251)	(2,051)
		29,127	17,994
NET CASH INFLOW FROM OPERATING ACTIVITIES			
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment... ..		218	341
Acquisition of property, plant and equipment		(18,871)	(16,215)
Additional investment in existing subsidiaries	**	-	(430)
Acquisition of intangible assets		(675)	(282)
Development expenditure capitalised		(1,196)	(1,505)
		(20,524)	(18,091)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		-	16
Payment of capital element of lease liabilities		(1,874)	(1,153)
Dividends paid		(8,289)	(7,862)
Dividends paid to non-controlling interests		(556)	(808)
Proceeds from new loans		11,500	6,702
Repayment of loans and committed facilities		(1,181)	(683)
Change in bank overdrafts		119	-
		(281)	(3,788)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year... ..		11,651	15,160
Effect of exchange rate fluctuations on cash held		(312)	376
		19,661	11,651
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	20	19,661	11,651

* The majority of contract liabilities are advance payments from customers.

** The cash flow impact of the additional investment in existing subsidiaries should have been reported within cash flows from financing activities. This has not been amended in the prior year comparative, as the value is not material to the Group.

The notes on pages 54 to 104 form part of these financial statements.

1. Accounting policies

Goodwin PLC (the “Company”) is incorporated in England and Wales.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in associates. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group’s financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under UK adopted IFRS.

The Company has elected to prepare its financial statements in accordance with Financial Reporting Standard (FRS) 101 issued in the UK. These are presented on pages 92 to 103.

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a possible significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The Directors, after having reviewed the projections and possible challenges that may lie ahead, believe that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements, and have continued to adopt the going concern basis in preparing the financial statements.

As at 30th April 2023, the Group’s gearing ratio stood at 26.3% (2022: 25.8%) against a substantial shareholders net worth of £125 million (2022: £115 million). The retained reserves of the Group put it in a strong position to deal with unforeseen material adverse issues.

The Group has continued to incur high energy costs throughout the financial year, but it has been able to manage the increases in costs. With the measures already put in place by the Group and the continued monitoring of the energy costs incurred, we do not see the impact of energy costs giving rise to a going concern issue. Furthermore, the fact that it is Group policy to manufacture and sell products with high technology and high gross margins assists in insulating the Group from high energy costs.

Within our severe but plausible stress test model, it is demonstrable that the Group has sufficient funds, after the share buy-back transaction, to cover the Group’s and the Company’s financial commitments during the forecast period whilst remaining compliant with its financial covenants. The stress test model starts with the forecasts generated by the subsidiary directors and reflects their specific knowledge of the market conditions, strategy and outlook. Each of these subsidiary level forecasts is then reviewed, challenged and approved by the relevant Group Managing Director who themselves are immersed in each of the businesses. The stress test model then predicts the impact of a severe but plausible reduction in the pre-tax profit forecast by reducing revenues by 18% without adjusting downwards the capital expenditure programme, maintaining the overheads at their current expected levels and keeping the financing facilities at the same amounts that were in place at year end. The results of the stress test modelling did not highlight any going concern issues, breaches of covenants or requirements for any further financing facilities.

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

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

The Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Measurement convention

The financial statements are rounded to the nearest thousand pounds. The financial statements are based on the historical cost basis except where the measurement of balances at fair value is required as below.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially

1. Accounting policies (continued)

Basis of consolidation (continued)

recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Foreign currency

The functional and presentational currency of the Group is Pound Sterling (£). Where foreign currency transactions are hedged, the transactions are recorded at their hedged rate. All other transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange movements associated with hedged transactions are recognised in the cash flow hedge reserve, whilst non-hedged foreign exchange differences arising on translation are recognised in the statement of profit or loss within operating profit.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Pound Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign operations are taken directly to the translation reserve. They are released into the statement of profit or loss upon disposal of the foreign operation.

New IFRS standards and interpretations adopted during 2022 / 2023

The IASB and IFRIC issued the following amendments:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 – (effective for periods commencing on or after 1st January, 2022).

The implementation of these amendments has not had a material impact on the Group's financial statements.

New IFRS standards and interpretations not adopted

Amendments to existing standards or new standards and interpretations that have been issued but are not yet effective and have not been adopted by the Group are listed below:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors 'Definition of Accounting Estimates' – (effective for periods commencing on or after 1st January, 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date – (effective for periods commencing on or after 1st January, 2023, subject to endorsement).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – (effective for periods commencing on or after 1st January, 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (effective for periods commencing on or after 1st January, 2023).
- Amendments to IAS 1 Non-current liabilities with covenants - (effective for periods on our after 1 January 2024).

The Group does not expect that any standards, amendments or interpretations issued by the IASB, but not yet effective, will have a material impact on the financial statements once adopted.

Revenue

Revenue is recognised when a customer obtains control of the goods or services i.e. upon the satisfaction of a performance obligation. Judgement is required to determine the timing of the transfer of control, and whether it is at a point in time or over time. Where a contract contains several performance obligations then the contract is unbundled and each performance obligation is dealt with separately.

Standard inventory product lines and consumables

Typically applies to the sale of slurry pumps within the Mechanical Engineering Division and to the whole of the Group's Refractory Engineering Division. The revenue here relates to standard products manufactured for sale. The performance obligation is satisfied and revenue recognised at the point when customers obtain control of the goods in accordance with the International Commercial (INCO) terms agreed. There are also bill and hold arrangements, where control passes to the customer once the customer confirms that the job has been completed, but where the goods are yet to be collected and remain at the Company premises.

1. Accounting policies (continued)

Revenue (continued)

Minimum period contracts for the provision of goods and services

Predominantly the supply of broadband and related services under minimum term contracts. Performance obligations are satisfied over time and revenue is recognised equally over the term of the contract.

Engineered bespoke products – performance obligations satisfied over time

Typically applies to the Group's Mechanical Engineering Division and covers sales orders which are customer bespoke, and have a cancel for convenience clause. This clause then permits the Group subsidiary to claim profit as the project progresses over time to completion and if the customer were to trigger the cancel for convenience clause within the contract, claim profit from the customer to that point in time. In such cases, the performance obligations are treated as satisfied over time (i.e. as the contract progresses) and revenue is taken based on the percentage completion of the contract by the creation of a contract asset. Work in progress is eliminated and replaced by a contract asset. Measuring progress requires judgement as to the stage of completion of each job, and the production of forecasts of costs to complete, which contain allowances for technical risks and inherent uncertainties. The input method is considered to be the most appropriate, because costs are the significant indicator of the job performance and expected contract profitability. Using the input method, costs to date are factual and based on job cost records. As jobs progress through the factories, the cost estimate sheets, generated at order placement, are adjusted for known time-based or commodity-based variances. The cost estimate sheets are the source for the calculation of the total estimated costs on a job. At both senior and middle management level, there is a high level of continuity and expertise to interrogate the costings and so arrive at an appropriate assessment of the total costs on a job, and to then determine the percentage of completion for each contract. The contracts within the Group do not include variable consideration.

Contract modifications

Where the Group has modifications or variations to a contract, then these are included in the contract calculations only when there is a high probability that they are certain to occur, which the Group considers to be when there is a signed agreement in place.

Engineered bespoke products – performance obligations satisfied at a point in time

Typically applies to the Group's Mechanical Engineering segment and covers sales orders which are customer bespoke, but permit the Group subsidiary to claim profit only on completion of the project or only the costs incurred to date in the event the customer triggers the cancel for convenience clause within the contract. In such cases, the performance obligation is deemed to be met and revenue taken as order lines are shipped in accordance with the relevant shipping terms or via a bill and hold arrangement, whereby control passes to the customer, once the customer confirms that the job has been completed, but where the goods are yet to be collected, and remain at the Company premises.

Where the contract period is less than one year, the incremental costs of winning a contract are recognised as an expense as they are incurred.

Contract assets / contract liabilities

Contract assets represent the Group's rights to consideration for work completed but not invoiced at the reporting date for bespoke product contracts where, as part of the contract terms, there is a termination for convenience clause which, if invoked, allows the Group company to charge for profit earned to date. Contract assets are transferred to receivables when the rights to consideration become unconditional, which is generally when the Group invoices the customer. Where payments are received in advance and exceed the costs incurred in constructing the asset together with forecast margin earned, the balances are disclosed as contract liabilities.

Employment costs

Pension costs

The Group contributes to a defined contribution pension scheme for UK employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Group pension costs are charged to the statement of profit or loss in the year for which contributions are payable.

Contributions to the schemes are made on a monthly basis and at the end of the financial year there were one month's contributions outstanding, which were paid in the following month.

Termination costs

Employee termination costs are expensed in the profit and loss figures in a year as soon as the expense is known and is certain.

Share-based payment transactions

Share-based payments arrangements, in which the Group receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

1. Accounting policies (continued)

Financial income and costs

Financial expenses comprise interest payable (together with the amortisation of any facility arrangement fees) and interest on lease liabilities using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use are capitalised as part of the cost of that asset. Interest income and interest payable is recognised in the statement of profit or loss as it accrues.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Financial instruments

Measurement

Trade and other receivables, which do not contain a significant financing component, are measured, initially, at the transaction price. All other financial assets and liabilities are measured at fair value, on initial recognition.

Non-derivative financial assets are measured subsequently at amortised cost if the objective is to hold them to collect contractual cash flows and their contractual terms include cash flows on specified dates, which are payments of principal and interest.

Impairment

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses (ECLs). Specific impairments are made when there is a known impairment need against trade receivables and contract assets. When estimating ECLs, the Group assesses reasonable, relevant and supportable information, which does not require undue cost or effort to produce. This includes quantitative and qualitative information and analysis, incorporating historical experience, informed credit assessments and forward-looking information. Loss allowances are deducted from the gross carrying amount of the assets. Where material, impairment losses related to trade and other receivables, including contract assets, are disclosed separately in the statement of profit or loss.

Principal non-derivative financial assets

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional. Trade receivables are held with the intention of collecting the contractual cash flows and are measured subsequently, therefore, at amortised cost.

Other financial assets

Other financial assets principally comprise short-term balances, which include sales taxes repayable to the Group. After being recognised initially at fair value, other receivables are measured, subsequently, at amortised cost. The carrying amount of other receivables is considered to be a reasonable approximation of their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, together with cash deposits with an original maturity of three months or less.

Principal non-derivative financial liabilities

Bank borrowings

Interest-bearing bank loans and overdrafts are measured initially at their fair value less attributable transaction costs. They are carried, subsequently, at amortised cost and finance charges are recognised in the statement of profit or loss over the contract term, using an effective rate of interest.

1. Accounting policies (continued)

Financial instruments (continued)

Principal non-derivative financial liabilities (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value, and are subsequently reported at amortised cost.

Derivative financial assets and liabilities

Derivative financial assets and liabilities are recognised at fair value. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price and the current forward price for the residual maturity of the contract adjusted for counterparty credit risk. The recognition of the gain or loss on re-measuring to fair value those forward exchange contracts, which are used for hedging, is outlined below; for other forward exchange contracts and the interest rate swap derivative, the gain or loss is recognised in the profit or loss.

Fair value derivation

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial assets and liabilities is derived using level 2 inputs. As at the year-end, the Group held currency derivatives and an interest rate swap derivative. For the currency derivatives, the valuations are based on the period end currency rates, as adjusted for the forward points to maturity, the time value of money and the banks' assessed credit risk and margin. For the interest rate swap derivative, the valuation is arrived at by comparing the forward interest curve as at 30th April, 2023 out to maturity against our fixed swap rate. The result is then discounted for the time value of money and adjusted for credit risk and margin.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Our hedge relationships are aligned with our risk management objectives and strategy, resulting in a more qualitative and forward-looking approach in ensuring hedge effectiveness.

For cash flow hedges, the associated cumulative gain or loss on the relevant derivative financial instrument is removed from equity and recognised in the statement of profit or loss in the same period or periods during which the hedged forecast transaction affects the statement of profit or loss. Any identified ineffective portion of the hedge is recognised immediately in the statement of profit or loss. Only the change in spot rate is designated as the hedging instrument, with the change in fair value relating to forward points being reported separately as deferred costs of hedging within other comprehensive income as permitted by IFRS 9. Where a derivative financial instrument is not hedge accounted, all changes in fair value are recognised in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the cash flow hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the statement of profit or loss immediately, within cost of sales.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss over the estimated useful lives of each part of an item of property, plant and equipment on the following bases:

- Freehold land Nil
- Freehold buildings 2% to 4% on reducing balance or cost
- Leasehold property over period of lease
- Plant and machinery 5% to 25% on reducing balance or cost
- Motor vehicles 15% or 25% on reducing balance
- Tooling over estimated production life
- Other equipment 15% to 25% on reducing balance or cost
- Assets in the course of construction ... Nil

1. Accounting policies (continued)

Leases

Definition of a lease

A contract is a lease or contains a lease if it transfers the right to use an identified asset over the contract term, in exchange for payment. In determining whether a contract gives the Group the right to use an asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefit of using the asset; and
- the Group has the right to direct the use of the asset by deciding how the asset is employed.

Lease term

The lease term is the non-cancellable period of a lease, and options to extend the lease or terminate it, where it is probable that the Group will exercise the available options. At the start of a lease, the Group makes a judgement about whether it is reasonably certain to exercise the options, and reassesses this judgement at every reporting period. Contracts, where the original lease term has expired, with assets continuing to be leased on a short-term rolling basis of a few months, are treated as short-term leases.

Lease balances

A right-of-use asset and a lease liability are calculated at the beginning of a lease. The right-of-use asset is measured initially at cost, being the opening lease liability, adjusted for any lease payments made by the start of the lease, adjusted for any initial direct costs, which have been incurred.

