INDEX

FINANCIAL HIGHLIGHTS

GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907
Established 1883

Directors:

T. J. W. Goodwin	M. S. Goodwin	S. R. Goodwin
(Chairman)	*(Managing Director) Mechanical Engineering Division*	*(Managing Director) Refractory Engineering Division*

J. Connolly 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-SEVENTH ANNUAL GENERAL MEETING of the Company will be held at 10.30am on Wednesday, 5th October, 2022 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, 2022.
2. To approve the payment of the proposed ordinary dividend on the ordinary shares.
3. To re-elect Mr. J. Connolly as a Director.
4. To re-elect Mr. B.R.E. Goodwin as a Director.
5. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 30th April, 2022, as stated on pages 29 to 33 of the Directors' Report.
6. To approve the Directors' Remuneration Policy, the full text of which is set out on pages 27 to 28 of the Directors' Report.
7. 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
2nd August, 2022

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 3rd October, 2022.

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 3rd October, 2022 (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 1st August, 2022 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 7,689,600 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 1st August, 2022 are 7,689,600.

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 5th October, 2022, the ordinary dividends of 107.80p per share will be payable in equal instalments of 53.90p per share on 7th October, 2022 and on or around 12th April, 2023 to shareholders on the register on 16th September, 2022 and on or around 24th March, 2023 respectively.

GOODWIN PLC

CHAIRMAN'S STATEMENT

The "Trading" pre-tax profit for the Group for the twelve month period ended 30th April, 2022, was £17.2 million *(2021: £16.5 million)* an increase of 4% despite the Group having to contend with £3.8 million of additional energy costs versus the prior year. The revenue was £144 million *(2021: £131 million)*.

Trading profit for this purpose is defined as the Group pre-tax reported profit of £19.9 million less the impact of our £2.74 million interest rate swap valuation. The £2.74 million relates to the 30th April, 2022 valuation of our £30 million debt interest rate swap derivative that expires in August 2031 whereby we have fixed our interest rate for ten years at less than 1% for the full term. In our view, this derivative is an effective hedge and should not go through the profit and loss account. The Board's view was that it was highly probable that we would still have 25% gearing in ten years' time, having secured the interest rate swap to fix interest rates at less than 1% on £30 million debt for this period. Our auditor was unconvinced that it could meet the highly probable criteria and that other requirements under IFRS 9 for hedge accounting were not met. The reason the Board considers the level of debt to be highly probable is due to the Board having a responsibility to invest in a responsible manner to grow the business for all the stakeholders. The Board has, however, complied with the auditor's view and has shown the £2.74 million unrealised mark to market gain within the profit before taxation figure. As the £2.74 million gain is a non-cash item, it has been excluded for dividend purposes. The Directors propose an increased dividend of 107.80p *(2021: 102.24p)* per share.

Given that we believe turnover and profitability are projected to rise in future years, the level of dividend payments in line with the current policy is also set to rise. In view of this, coupled with the significant capital expenditure needed to fund the Duvelco activity, the Directors are of the opinion that it will be of long-term benefit for the Group to ease pressures on the Group cash flows by paying the current and future dividends bi-annually. It is proposed that dividend payments will be made in equal instalments on 7th October, 2022 and 12th April, 2023.

Refractory Engineering Division

The increase in Group profits achieved in the year having just ended can largely be attributed to the growing Refractory Engineering Division activity, whose year-on-year operating profits have grown a further 37% following the 40% growth that was achieved in the prior year. The Division has continued to maximise its position with sales of jewellery casting consumable products (investment casting powder, waxes, natural and silicone rubbers) and to construction markets that have seen a surge in activity globally.

The Division has also benefitted from strong demand for its newer products, AVD being Dupré Minerals' vermiculite-based solution for lithium-ion battery fires, that is still in its product life cycle infancy, and has delivered in excess of 100% year-on-year growth, along with Castaldo rubber, which has achieved 45% year-on-year growth.

