

# GOODWIN PLC

[www.goodwin.co.uk](http://www.goodwin.co.uk)

Registered in England and Wales, Number 305907  
Established 1883

*Directors:*

J. W. Goodwin (*Chairman*)  
R. S. Goodwin (*Managing Director*)  
R. J. Dyer  
F. A. Gaffney  
P. J. Horton

*Secretary and registered office:*

Mrs. P. Ashley, B.A., A.C.I.S.  
Ivy House Foundry, Hanley,  
Stoke-on-Trent, ST1 3NR

*Registrar and share transfer office:*

Computershare Investor Services PLC,  
P.O. Box No. 82,  
Bristol, BS99 7NH

*Auditors:*

KPMG Audit Plc,  
2 Cornwall Street, Birmingham, B3 2DL

NOTICE IS HEREBY GIVEN that the SIXTY EIGHTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Wednesday, 5th November, 2003 at the Saxon Cross Hotel, Sandbach, Cheshire, for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 2003 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. R. J. Dyer as a director.
3. To re-elect Mr. F. A. Gaffney as a director.
4. To approve the directors' remuneration report for the year ended 30th April, 2003.
5. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration.

By Order of the Board

Registered Office:

Ivy House Foundry,  
Hanley, Stoke-on-Trent.  
22nd September, 2003

P. ASHLEY  
*Secretary*

NOTES:

1. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the company not less than 48 hours before the time appointed for the holding of the meeting.
2. None of the directors have service contracts with the company.
3. If approved by shareholders the final dividend will be paid to shareholders on the 7th November, 2003.

# GOODWIN PLC

## CHAIRMAN'S STATEMENT

I am pleased to report annual pre-tax profits for the Group for the year to 30th April, 2003, of £2.58 million, an increase of 23% on a turnover of £33.18 million. The directors propose that a dividend of 10.417p (*2002: 5.55p*) per share be paid.

On 14th November, Francis Gaffney was appointed a Main Board director, having previously been a director and General Manager at Goodwin International Limited, which position he retains. His newly-extended role enables him to build further on the significant contribution he has made to the success of the company. Goodwin International's continued success in supplying the oil, gas and energy industries worldwide with valves and machined castings has helped produce record profits for this company.

Goodwin Steel Castings Limited, whilst remaining profitable, had a difficult year where we suffered a 28% reduction in activity and during which our main competitor in the UK closed its business. Our overseas sales activities, coupled with our ability to expediently provide customers with precision finish machined high integrity castings, has enabled us to more than replace the business reduction which we saw associated with the turndown in the power generating industries in the USA, such that in the new year we will be busy again.

Ingots manufactured by Goodwin Steel Castings Limited have, in the past, been sold through a 50:50 joint venture sales company, Wiggin Alloy Products Limited. During the year, we increased our holding of the sales company to 100% and the name of the company has recently changed to Goodwin Alloy Products Limited. It is hoped that the strengthening of the Euro will make the winning of orders in Europe for these products more viable.

Hoben International Limited and Hoben Industrial Minerals Limited continue to improve manufacturing efficiency by vertical integration, thus aiding their competitiveness and ability to maintain margin in our competitive global market. We predict that business levels in the jewellery casting market will recover as consumers start travelling again following the end of the Iraq war and SARS.

Easat Antennas Limited's trading performance substantially improved this year and the company started the new financial year with a healthy order book associated with longer term contracts for radar antennas for airports and coastal surveillance.

Internet Central Limited has continued to provide communications to the Group and increased its external order book for selling broadband internet connectivity and hosting which should allow for further gradual organic profit growth.

For the first time, a graph showing shareholder return for this year and the previous five years is shown on page 6. We are of the opinion that this shows the benefit of adopting longer term investment policies as, had we not invested in our product designs, sales, marketing and efficient manufacturing equipment, we would never have been able to achieve this level of performance in the global market as it exists today.

I take this opportunity to thank our loyal and hardworking employees, without whom our success would not be possible.

J. W. GOODWIN  
*Chairman*

22nd August, 2003

# GOODWIN PLC

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2003.

### Business review

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

	2003 £'000	2002 £'000
Turnover	33,179	29,712
Profit on ordinary activities before taxation	2,576	2,090
Taxation charge	(754)	(628)
Profit on ordinary activities after taxation	1,822	1,462

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

### Proposed dividends

The directors recommend that an ordinary dividend of 10.417p per share be paid to shareholders on the register at the close of business on 3rd October 2003. (2002: 5.55p per share).

### Fixed assets

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

### Directors and directors' interests

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

J. W. Goodwin  
 R. S. Goodwin  
 R. J. Dyer  
 F. A. Gaffney (appointed 14th November, 2002)  
 P. J. Horton

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

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

	Number of 10p ordinary shares	
	30th April 2003	30th April 2002 or date of appointment if later
<i>Beneficial</i>		
J. W. Goodwin	301,736	301,736
R. S. Goodwin	289,422	13,606
J. W. Goodwin and R. S. Goodwin	1,739,797	1,739,797
J. W. Goodwin and R. S. Goodwin	1,050,718	1,601,176
R. J. Dyer	17,500	17,500
F. A. Gaffney	7,131	-
P. J. Horton	115,840	115,840
<i>Non-beneficial</i>		
J. W. Goodwin, R. S. Goodwin and others	303,446	303,446
J. W. Goodwin and E. M. Goodwin	275,229	-

During the period from 1st May, 2003 to 22nd August, 2003 there was no change in the directors' interests.