The lease liability is measured initially at the present value of the lease payments, which are outstanding at the start date, discounted at either the rate implicit in the lease or the Group's incremental borrowing rate. With the exception of leases containing an option to purchase, the Group uses its incremental borrowing rate as the discount rate. Lease liabilities are measured at amortised cost, using the effective rate, and adjusted as required for any subsequent change to the lease terms.

The right-of-use asset is depreciated on a straight-line basis over the lease term, or from the start date of the lease to the end of the useful life of the right-of-use asset as appropriate. The method of calculating the estimated useful lives of the right-of-use assets and testing for impairment is the same as that for property, plant and equipment.

Recognition exemptions

Payments for short-term leases, lasting twelve months or less, without a purchase option are reported as an operating expense on a straight-line basis over the term of the lease.

The cost of leasing low-value items is reported as an operating expense over the life of the lease.

Lease portfolios

The Group has leases for the following types of assets:

Land and buildings – the Group leases a number of factory buildings, warehouses and office buildings.

Plant and equipment – a number of significant items of plant, such as CNC machines and furnaces, have been leased under contracts with an option to buy the asset at the end of the lease term. The Group also leases motor vehicles. For motor vehicles the Group has applied the practical expedient in paragraph 15 of IFRS 16, whereby non-lease components have not been separated from lease components, such that lease costs and service costs are treated as a single lease component.

Printers and photocopiers – the Group has applied the recognition exemption for low-value assets to these leases.

Government grants

Government grants relating to income are recognised in the statement of profit or loss.

Government grants relating to assets are recognised in the balance sheet as a deduction in the carrying amount of the asset. Depreciation is charged on the value of the asset less the associated grant.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill is recognised as the difference between the consideration transferred and the fair value of identifiable assets, liabilities and contingent liabilities assumed in a business combination. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised immediately in the statement of profit or loss.

Goodwill or negative goodwill resulting from increasing the percentage ownership of an existing subsidiary is reported as an equity transaction with owners.

Expenditure on research activities is recognised in the statement of profit or loss as an expense as incurred.

1. Accounting policies *(continued)*

Intangible assets and goodwill *(continued)*

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs Minimum expected order unit intake or minimum product life
- Manufacturing rights 6 - 15 years
- Brand names and intellectual property 3 - 20 years
- Customer lists 2 - 10 years
- Order book 1 year
- Distribution rights 25 years
- Software and licences 3 - 5 years
- Non-compete agreements 15 years

Impairment of intangibles

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Recoverable amount is the greater of an asset's or cash-generating unit's CGU fair value less costs to sell or value in use.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Provisions

General provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranty provisions

The Group carries a warranty provision where applicable. The warranties are committed at contract placement stage and typically, where given to a customer, the warranty has a duration of between 1 and 3 years. At the expiry of the warranty period, to the extent not utilised, the warranty provision is then released back into the statement of profit or loss. The warranties are generally passive in nature confirming that the goods comply with contractual specifications and given the incidence of product failure is low, the warranties have no tangible customer value.

2. Accounting estimates and judgements

The Group makes judgements and estimates in applying the Group's accounting policies, to prepare the financial statements. The Directors do not believe there have been any key judgements exercised during the period, but see the following as the key estimates considered.

Key estimates and judgements

IFRS 15 Revenue Recognition

The Directors consider that a key estimate, which may have a material impact on the financial statements, is in relation to IFRS 15 and, in particular, where we are mandated to account on a revenue over time basis on some of our mechanical engineering work in progress contracts. When reviewing the terms of contracts with customers, judgement is required to assess the number of performance obligations within the contracts and when to recognise contract provisions.

For contracts where revenue is recognised over time, there is a need to estimate the costs to complete on these contracts. The costs to complete estimates can be complex, as they need to consider several variable factors such as the impact of delays, cost overruns and also any variations to contract. Once complete, these estimates then drive the amount of revenue recognised. The estimates are prepared and reviewed by management with suitable experience and qualifications, and who endeavour to ensure the revenue mandated to be recognised prior to the completion of the contract is not under or overstated, based on possible technical risks and inherent uncertainties.

Whilst cost to complete estimates are based on management's best knowledge at the time, it is clear, due to the very nature of an estimate that the eventual outcomes may differ due to unforeseen events. However, the advanced stage of completion of a number of contracts reduces the risk of unforeseen events arising, and given that the initial position taken on material contracts at the balance sheet date is revisited as part of the post balance sheet review process prior to the financial statements being signed off, we would conclude that the risk of a material impact on the financial statements arising from changes in estimates here is low. If the costs to complete contracts, that had not been completed as at the year end, were 1% higher than estimated at the year-end, for which this increase in costs could not be passed on to the customer, then the impact to the current year's revenue would be £328,000.

Where there are claims which are subject to commercial negotiation, these are recognised only when there is a high level of certainty, which the Group considers this to be when there is a signed agreement in place. Consideration is given to the requirements of IFRS15 in determining the appropriate accounting for the claim settlements which takes into account the nature of the settlement and whether it relates to a point in time or over time revenue contract.

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

The Group carries different classes of intangible assets on its balance sheet, which include goodwill, manufacturing rights, brand names and development costs. Capitalised intangible costs are amortised on a straight-line basis, which commences when the Group is expected to benefit from cash inflows. A key estimate is required in determining the useful economic life over which each asset is to be amortised, with current timeframes ranging from fifteen to twenty-five years. In arriving at the appropriate timeframe for amortisation, there are essentially two key estimates, namely the product life cycle and the amount of profit generated from the expected income streams. In terms of sensitivity, then, in regard to the intangible assets other than goodwill, if we were to assume assets with estimated useful lives of fifteen years or more were reduced by one third, then the pre tax profit and loss impact on the current year reported figures would be to reduce profits by £488,000 (2022: £471,000). In accordance with IAS 38, the basis on which goodwill / intangible assets are impaired / amortised is assessed annually. Sensitivity as regards goodwill is considered within note 15 to these financial statements.

Apart from above, the Group does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Duvelco viability

The Company has invested circa £14 million in the area of high performance polymer resins. The Company will commence a period of testing and commissioning of the plant in Q2 and Q3 of financial year 2024 before any commercial activity takes place. The judgement of the Board is that the market potential here is significant and that future profitability is expected to be strong. Accordingly, the Directors do not see a need to impair our investment in this area.

Other estimates and judgements

Other than as reported above, the Directors do not consider there to be any key estimates or judgements in preparing the financial statements. The estimates and judgements outlined below formed the main areas of focus for the Directors throughout the year.

Inventory provisions

The Group's Directors in conjunction with senior management in the subsidiaries regularly review the recoverability of their stated raw material and work in progress balances, paying particular attention to net realisable value and stock obsolescence issues. The estimates are in relation to costs to complete and the expected level of future sales orders for slow moving stocks. Where it is judged that a provision is deemed necessary, the appropriate adjustments are made in the relevant subsidiary's books at the time a shortfall is identified.

2. Accounting estimates and judgements *(continued)*

Other estimates and judgements *(continued)*

Trade receivable provisions

Whilst trade debtors are insured wherever possible, the Directors are able to exercise judgement in relation to non-credit insured contracts as set out in note 28 (a). The Group Directors, in conjunction with the subsidiary credit controllers, closely monitor the adherence to payment terms across all accounts (whether insured or not) and make provision for any losses that are likely to materialise. There is a requirement under IFRS 9 to consider the statistical likelihood of a bad debt based off previous experience. Historically, the Group's bad debt write offs have been negligible and the Group results are not impacted by this requirement for a statistically based provision.

3. Segmental information

Products and services from which reportable segments derive their revenues

For reporting to the chief operating decision maker, the Board of Directors, and as outlined in the Business Model section of the Strategic Report on page 8, the Group is organised into two reportable operating segments according to the different products and services provided by the Mechanical Engineering and Refractory Engineering Divisions. Segment assets and liabilities include items directly attributable to segments as well as group centre balances which can be allocated on a reasonable basis. Associates are included in Refractory Engineering. In accordance with the requirements of IFRS 8, information regarding the Group's operating segments is reported below.

In previous years the segmental analysis of net assets, capital expenditure and depreciation was based on the legal structure of the Group. This year, the analysis represents the operational structure of the Group and the prior year comparatives have been updated accordingly. There are no other reportable segments apart from those identified.

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Revenue						
External sales	123,767	61,975	185,742	87,605	56,503	144,108
Inter-segment sales	23,771	18,365	42,136	17,784	15,523	33,307
Total revenue	147,538	80,340	227,878	105,389	72,026	177,415
Reconciliation to consolidated revenue:						
Inter-segment sales			(42,136)			(33,307)
Consolidated revenue for the year			185,742			144,108

	Year ended 30th April, 2023		Year ended 30th April, 2022	
	£'000	£'000	£'000	£'000
Profits				
Mechanical Engineering	49	12,171	42	9,139
Refractory Engineering	51	12,772	58	12,657
Segment operating profit	100	24,943	100	21,796
Group centre		(4,630)		(3,489)
Group operating profit		20,313		18,307
Finance costs (net)		(1,438)		(1,169)
Share of profit of Refractory associate company		65		63
Profit before taxation and movement in fair value of interest rate swap		18,940		17,201
Unrealised gain on 10 year interest rate swap derivative		3,189		2,740
Profit before tax		22,129		19,941
Tax on profit		(5,616)		(6,321)
Profit after tax		16,513		13,620

3. Segmental information (continued)

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

	Year ended 30th April, 2023				Year ended 30th April, 2022			
	Group centre £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Group centre £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Net assets								
Total assets	18,644	175,023	69,166	262,833	18,493	141,995	58,493	218,981
Total liabilities	(2,821)	(103,234)	(27,621)	(133,676)	(2,595)	(77,211)	(19,432)	(99,238)
Total	<u>15,823</u>	<u>71,789</u>	<u>41,545</u>	<u>129,157</u>	<u>15,898</u>	<u>64,784</u>	<u>39,061</u>	<u>119,743</u>

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Board of Directors monitors the tangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments with the exception of some of those held by the parent Company, Goodwin PLC.

	Year ended 30th April, 2023				Year ended 30th April, 2022			
	Group centre £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Group centre £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Segmental capital expenditure								
Property, plant and equipment	630	15,623	4,928	21,181	1,868	9,596	4,889	16,353
Right-of-use assets	220	1,233	66	1,519	419	2,423	881	3,723
Intangible assets	11	508	1,305	1,824	64	1,121	602	1,787
Total	<u>861</u>	<u>17,364</u>	<u>6,299</u>	<u>24,524</u>	<u>2,351</u>	<u>13,140</u>	<u>6,372</u>	<u>21,863</u>

Segmental depreciation, amortisation and impairment

Depreciation	1,070	4,872	1,528	7,470	1,046	4,643	1,705	7,394
Amortisation and impairment	64	446	747	1,257	123	668	781	1,572
Total	<u>1,134</u>	<u>5,318</u>	<u>2,275</u>	<u>8,727</u>	<u>1,169</u>	<u>5,311</u>	<u>2,486</u>	<u>8,966</u>

Geographical segments

The Group operates in the following principal locations. In presenting the information on geographical segments, revenue is based on the location of its customers and assets on the location of the assets.

	Year ended 30th April, 2023				Year ended 30th April, 2022			
	Revenue £'000	Net assets £'000	Non-current assets £'000	Capital expenditure £'000	Revenue £'000	Net assets £'000	Non-current assets £'000	Capital expenditure £'000
UK*	55,867	82,669	114,235	21,533	38,599	77,447	102,254	19,670
Rest of Europe	28,367	10,636	4,224	790	21,388	8,648	3,728	1,009
USA	19,854	-	-	-	14,046	-	-	-
Pacific Basin	34,725	15,982	7,029	330	31,085	15,867	6,703	278
Rest of World	46,929	19,870	8,930	1,871	38,990	17,781	8,004	906
Total	<u>185,742</u>	<u>129,157</u>	<u>134,418</u>	<u>24,524</u>	<u>144,108</u>	<u>119,743</u>	<u>120,689</u>	<u>21,863</u>

* The prior year comparative for non-current assets has been adjusted to remove £2,741,000 of derivative assets.

4. Revenue

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

Geographical market

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
UK	41,112	14,755	55,867	25,261	13,338	38,599
Rest of Europe	21,269	7,098	28,367	13,304	8,084	21,388
USA	19,141	713	19,854	13,398	648	14,046
Pacific Basin	12,253	22,472	34,725	9,457	21,628	31,085
Rest of World	29,992	16,937	46,929	26,185	12,805	38,990
Total	123,767	61,975	185,742	87,605	56,503	144,108

Product lines

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Standard products and consumables	13,767	61,975	75,742	12,155	56,503	68,658
Bespoke products – point in time	30,002	-	30,002	9,992	-	9,992
Point in time revenue	43,769	61,975	105,744	22,147	56,503	78,650
Minimum period contracts	4,335	-	4,335	3,804	-	3,804
Bespoke products – over time	75,663	-	75,663	61,654	-	61,654
Over time revenue	79,998	-	79,998	65,458	-	65,458
Total revenue	123,767	61,975	185,742	87,605	56,503	144,108

The following table present information about receivables, work in progress, contract assets and liabilities from contracts with customers.

	2023 £'000	2022 £'000
Trade receivables due within one year (note 18)	28,094	22,529
Trade receivables due after more than one year (note 18)	-	1,191
Work in progress (note 17)	13,001	10,161
Contract assets	16,257	12,331
Contract liabilities	(32,747)	(14,749)
	24,605	31,463

The Mechanical Engineering segment of the Group contains large non-seasonal contracts, and so significant variations are to be expected in the trade receivable, contract assets, work in progress and contract liabilities balances. These large high value contracts arrive at various points during the year and factors such as percentage complete and the level of milestone payments received to date influence the positions shown at each year end. Work in progress balances relate to point in time contracts with contract assets relating to over time contracts. In the early of stages of a contract, there are often significant contract liabilities due to milestone payments received from customers. As contracts progress, work in progress and contract asset balances increase and contract liabilities decrease. The large increase in the contract liabilities during the year is due to the Group receiving £13.1 million of down payments close to the year end for two contracts, on which the Group has not yet commenced work.