The challenges faced by companies from the ongoing global supply chain and energy market disruption have been well reported in the news over the past year and the Refractory Division has acted dynamically to ensure cost increases are passed on to our customers to ensure the impact to our margin is minimised. Whilst the success of the Division has been seen across all companies, special mention should be made of our jewellery investment casting powder companies in China and in India having generated record profits in the year, even though the domestic market in China is still depressed due to the prolonged lockdowns and travel restrictions.

CHAIRMAN'S STATEMENT *(continued)*

Mechanical Engineering Division

Whilst not always being outwardly visible, the Mechanical Engineering Division has had a very difficult seven years. Over this period the product offerings pretty much across all the companies have had to evolve to the changing conditions in the markets from which the companies generate their turnover and gross margin.

The fact that the companies within the Division have managed to evolve is a credit to them and their management teams. Contending with huge energy and commodity increases within the year has not been straightforward. The metal pricing volatility has been extreme at its highs with nickel trebling in price and iron more than doubling in price at times. As a matter of course, our long term contracts have variation clauses to adjust for annual inflationary costs. However, the volatility of metals and energy costs has been so extreme that these clauses have proved to be totally ineffective. Therefore, across the board every contract where this could have posed significant issues has been successfully re-negotiated with our customers. If we were not a high quality, critical supplier to our customers, then this could have been more problematic, but that is not the case.

Despite the decline of the workload in our traditional markets over the prior years associated with the demise of our product sales to the non green oil and coal sectors, our re-aligned business offerings are more in demand than they ever have been, which is seen by the growing workload that customers are booking up to be delivered now years in advance. With the confidence of a solid and growing forward order book the tide has turned; all things being equal, the next few years should see the Mechanical Engineering Division returning to its former glory with even higher levels of turnover than at the peak of the oil and gas industry in 2014.

Notably within the year, expanding on the nuclear decommissioning front, Goodwin International Limited has successfully tendered and been awarded 50% of the initial phase of the multi year multi million pound Sellafield Hybrid 2, 63 Can Racks as reported on the OJEU website in October last year. Gaining initial process and documentation approvals to proceed with manufacture will take time, but once ramped up, the initial production rate will be 20 racks per year, with 80 racks currently committed. Our customer has the option within the contract to make further commitment(s) of up to an additional 160 racks, as well as increasing the demand to 40 racks per year.

It is also pleasing to report that in addition to Goodwin Steel Castings Limited having completed its transition away from a reliance on the oil and gas market, the company has also managed to successfully settle the two commercial disputes that were referenced in my Chairman's Statement of year ending 30th April, 2020. Part of the settlement is reflected in these results, with the balance being realised in the current financial year.

On top of its base load, with the excellent work done at getting on to new programmes, Goodwin Steel Castings Limited will build on its workload and expect to finish the current year with forward order levels in excess of the levels the Group experienced when it was really busy a decade ago. However, it will not be for oil and coal industries as it was previously; it will be for nuclear decommissioning; or nuclear power station castings; or surface ship and aircraft carrier castings as well as submarine hull castings.

With these successes, and the hard work and perseverance of the Group in achieving a positive conclusion to prior years' contractual claims we have been pursuing; the successful re-negotiation of multiple contracts for unforeseeable energy and raw materials pricing volatility whilst at the same time growing, it has resulted in an excellent Group workload of £175 million as at the time of writing. It is pleasing to report that the bulk of the increased workload relates to contracts to supply products that the Group has successfully and consistently delivered before, and is a workload figure that is likely to grow over the

CHAIRMAN'S STATEMENT *(continued)*

coming years even with the knowledge that the Group is likely to achieve record activity levels within this current year.

What is not visible yet in the workload figure is an appropriate workload for Easat Radar Systems Limited. Once up to speed (which still may be another year away) the Board and I believe there will be a workload for Easat, the likes of which readers of their accounts for the past thirty years have never seen. Easat order input has been hampered by lack of cash generation at civilian airports globally, and military airports being starved of cash as a result of Covid-19 over the past two years hampering their purchasing decisions. However, it would appear that the radar market is starting to wake up again. We have considerably more firm buy quotations due for decision in the next six months, and, in order to give a flavour of what we are seeing, in the week following the latest ATM Madrid exhibition in June 2022, an additional £47 million of firm buy radar systems were quoted.