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

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

### Shareholdings

The company has been notified that, as at 22nd August, 2003, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,739,797 shares (24.16%), J. W. Goodwin and R. S. Goodwin 1,050,718 shares (14.59%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. W. Goodwin, R. S. Goodwin and others 303,446 shares (4.21%), J. W. Goodwin 301,736 shares (4.19%), R. S. Goodwin 289,422 shares (4.02%), J. W. Goodwin and E. M. Goodwin 275,229 shares (3.82%), J. H. Ridley 522,167 shares (7.25%), L. R. Dean 260,000 shares (3.61%).

## Donations

Donations by the Group for charitable purposes amounted to £15,000 (2002: £5,310).

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

## Employment of disabled persons

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

## Creditor payment policy

The company has not adopted any formal code or standards on supplier payment practice. The company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on a contract by contract basis. The holding company has no trade creditors at 30th April, 2003.

## Corporate governance

### *Introduction*

The directors have considered the requirements of the Combined Code incorporated into the Listing Rules of the Financial Services Authority. The Code covers four broad areas, namely the composition and procedures of the Board, the service contracts and pay of the directors, relations with shareholders, and the directors' responsibilities with respect to accountability and audit.

The Board feels that it should be recognised that what may be appropriate for the larger company may not necessarily be so appropriate for the smaller company, a point raised previously in the Cadbury Code of Best Practice. The Board continues to be conscious of its non-compliance with certain aspects of the Code, as detailed below, and will continue to review the situation in the light of any future Group developments.

### *The Board*

The Board, which comprises five executive directors, meets formally by itself and with subsidiary directors on a regular basis. In view of the Group's present size and proven track record, it is not seen as appropriate to increase further the number of directors on the Board nor are non-executive directors thought to be appropriate, due to the cost likely to be involved and the lack of opportunity for adding significant value to the business. Accordingly, the Group is unable to comply with aspects of the Code's requirements in terms of non-executive directors and the requirement for an Audit Committee, Remuneration Committee and Nominations Committee. All directors, except the Chairman and Managing Director, retire by rotation at least every 3 years.

The Board meets at least once a month and retains full responsibility for the direction and control of the Group. There is no formal schedule of matters reserved for the Board. However, acquisitions and disposals of assets, investments and material capital related projects are as a matter of course specifically reserved for Board decision. All directors have reasonable access to the Company Secretary and to independent professional advice at the Company's expense.

### *Going concern*

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

### *Internal control*

The Board has overall responsibility for the Group's system of internal control (including operational, financial, compliance and risk management controls), which is designed to manage rather than eliminate risk and can provide only reasonable reassurance against material misstatement or loss. Except as noted in this Corporate Governance report, the Board confirms that the system of internal control accords with the Combined Code.

The Board meets with an agenda 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 with formally defined areas of responsibility and delegation of authority. The Group has put in place formal lines of reporting with subsidiary management meeting with the directors on a regular basis.

The Board considers that the close personal involvement of the Company's directors in all areas of the day to day operations of the business represents the most effective on-going control over its financial and business risks. In particular, authority is limited to the directors in key risk areas such as treasury management, capital expenditure and other investment decisions. The directors annually review the effectiveness of the internal financial control system, including holding discussions with the external auditors. However, given the close involvement of the Company's directors in the operations of the business, the Board does not consider that a formal review of non financial controls would provide any additional benefit in their review of the effectiveness of the Group's internal controls.

The Group does not have an internal audit function although the Board periodically reviews the need for such a function. The current conclusion is that an internal audit function is not required given the present scale and complexity of the Group's operations.

*Directors' remuneration*

The remuneration of the directors is considered by the Board so that no director determines his own salary. Details of each element of the directors' remuneration are given in the directors' remuneration report on page 6.

*Auditors*

In accordance with Section 384 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the company.

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

J. W. GOODWIN  
*Chairman*

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

22nd August, 2003

# GOODWIN PLC

## DIRECTORS' REMUNERATION REPORT

### Introduction

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002, which apply to the Group for the first time, in respect of the year ended 30th April, 2003.

Consideration by the directors of matters relating to directors' remuneration

The remuneration policy is set by the Board as a whole and is described below.

### Remuneration policy

The Group's policy in respect of directors' remuneration for the forthcoming years is to provide individual packages which are determined having due regard to the company's current and projected profitability, the employee's specific areas of responsibility and performance, their related knowledge and experience in the company's specific fields of operation, the external labour market and their personal circumstances whereby the Board sets a package to remunerate and motivate the individual so as to best serve the company. All Board members have access to independent advice when considered appropriate. In forming its policy, the Board has given full consideration to the Combined Code's best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of directors of comparative companies.

The Board does not, at present, consider it necessary to include a performance related element within the remuneration of individual directors.