4. Revenue (continued)

Product lines (continued)	2023	2022
	£'000	£'000
Revenue recognised in the year, which was included in the contract liability balance at the beginning of the period	7,711	7,182
Revenue recognised from performance obligations, which were satisfied (or partially satisfied) in previous periods*	5,259	3,794
Increased costs on contracts**	(995)	(1,145)
Release of increased cost of contracts**... ..	-	1,284

* These figures relate to contract modifications, which are recognised only when there is a high level of certainty.

** During the year the Group recognised additional costs on contracts that were over and above the forecasted costs for those contracts, which reduces revenue in the year. These contracts still remain profitable.

The Group reviewed the contract assets at year end and for all contracts did not have to make any impairment provision.

Incremental costs of obtaining contracts lasting less than one year, are recognised as an expense, when incurred, in accordance with the practical expedient in IFRS 15, paragraph 94.

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

Performance obligations

A performance obligation is the value of work still to complete on a contract.

The aggregate amount of the transaction price allocated to the performance obligations for longer-term contracts, which are unsatisfied (or partially unsatisfied) as at the end of the reporting period is shown below.

	2023	2022
	£'000	£'000
Performance obligations due to be satisfied within one year	42,316	40,114
Performance obligations due to be satisfied between 2-3 years	59,575	17,746
Performance obligations due to be satisfied between 4-5 years	33,494	19,959
Performance obligations due to be satisfied after more than 5 years	10,644	-
	146,029	77,819

The Group has applied the practical expedient in IFRS 15, paragraph 121, and has not disclosed the remaining performance obligations for contracts which have an original expected duration of one year or less.

5. Expenses and auditor's remuneration

The following are included in profit before taxation:

	2023	2022
	£'000	£'000
Charged / (credited) to the statement of profit or loss		
Depreciation:		
Owned assets	6,272	6,202
Right-of-use assets	1,198	1,192
Amortisation and impairment of intangible assets	1,257	1,572
Loss / (profit) on sale of other tangible fixed assets	134	(18)
Research expenditure	3,783	4,507
(Reversal) / impairment of trade receivables charged to the statement of profit or loss	(237)	188
Realised currency gains	(678)	(202)
Unrealised currency losses / (gains)	615	(2,385)
Mark to market currency derivative losses	156	1,212
Hedge reserve ineffectiveness	442	(362)
Fees receivable by the auditor and the auditor's associates in respect of:		
Audit of these financial statements	80	66
Audit of the financial statements of subsidiaries	344	282
Expenses relating to short-term property leases	300	304
Expenses relating to short-term plant and equipment leases	188	130
Expenses relating to leases of low-value assets	11	12
Government grants received	(331)	(397)

The analysis of the mark to market currency derivative losses and hedge ineffectiveness has been corrected for the previous year. The mark to market derivative gains / losses and ineffectiveness are reported within cost of sales.

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:

	2023	2022
	Number	Number
Subsidiary employees	1,093	1,062
Goodwin PLC Company employees	51	50
	1,144	1,112

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£'000	£'000
Wages and salaries	44,125	38,894
Social security costs... ..	4,489	4,513
Other pension costs... ..	1,461	1,338
	50,075	44,745

Payroll costs are reported as follows:

	2023	2022
	£'000	£'000
Cost of sales	36,783	31,707
Administrative expenses	13,292	13,038
	50,075	44,745

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on pages 34 to 36. The emoluments of the highest paid Director were £406,000 (2022: £374,000). The number of Directors, who were members of a defined contribution pension scheme on 30th April, 2023 was 3 (2022: 6).

7. Finance costs (net)	2023	2022
	£'000	£'000
Interest income	93	157
Interest expense on lease liabilities	266	121
Interest expenses on bank loans and overdrafts	1,756	1,292
Capitalised interest on assets in the course of construction	(491)	(87)
Interest expense	1,531	1,326
Finance costs (net)	1,438	1,169

The average interest rate used to calculate capitalised interest was 3.13% (2022: 2.57%). This takes into account the benefit of the interest rate swap.

8. Taxation

Recognised in the statement of profit or loss	2023	2022
	£'000	£'000
Current tax expense		
Current year	2,678	2,820
Under / (over) provision in prior years	191	193
	2,869	3,013
Deferred tax expense		
Origination and reversal of temporary differences		
– current year (see below)	1,926	1,381
Origination and reversal of temporary differences		
– current year rate differences	596	-
Origination and reversal of temporary differences		
– under / (over) provision in prior years	225	(85)
Origination and reversal of temporary differences		
– rate change to prior year (see below)	-	2,012
	2,747	3,308
Total tax expense	5,616	6,321

UK corporation tax

The tax charge on the face of the profit and loss is the tax applicable to the profits of each Group company calculated at their country tax rate. Due to the high capital expenditure of the UK element of the Group, where there are, in the UK, 100% first year allowances and the Super Deduction tax scheme that the UK Group companies could utilise in the year, this has meant for certain assets there was a combined 130% deduction against taxable profits. This has resulted in a lower amount of tax paid in the UK for both financial year 2022 and financial year 2023 and a significant deferred tax charge of 50% of the calculated tax, which will not be paid until some time in the future.

Origination and reversal of temporary differences – current year

The majority of the deferred tax expense shown above comes from the difference between the accounting treatment and the tax treatment of property, plant and equipment expenditure. Under the current UK tax regime, most of our property, plant and equipment expenditure is 100% offset against our profits in the year of expenditure and so produces a very low or zero rate of tax actually payable. In future years, however, the tax benefit gained in year one reverses over time as future profits are taxed without further offset from this expenditure.

Origination and reversal of temporary differences – rate change to prior year

With the change in UK tax rate to 25%, all the provisions have been calculated at the new rate in line with legislation.

8. Taxation (continued)

Reconciliation of effective tax rate										2023	2022
										£'000	£'000
Profit before taxation	...	...	...	...	...	...	...	...	...	22,129	19,941
Tax using the UK corporation tax rate of 19.49% (2022: 19%)	...	...	...	...	...	...	...	...	...	4,313	3,789
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:											
Impact of super-deduction on property, plant and equipment additions	...	...	...	...	...	...	...	...	...	(337)	(506)
Non-taxable income	...	...	...	...	...	...	...	...	...	(17)	(27)
Non-deductible expenses	...	...	...	...	...	...	...	...	...	59	30
Other permanent timing differences	...	...	...	...	...	...	...	...	...	(20)	295
Under provision in prior years	...	...	...	...	...	...	...	...	...	416	108
Losses not recognised	...	...	...	...	...	...	...	...	...	160	171
Share-based payments	...	...	...	...	...	...	...	...	...	-	(40)
Losses utilised where a deferred tax asset was not recognised	...	...	...	...	...	...	...	...	...	-	(151)
Rate change to prior year	...	...	...	...	...	...	...	...	...	-	2,012
Rate differences	...	...	...	...	...	...	...	...	...	596	-
Withholding tax unrelieved	...	...	...	...	...	...	...	...	...	261	355
Difference in overseas tax rates	...	...	...	...	...	...	...	...	...	199	297
Effect of equity accounting for associate	...	...	...	...	...	...	...	...	...	(14)	(12)
Total tax expense	...	...	...	...	...	...	...	...	...	5,616	6,321

Where subsidiary companies have incurred losses in the year, which are unlikely to be relieved against future profits in the next twelve months, deferred tax assets are not recognised.

Withholding tax unrelieved represents withholding tax deducted on dividends and royalties from overseas subsidiaries and associates.

Deferred tax recognised directly in equity

										2023	2022
										£'000	£'000
Deferred tax (charge) / credit on the cash flow hedge included in the consolidated statement of comprehensive income	...	...	...	...	...	...	...	...	...	(919)	1,114

9. Earnings per share

										Number of ordinary shares	
										2023	2022
Ordinary shares in issue											
Opening shares in issue	...	...	...	...	...	...	...	...	...	7,689,600	7,526,400
Shares issued in the year (note 27)	...	...	...	...	...	...	...	...	...	-	163,200
Total ordinary shares (issued and options)	...	...	...	...	...	...	...	...	...	7,689,600	7,689,600
Weighted average number of ordinary shares in issue	...	...	...	...	...	...	...	...	...	7,689,600	7,673,951
Relevant profits attributable to ordinary shareholders											
										2023	2022
										£'000	£'000
Relevant profits attributable to ordinary shareholders	...	...	...	...	...	...	...	...	...	15,904	12,980
Basic earnings per share											
										2023	2022
										pence	pence
Basic earnings per share	...	...	...	...	...	...	...	...	...	206.81	169.14
Diluted earnings per share	...	...	...	...	...	...	...	...	...	206.81	169.14

10. Dividends

										2023	2022
										£'000	£'000
Paid ordinary dividends during the year in respect of prior years	...	...	...	...	...	...	...	...	...	8,289	7,862
107.80p (2022: 102.24p) per qualifying ordinary share	...	...	...	...	...	...	...	...	...	8,289	7,862

After the balance sheet date an ordinary dividend of 115p per qualifying ordinary share was proposed by the Directors (2022: Ordinary dividend of 107.80p).

The proposed current year ordinary dividend of £8,636,000 has not been provided for within these financial statements (2022: Proposed ordinary dividend of £8,289,000 was not provided for within the comparative figures).

11. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Other equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
Balance at 1st May, 2021	41,998	81,579	6,955	7,779	138,311
Additions	5,814	2,653	515	7,371	16,353
Reclassification	3,737	1,721	(120)	(5,338)	-
Disposals	(6)	(1,205)	(662)	-	(1,873)
Exchange adjustment	661	245	83	53	1,042
Balance at 30th April, 2022	52,204	84,993	6,771	9,865	153,833
Depreciation					
Balance at 1st May, 2021	9,226	46,857	5,165	-	61,248
Charged in year	1,345	4,413	444	-	6,202
Disposals	-	(903)	(647)	-	(1,550)
Exchange adjustment	139	105	95	-	339
Balance at 30th April, 2022	10,710	50,472	5,057	-	66,239
Net book value					
At 1st May, 2021	32,772	34,722	1,790	7,779	77,063
At 30th April, 2022	41,494	34,521	1,714	9,865	87,594
Cost					
Balance at 1st May, 2022	52,204	84,993	6,771	9,865	153,833
Additions	633	3,692	364	16,492	21,181
Reclassification – others	-	3,612	37	(3,649)	-
Transfer to / from ROU*	-	(336)	191	-	(145)
Disposals	-	(1,935)	(719)	-	(2,654)
Exchange adjustment	(461)	(228)	(68)	(71)	(828)
Balance at 30th April, 2023	52,376	89,798	6,576	22,637	171,387
Depreciation					
Balance at 1st May, 2022	10,710	50,472	5,057	-	66,239
Charged in year	1,437	4,335	500	-	6,272
Transfer to / from ROU*	-	14	94	-	108
Disposals	(3)	(1,699)	(600)	-	(2,302)
Exchange adjustment	(82)	(45)	(46)	-	(173)
Balance at 30th April, 2023	12,062	53,077	5,005	-	70,144
Net book value					
At 30th April, 2023	40,314	36,721	1,571	22,637	101,243

*Assets are transferred from the right-of-use assets category on the settlement of a lease purchase agreement and payment of the option to purchase fee.

Additions

During the year the Group expended £21.18 million on property, plant and equipment. The major items purchased during the year are expenditures on the infrastructure works for Goodwin Steel Castings; on our new calciner plant at Hoben and plant for Duvelco.

Other equipment

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

11. Property, plant and equipment (continued)

Assets in course of construction

	2023	2022
	£'000	£'000
Land and buildings	4,280	1,823
Plant and machinery	18,357	8,042
	22,637	9,865

Depreciation

Depreciation is reported as follows:

	2023	2022
	£'000	£'000
Cost of sales	6,068	5,942
Administrative expenses	204	260
	6,272	6,202

Security

Noreva GmbH's land and buildings, with a net book value of £2.9 million (2022: £2.6 million), and other land within the Group with a net book value of £4.5 million (2022: £4.5 million) have been pledged as security for borrowings listed in note 21. The Group has also pledged three furnaces, with a net book value of £4.8 million (2022: £5.1 million) and a calciner with a net book value of £5.3 million (2022: £nil) as security for bank loans.