Energy

As initially reported in our 31st October, 2021 Interim Statement, over the course of the year the most significant headwind that the Group has faced has been the increased energy costs. Nonetheless, the Group managed to deliver the more than respectable profits reported above, after having incurred a total of £3.8 million of additional energy costs due to price increases versus the year ended 30th April, 2021. Goodwin Steel Castings Limited and Hoben International Limited were the most affected due to their energy intensive operations, melting metal and high temperature treatment of refractories. However, now armed with a multitude of short and long-term hedges in place the Group is set to deliver substantially higher profitability in the current year, partly as a result of not having to absorb the price volatility of the energy markets that have been seen over the past twelve months, irrespective of the improving performance.

Green Investments

We recognise the importance of adopting a strategy to transition to lower carbon manufacturing. We have put in place a separate £10 million finance line to fund a range of 'green' investments which were approved at the beginning of the financial year ended 30th April, 2022. A total of 4.8 MWp of solar panels have been installed and commissioned as at the time of writing. Each individual system has been designed specifically to match the power demand at each facility, subject to available roof space. The payback of each system varies dependent on the size and roof configuration and all were between three and six years; however, that payback was calculated prior to energy costs more than doubling, so at current market prices the payback time has halved from the original plan, with all the solar systems having an insurance backed 20 year minimum lifespan. There are other solar projects and plant control modification projects that, subject to us obtaining the agreement from the Electricity Supplier (District Network Operator), for the former we expect to bring on line over the next two years. This will provide a further 7.8 MWp of green electricity generation and so further reduce our consumption. Over the course of the year a total of £8.2 million has been invested in green projects.

We are also looking at schemes that would reduce our carbon footprint in instances where we cannot reduce or eliminate CO_2 production without ceasing the operation in its entirety. Typically this is where we utilise natural gas in a process, and it is not economically viable or possible to change the process. I look forward to updating you further on this in twelve months' time.

Capital expenditure / cash flow

With the Group's intrinsically strong cash flows, the Group's net debt stands in line with the Board's expectations at £29.8 million as at 30th April, 2022, which is a £2 million

CHAIRMAN'S STATEMENT *(continued)*

improvement since the half year despite having proceeded with our substantial investment programme. As mentioned earlier we are making full use of the ten year duration £30 million interest swap that was executed at the height of Covid-19 in light of our planned activities, whereby the SONIA interest chargeable to the Company is capped at less than 1% on £30 million of borrowings.

The headline investments that the Board has authorised and the Group has been getting on with are four fold, and whilst these activities all commenced in year ended 30th April, 2022, due to the timescales the latter three are still in the course of construction.

Firstly nearly £10 million relates to green investments, with the majority being spent on CO_2 offsetting projects.

Secondly, due to the outstanding performance of the Refractory Engineering Division in growing sales by winning market share so impressively, for both capacity and business continuity requirements, as we are running dangerously close to full capacity, authorisation has been given to spend £4.5 million installing a second calciner at Hoben International Limited, as without it, we would have two problems. We would be limiting the Refractory Division the opportunity to grow further investment powder sales, and in the eventuality of a breakdown we would struggle to ever catch up with the demand again, and would lose market share to competitors who could deliver product to keep our customers operational. This was why the Board deemed this a necessary investment as it is underpinning substantial Group profitability.

Thirdly, for Goodwin Steel Castings Limited, despite allocating a significant amount of Group capital expenditure on infrastructure there in recent years, to enable the foundry to deliver what will be required of the foundry, there have been additional planning applications approved and work commenced on additional casting pit space which will allow further increased activity. Such modifications would likely be impossible to carry out in a couple of years' time with the envisaged activity levels there.