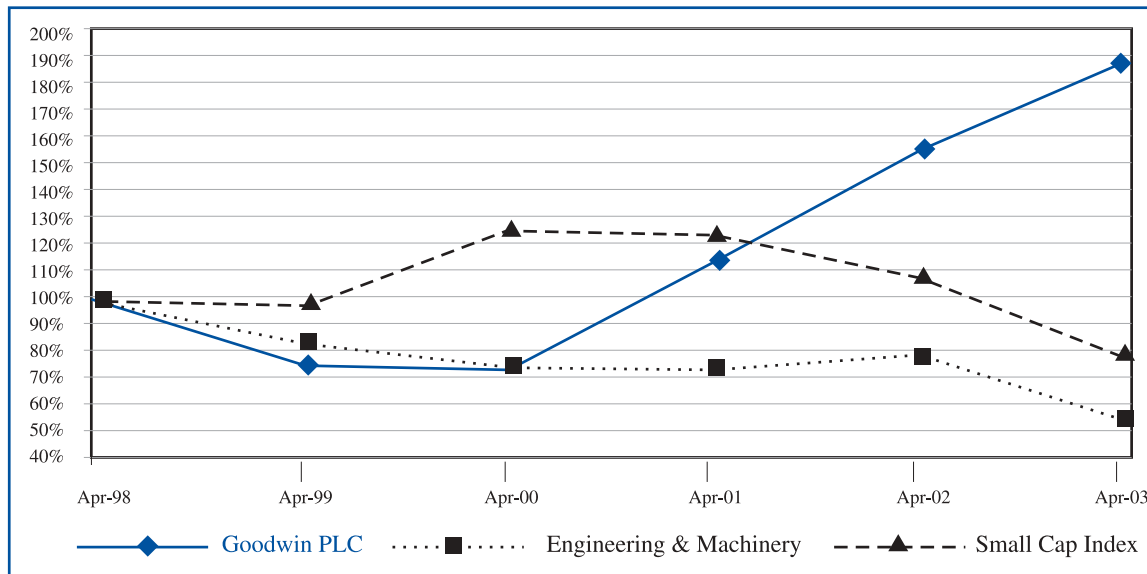
### Service contracts

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 director are subject to retirement by rotation. No compensation is payable to directors on leaving office.

### Total shareholder return

The following graph compares the company's total shareholder return over the five years ended 30th April, 2003, with that for the FTSE Small-Cap share index and the FTSE Engineering and Machinery Sector Index.

The FTSE Small-Cap Share Index was chosen as it is a relevant broad equity market index for smaller quoted companies.



DIRECTORS' REMUNERATION REPORT *(continued)*

Details of individual emoluments and compensation

	2003			2002		2003		2002	
	Salary	Benefits in kind	Total	Total	Pension contrib- utions	Pension contrib- utions	2003	2002	2002
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
J. W. Goodwin ... ..	145	1	146	142	11	11			
R. S. Goodwin ... ..	145	1	146	142	11	11			
R. J. Dyer ... ..	77	1	78	62	16	16			
P. J. Horton ... ..	100	1	101	92	-	-			
F. A. Gaffney* ... ..	57	-	57	-	-	-			
	<u>524</u>	<u>4</u>	<u>528</u>	<u>438</u>	<u>38</u>	<u>38</u>			
2002	<u>402</u>	<u>36</u>	<u>438</u>						

\*from date of appointment 14th November, 2002.

Pension contributions comprise contributions to money purchase pension schemes.

Benefits in kind consist primarily of healthcare insurance.

There are no share option schemes or other long term incentive schemes.

The above table of information has been subject to audit.

Approval of report

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming annual general meeting.

The directors' remuneration report was approved by the Board on 22nd August, 2003, and is signed on its behalf by:

J. W. GOODWIN  
*Director*

R. S. GOODWIN  
*Director*

22nd August, 2003

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

## INDEPENDENT AUDITOR'S REPORT to the Members of GOODWIN PLC

We have audited the financial statements on pages 9 to 22. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the Directors' remuneration report. As described above, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on pages 4 and 5 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement and the unaudited part of the Directors' remuneration report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of audit opinion

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

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

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 30th April, 2003 and of the profit of the Group for the year then ended; and the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

22nd August, 2003

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor



# GOODWIN PLC

## GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th APRIL, 2003

	Note	2003 £'000	2002 £'000
TURNOVER ... ..	2	33,179	29,712
Cost of sales ... ..		<u>(25,312)</u>	<u>(22,351)</u>
GROSS PROFIT ... ..		7,867	7,361
Distribution costs ... ..		(1,178)	(1,333)
Administrative expenses ... ..		<u>(3,858)</u>	<u>(3,683)</u>
OPERATING PROFIT ... ..		2,831	2,345
Share of loss of associated undertaking ... ..		(59)	(30)
Interest payable ... ..	3	<u>(196)</u>	<u>(225)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION ... ..	4	2,576	2,090
Tax on profit on ordinary activities ... ..	7	<u>(754)</u>	<u>(628)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION ... ..		1,822	1,462
Minority interests - equity ... ..		<u>(1)</u>	<u>3</u>
PROFIT FOR THE FINANCIAL YEAR ... ..	8	1,821	1,465
Proposed ordinary dividend ... ..	9	<u>(750)</u>	<u>(400)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR ... ..		<u>1,071</u>	<u>1,065</u>
EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED ... ..	10	<u>25.29p</u>	<u>20.35p</u>

A statement of movement on reserves is given in note 23.