12. Right-of-use assets

	Land and buildings	Plant and machinery	Other equipment	Total
	£'000	£'000	£'000	£'000
Cost				
Balance at 1st May, 2021	2,728	721	1,459	4,908
Additions	123	3,215	385	3,723
Disposals	(107)	(35)	-	(142)
Exchange adjustment	17	(18)	(2)	(3)
Balance at 30th April, 2022	2,761	3,883	1,842	8,486
Depreciation				
Balance at 1st May, 2021... ..	785	224	208	1,217
Charged in year	457	351	384	1,192
Disposals	(107)	-	-	(107)
Exchange adjustment	(1)	(5)	(1)	(7)
	1,134	570	591	2,295
Net book value				
At 1st May, 2021	1,943	497	1,251	3,691
At 30th April, 2022	1,627	3,313	1,251	6,191
Cost				
Balance at 1st May, 2022	2,761	3,883	1,842	8,486
Additions	6	1,316	197	1,519
Transfer to / from property, plant and equipment	-	336	(191)	145
Disposals	(79)	(107)	(24)	(210)
Exchange adjustment	(42)	24	5	(13)
Balance at 30th April, 2023	2,646	5,452	1,829	9,927
Depreciation				
Balance at 1st May, 2022	1,134	570	591	2,295
Charged in year	480	289	429	1,198
Transfer to property, plant and equipment	-	(14)	(94)	(108)
Disposals	(79)	(107)	(24)	(210)
Exchange adjustment	(24)	10	3	(11)
Balance at 30th April, 2023	1,511	748	905	3,164
Net book value				
At 30th April, 2023	1,135	4,704	924	6,763

12. Right-of-use assets (continued)

Depreciation

Depreciation is reported as follows:

	2023	2022
	£'000	£'000
Cost of sales	731	735
Administrative expenses	467	457
	1,198	1,192

13. Investments in subsidiaries

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

Company name	Registered address*	Country of Incorporation	Class of shares held	% held
<i>Subsidiaries:</i>				
Mechanical Engineering:				
Goodwin Steel Castings Limited	1	England and Wales	Ordinary	100
Goodwin International Limited	1	England and Wales	Ordinary	100
Easat Radar Systems Limited	1	England and Wales	Ordinary	77
Goodwin Korea Company Limited	3	South Korea	Ordinary	95
Goodwin Pumps India Private Limited	4	India	Ordinary	100
Goodwin Shanghai Company Limited	5	China	Ordinary	100
Noreva GmbH	6	Germany	Ordinary	100
Goodwin Indústria e Comércio de Bombas Submersas Ltda	8	Brazil	Ordinary	100
Internet Central Limited	1	England and Wales	Ordinary	100
Goodwin Submersible Pumps Australia Pty. Limited	9	Australia	Ordinary	100
Metal Proving Services Limited	1	England and Wales	Ordinary	100
NRPL Aero Oy	10	Finland	Ordinary	77
Goodwin Submersible Pumps Africa Pty. Limited	15	South Africa	Ordinary	100
Duvelco Limited	1	England and Wales	Ordinary	100
Refractory Engineering:				
Goodwin Refractory Services Limited	1	England and Wales	Ordinary	100
Dupré Minerals Limited	1	England and Wales	Ordinary	100
Hoben International Limited	2	England and Wales	Ordinary	100
Goodwin Refractory Services India Private Limited	4	India	Ordinary	100
Siam Casting Powders Limited	11	Thailand	Ordinary	58
Ultratec Jewelry Supplies Limited	12	China	Ordinary	75.5
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	75.5
Jewelry Plaster Limited	14	Thailand	Ordinary	75

*The registered address for each company can be found in note 34.

All of the above companies are included as part of the consolidated accounts. All the companies are involved in mechanical or refractory engineering, with the exception of Internet Central Limited, which is an internet service provider.

Non-controlling interests (NCI)

The following subsidiaries each have non-controlling interests:

Company name	Registered address*	Country of Incorporation	Class of shares held	% held
<i>Mechanical Engineering:</i>				
Easat Radar Systems Limited	1	England and Wales	Ordinary	23
Goodwin Korea Company Limited	3	South Korea	Ordinary	5
NRPL Aero Oy	10	Finland	Ordinary	23
<i>Refractory Engineering:</i>				
Jewelry Plaster Limited	14	Thailand	Ordinary	25
Jewelry Wax Limited	14	Thailand	Ordinary	25
Siam Casting Powders Limited	11	Thailand	Ordinary	42
GRS Silicone Company Limited	17	China	Ordinary	24.5
SRS (Qingdao) Casting Materials Company Limited	13	China	Ordinary	24.5
Shenzhen King-Top Modern Hi-Tech Company Limited	16	China	Ordinary	24.5
Ultratec Jewelry Supplies Limited	12	China	Ordinary	24.5
Ying Tai (UK) Limited	1	England and Wales	Ordinary	24.5

*The registered address for each company can be found in note 34.

During the previous year, the Group acquired the non-controlling interests in Internet Central Limited for £430,000. For further details, please refer to the Statement of Changes in Equity on page 51.

13. Investments in subsidiaries (continued)

Non-controlling interests (NCI) (continued)

The Board considers a material company to be one that has either 10% of the EBITDA or 10% of the net assets of the Group. As such, the Board does not consider any of its subsidiary companies, which have non-controlling interests, to be material. The financial information on all subsidiaries with non-controlling interests has been aggregated, analysing the data by segment, as the entities in each segment have similar characteristics and risk profiles, to provide additional information on these companies.

Non-controlling interests (NCI) – movements in reserves by segment

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Profit / (loss) allocated to non-controlling interests	(264)	873	609	(463)	1,103	640
Dividends paid to non-controlling interests	-	(556)	(556)	-	(808)	(808)
Accumulated reserves held by non-controlling interests	(927)	5,337	4,410	(690)	5,123	4,433

The summarised financial information below represents the amounts in the financial statements of the subsidiaries, before any intercompany eliminations, and does not reflect the Group's share of those amounts.

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Non-current assets ...	2,125	11,148	13,273	3,436	11,955	15,391
Current assets	9,026	16,882	25,908	6,824	16,264	23,088
Current liabilities ...	(13,019)	(6,587)	(19,606)	(11,651)	(6,822)	(18,473)
Non-current liabilities	(1,104)	(110)	(1,214)	(439)	(305)	(744)
Total net assets of companies with non-controlling interests	(2,972)	21,333	18,361	(1,830)	21,092	19,262
Revenue of companies with non-controlling interests	19,692	24,814	44,506	7,655	23,455	31,110
Profit / (loss) for the year of companies with non-controlling interests	(1,191)	3,481	2,290	(2,013)	4,356	2,343
Total comprehensive income of companies with non-controlling interests	(1,240)	3,922	2,682	(1,571)	3,544	1,973
Net cash flow from operating activities ...	(212)	2,357	2,145	(324)	3,072	2,748
Net cash flow from investing activities ...	(8)	(255)	(263)	-	(181)	(181)
Net cash flow from financing activities ...	(23)	(3,059)	(3,082)	(32)	(3,307)	(3,339)

14. Investment in associate

The Group's share of profit after tax in its immaterial associate for the year ended 30th April, 2023 was £65,000 (2022: £63,000).

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

	2023	2022
	£'000	£'000
Balance at 1st May	896	829
Profit before tax	79	75
Tax	(14)	(12)
Exchange adjustment	3	4
Balance at 30th April	964	896
Assets	974	914
Liabilities	(10)	(18)
	964	896

15. Intangible assets

	Goodwill	Brand names and intellectual property	Manufacturing rights	Software and Licences	Development costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1st May, 2021	10,218	9,645	5,493	1,391	9,821	36,568
Additions	-	159	-	123	1,505	1,787
Disposals	-	-	(594)	(3)	-	(597)
Exchange adjustment	(208)	(142)	-	(11)	-	(361)
Balance at 30th April, 2022	10,010	9,662	4,899	1,500	11,326	37,397
Amortisation and impairment						
Balance at 1st May, 2021	339	6,463	2,563	1,046	1,344	11,755
Amortisation for the year	-	511	324	163	559	1,557
Impairment	-	-	-	-	15	15
Disposals	-	-	(594)	(3)	-	(597)
Exchange adjustment	-	(140)	1	(11)	-	(150)
Balance at 30th April, 2022	339	6,834	2,294	1,195	1,918	12,580
Net book value						
At 1st May, 2021	9,879	3,182	2,930	345	8,477	24,813
At 30th April, 2022	9,671	2,828	2,605	305	9,408	24,817
Cost						
Balance at 1st May, 2022	10,010	9,662	4,899	1,500	11,326	37,397
Additions	-	525	56	47	1,196	1,824
Disposals	-	-	-	(121)	-	(121)
Exchange adjustment	61	3	-	18	-	82
Balance at 30th April, 2023	10,071	10,190	4,955	1,444	12,522	39,183
Amortisation and impairment						
Balance at 1st May, 2022	339	6,834	2,294	1,195	1,918	12,580
Amortisation for the year	-	280	316	139	522	1,257
Disposals	-	-	-	(120)	-	(120)
Exchange adjustment	-	-	-	17	-	17
Balance at 30th April, 2023	339	7,114	2,610	1,231	2,440	13,734
Net book value						
At 30th April, 2023	9,732	3,076	2,345	213	10,082	25,448

15. Intangible assets (continued)

Customer lists are included within brand names and intellectual property or within manufacturing rights, depending on the nature of the acquisition; non-compete agreements are disclosed within manufacturing rights. During the year, the Group added to its portfolio of intangible assets.

Amortisation and impairment charges are reported in cost of sales in the statement of profit or loss.

Impairment testing for cash-generating units containing intangible assets

The Group tests intangible assets annually for impairment or more frequently if there are indications that an intangible asset might be impaired. For the purpose of impairment testing, an intangible asset is allocated to the relevant subsidiary (cash generating unit ("CGU"), which is the lowest level within the Group at which the intangible asset is monitored for internal management purposes.

	2023				2022			
	Property plant and equipment £'000	Goodwill £'000	Other intangible assets (excluding software) £'000	Total £'000	Property plant and equipment £'000	Goodwill £'000	Other intangible assets (excluding software) £'000	Total £'000
Mechanical Engineering								
Duevelco	12,156	-	1,837	13,993	3,180	-	1,401	4,581
Noreva	4,172	4,623	-	8,795	3,669	4,575	-	8,244
Easat Group	395	1,228	3,050	4,673	474	1,215	3,254	4,943
Other	-	-	3,102	3,102	-	-	3,285	3,285
Refractory Engineering								
Goodwin Refractory Services Holdings Ltd	3,993	3,346	23	7,362	4,340	3,346	-	7,686
Perlite and vermiculite	828	-	1,801	2,629	946	-	2,034	2,980
Castaldo	217	-	1,739	1,956	298	-	1,841	2,139
Other	-	535	3,951	4,486	-	535	3,027	3,561
Total	21,761	9,732	15,503	46,996	12,907	9,671	14,842	37,419

An impairment test is a comparison of the carrying value of the assets of a CGU to their recoverable amount, based on a value-in-use calculation. The recoverable amount is the greater of value-in-use and fair value less costs of disposal. Where the recoverable amount is less than the carrying value, an impairment results. During the year, each CGU containing an intangible asset was separately assessed and tested for impairment.

As part of testing intangible assets for impairment detailed forecasts of operating cash flows for the next five years are used, which are based on budgets and plans approved by the Board. The forecasts represent the best estimate of future performance of the CGU based on past performance and expectations for the market development of the CGU.

A number of key assumptions are used as part of impairment testing. These key assumptions, such as the CGU's position within its relevant market; its ability to generate profitable orders within that market; expected growth rates both in the market and geographically, are made by management who also take into account past experience and knowledge of forecast future performance together with other relevant external sources of information.

The projections use various growth rates, such as increases in revenue and / or increases in gross margin, whichever is relevant to that CGU, consistent with the profit forecasts of the CGU for the next five years. The growth rates are identified by experienced managers within that CGU, who have significant experience and knowledge of that CGU and its market place. In the current and previous financial year, a zero growth rate has been assumed for any terminal values. The forecasts are then discounted at an appropriate pre-tax weighted average cost of capital rate considering the perceived levels of risk for that CGU. Further sensitivity tests are then performed reducing the discounted cash flows by 10%, which the Group sees as being an appropriate reduction due to the prudent forecasts that it has already used within the testing, and also increasing the discount rate by a range of up to 10% to confirm there is no need to consider further a need for impairment.

15. Intangible assets (continued)

Impairment testing for cash-generating units containing intangible assets (continued)

The table below shows the range of rates used in the impairment testing.

	2023	2022
	£'000	£'000
Mechanical Engineering		
Growth rates	0-8%	0-15%
Pre-tax weighted average cost of capital	11-13%	12-15%
Refractory Engineering		
Growth rates	0-6%	0-4%
Pre-tax weighted average cost of capital	12%	12-13%

Strategic investments in new and high growth CGUs are excluded from the growth rates above as the percentage growth from nil is not meaningful. This predominantly relates to one CGU with an investment of £14 million, for new products where the Group is forecasting the revenues to increase significantly. The growth being forecasted for this CGU is significantly higher than the other more established CGUs, whereby including them in the table would distort the growth forecast reported for the established CGUs. This growth expectation is described as a key judgement in note 2. We have reviewed the forecasted revenues of these sensitive CGUs and then stressed the revenues by reducing them to less than 50% of the expected forecasted revenues and can confirm that at these dramatically reduced revenue levels none of the three intangible assets would need to be impaired.

The estimates and assumptions made in connection with the impairment testing could differ from future actual results of operations and cash flows. A reasonably likely variation in the assumptions, as disclosed, would not give rise to an impairment. However, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired.

Duvelco

The Company has invested circa £14 million in the area of high performance polymer resins. The Company will commence a period of testing and commissioning of the plant in Q2 and Q3 of financial year 2024 before any commercial activity takes place. The judgement of the Board is that the market potential here is significant and that future profitability is expected to be strong. Accordingly, the Directors' do not see a need to impair our investment in this area.

16. Long-term derivative assets

	2023	2022
	£'000	£'000
Interest rate swap... ..	4,802	2,466
Derivative assets designated as cash flow hedging instruments	1,130	275
	5,932	2,741

17. Inventories

	2023	2022
	£'000	£'000
Net balances		
Raw materials and consumables	23,101	19,828
Work in progress	13,001	10,161
Finished goods	11,853	10,375
	47,955	40,364
Provisions held		
Raw materials and consumables	(814)	(438)
Work in progress	(1,283)	(1,513)
Finished goods	(495)	(482)
	(2,592)	(2,433)
Inventory impaired during the year	(1,099)	(1,390)
Release of inventory impairment	885	-

The prior year comparative for the provision against work in progress has been amended.