Finally for Duvelco Limited, part of the Mechanical Engineering Division, which was incorporated in January 2020. Over the Company's 139 years existence to date, as well as designing or buying bolt on complementary products and companies, it has occasionally branched out into totally new product lines whilst utilising skill-sets within the organisation. After working on this idea for some time, Duvelco Limited was set up as a business to channel the Company's ambition to become a specialist polymer manufacturer, one that we hope will truly excel over the coming decades. We will manufacture high performance polyimide polymer resins that can be moulded into parts and shapes for high temperature and critical applications that very few polymers can be used for.

With the development work that was done before and since the incorporation of Duvelco Limited, utilising a bespoke pilot scale plant the team designed, we have developed the product and a process that will allow us to deliver a higher performing directly comparable polyimide polymer than the market leader. With an annual addressable, and growing, market size bigger than any product that the Group has supplied to before, the Board believes that, with limited existing market competition, a very high technology barrier, coupled with the fact we have a patent pending process that gives us markedly better high temperature performance than anybody else for directly comparable chemistry product, this should hopefully give Duvelco Limited, as a market invader, good prospects of long term success, so that one day it should be a major contributor to Group profitability.

The initial, custom designed and bespoke plant the Group is building should be coming into operation in the first half of the calendar year 2024, after which we will start growing the sales internationally as we have done with our other products over the years. Our initial investment inclusive of R&D costs and working capital for materials is forecast

CHAIRMAN'S STATEMENT *(continued)*

to come in at £12.5 million; from this we would have an initial annual capacity in excess of £40 million of material. The reason I have elaborated about this is because costs are being incurred now, and it will be a long time until the plant will be in commission. With the effort being put into this by the Group, it should deliver a new niche market, high technology product to the Group with a long life cycle ahead of it, thus providing the Group with long-term benefit, which the Board believes is in the best interest of all stakeholders.

For both Hoben International Limited and Duvelco Limited, most supplier purchase orders were placed in Q3 Financial Year 2022, giving suppliers large down payments to have fixed price contracts. If the start of placing orders for either project had been delayed by several months the prices would have been significantly more with labour and materials increasing, as we ourselves have experienced and have had to mitigate and manage. The Board estimates that by getting on with the projects and contracting when we did, the saving versus starting either project today is in excess of 25%.

As contracts within the Mechanical Engineering Division become larger and span longer periods, the engineering companies are being targeted to ensure contracts incorporate down payments / stage payments to allow their execution with as neutral overall cash flow status as can be obtained over the life of a contract, so that work in progress does not consume a disproportionate amount of cash as we get busier.

With the profitability, positive outlook and strong understanding of the various subsidiaries' cash flows the Board believes it is appropriate to continue to follow the Group's investment plans and pay the proposed dividend that is in line with the dividend policy with 50% being paid on 7th October, 2022 and 50% on 12th April, 2023.

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, which will likely improve again in the new financial year with the strong foundations that have been put in place in many areas around the Group.

T. J. W. Goodwin
Chairman

2nd August, 2022

Alternative performance measures mentioned above are defined on page 96.

GOODWIN PLC

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2022

	Notes	2022 £'000	2021 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	**144,108**	131,231
Cost of sales		**(101,404)**	(92,230)
GROSS PROFIT...		**42,704**	39,001
Other income	5	**-**	763
Distribution expenses		**(3,743)**	(2,988)
Administrative expenses		**(20,654)**	(19,682)
OPERATING PROFIT		**18,307**	17,094
Finance costs (net)	7	**(1,169)**	(640)
Share of profit of associate company	14	**63**	60
TRADING PROFIT		**17,201**	16,514
Unrealised gain on 10 year interest rate swap derivative		**2,740**	-
PROFIT BEFORE TAXATION	5	**19,941**	16,514
Tax on profit*	8	**(6,321)**	(3,508)
PROFIT AFTER TAXATION...		**13,620**	13,006
ATTRIBUTABLE TO:			
Equity holders of the parent		**12,980**	12,494
Non-controlling interests		**640**	512
PROFIT FOR THE YEAR		**13,620**	13,006
BASIC EARNINGS PER ORDINARY SHARE (in pence)...	9	**169.14p**	167.82p
DILUTED EARNINGS PER ORDINARY SHARE (in pence)	9	**169.14p**	164.23p