All of the Group's activities related to continuing operations.

# GOODWIN PLC

## BALANCE SHEETS At 30th APRIL, 2003

	Notes	Group		Company	
		2003 £'000	2002 £'000	2003 £'000	2002 £'000
<b>FIXED ASSETS</b>					
Intangible assets	11	202	201	-	-
Tangible assets	12 & 13	7,513	7,145	1,369	1,432
Investments	14	-	20	1,560	1,258
		<u>7,715</u>	<u>7,366</u>	<u>2,929</u>	<u>2,690</u>
<b>CURRENT ASSETS</b>					
Stocks	16	4,444	4,377	-	-
Debtors	17	7,709	7,585	5,322	5,548
Cash at bank and in hand		367	189	8	2
		<u>12,520</u>	<u>12,151</u>	<u>5,330</u>	<u>5,550</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(9,415)	(9,554)	(2,404)	(2,979)
NET CURRENT ASSETS		<u>3,105</u>	<u>2,597</u>	<u>2,926</u>	<u>2,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,820	9,963	5,855	5,261
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	(404)	(753)	(156)	(328)
PROVISIONS FOR LIABILITIES AND CHARGES	21	(768)	(707)	(124)	(122)
NET ASSETS		<u>9,648</u>	<u>8,503</u>	<u>5,575</u>	<u>4,811</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	22	720	720	720	720
Profit and loss account	23	8,772	7,727	4,855	4,091
SHAREHOLDERS' FUNDS - EQUITY		<u>9,492</u>	<u>8,447</u>	<u>5,575</u>	<u>4,811</u>
MINORITY INTERESTS - EQUITY		156	56	-	-
		<u>9,648</u>	<u>8,503</u>	<u>5,575</u>	<u>4,811</u>

These financial statements were approved by the Board of directors on 22nd August, 2003 and signed on its behalf by:

J. W. GOODWIN  
Director

R. S. GOODWIN  
Director

# GOODWIN PLC

## GROUP CASH FLOW STATEMENT For the year ended 30th APRIL, 2003

	Note	2003 £'000	2002 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES ... ..		4,373	2,912
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...	25	(196)	(225)
TAXATION ... ..		(390)	(673)
CAPITAL EXPENDITURE ... ..	25	(1,023)	(1,484)
EQUITY DIVIDENDS PAID ... ..		(400)	(300)
ACQUISITIONS ... ..	25	<u>(84)</u>	<u>-</u>
CASH INFLOW BEFORE FINANCING ... ..		2,280	230
FINANCING ... ..	25	<u>(392)</u>	<u>(277)</u>
INCREASE/(DECREASE) IN CASH IN THE YEAR ... ..		<u>1,888</u>	<u>(47)</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit ... ..		2,831	2,345
Depreciation and amortisation charges ... ..		1,191	1,144
Loss on disposal of fixed assets ... ..		10	33
Increase in stocks ... ..		(67)	(1,176)
Decrease/(increase) in debtors ... ..		8	(730)
Increase in creditors ... ..		400	1,296
Net cash inflow from operating activities ... ..		<u>4,373</u>	<u>2,912</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash in the year ... ..		1,888	(47)
Finance lease repayments ... ..		<u>392</u>	<u>277</u>
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS ... ..	26	2,280	230
New finance leases ... ..		(48)	(440)
Foreign exchange translation difference ... ..	26	<u>(21)</u>	<u>(16)</u>
MOVEMENT IN NET DEBT IN THE PERIOD ... ..		2,211	(226)
Net debt at start of year ... ..	26	<u>(2,791)</u>	<u>(2,565)</u>
NET DEBT AT END OF YEAR ... ..	26	<u>(580)</u>	<u>(2,791)</u>

# GOODWIN PLC

## OTHER PRIMARY FINANCIAL STATEMENTS

For the year ended 30th APRIL, 2003

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2003 £'000	2002 £'000
Profit for the financial year ... ..	1,821	1,465
Exchange adjustments on foreign currency net investments ... ..	(26)	(15)
Total recognised gains and losses for the financial year ... ..	<u>1,795</u>	<u>1,450</u>

### RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit for the financial year ... ..	1,821	1,465
Dividends ... ..	(750)	(400)
Other recognised gains and losses relating to the year... ..	<u>1,071</u>	<u>1,065</u>
NET ADDITION TO SHAREHOLDERS' FUNDS ... ..	1,045	1,050
Opening shareholders' funds ... ..	<u>8,447</u>	<u>7,397</u>
CLOSING SHAREHOLDERS' FUNDS ... ..	<u>9,492</u>	<u>8,447</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Principal accounting policies

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

#### (a) Basis of accounting

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

The company is exempt under S230(4) Companies Act 1985 from the requirement to present its own profit and loss account.

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

#### (b) Consolidation principles

(i) The Group financial statements include the results of the parent company and all of its subsidiary undertakings made up to 30th April consolidated under the acquisition method.

(ii) Goodwill, representing the excess of the fair value of consideration given on the acquisition of subsidiary undertakings over the fair value of the identifiable net assets acquired was written off against reserves for all acquisitions prior to 1st May 1998. This goodwill would be charged or credited in the profit and loss account on disposal of the business to which it relates. Goodwill on any acquisition subsequent to this date is capitalised and amortised over its useful life.