18. Trade and other receivables

Balances due within one year											2023	2022
											£'000	£'000
Trade receivables	...	...	...	...	...	...	...	...	...	...	28,094	22,529
Other financial assets	...	...	...	...	...	...	...	...	...	...	1,663	1,188
Advance payments to suppliers	...	...	...	...	...	...	...	...	...	...	857	1,235
Prepayments and other non-financial assets	...	...	...	...	...	...	...	...	...	...	3,918	3,635
Deferred tax asset (see note 26)	...	...	...	...	...	...	...	...	...	...	57	60
											34,589	28,647
Balances due after more than one year												
Trade receivables	...	...	...	...	...	...	...	...	...	...	-	1,191
Financial assets	...	...	...	...	...	...	...	...	...	...	29,757	24,908
Non-financial assets	...	...	...	...	...	...	...	...	...	...	4,832	4,930
											34,589	29,838

19. Derivative financial assets

											2023	2022
											£'000	£'000
Interest rate swap...	...	...	...	...	...	...	...	...	...	Notes	1,127	274
Derivative assets designated as cash flow hedging instruments	...	...	...	...	...	...	...	...	...	28 (d)	1,429	572
Derivative assets not designated in a cash flow relationship	...	...	...	...	...	...	...	...	...	28 (d)	128	365
											2,684	1,211

The analysis between hedged and unhedged derivative assets in the previous year has been amended.

20. Cash and cash equivalents

											2023	2022
											£'000	£'000
Cash in hand	...	...	...	...	...	...	...	...	...	...	99	73
Bank balances	...	...	...	...	...	...	...	...	...	...	19,562	11,578
											19,661	11,651

21. Borrowings

Information is provided below about the contractual terms of the Group's lease liabilities, bank loans and borrowings. The bank loans repayable by instalment are secured against a property in Germany together with furnaces and land in the UK (refer to note 11). For more information about the Group's exposure to interest rate and foreign currency risk, see note 28.

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000
Bank overdrafts...	-	119	119	-	-	-
Bank loans - repayable by instalments	6,985	1,154	8,139	8,059	1,005	9,064
Bank loans - rolling credit facilities	36,000	3,500	39,500	28,000	-	28,000
Other loans	-	-	-	-	202	202
Lease liabilities	4,271	1,956	6,227	4,317	1,557	5,874
	47,256	6,729	53,985	40,376	2,764	43,140

21. Borrowings (continued)

Reconciliation of liabilities arising from financing activities

	Bank overdrafts used for cash management £'000	Bank loans - repayable by instalments £'000	Bank loans - rolling credit facilities £'000	Other loans £'000	Lease liabilities £'000	Total £'000
Opening balance at 1st May, 2021	-	5,299	26,000	-	3,374	34,673
Non-cash movements	-	-	-	-	3,630	3,630
Cash flows	-	3,817	2,000	202	(1,153)	4,866
Foreign exchange movement	-	(52)	-	-	23	(29)
Closing balance 30th April, 2022	-	9,064	28,000	202	5,874	43,140
Opening balance at 1st May, 2022	-	9,064	28,000	202	5,874	43,140
Non-cash movements	-	-	-	-	2,242	2,242
Change in bank overdrafts	119	-	-	-	-	119
Cash flows	-	(979)	11,500	(202)	(1,874)	8,445
Foreign exchange movement	-	54	-	-	(15)	39
Closing balance 30th April, 2023	119	8,139	39,500	-	6,227	53,985

During the current year and previous year, additional leases have been taken out to fund ongoing Green Projects.

Contractual undiscounted cash flows

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Minimum loan payments £'000	Interest £'000	Principal £'000	Minimum loan payments £'000	Interest £'000	Principal £'000
Bank loans - repayable by instalments						
Less than one year ...	1,514	360	1,154	1,234	229	1,005
Between two and three years	2,739	599	2,140	2,441	368	2,073
Between four and five years	1,449	463	986	1,993	247	1,746
More than five years ...	5,347	1,488	3,859	4,985	745	4,240
	11,049	2,910	8,139	10,653	1,589	9,064
Lease liabilities						
Less than one year ...	2,231	275	1,956	1,684	127	1,557
Between two and three years	3,160	289	2,871	2,674	133	2,541
Between four and five years	1,182	44	1,138	1,463	37	1,426
More than five years ...	268	6	262	362	12	350
	6,841	614	6,227	6,183	309	5,874

22. Trade and other liabilities

	2023	2022
	£'000	£'000
Trade payables	22,400	18,958
Other financial liabilities...	988	1,929
Other taxation and social security	1,776	2,117
Accrued expenses...	6,062	4,001
Advance payments from customers	539	255
	31,765	27,260
Financial liabilities...	25,164	23,004
Non-financial liabilities	6,601	4,256
	31,765	27,260

23. Derivative financial liabilities

	2023	2022
	£'000	£'000
Derivative liabilities designated as cash flow hedging instruments	<i>Notes</i> 1,773	2,144
Derivative liabilities not designated in a cash flow relationship	<i>28 (d)</i> 610	249
	2,383	2,393

24. Provisions

	2023	2022
	£'000	£'000
Balance at 1st May	456	859
Increase in provision	249	167
Release of provision	(216)	(408)
Provision utilised	-	(144)
Exchange adjustment	23	(18)
Balance at 30th April ...	512	456
Warranty due within one year	266	205
Warranty due after one year	246	251
Balance at 30th April ...	512	456

Provisions include warranties for products sold which generally cover a period of between 1 and 3 years.

25. Long-term derivative liabilities

	2023	2022
	£'000	£'000
Derivative liabilities designated as cash flow hedging instruments	<i>Notes</i> -	1,643
	<i>28 (d)</i> -	1,643

26. Deferred tax assets and liabilities

Deferred tax balances are attributable to the following:

	Year ended 30th April, 2023			Year ended 30th April, 2022		
	Assets £'000	Liabilities £'000	Net £'000	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment ...	67	(10,159)	(10,092)	63	(8,344)	(8,281)
Intangible assets ...	-	(2,021)	(2,021)	-	(2,186)	(2,186)
Derivative financial instruments ...	65	(144)	(79)	714	(702)	12
Tax losses ...	350	-	350	2,496	-	2,496
Other temporary differences ...	684	(148)	536	430	(122)	308
	1,166	(12,472)	(11,306)	3,703	(11,354)	(7,651)

Deferred tax balances are reported in the balance sheet as follows:

	2023 £'000	2022 £'000
Deferred tax asset (see note 18) ...	57	60
Deferred tax liability ...	(11,363)	(7,711)
	(11,306)	(7,651)

	Property, plant and equipment £'000	Intangible assets £'000	Derivative financial instruments £'000	Share- based payments reserve £'000	Tax losses £'000	Other temporary differences £'000	Total £'000
Balance at 1st May, 2021	(4,382)	(1,686)	(436)	915	-	144	(5,445)
Recognised in profit and loss	(3,891)	(477)	(666)	(915)	2,496	145	(3,308)
Recognised in equity	-	-	1,114	-	-	-	1,114
Exchange adjustment	(8)	(23)	-	-	-	19	(12)
Balance at 30th April, 2022	(8,281)	(2,186)	12	-	2,496	308	(7,651)
Balance at 1st May, 2022	(8,281)	(2,186)	12	-	2,496	308	(7,651)
Recognised in profit and loss	(1,832)	165	828	-	(2,146)	238	(2,747)
Recognised in equity	-	-	(919)	-	-	-	(919)
Exchange adjustment	21	-	-	-	-	(10)	11
Balance at 30th April, 2023	(10,092)	(2,021)	(79)	-	350	536	(11,306)

When share options are exercised, the Group claims a corporation tax deduction based on the notional cost to the Group. To avoid distorting the tax charge in the statement of profit or loss, the release of the deferred tax balance for the share based payment reserve was reported within the statement of profit or loss in the previous year.

26. Deferred tax assets and liabilities (continued)

Deferred tax assets not recognised on losses

	2023	2022
	£'000	£'000
Gross tax losses	2,348	2,364
Deferred tax assets not recognised	521	500

The Group has not recognised a deferred tax asset against taxable losses incurred by some of its subsidiaries. Typically these are subsidiaries, which are still in their formative years and, whilst profitability and the associated recoverability of tax losses is expected in the long-term, it is deemed prudent to not recognise a deferred tax asset at this stage, as a result of the uncertainty

27. Capital and reserves

Share capital

	2023	2022
	£'000	£'000
Authorised, allotted, called up and fully paid:		
7,689,600 (2022: 7,526,400) ordinary shares of 10p each	769	753
Issue of 163,200 ordinary shares of 10p each	-	16
	769	769

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Share-based payments reserve

The share-based payments reserve is a non cash-impacting provision, as required by IFRS 2, relating to the Equity Long Term Incentive Plan, which vested at 1st May, 2019. Further details are included in note 35.

Cash flow hedge reserve and cost of hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred. The cost of hedging reserve relates to the associated costs attaching to the cash flow hedge reserve, such as counterparty risk and forward point adjustments.

Deferred tax

	Asset / (liability)	
	2023	2022
	£'000	£'000
Aggregate deferred tax balances recognised in equity:		
Derivative financial instruments	(196)	723

28. Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices (interest rates, foreign exchange rates and commodity prices), credit risk and liquidity. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

a) Credit risk

The Group's financial assets are cash and cash equivalents; trade and other receivables; contract assets; derivative financial assets; the carrying amounts of which represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables and is managed through the following processes:

- i) The majority of orders accepted by Group companies are backed by credit insurance.
- ii) Some orders are accepted with no credit insurance but with letters of credit.
- iii) Some orders are accepted with no credit insurance and no letter of credit but with an internal analysis of the customer's size, creditworthiness, historic profitability and payment record.
- iv) A few orders (less than 10%), with a material value, are taken at risk following review by at least two Board members.
- v) Major orders are normally accompanied by stage payments which go towards mitigating our credit risk.

28. Financial risk management (continued)

a) Credit risk (continued)

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Carrying amount	
		2023 £'000	2022 £'000
Contract assets	4	16,257	12,331
Trade and other financial assets – due within one year	18	29,757	23,717
Trade and other financial assets – due after more than one year	18	-	1,191
Cash at bank and cash equivalents	20	19,661	11,651
Derivative financial assets – due after more than one year ...	16	5,932	2,741
Derivative financial assets – due within one year	19	2,684	1,211

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

	Carrying amount	
	2023 £'000	2022 £'000
UK	7,663	3,603
Rest of Europe	4,799	4,053
USA	3,267	1,506
Pacific Basin	6,315	5,080
Rest of World	6,050	9,478
	28,094	23,720

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

	2023			2022		
	Net £'000	Gross £'000	Impairment provision £'000	Net £'000	Gross £'000	Impairment provision £'000
Not past due	18,666	18,666		13,933	13,979	(46)
Past due 1-30 days	4,940	4,942	(2)	4,880	4,962	(82)
Past due 31-90 days... ..	2,409	2,440	(31)	2,330	2,613	(283)
Past due more than 90 days	2,079	2,288	(209)	2,577	2,866	(289)
	28,094	28,336	(242)	23,720	24,420	(700)

Management believes that there are no significant credit risks remaining with the above net receivables and that the credit quality of customers is good, based on a review of past payment history and the current financial status of the customers. Included in trade receivables are retentions which are job specific and have varying due dates depending on the complexity of the job. These are included in the not past due category. The Group has not renegotiated the terms of any trade receivables and has not pledged any trade receivables as security.

The Directors estimate that the fair value of the Group's trade and other receivables is approximate to their carrying values.

An analysis of the provision for impairment of receivables is as follows:

	2023 £'000	2022 £'000
Opening balance at 1st May	700	548
Increase in provision	74	470
Release of provision	(362)	(342)
Provision utilised during the year	(164)	-
Exchange adjustment	(6)	24
Closing balance at 30th April	242	700

28. Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At the year end the Group had the following unutilised bank facilities in respect of which all conditions precedent had been met:

	2023			2022		
	Uncommitted £'000	Committed £'000	Total £'000	Uncommitted £'000	Committed £'000	Total £'000
Unutilised bank facilities	<u>6,050</u>	<u>33,500</u>	<u>39,550</u>	<u>6,050</u>	<u>16,500</u>	<u>22,550</u>

The Group's principal borrowing facilities are provided by three banks in the form of borrowings and short-term overdraft facilities. The quantum of borrowing facilities available to the Group is reviewed regularly in light of current working capital requirements and the need for capital investment for the long-term future for the Group.

Maturity analysis

The table below analyses the Group's financial non-derivative liabilities into maturity groupings based on the period outstanding at the balance sheet date up to the contractual maturity date. All figures are contracted gross cash flows that have not been discounted.

	Contractual cash flows					Total £'000	Carrying value Total £'000
	Within 1 year £'000	2-3 years £'000	4-5 years £'000	5+ years £'000			
Non-derivative financial liabilities							
Bank loans - repayable by instalments	1,234	2,441	1,993	4,985	10,653	9,064	
Bank loans - rolling credit facilities	-	9,000	19,000	-	28,000	28,000	
Other loans	202	-	-	-	202	202	
Lease liabilities	1,684	2,673	1,464	362	6,183	5,874	
Trade and other financial liabilities	23,004	-	-	-	23,004	23,004	
At 30th April, 2022	<u>26,124</u>	<u>14,114</u>	<u>22,457</u>	<u>5,347</u>	<u>68,042</u>	<u>66,144</u>	
Bank loans - repayable by instalments	1,514	2,739	1,449	5,347	11,049	8,139	
Bank loans - rolling credit facilities	3,500	27,000	9,000	-	39,500	39,500	
Lease liabilities	2,231	3,160	1,182	268	6,841	6,227	
Trade and other financial liabilities	25,164	-	-	-	25,164	25,164	
At 30th April, 2023	<u>32,409</u>	<u>32,899</u>	<u>11,631</u>	<u>5,615</u>	<u>82,554</u>	<u>79,030</u>	

The interest rates chargeable on these loans are on a floating basis against SONIA and UK base rate, with bank margins of less than 2.1%. With effect from 1st September, 2021, the Group entered into a ten year derivative with HSBC to fix its variable interest rate at less than 1% against a notional £30 million of debt.

There is one bank loan of £1.3 million repayable by instalments, with the final payment due in the year ended 30th April, 2039. Interest is charged at an effective interest rate of 1.96% (2022: 1.96%), which is fixed for the whole period.