* The tax charge for the current year equates to 31.7% of profit before tax *(2021: 21.2%)*. Within the current year there is a non-recurring non-cash impacting deferred tax charge of £2 million relating to the future change in the UK corporation tax rate from 19% to 25%. Please refer to note 8 within these accounts for a full reconciliation of the tax charge for the year.

The full financial statements and accompanying notes are on pages 44 to 96.

OBJECTIVES, STRATEGY AND BUSINESS MODEL

The Group's main **OBJECTIVE** 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 **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 skillset 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 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

OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

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 for air traffic control. 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

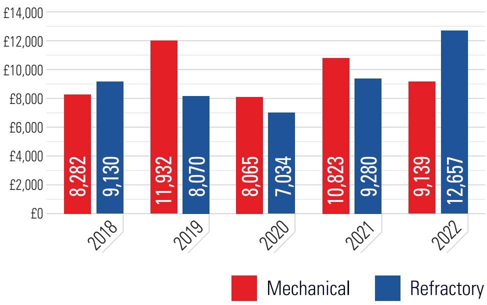
Within the Refractory Engineering Division, Goodwin Refractory Services Limited (GRS) generates value primarily from designing, manufacturing and selling investment casting powders, injection moulding rubbers and waxes to the jewellery casting industry. GRS also manufactures and sells these products 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.

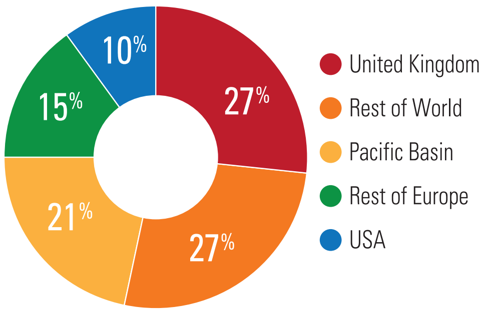
The other UK refractory company is Dupré Minerals Limited (Dupré) which focuses on producing exfoliated vermiculite that is used in insulation, brake linings and fire protection products, including technical textiles that can withstand exposure to high temperatures and for lithium-ion battery fire extinguishers. 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)*

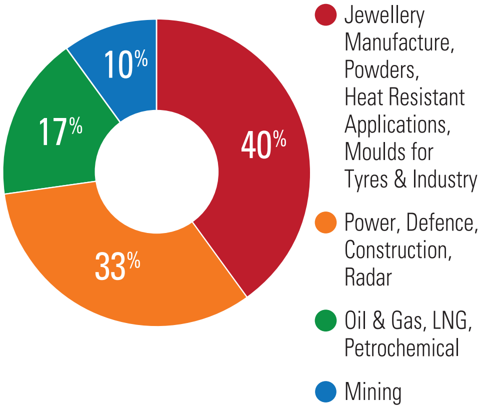
Divisional Split of Operating Profits (£'000)



External Revenue: Geographical Segmental Analysis



End-User Market Sectors: £144m Revenue



BUSINESS DIVERSITY AND PERFORMANCE

In the year ending 30th April, 2022, there has been a significant shift in the divisional split of operating profits, with the Refractory Division generating 58% of the Group's operating profits and the Mechanical Division generating 42%.

The above change is a feature of the Refractory Division delivering a strong performance with its end user markets continuing to grow and its newer products utilising the Group's eight companies supplying consumables to the jewellery, fire protection and construction sectors, that combined to form a global network that enables the Refractory Division to efficiently and quickly supply product that generates additional returns without the need of putting in place additional overheads. Whilst it has taken longer than originally forecast, it is products like Dupré Minerals' unique patented solution, known as Lith-Ex, which is a vermiculite dispersion-based fire extinguishing agent, that suppresses and effectively provides protection against lithium-ion battery fires that has contributed to the Refractory Division's notable performance in the year. In the year the team has doubled its sales of Lith-Ex and is expected to continue to grow the sales at a similar rate next year.