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

Prior to becoming a subsidiary undertaking, Goodwin Alloy Products Limited ("GAP") (formerly Wiggin Alloy Products Limited) was accounted for as an associated undertaking. In accordance with FRS 2 *Accounting for Subsidiary Undertakings* and in order to give a true and fair view, purchased goodwill has been calculated as the sum of the goodwill arising on each purchase of shares in GAP, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from the statutory method, under which goodwill is calculated as the difference between cost and fair value on the date that GAP became a subsidiary undertaking. The statutory method would not give a true and fair view because it would result in the Group's share of GAP's retained reserves, during the period that it was an associated undertaking, being re-characterised as goodwill. The effect of this departure is to decrease retained profits by £71,000 and to decrease the cost of purchased goodwill recognised on the acquisition by £71,000. The effect of this departure from the statutory method on profits for the year is not material.

#### (c) Depreciation

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

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

#### (d) Stock and work in progress

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

Results attributable to the stage of completion of a long term contract are recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus the attributable result, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### (e) Turnover

Turnover represents the amounts (excluding value added tax and other sales taxes) derived from the provision of goods and services including long term contracts to external customers.

#### (f) Foreign exchange

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Deferred taxation is not provided on earnings retained in overseas subsidiary undertakings as it is not expected that an actual liability will arise.

(h) Leasing

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

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

(i) Pension costs

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

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

(j) Research and development expenditure

Development costs are capitalised as intangible fixed assets, insofar as they relate to clearly defined projects from which benefits can reasonably be regarded as assured. Such costs are not regarded as realised losses. Expenditure so deferred is limited to the value of estimated future related profits and is amortised through the profit and loss account in line with forecast sales of the product. Should research expenditure occur, it will be written off when incurred.

2. Turnover

The analysis of turnover by destination is as follows:											2003	2002
											£'000	£'000
United Kingdom	...	...	...	...	...	...	...	...	...	...	10,989	10,276
Rest of Europe	...	...	...	...	...	...	...	...	...	...	8,230	5,272
Rest of World	...	...	...	...	...	...	...	...	...	...	13,960	14,164
											<u>33,179</u>	<u>29,712</u>

In the opinion of the directors the Group only has one principal trading activity and therefore they do not consider there to be any requirement for segmental disclosure under SSAP25.

The geographical source of all turnover is the U.K. Overseas entities are not considered material.

3. Interest payable

											2003	2002
											£'000	£'000
Interest payable on bank loans and overdrafts	...	...	...	...	...	...	...	...	...	...	137	164
Finance lease interest	...	...	...	...	...	...	...	...	...	...	59	61
											<u>196</u>	<u>225</u>

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:											2003	2002
											£'000	£'000
Depreciation and amortisation of tangible fixed assets												
- owned	...	...	...	...	...	...	...	...	...	...	1,045	967
- held under finance lease	...	...	...	...	...	...	...	...	...	...	105	177
Amortisation of development expenditure	...	...	...	...	...	...	...	...	...	...	40	-
Operating lease rentals:												
Short term plant hire	...	...	...	...	...	...	...	...	...	...	14	16
Auditors' remuneration and expenses - Group	...	...	...	...	...	...	...	...	...	...	<u>42</u>	<u>42</u>

Fees charged by the company's auditors in respect of work carried out in the year for Group non audit services amounted to £14,000 (2002: £14,000). The audit fee for the company itself amounted to £10,000 (2002: £10,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors' Remuneration

Details of directors' remuneration is set out in the directors' remuneration report on pages 6 and 7.

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:

	2003 Number	2002 Number
Works personnel ... ..	391	360
Administrative staff ... ..	30	28
	<u>421</u>	<u>388</u>

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries ... ..	8,862	8,154
Social security costs ... ..	824	780
Other pension costs ... ..	32	32
	<u>9,538</u>	<u>8,966</u>

7. Tax on profit on ordinary activities

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

	2003 £'000	2002 £'000
U.K. corporation tax - current year ... ..	712	528
- prior year ... ..	(1)	(9)
Share of associate's tax - UK corporation tax current year ... ..	(18)	(6)
Total current tax charge	<u>693</u>	<u>513</u>
Deferred taxation charge - current year ... ..	61	111
- prior year ... ..	-	4
	<u>754</u>	<u>628</u>

*Factors affecting the tax charge for the current year*

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 30% (2002: 30%). The differences are explained below.

	2003 £'000	2002 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax ... ..	2,576	2,090
Current tax at 30% (2002: 30%) ... ..	773	627
<i>Effect of:</i>		
Expenses not deductible for tax purposes ... ..	4	7
Capital allowances in excess of depreciation ... ..	(61)	(111)
Small company rate adjustment ... ..	(4)	-
Additional tax credit for research and development ... ..	(10)	-
Adjustments to tax charge in respect of previous periods ... ..	(1)	(9)
Other ... ..	(8)	(1)
Total current tax charge (see above) ... ..	<u>693</u>	<u>513</u>

The only significant factor which may affect future tax charges would be a change in the UK corporation tax rate.