A second bank loan of £4.5 million is repayable by instalments, with the final payment due in the year ended 30th April, 2042. The effective interest rate is 6.21% (2022: 2.55%), which will vary over the loan period.

28. Financial risk management (continued)

c) Market risk

Foreign exchange risk

The Group is subject to fluctuations in exchange rates on its net investments overseas and transactional monetary assets and liabilities not denominated in the operating (or “functional”) currency of the operating unit involved.

The Group is exposed to fluctuations in several currencies which give rise to the net currency gains and losses recognised in the statement of profit or loss.

The Group at its discretion is empowered to hedge its estimated annual foreign currency exposure in respect of forecast sales and purchases if the Board deems it appropriate after having taken into account the expected movement in the foreign exchange rates. The Group uses forward exchange contracts to hedge its foreign currency risk. The foreign exchange contracts have maturities within three years after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies, the Group ensures that the net exposure is eliminated through the use of forward exchange contracts or spot transactions at the time the contractual commitment is in place.

Currency profile of financial assets and liabilities:

The table below does not include the exposure from hedging positions. The foreign currency balances have been translated into Sterling using the reporting date spot rates below.

	2023				2022			
	US Dollar £'000	Euro £'000	Other £'000	Total £'000	US Dollar £'000	Euro £'000	Other £'000	Total £'000
Trade and other receivables	7,615	2,807	77	10,499	6,193	2,242	51	8,486
Cash and cash equivalents	1,195	3,508	350	5,053	1,388	14	74	1,476
Trade and other payables	(823)	(808)	(72)	(1,703)	(1,121)	(965)	(24)	(2,110)
	7,987	5,507	355	13,849	6,460	1,291	101	7,852

The following significant exchange rates applied during the year, for reporting purposes;

	2023		2022	
	Average exchange rate	Reporting date spot rate	Average exchange rate	Reporting spot rate
US Dollar	1.2016	1.2566	1.3591	1.2570
Euro	1.1520	1.1390	1.1791	1.1920

28. Financial risk management (continued)

c) Market risk (continued)

Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and surplus cash. The Group is aware of the financial products available to hedge against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. As reported elsewhere in these financial statements, the Company on 2nd July, 2021 signed a contract to mitigate the impact of interest rate risk by taking out an interest rate swap derivative fixing £30 million of notional debt at less than 1% versus the variable inter-bank lending rate (SONIA) for a period of ten years, commencing 1st September, 2021.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non interest-bearing.

	2023				2022			
	Fixed rate £'000	Floating rate £'000	Non-interest-bearing £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Non-interest-bearing £'000	Total £'000
Cash and cash equivalents	-	19,661	-	19,661	-	11,651	-	11,651
Contract assets	-	-	16,257	16,257	-	-	12,331	12,331
Trade and financial assets	-	-	29,757	29,757	-	-	24,908	24,908
Derivative assets	-	-	8,616	8,616	-	-	3,952	3,952
Contract liabilities*	-	-	(32,747)	(32,747)	-	-	(14,749)	(14,749)
Trade and other financial liabilities	-	-	(25,164)	(25,164)	-	-	(23,004)	(23,004)
Derivative liabilities	-	-	(2,383)	(2,383)	-	-	(4,036)	(4,036)
Bank overdrafts	-	(119)	-	(119)	-	-	-	-
Bank loans - repayable by instalments	(3,920)	(4,219)	-	(8,139)	(4,564)	(4,500)	-	(9,064)
Bank loans - rolling credit facilities	-	(39,500)	-	(39,500)	-	(28,000)	-	(28,000)
Other loans	-	-	-	-	(202)	-	-	(202)
Lease liabilities	(1,880)	(4,347)	-	(6,227)	(2,280)	(3,594)	-	(5,874)
	(5,800)	(28,524)	(5,664)	(39,988)	(7,046)	(24,443)	(598)	(32,087)

*The majority of contract liabilities are advance payments from customers.

28. Financial risk management (continued)

d) Capital management

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Board maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Operations are funded through various shareholders' funds, bank debt, leases and, where appropriate, deferred consideration on acquisitions. The capital structure of the Group reflects the judgement of the Board as to the appropriate balance of funding required. At 30th April, 2023, the capital used was £157.6 million, (2022: £145.1 million) as shown in the following table:

	2023	2022
	£'000	£'000
Cash and cash equivalents	(19,661)	(11,651)
Other loans	-	202
Total lease liabilities	6,227	5,874
Bank overdrafts	119	-
Bank loans - repayable by instalments	8,139	9,064
Bank loans - rolling credit facilities... ..	39,500	28,000
Net debt in accordance with IFRS 16	34,324	31,489
Operating lease debt (former IAS 17 definition)... ..	(1,502)	(1,704)
Relevant net debt for KPI purposes... ..	32,822	29,785
Total equity attributable to equity holders of the parent	124,747	115,310
Capital	157,569	145,095

The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group's general strategy is to keep the debt to equity ratio below 30%, adjusted where appropriate for the effect of acquisitions. At 30th April, 2023 net debt was £32.8 million (2022: £29.8 million). The gearing ratio is 26.3% (2022: 25.8%).

The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Working capital is managed in order to generate maximum conversion of profits into cash and cash equivalents. Dividends are based on current year profits, thereby maintaining equity.

The policy for debt is to ensure a smooth debt maturity profile with the objective of ensuring continuity of funding. The repayment profile for the debt is shown in note 28 (b).

There were no changes in the Group's approach to capital management during the year.

Currency derivatives

The Group utilises currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. Foreign currency forward contracts are denominated in the same currency as the highly probable future sales and the hedged ratio is 1:1.

Forecast transactions

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

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the statement of profit or loss. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of cost of sales.

Interest rate swaps

The Group utilises interest rate swap derivatives to hedge against future movements in floating interest rates against the Group's floating rate debt. Hedge accounting is not applied for these instruments and all movements in fair value are recognised in profit or loss. The prior year analysis of the unhedged and hedged assets due within one year has been amended.

28. Financial risk management (continued)

d) Capital management (continued)

Interest rate swaps (continued)

	Expected cash flow				Total £'000	Carrying value £'000	Nominal Value £'000
	Within 1 year £'000	2-3 years £'000	4-5 years £'000	5+ years £'000			
Interest rate swap							
Assets	274	858	590	1,018	2,740	2,740	30,000
Forward exchange contracts							
<i>Not designated in cash flow relationship</i>							
Assets	365	-	-	-	365	365	2,668
Liabilities	(249)	-	-	-	(249)	(249)	12,132
	<u>116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116</u>	<u>116</u>	<u>14,800</u>
<i>Designated in cash flow relationship</i>							
Assets	572	275	-	-	847	847	8,012
Liabilities	(2,144)	(1,643)	-	-	(3,787)	(3,787)	48,475
	<u>(1,572)</u>	<u>(1,368)</u>	<u>-</u>	<u>-</u>	<u>(2,940)</u>	<u>(2,940)</u>	<u>56,487</u>
Total as at 30th April, 2022	<u>(1,182)</u>	<u>(510)</u>	<u>590</u>	<u>1,018</u>	<u>(84)</u>	<u>(84)</u>	<u>101,287</u>
Interest rate swap							
Assets	1,127	1,707	1,312	1,783	5,929	5,929	30,000
Forward exchange contracts							
<i>Not designated in cash flow relationship</i>							
Assets	128	-	-	-	128	128	8,044
Liabilities	(610)	-	-	-	(610)	(610)	5,369
	<u>(482)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482)</u>	<u>(482)</u>	<u>13,413</u>
<i>Designated in cash flow relationship</i>							
Assets	1,429	997	133	-	2,559	2,559	107,031
Liabilities	(1,773)	-	-	-	(1,773)	(1,773)	35,644
	<u>(344)</u>	<u>997</u>	<u>133</u>	<u>-</u>	<u>786</u>	<u>786</u>	<u>142,675</u>
Total as at 30th April, 2023	<u>301</u>	<u>2,704</u>	<u>1,445</u>	<u>1,783</u>	<u>6,233</u>	<u>6,233</u>	<u>186,088</u>

28. Financial risk management (continued)

d) Capital management (continued)

Cash flow hedging reserve and cost of hedging reserve

	2022	2021
	£'000	£'000
Change in value used to calculated hedge ineffectiveness	(4,077)	(3,037)
Net value of derivatives designated in cash flow relationship	786	(2,940)
Matured derivative contracts	(72)	(423)
Deferred tax balance recognised in equity	(196)	723
	518	(2,640)
Cash flow hedge reserve	1,492	(2,788)
Cost of hedging reserve	(974)	148
	518	(2,640)

Non-controlling interests

Cash flow hedge reserve

Attributable to equity holders of the parent	1,504	(2,746)
Attributable to non-controlling interests	(12)	(42)
	1,492	(2,788)

Cost of hedging reserve

Attributable to equity holders of the parent	(976)	140
Attributable to non-controlling interests	2	8
	(974)	148

The matured derivative contracts carried forward as part of the hedge reserve are those where the hedge was still effective at maturity but the underlying transactions had not occurred.

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward contract markets for the principal foreign currencies in which the Group operates. As foreign exchange rates and interest rates continue to fluctuate significantly, the Board considers it most appropriate to provide the sensitivities for a 1% change, because these figures can be extrapolated proportionately to obtain an estimate of the impact of large movements. The Group's exposure to foreign currency changes for all other foreign currencies is not considered material.

	Year ended 30th April, 2023		Year ended 30th April, 2022	
	(Profit) / loss impact on equity £'000	(Profit) / loss impact on statement of profit or loss £'000	(Profit) / loss impact on equity £'000	(Profit) / loss impact on statement of profit or loss £'000
1% increase in US Dollar fx rate against pound Sterling	(845)	(428)	(597)	(207)
1% increase in Euro fx rate against pound Sterling	(67)	(53)	(37)	68
1% decrease in US Dollar fx rate against pound Sterling	845	428	597	207
1% decrease in Euro fx rate against pound Sterling	67	53	37	(68)
1% increase in interest rates	-	200	-	-

28. Financial risk management (continued)

e) Total financial assets and liabilities

The table below sets out the Group's accounting classification of each class of financial assets and liabilities and their fair values at 30th April, 2023 and 30th April, 2022.

	Year ended 30th April, 2023		Year ended 30th April, 2022	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
At amortised cost				
Cash and cash equivalents	19,661	19,661	11,651	11,651
Contract assets	16,257	16,257	12,331	12,331
Trade receivables	28,094	28,094	23,720	23,720
Other financial assets	1,663	1,663	1,188	1,188
At fair value through profit and loss				
Derivative financial assets not designated in a cash flow hedge relationship	128	128	365	365
Interest rate swap	5,929	5,929	2,740	2,740
Fair value – hedging instrument				
Derivative financial assets designated and effective as cash flow hedging instruments	2,559	2,559	847	847
Total financial assets	74,291	74,291	52,842	52,842
Financial liabilities at amortised cost				
Contract liabilities	32,747	32,747	14,749	14,749
Trade payables	22,400	22,400	18,958	18,958
Other financial liabilities	2,764	2,764	4,046	4,046
Lease liabilities	6,227	6,227	5,874	5,874
Bank overdrafts	119	119	-	-
Bank loans - repayable by instalments	8,139	8,139	9,064	9,064
Bank loans - rolling credit facilities	39,500	39,500	28,000	28,000
Other loans	-	-	202	202
At fair value through the profit and loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	610	610	247	247
Fair value – hedging instrument				
Derivative financial liabilities designated and effective as cash flow hedging instruments	1,773	1,773	3,787	3,787
Total financial liabilities	114,279	114,279	84,927	84,927

The analysis between hedged and unhedged derivative assets in the previous year has been amended.

Derivative financial assets and liabilities fair values in the above table are derived using Level 2 inputs as defined by IFRS 7 as detailed in the paragraph below.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are underpinned by firm orders from customers or to suppliers or where there is a high degree of probability that orders will be received.

For short-term cash and cash equivalents, trade and other receivables, contract assets, trade and other financial liabilities, contract liabilities, fixed and floating rate borrowings, the fair values are the same as carrying value.

29. Capital commitments

Contracted capital commitments at 30th April, 2023 for which no provision has been made in these financial statements were £4,576,000 (2022: £8,393,000).

30. Guarantees and contingencies

The table below sets out the number and value of unexpired bank guarantee bonds as at 30th April, 2023 and 30th April, 2022. These guarantee bonds are required as part of the terms and conditions within our Mechanical Engineering contracts.

	2023	2022
	£'000	£'000
146 guarantee and bonds contracts (2022: 148)	9,180	6,586

31. Subsequent events

After the balance sheet date an ordinary dividend of 115p per qualifying ordinary share was proposed by the Directors (2022: Ordinary dividend of 107.80p).

The current year proposed ordinary dividend of £8,636,000 has not been provided for within these financial statements (2022: Proposed ordinary dividend of £8,289,000 was not provided for within the comparative figures).

The company announced on 5th May, 2023 that it was proceeding with a Tender offer to tender up to 180,000 of its ordinary shares at the tender price of £48 per ordinary share. The tender offer was subsequently approved at a General Meeting that was held on 30th May, 2023 and the following day the offer ended. The offer was oversubscribed by 229% and, of the total number of Ordinary Shares validly tendered, all 180,000 Ordinary Shares have been purchased by the Company and on 7th June, 2023 were cancelled off the register. The total cost of Ordinary Shares purchased was £8.64 million. The resulting number of shares as at the signing date is 7,509,600.