In the year 40% of the Group's end user market sales related to the consumables utilised within the manufacture of jewellery, heat resistance applications and horticultural products. However, moving forward we expect the proportional split between market sectors to swing back towards the Mechanical Division in the years to come, as the LNG, defence, construction and surveillance markets start to deliver the profits that are built into the material contracts that have and are being won, before any consideration of the high expectation for the specialist polymer market.

As expected the oil sector has remained depressed and as a result of the other sectors growing, now only represents 17% of the Group's total revenue *(2014: 50%)*. Conversely though, in light of the ongoing energy crisis that specifically has left Europe exposed, the previously seen pressure to direct funds to green power generation projects might now be put on hold as LNG projects are prioritised, which will predominantly be to the benefit of our German based subsidiary, Noreva GmbH.

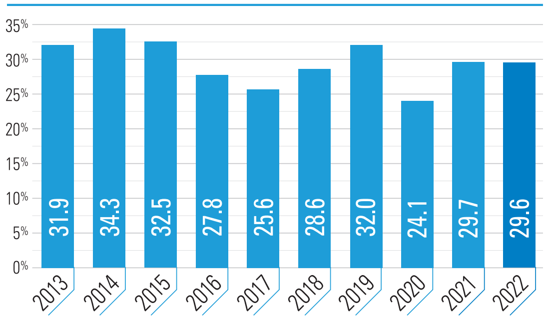
OBJECTIVES, STRATEGY AND BUSINESS MODEL *(continued)*

KEY PERFORMANCE INDICATORS

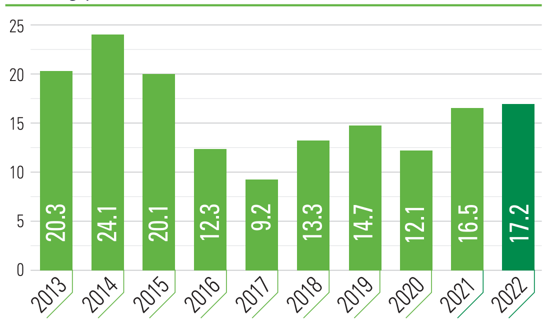
The key performance indicators for the business are listed below:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Gross profit as a % of turnover *	31.9	34.3	32.5	27.8	25.6	28.6	32.0	24.1	29.7	29.6
Trading profit (£ millions)	20.3	24.1	20.1	12.3	9.2	13.3	14.7	12.1	16.5	17.2
Gearing % (excluding deferred consideration)	23%	5%	12%	26%	31%	11%	20%	18%	15%	26%
Sales per employee per year (£'000)	126	124	112	105	114	120	117	121	116	130
Dividends proposed (in £ millions)	3.8	3.0	3.0	3.0	3.0	6.0	6.9	6.0	7.9	8.3

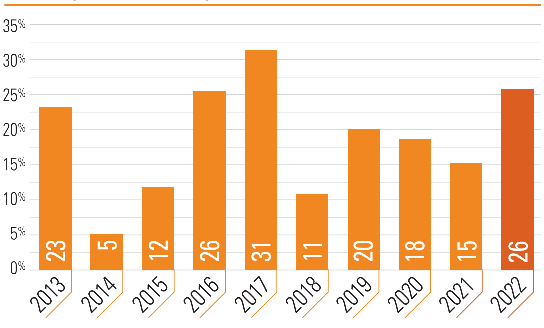
Gross Profit as a % of Turnover



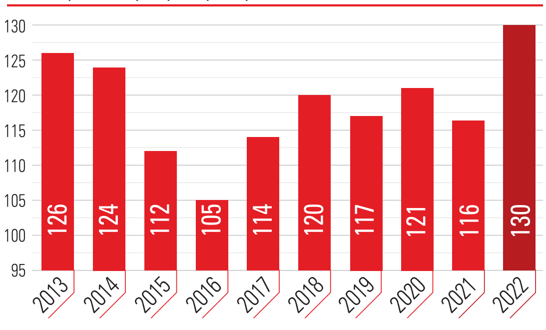
Trading profit (£ million)