8. Profit for the financial year

The consolidated profit for the financial year includes a profit of £1,514,000 (2002: £1,144,000) which has been dealt with in the financial statements of the parent company.

9. Proposed dividend

The proposed ordinary dividend of £750,024 (2002: £399,600) represents 10.417p per share (2002: 5.55p per share).

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Earnings per ordinary share

The earnings per ordinary share has been calculated on profit on ordinary activities after taxation and minority interests of £1,821,000 (2002: £1,465,000) and by reference to the 7,200,000 ordinary shares in issue throughout both years. The company has no share options or other diluting instruments and accordingly there is no diluted earnings per share.

11. Intangible fixed assets of the Group

		Goodwill £'000	Development costs £'000	Total £'000
Cost				
At beginning of year	...	-	201	201
Additions	...	41	-	41
At end of year	...	41	201	242
Amortisation				
At beginning of year	...	-	-	-
Charge for year	...	-	40	40
At end of year	...	-	40	40
Net book value				
At 30th April, 2003	...	41	161	202
At 30th April, 2002	...	-	201	201

12. Tangible fixed assets of the Group

		Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in course of construction £'000	Total £'000
Cost							
At beginning of year	...	1,417	35	11,827	2,307	-	15,586
Additions	...	79	11	468	196	838	1,592
Disposals	...	-	-	(154)	-	-	(154)
Exchange adjustments	...	(11)	-	(4)	(1)	-	(16)
At end of year	...	1,485	46	12,137	2,502	838	17,008
Depreciable assets	...	1,002	46	12,137	2,502	-	15,687
Depreciation							
At beginning of year	...	535	19	6,159	1,728	-	8,441
Charged in year	...	28	-	967	156	-	1,151
Disposals	...	-	-	(95)	-	-	(95)
Exchange adjustment	...	(1)	-	(1)	-	-	(2)
At end of year	...	562	19	7,030	1,884	-	9,495
Net book value							
At 30th April, 2003	...	923	27	5,107	618	838	7,513
At 30th April, 2002	...	882	16	5,668	579	-	7,145

The net book value of plant and machinery held under finance leases at 30th April, 2003 was £1,287,000 (2002: £1,467,000). Depreciation for the year on these assets was £227,000.



NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Tangible fixed assets of the company

				Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost								
At beginning of year	...	...	...	668	35	833	1,662	3,198
Additions	...	...	...	-	-	9	172	181
At end of year	...	...	...	668	35	842	1,834	3,379
Depreciable assets	...	...	...	625	35	842	1,834	3,336
Depreciation								
At beginning of year	...	...	...	322	19	163	1,262	1,766
Charged in year	...	...	...	14	-	105	125	244
At end of year	...	...	...	336	19	268	1,387	2,010
Net book value								
At 30th April, 2003	...	...	...	332	16	574	447	1,369
At 30th April, 2002	...	...	...	346	16	670	400	1,432

The net book value of plant and machinery held under finance leases at 30th April, 2003 was £550,000 (2002: £648,000). Depreciation for the year on these assets was £97,000 (2002: £97,000).

14. Investments

(a) Group

									Interest in associate undertakings £'000
Cost									
At beginning of year	...	...	...	...	...	...	...	...	50
Conversion to a subsidiary	...	...	...	...	...	...	...	...	(50)
At end of year	...	...	...	...	...	...	...	...	-
Share of post acquisition reserves									
At beginning of year	...	...	...	...	...	...	...	...	(30)
Share of loss for period	...	...	...	...	...	...	...	...	(41)
Conversion to a subsidiary	...	...	...	...	...	...	...	...	71
At end of year	...	...	...	...	...	...	...	...	-
Net book value									
At 30th April, 2003	...	...	...	...	...	...	...	...	-
At 30th April, 2002	...	...	...	...	...	...	...	...	20

(b) Company

									Total £'000
Cost and net book value									
At beginning of year	...	...	...	...	...	...	1,208	50	1,258
Additions (see note 15)	...	...	...	...	...	...	302	-	302
Transfer to subsidiary	...	...	...	...	...	...	50	(50)	-
At end of year	...	...	...	...	...	...	1,560	-	1,560

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Investments (continued)

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

The company is the beneficial owner of the issued share capital of the following principal subsidiary undertakings, all of which are included in the consolidation:

<i>Subsidiary undertakings</i>	<i>Country of Incorporation and operation</i>	<i>Type of shares</i>	<i>% held</i>
Goodwin International Limited	Great Britain	Ordinary Preference	100 100
Goodwin Steel Castings Limited	Great Britain	Ordinary	100
Hoben International Limited	Great Britain	Ordinary Preference	100 100
Hoben Industrial Minerals Limited	Great Britain	Ordinary	100
Easat Antennas Limited	Great Britain	Ordinary	88½
Internet Central Limited	Great Britain	Ordinary	82½
Goodwin Alloy Products Limited	Great Britain	Ordinary	100
Goodwin GmbH	Germany	Ordinary	100
Goodwin Korea Co. Limited	South Korea	Ordinary	95

All of the companies are involved in mechanical and refractory engineering.

The overseas subsidiaries act as sales agents for the UK manufacturing subsidiaries.