32. Non-principal subsidiaries and associates

Company name	Registered address*	Country of Incorporation	Class of shares held	% held
<i>Non-principal Subsidiaries:</i>				
Mechanical Engineering:				
Easat Radar Systems India Private Limited	4	India	Ordinary	100
Goodwin Submersible Pumps West Africa Limited	18	Ghana	Ordinary	100
Refractory Engineering:				
Gold Star Brazil Limited	8	Brazil	Ordinary	100
Gold Star Powders Private Limited	4	India	Ordinary	100
Jewelry Wax Limited	14	Thailand	Ordinary	75
GRS Silicone Company Limited	17	China	Ordinary	75
Shenzhen King-Top Modern Hi-Tech Company Limited	16	China	Ordinary	75
<i>Non-principal holding companies:</i>				
Goodwin Refractory Services Holdings Limited	1	England and Wales	Ordinary	100
Ying Tai (UK) Limited	1	England and Wales	Ordinary	75
<i>Non-principal Associates:</i>				
Tet Goodwin Property Company Limited	11	Thailand	Ordinary	49
<i>Dormant companies:</i>				
Gold Star Powders Limited	1	England and Wales	Ordinary	100
Net Central Limited	1	England and Wales	Ordinary	100
Sandersfire International Limited	1	England and Wales	Ordinary	100
Soluform Limited	1	England and Wales	Ordinary	100
Specialist Refractory Services Limited	1	England and Wales	Ordinary	100

*The registered address for each company can be found in note 34.

All of the above companies are included as part of the consolidated accounts. The trading companies are all involved in mechanical or refractory engineering.

33. Related parties

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not reported in this note. Year end balances and transactions during the year with the Group's associate company, Tet Goodwin Property Company Limited, are shown below.

	2023	2022
	£'000	£'000
Rental cost	318	301

34. Registered offices of subsidiaries and associates

The registered offices of the companies listed in notes 13 and 32 are listed below.

1. Ivy House Foundry, Hanley, Stoke-on-Trent ST1 3NR
2. Brassington, Nr. Matlock, Derbyshire DE4 4HF
3. 13-1, Jungbong-daero, 396 Beon-Gil, Seo-gu, Incheon, South Korea
4. No 39/1-5, Old Mahabalipuram Road, Kalavakkam, Thiruporur Chengalpattu District – 603110, India
5. Suite C, F1, Building #14, Xiya Road No.11, Waigaoqiao Free Trade Zone, 200131, Shanghai, China
6. Hocksteiner Weg 56, D - 41189 Mönchengladbach, Germany
7. Suite 1105, Building 1, Wanguocheng Moma, No.16 Changfeng West Street, Wanbailin District, Taiyuan, Shanxi Province, 30021, China
8. Rua das Margaridas s/n, No. 70, Barrio Terra Preta - Mairipora – SP, CEP 07662-025, São Paulo, Brazil
9. Confidential Tax and Business Services, Level 1, 449 Gympie Road, Kedron Qld 4031, Australia
10. Koivupuistontie 34, 01510 Vantaa, Finland
11. 99/9 Moo5 Khlong Yong, Bhudhamontol, Nakhonpathom, 73170 Thailand
12. No.73, Jiao Xin Road, Lanhe Town, Nansha District, Guangzhou City, 511480, China
13. 400 metres North from Nan Zhai Committee, Xifuzhen Street, Chengyang District, Qingdao City, 266106, China
14. 238, 3rd Floor, OPG Tech Building Bangkhuntien-Chatalay, Samaedum Sub-district, Bangkhuntien District, Bangkok 10150, Thailand
15. Unit 1 Bridgeway Business Park, Cnr Sam Green Road and Pinnacle Close, Tunney Extension 9, Germiston, Gauteng, 1401, South Africa
16. No.2-1, Shanzixia Road, Dakang Community, Yuanshan Street, Longgang District, Shenzhen City, Guangdong Province, China
17. 165 Minsheng Road, Lanhe Town, Nansha District, Guangzhou, China
18. 11, NII Ablade Kotey Avenue, East Legon, Accra, Ghana

35. Share-based payment transactions

The Group had one share option scheme, the LTIP, the terms of which are outlined in the Directors' Remuneration Policy and Report on page 37. The scheme has now ended.

Grant date/ employees entitled	Method of settlement	Maximum number of instruments	Vesting conditions	Contractual life of options
Options granted on 5th October, 2016 to Executive Directors	Equity	576,000	For every 10% growth in TSR 28,800 shares will vest	Expiry date: 30th April, 2019

Awards entitle each holder to earn up to 1% of the share capital of the Company subject to the performance condition.

An award vested and became exercisable over 0.05% of the share capital of the Company for every 10% increase in the TSR of the Company at the end of the three financial years ending on 30th April, 2019 with a base year of 2009 but excluding the growth already achieved up to 30th April, 2016.

									2023	2022
Number of share options										
Vested 1st May, 2019	-	489,600
Outstanding at beginning of year	-	163,200
Exercised during the year	-	163,200
Exerciseable at end of year	-	-
									£	£
Share price at the date of exercise	-	30.70

GOODWIN PLC

COMPANY BALANCE SHEET

at 30th April, 2023

	Notes	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	C4	42,946	33,696
Investment properties	C4	30,547	26,805
Right-of-use assets... ..	C4	4,817	4,085
Investments	C5	25,822	25,822
Intangible assets	C6	16,108	15,681
Derivative financial assets	28, C7	4,802	2,466
Group receivables	C8	31,756	30,177
		156,798	138,732
CURRENT ASSETS			
Other receivables	C8	938	1,178
Derivative financial assets	28, C7	1,127	274
Cash at bank and in hand		12,962	851
		15,027	2,303
TOTAL ASSETS		171,825	141,035
CURRENT LIABILITIES			
Borrowings	C9	6,053	2,086
Other payables	C10	19,743	6,446
		25,796	8,532
NON-CURRENT LIABILITIES			
Borrowings	C9	45,074	38,053
Deferred income		780	803
Deferred tax liabilities	C11	8,300	5,052
		54,154	43,908
TOTAL LIABILITIES		79,950	52,440
NET ASSETS		91,875	88,595
EQUITY			
Called up share capital	C12	769	769
Share-based payments reserve		5,244	5,244
Profit and loss account		85,862	82,582
TOTAL EQUITY		91,875	88,595
Profit after tax for the year		11,569	12,443

The comparative figures have been amended to report the Group receivable balances as non-current assets.

These financial statements were approved by the Board of Directors on 7th August, 2023 and signed on its behalf by:

T. J. W. Goodwin
Director

M. S. Goodwin
Director

S. R. Goodwin
Director

Company Registration Number: 305907

The notes on pages 94 to 103 form part of these financial statements.

GOODWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2023

	Share capital £'000	Share- based payments reserve £'000	Retained earnings £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2023				
Balance at 1st May, 2022	769	5,244	82,582	88,595
Total comprehensive income:				
Profit for the year	-	-	11,569	11,569
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	11,569	11,569
Dividends paid	-	-	(8,289)	(8,289)
	<hr/>	<hr/>	<hr/>	<hr/>
BALANCE AT 30TH APRIL, 2023	769	5,244	85,862	91,875
	<hr/>	<hr/>	<hr/>	<hr/>
YEAR ENDED 30TH APRIL, 2022				
Balance at 1st May, 2021	753	5,244	78,001	83,998
Total comprehensive income:				
Profit for the year	-	-	12,443	12,443
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	12,443	12,443
Issue of shares	16	-	-	16
Dividends paid	-	-	(7,862)	(7,862)
	<hr/>	<hr/>	<hr/>	<hr/>
BALANCE AT 30TH APRIL, 2022	769	5,244	82,582	88,595
	<hr/>	<hr/>	<hr/>	<hr/>

C1 Accounting policies

Principal accounting policies

These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Basis of accounting

Goodwin PLC (the "Company") is a Company incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with International Accounting Standards as adopted by the UK and in conformity with the requirements of the Companies Act 2006.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company is exempt under S408 (3) Companies Act 2006 from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly-owned subsidiaries;
- Disclosures in respect of capital management and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Goodwin PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2 of the Group financial statements.

Measurement convention

The financial statements have been prepared under the historical cost accounting rules except where the measurement of balances at fair value is required as below.

Investments in subsidiary undertakings

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off for impairment.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss within operating profit.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Principal non-derivative financial assets

Other receivables

Other receivables principally comprise short-term tax balances and receivables from Group undertakings. After being recognised initially at fair value, other receivables are measured, subsequently, at amortised cost. The carrying amount of other receivables is considered to be a reasonable approximation of their fair value. A provision for expected credit losses (ECL) is not seen as necessary given that the counterparties here are Group undertakings. The Company is privy to both the accounts and future prospects of its subsidiary and associate companies. Accordingly, impairment provisions are raised where the carrying value of a subsidiary company / associated company cannot be fully supported.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand including cash deposits with an original maturity of three months or less.

Equity instruments

Equity instruments are stated at par value, with the par value of ordinary shares being reported as share capital.

C1 Accounting policies (continued)

Principal non-derivative financial liabilities

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

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at their fair value less attributable transaction costs. They are subsequently carried at their amortised cost and finance charges are recognised in the statement of profit or loss over the term of the instrument using an effective rate of interest.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method where material.

Intangible fixed assets and amortisation

Manufacturing rights, brand names and customer lists purchased by the Company are amortised to nil by equal annual instalments over their estimated useful lives. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads.

Amortisation rates are as follows:

Manufacturing rights	...	...	...	...	11 - 15 years
Brand names	...	...	...	...	20 years
Software and licences	...	...	...	...	3 - 5 years
Intellectual property rights	...	...	...	...	15 - 20 years
Non-compete agreements	...	...	...	...	2 - 15 years
Capitalised development costs	...	...	...	...	Minimum expected order unit intake or minimum product life

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss over the estimated useful lives of each part of an item of property, plant and equipment on the following bases:

Freehold land	...	...	...	...	Nil
Freehold buildings	...	...	...	...	2% to 4% on reducing balance or cost
Plant and machinery	...	...	...	...	5% to 25% on reducing balance or cost
Motor vehicles	...	...	...	...	15% or 25% on reducing balance
Tooling	...	...	...	...	over estimated production life
Other equipment	...	...	...	...	15% to 25% on reducing balance

Assets in the course of construction are not depreciated.

Before being brought into use, assets are assessed individually to determine which is the most appropriate depreciation method. At present, most assets are being depreciated on a reducing balance basis.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

Depreciation is charged to the statement of profit or loss on a straight-line basis or reducing balance basis over the estimated useful lives of investment properties which is typically 25 years.

Government grants

Government grants relating to income are recognised in the statement of profit or loss.

Unamortised government grants relating to property, plant and equipment are recognised in the balance sheet as deferred income. Amortisation of such grants is credited to profit and loss in accordance with the useful lives of the assets to which they relate.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Leases

Definition of a lease

A contract is a lease or contains a lease if it transfers the right to use an identified asset over the contract term, in exchange for payment. In determining whether a contract gives the Company the right to use an asset, the Company assesses whether:

C1 Accounting policies (continued)

Leases (continued)

Definition of a lease (continued)

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefit of using the asset; and
- the Company has the right to direct the use of the asset by deciding how the asset is employed.

Lease term

The lease term is the non-cancellable period of a lease, and options to extend the lease or terminate it, where it is probable that the Company will exercise the available options. At the start of a lease, the Company makes a judgement about whether it is reasonably certain to exercise the options, and reassesses this judgement at every reporting period. Contracts, where the original lease term has expired, with assets continuing to be leased on a short-term rolling basis of a few months, are treated as short-term leases.

Lease balances

A right-of-use asset and a lease liability are calculated at the beginning of a lease. The right-of-use asset is measured initially at cost, being the opening lease liability, adjusted for any lease payments made by the start of the lease, adjusted for any initial direct costs, which have been incurred.

The lease liability is measured initially at the present value of the lease payments, which are outstanding at the start date, discounted at either the rate implicit in the lease or the Company's incremental borrowing rate. With the exception of leases containing an option to purchase, the Company uses its incremental borrowing rate as the discount rate. Lease liabilities are measured at amortised cost, using the effective rate, and adjusted as required for any subsequent change to the lease terms.

The right-of-use asset is depreciated on a straight-line basis over the lease term, or from the start date of the lease to the end of the useful life of the right-of-use asset as appropriate. The method of calculating the estimated useful lives of the right-of-use assets and testing for impairment is the same as that for property, plant and equipment.

Recognition exemptions

Payments for short-term leases, lasting twelve months or less, without a purchase option, are reported as an operating expense on a straight-line basis over the term of the lease.

The cost of leasing low-value items is reported as an operating expense over the life of the lease.

Finance costs (net)

Finance costs comprise interest payable and interest on finance leases using the effective interest method, together with the amortisation of any facility arrangement fees. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, which takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest income and interest payable is recognised in the statement of profit or loss as it accrues.

Pension costs

The Company contributes to a defined contribution pension scheme for employees under an Auto Enrolment Pension arrangement as required by Government legislation. The assets of the scheme are held in independently administered funds. Company pension costs are charged to the statement of profit or loss in the year for which contributions are payable.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payment transactions

Share-based payment arrangements, in which the Company receives goods or services as consideration for its own equity instruments, are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted.

C1 Accounting policies *(continued)*

Interest swap derivative

The mark to market value of the Company's interest rate swap derivative is treated as not being hedged with the movement on the mark to market valuation being taken through the profit and loss account.

C2 Auditor's remuneration

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

	2023	2022
	£'000	£'000
Fees receivable by the auditors and the auditor's associates in respect of:		
Audit of these financial statements	80	66

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis (see note 5 of the Group financial statements).

C3 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
Administration staff	51	50
	2023	2022
	£'000	£'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	4,951	4,293
Social security costs	616	1,199
Other pension costs	99	103
	5,666	5,595

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on page 35. The emoluments of the highest paid Director were £406,000 (2022: £374,000). The number of Directors who were members of a defined contribution pension scheme was 3 (2022: 6). The social security costs include £nil million (2022: £0.7 million) in respect of employer's national insurance relating to exercised share options under the Executive Directors' Equity Long Term Incentive Plan.