15. Purchase of subsidiary undertaking

On 31st March, 2003 the Company acquired the remaining 50% interest in the shares of Wiggin Alloy Products Limited (as a result of which the name was changed to Goodwin Alloy Products Limited). The resulting goodwill was capitalised and will be written off over 10 years. The reason for selecting that period is the prudent assessment of the benefit of the acquisition to the Group.

	Book and fair value 2003 £'000
Net liabilities acquired	
Debtors	148
Overdraft	(64)
Creditors	(126)
	(42)
Acquired 50% of the net liabilities (being transfer from investment in associated undertakings)	(21)
Consideration (£1)	-
Goodwill arising	21

The subsidiary undertaking acquired during the year contributed £10,000 to the Group's net operating cash flows.

During the year, the Company also acquired further shares in its subsidiary undertakings, including Easat Antennas Limited, generating goodwill of £20,000.

16. Stocks

	Group	
	2003 £'000	2002 £'000
Raw materials and consumables	2,198	1,910
Work in progress	1,689	1,667
Finished goods and goods for resale	557	800
	4,444	4,377

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Debtors	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors ... ..	7,057	6,434	5	7
Amounts recoverable on contracts ... ..	145	468	-	-
Amounts owed by Group undertakings... ..	-	-	4,961	4,882
Amounts owed by associated undertaking ... ..	-	144	-	36
Other debtors ... ..	375	380	182	243
Prepayments and accrued income ... ..	132	159	34	84
Corporation tax ... ..	-	-	140	296
	<u>7,709</u>	<u>7,585</u>	<u>5,322</u>	<u>5,548</u>

18. Creditors: amounts falling due within one year	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Bank overdrafts ... ..	151	1,840	233	1,941
Obligations under finance leases (note 20) ... ..	392	381	174	180
Payments received on account ... ..	508	326	-	-
Trade creditors ... ..	5,703	5,057	-	-
Amounts owed to Group undertakings ... ..	-	-	724	2
Corporation tax ... ..	553	250	-	-
Other taxes and social security ... ..	294	525	77	88
Other creditors ... ..	317	110	-	-
Accruals and deferred income ... ..	747	665	446	368
Proposed dividends ... ..	750	400	750	400
	<u>9,415</u>	<u>9,554</u>	<u>2,404</u>	<u>2,979</u>

19. Creditors: amounts falling due after more than one year	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Obligations under finance leases and hire purchase agreement falling due within five years	404	753	156	328

The obligations under finance leases and hire purchase agreements are secured on the related assets.

20. Financial instruments

(a) Financial assets

The Group's financial assets, excluding short-term debtors, consist mainly of Sterling, Euro and US Dollar denominated cash at bank which earns interest at rates related to bank base rates.

(b) Financial liabilities

The Group's financial liabilities, excluding short-term creditors, are set out below. Floating rate financial liabilities comprise Sterling, Euro, and US Dollar denominated bank loans, leases and overdrafts. The floating rate financial liabilities bear interest at rates related to bank base rates. The fixed rate financial liabilities bear a weighted average interest rate of 7.0% (and the weighted average period over which this is fixed is 2 years) (2002: 7.1% fixed for three years).

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	2003	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	2002
			Total £'000			Total £'000
Currency						
Sterling ... ..	(1,453)	374	(1,079)	(4,222)	502	(3,720)
Euro ... ..	479	-	479	(428)	-	(428)
US Dollar ... ..	1,546	-	1,546	7,122	-	7,122
Total	<u>572</u>	<u>374</u>	<u>946</u>	<u>2,472</u>	<u>502</u>	<u>2,974</u>

(c) 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 insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. No such instruments were utilised in the year to 30th April, 2003.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Financial Instruments (continued)

(d) Currency exposure

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's policy is to hedge, where practical, the net asset value of overseas investments. This hedging is currently achieved through borrowings in the respective currencies.

The table below shows the Group's transactional currency exposures which give rise to the net currency gains and losses recognised in the profit and loss account. There is no internal policy requirement to take out exchange rate hedging on the Group's transactional monetary assets and liabilities although, when it is believed market conditions necessitate such hedging, then appropriate arrangements would be made using forward contracts.

There were no material gains or losses on instruments used for exchange rate hedging either during or at the end of the year.

30th April, 2003										Net foreign currency monetary assets/(liabilities)		
										Sterling £'000	US Dollar £'000	Total £'000
Functional currency of Group operation												
Korean Won	...	...	...	...	...	...	...	...	...	(106)	-	(106)
US Dollar	...	...	...	...	...	...	...	...	...	(201)	128	(73)
Other	...	...	...	...	...	...	...	...	...	(246)	-	(246)
Total	...	...	...	...	...	...	...	...	...	(553)	128	(425)

30th April, 2002										Net foreign currency monetary assets/(liabilities)				
										Sterling £'000	Euro £'000	US Dollar £'000	Other £'000	Total £'000
Functional currency of Group operation														
Sterling	...	...	...	...	...	...	...	...	...	-	(31)	(101)	(3)	(135)
Korean Won	...	...	...	...	...	...	...	...	...	(196)	-	-	-	(196)
Total	...	...	...	...	...	...	...	...	...	(196)	(31)	(101)	(3)	(331)

The amounts shown above take into account the effect of forward contracts the Group had taken out to hedge expected future foreign currency purchases.