C4 Tangible fixed assets

	Investment	Property, Plant and Equipment				Total £'000
	properties	Land and buildings £'000	Plant and machinery £'000	Other equipment * £'000	Assets in course of construction £'000	
Cost						
Balance at 1st May, 2022	34,575	5,753	40,857	1,941	6,951	55,502
Additions	292	2	1,429	76	14,791	16,298
Reclassification	4,511	(4,511)	178	-	(178)	(4,511)
Transfer to - ROU** ...	-	-	-	-	(366)	(366)
Balance at 30th April, 2023	39,378	1,244	42,464	2,017	21,198	66,923
Depreciation						
Balance at 1st May, 2022	7,770	702	19,679	1,425	-	21,806
Charged in the year ...	1,061	22	2,030	119	-	2,171
Balance at 30th April, 2023	8,831	724	21,709	1,544	-	23,977
Net book value						
At 30th April, 2022 ...	26,805	5,051	21,178	516	6,951	33,696
At 30th April, 2023	30,547	520	20,755	473	21,198	42,946

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

** This is a transfer to the right-of-use assets category, relating to ongoing investment in Green Projects.

Land with a net book value of £4.5 million (2022: £4.5 million) and furnaces with a net book value of £4.8 million (2022: £5.1 million) has been pledged as security for bank loans (refer to note C9).

The Company's investment properties have been valued, using the cost model, and depreciated over their estimated useful lives – typically 25 years. In the opinion of the Directors, the fair value of the investment properties as at 30th April, 2023 was estimated to be £62 million (2022: £51 million), compared with the net book value of £31 million (2022: £27 million). Fair value for this purpose is based on Level 3 fair value inputs and, specifically, the Directors' opinion as to the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction given a reasonable timeframe in which to conclude such an exchange. Independent valuations have not been performed.

Investment property income and operating expenses

The Company rents investment properties to its UK subsidiaries. There are no formal agreements in place and for this reason, it is not possible to disclose a maturity analysis of lease payments.

	2023 £'000	2022 £'000
Property income	1,503	1,472
Operating expenses	(819)	(876)

C4 Tangible fixed assets *(continued)*

Right-of-use assets

	Plant and machinery £'000	Other equipment £'000	Total £'000
Cost			
Balance at 1st May, 2022	3,215	1,566	4,781
Additions	728	198	926
Transfer from property, plant and equipment... ..	366	-	366
	<u>4,309</u>	<u>1,764</u>	<u>6,073</u>
Depreciation			
Balance at 1st May, 2022	215	481	696
Charged in the year	162	398	560
	<u>377</u>	<u>879</u>	<u>1,256</u>
Net book value			
At 30th April, 2022	3,000	1,085	4,085
	<u>3,932</u>	<u>885</u>	<u>4,817</u>

C5 Fixed asset investments

	Shares in associated undertakings £'000	Shares in Group undertakings £'000	Total £'000
Cost			
Balance at 1st May, 2022	237	31,498	31,735
	<u>237</u>	<u>31,498</u>	<u>31,735</u>
Impairment			
Balance at 1st May, 2022	-	5,913	5,913
	<u>-</u>	<u>5,913</u>	<u>5,913</u>
Net book value			
At 30th April, 2022	237	25,585	25,822
	<u>237</u>	<u>25,585</u>	<u>25,822</u>

A list of principal subsidiaries and associates is given in note 13 and a list of non-principal subsidiaries and associates is given in note 32 of the Group financial statements.

C6 Intangible assets

	Brand names and intellectual property £'000	Manu- facturing rights £'000	Software and Licences £'000	Develop- ment costs £'000	Total £'000
Cost					
Balance at 1st May, 2022	8,043	1,653	495	10,725	20,916
Additions	525	19	11	556	1,111
Intercompany transfers	-	-	-	370	370
Disposals	-	-	(96)	(222)	(318)
Balance at 30th April, 2023	8,568	1,672	410	11,429	22,079
Amortisation					
Balance at 1st May, 2022	1,897	1,120	336	1,882	5,235
Amortisation for the year	354	68	61	571	1,054
Disposals	-	-	(96)	(222)	(318)
Balance at 30th April, 2023	2,251	1,188	301	2,231	5,971
Net book value					
At 30th April, 2022	6,146	533	159	8,843	15,681
At 30th April, 2023	6,317	484	109	9,198	16,108

C7 Interest rate swap

The Group utilises interest rate swap derivatives to hedge against future movements in floating interest rates against the Group's floating rate debt. Hedge accounting is not applied for these instruments and all movements in fair value are recognised in profit or loss. Further details are contained in note 28 of the Group financial statements.

C8 Debtors

	2023 £'000	2022 £'000
Due after more than one year		
<i>Interest-bearing</i>		
Amounts owed by Group undertakings – repayable within five years	8,495	7,767
<i>Non interest-bearing</i>		
Amounts owed by Group undertakings – repayable within five years	23,261	22,410
	31,756	30,177
Due within one year		
Other debtors	166	383
Prepayments and accrued income	653	695
Corporation tax receivable... ..	119	100
	938	1,178

Amounts owed by Group undertakings are considered to be repayable within five years, as the Company supports the working capital requirements of the Group undertakings and repayment is required by the Company only when there are excess funds within each specific Group undertaking. The comparative figures have been adjusted to correct the analysis between interest bearing and non-interest bearing balances owed by Group undertakings, and to show all group receivable balances as being due after more than one year.

C9 Borrowings

This note provides information about the contractual terms of the Company's interest-bearing bank loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 28 (d) of the Group financial statements.

	2023			2022		
	Non-current liabilities £'000	Current liabilities £'000	Total borrowings £'000	Non-current liabilities £'000	Current liabilities £'000	Total borrowings £'000
Bank overdrafts	-	119	119	-	-	-
Bank loans repayable by instalments	5,906	1,026	6,932	6,988	937	7,925
Bank loans - rolling credit facilities	36,000	3,500	39,500	28,000	-	28,000
Other loans	-	-	-	-	202	202
Lease liabilities	3,168	1,408	4,576	3,065	947	4,012
	45,074	6,053	51,127	38,053	2,086	40,139

Lease liabilities

Lease liabilities are payable as follows:

	2023			2022		
	Minimum lease payments £'000	Interest £'000	Principal £'000	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	1,644	236	1,408	1,033	86	947
Between two and three years	2,551	251	2,300	1,954	88	1,866
Between four and five years	897	29	868	1,218	19	1,199
	5,092	516	4,576	4,205	193	4,012

Bank loan repayable by instalments

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

	2023			2022		
	Minimum loan payments £'000	Interest £'000	Principal £'000	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	1,362	336	1,026	1,145	208	937
Between two and three years	2,527	559	1,968	2,267	330	1,937
Between four and five years	1,275	431	844	1,824	214	1,610
More than five years	4,503	1,409	3,094	4,096	655	3,441
	9,667	2,735	6,932	9,332	1,407	7,925

C10 Other payables

	2023 £'000	2022 £'000
Trade payables	852	966
Amounts owed to Group undertakings – interest-bearing	5,200	4,526
Amounts owed to Group undertakings – non interest-bearing	12,622	14
Other taxation and social security	365	335
Other creditors	12	245
Accruals and deferred income	692	360
	19,743	6,446

C11 Provisions for deferred tax

	Property, plant and equipment £'000	Tax losses £'000	Derivatives £'000	Other £'000	Total £'000
Balance at 1st May, 2022	6,865	(2,496)	685	(2)	5,052
Recognised in profit or loss	1,785	2,146	(685)	2	3,248
Balance at 30th April, 2023	8,650	(350)	-	-	8,300

C12 Called up share capital

	2023 £'000	2022 £'000
Authorised, allotted, called up and fully paid:		
Balance at 1st May, 2022, 7,689,600 (2022: 7,526,400 ordinary shares of 10p each)	769	753
Issue of 163,200 ordinary shares of 10p each	-	16
Balance at 30th April	769	769

Details of the share issue are contained in note 35 of the Group financial statements.

C13 Contingent liabilities

The Company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil (2022: £Nil).

C14 Related party balances and transactions

The Company has applied the exemptions available under FRS 101 in respect of the disclosure of transactions with wholly-owned subsidiary companies. The Company has transacted with Easat Radar Systems Limited, Goodwin Korea Company Limited, Jewelry Plaster Limited, NRPL Aero Oy, Siam Casting Powders Limited, Ultratec Jewelry Supplies Limited and Ying Tai (UK) Limited which are not wholly-owned subsidiaries.

	2023 £'000	2022 £'000
Related party balances		
<i>Interest-bearing balances</i>		
Amounts owed by Group undertakings – repayable within five years	7,998	7,767
<i>Non interest-bearing balances</i>		
Amounts owed by Group undertakings – repayable within five years	735	784
<i>Non interest-bearing payable balances</i>		
Amounts owed by Group undertakings – repayable on demand	(149)	-
Related party transactions		
Dividend income	773	1,260
Interest income	237	219
Management fee income	536	536
Rental income	141	76
Royalty income	164	116

Compensation of key management personnel

Key management personnel are defined in the Directors' Remuneration Report on page 36, and their remuneration is disclosed on page 36 of the Group financial statements.

C15 Commitments

Contracted capital commitments at 30th April, 2023 for which no provision has been made in these financial statements were £1,510,000 (2022: £8,393,000).

C16 Subsequent events

After the balance sheet date, ordinary dividends were declared of £8,636,000, which have not been provided for within these financial statements.

The company announced on 5th May, 2023 that it was proceeding with a Tender offer to tender up to 180,000 of its ordinary shares at the tender price of £48 per ordinary share. The tender offer was subsequently approved at a General Meeting that was held on 30th May, 2023 and the following day the offer ended. The offer was oversubscribed by 229% and, of the total number of Ordinary Shares validly tendered, all 180,000 Ordinary Shares have been purchased by the Company and on 7th June, 2023 were cancelled off the register. The total cost of Ordinary Shares purchased was £8.64 million. The resulting number of shares as at the signing date is £7,509,600.

C17 Dividends	2023	2022
	£'000	£'000
Paid ordinary dividends during the year in respect of prior years		
107.80p (2022: 102.24p) per qualifying ordinary share.	8,289	7,862

After the balance sheet date an ordinary dividend of 115p per qualifying ordinary share was proposed by the Directors (2022: Ordinary dividend of 107.80p).

The proposed current year ordinary dividend of £8,636,000 has not been provided for within these financial statements (2022: Proposed ordinary dividend of £8,289,000 was not provided for).

C18 Accounting estimates and judgements

The material accounting estimates and judgements for the Company follow that of the Group which have been considered in note 2 of the Group financial statements.

C19 Share-based payment transactions

Details of the equity-settled share-based payment transactions are disclosed in note 35 of the Group financial statements.

Alternative performance measures

Measure	Method of calculation / reference	Page No.	2023	2022
Gross profit (£'000)	Consolidated statement of profit or loss	48	46,221	42,704
Revenue (£'000)	Consolidated statement of profit or loss	48	185,742	144,108
Gross profit as percentage of revenue (%)	Gross profit / revenue		24.9%	29.6%
Profit before tax (£'000)	Consolidated statement of profit or loss	48	22,129	19,941
Unrealised gain on 10 year interest rate swap derivative	Consolidated statement of profit or loss	48	(3,189)	(2,740)
Trading profit (£'000)			18,940	17,201
Operating profit (£'000)	Consolidated statement of profit or loss	48	20,313	18,307
Capital employed (£'000)	Note 28 (d)	86	157,569	145,095
Return on capital employed (%)	Operating profit / capital employed		12.9%	12.6%
Net debt (£'000)	Note 28 (d)	86	32,822	29,785
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet	52	124,747	115,310
Gearing (%)	Net debt / equity, as above		26.3%	25.8%
Net profit attributable to equity holders of the parent (£'000)	Consolidated statement of profit or loss	48	15,904	12,980
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet	52	124,747	115,310
Return on investment (%)	Net profit / net assets		12.7%	11.3%
Revenue (£'000)	Consolidated statement of profit or loss	48	185,742	144,108
Average number of employees	Note 6	67	1,144	1,112
Sales per employee (£'000)	Group revenue / average employees		162,362	129,594
Annual post tax profit (£'000)	Consolidated statement of profit or loss	48	16,513	13,620
Interest rate swap mark to market net of tax @ 19.49% (2022: 19%) (£'000)	Consolidated statement of profit or loss	48	(2,576)	(2,219)
Deferred tax rate change (£'000)	Note 8	68	-	2,012
Deferred tax rate difference (£'000)	Note 8	68	596	-
Depreciation owned assets (£'000)	Note 5	67	6,272	6,202
Depreciation right-of-use assets (£'000)	Note 5	67	1,198	1,192
Amortisation and impairment (£'000)	Note 5	67	1,257	1,572
Exclude operating lease depreciation (£'000)			(538)	(508)
Annual post tax profit + depreciation + amortisation (£'000)			22,731	21,871

■ FIVE YEAR FINANCIAL SUMMARY ■

<i>Continuing operations</i>	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Revenue... ..	127,046	144,512	131,231	144,108	185,742
Trading profit	16,410	12,115	16,514	17,201	18,940
Profit before taxation	16,410	12,115	16,514	19,941	22,129
Tax on profit	(3,963)	(3,775)	(3,508)	(6,321)	(5,616)
Profit after taxation	12,447	8,340	13,006	13,620	16,513
Basic earnings per ordinary share (in pence)	159.79p	107.93p	167.82p	169.14p	206.81p
Diluted earnings per ordinary share (in pence)	159.79p	103.31p	164.23p	169.14p	206.81p
Total equity	109,291	109,602	118,028	119,743	129,157

Trading profit is defined as profit before tax, less the impact of the interest rate swap valuation. The calculation is reported in the Alternative Performance Measures on page 104.