(e) Maturity profile

At 30th April, 2003, the maturity profile of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, were as follows:

Borrowings analysed by maturity date	Overdrafts £'000	Finance leases and hire purchase agreements £'000	2003	2002
			Total £'000	Total £'000
Borrowings due within one year	151	392	543	2,221
Borrowings due after one year	-	374	374	386
Between one and two years	-	30	30	367
Between two and five years	-	-	-	-
Total borrowings due after one year	-	404	404	753
Total	151	796	947	2,974

At 30th April, 2003 the Group had the following undrawn committed facilities, with an average maturity of 31 months, in respect of which all conditions precedent had been met:

Undrawn committed borrowing facilities	£'000
Expiring in one year or less	2,000

(f) Fair values

At 30th April, 2003, the fair value of the Group's financial instruments was not materially different to the book value of the instruments. The fair value was calculated using market rates where available, otherwise cash flows were discounted at prevailing rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Provisions for liabilities and charges										Deferred taxation	
										Group	Company
										£'000	£'000
Balance at beginning of year	...	...	...	...	...	...	...	...	...	707	122
Charge for the year in the profit and loss account	...	...	...	...	...	...	...	...	...	61	2
										<u>768</u>	<u>124</u>
Balance at end of year	...	...	...	...	...	...	...	...	...		
The amount provided for deferred taxation, which is the full potential liability calculated on the liability method at 30% (2002: 30%), is set out below:											
										Group	Company
										2003	2002
										£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	...									768	707
										<u>124</u>	<u>122</u>
22. Share capital										2003	2002
										£'000	£'000
<i>Authorised, allotted, called up and fully paid:</i>											
7,200,000 ordinary shares of 10p each	...	...	...	...	...	...	...	...	...	720	720
										<u>720</u>	<u>720</u>
23. Profit and loss account										Group	Company
										£'000	£'000
At beginning of year	...	...	...	...	...	...	...	...	...	7,727	4,091
Retained profit for the year	...	...	...	...	...	...	...	...	...	1,071	764
Exchange loss on re-translation of overseas subsidiaries' net assets	...	...	...	...	...	...	...	...	...	(26)	-
										<u>8,772</u>	<u>4,855</u>
At end of year	...	...	...	...	...	...	...	...	...		
Cumulative goodwill in the Group amounting to £248,000 (2002: £248,000) arising on the acquisition of subsidiary undertakings has been written off against reserves.											
24. Reconciliation of movements in shareholders' funds										2003	2002
										£'000	£'000
Company											
Profit for the financial year	...	...	...	...	...	...	...	...	...	1,514	1,144
Dividends	...	...	...	...	...	...	...	...	...	(750)	(400)
										<u>764</u>	<u>744</u>
Net additions to shareholders' funds	...	...	...	...	...	...	...	...	...	4,811	4,067
Opening shareholders' funds	...	...	...	...	...	...	...	...	...		
										<u>5,575</u>	<u>4,811</u>
Closing shareholders' funds	...	...	...	...	...	...	...	...	...		
25. Analysis of cash flows										2003	2002
										£'000	£'000
Returns on investments and servicing of finance											
Interest paid	...	...	...	...	...	...	...	...	...	(137)	(164)
Interest element of finance lease rental payments	...	...	...	...	...	...	...	...	...	(59)	(61)
										<u>(196)</u>	<u>(225)</u>
Net cash outflow for returns on investment and servicing of finance	...	...	...	...	...	...	...	...	...		
Capital expenditure											
Payments to acquire fixed assets	...	...	...	...	...	...	...	...	...	(1,072)	(1,535)
Proceeds from sale of plant and machinery	...	...	...	...	...	...	...	...	...	49	51
										<u>(1,023)</u>	<u>(1,484)</u>
Net cash outflow for capital expenditure	...	...	...	...	...	...	...	...	...		
Acquisitions											
Overdraft acquired	...	...	...	...	...	...	...	...	...	(64)	-
Purchase of subsidiaries	...	...	...	...	...	...	...	...	...	(20)	-
										<u>(84)</u>	<u>-</u>
Financing											
Capital element of finance lease repayments	...	...	...	...	...	...	...	...	...	(392)	(277)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

26. Analysis of net debt

	At 1st May 2002 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movement £'000	At 30th April 2003 £'000
Cash at bank ... ..	189	199	-	(21)	367
Bank overdrafts ... ..	(1,840)	1,689	-	-	(151)
	<u>(1,651)</u>	<u>1,888</u>	<u>-</u>	<u>(21)</u>	<u>(216)</u>
Finance leases ... ..	(1,140)	392	(48)	-	(796)
	<u>(2,791)</u>	<u>2,280</u>	<u>(48)</u>	<u>(21)</u>	<u>(580)</u>

27. Major non-cash transaction

During the year, the Group entered into finance lease arrangements in respect of assets with a value of £48,000 (2002: £440,000).

28. Contingencies

On 30th April, 2003, the Group had entered into performance bonds in the normal course of business amounting to £1,527,000 (2002: £569,000) in respect of 95 (2002: 71) contracts.

29. Capital commitments

Capital commitments at 30th April, for which no provision has been made in these financial statements, were £613,000 (2002: £ Nil).