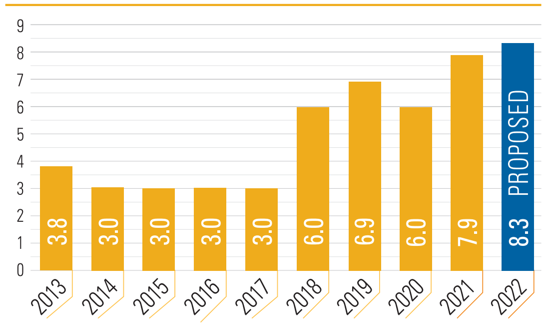
Gearing % (excluding deferred consideration)



Sales per employee per year (£'000)



Dividends (£ million)



The alternative performance measures referred to above are defined on page 96. 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)*

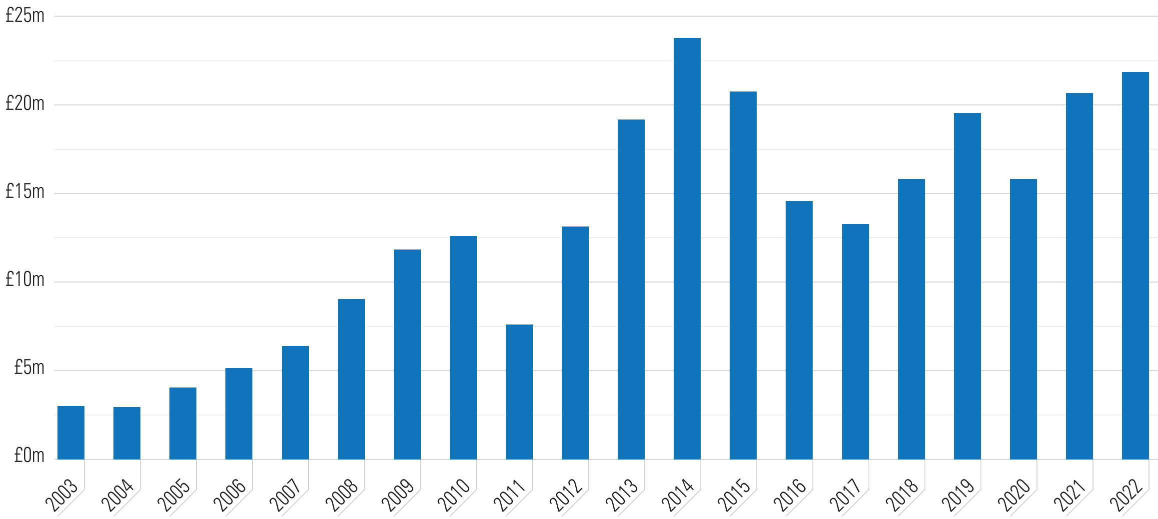
DIVIDEND AND CAPITAL EXPENDITURE POLICY

The Board proposes to pay a dividend of 107.80p per share, up 5% on the previous year *(2021: 102.24p)*. The proposed dividend has been calculated using the Group's profit after taxation figure, plus depreciation and amortisation for the year ending 30th April, 2022, after having excluded the non-cash £2.74 million mark to market unrealised gain relating to the ten year interest rate swap that, in our view, is an effective hedge and should not go through the profit and loss account. However, as our auditor was unconvinced with the Board's view that it was highly probable that we would still have 25% gearing in ten years' time, despite having secured a variable interest rate of less than 1% on £30 million debt for this period and so met the IFRS 9 requirements for hedge accounting, it has been reported as a gain within the pre-tax profit for the year.

Excluding the Group's green investments, the Board continues to focus on limiting investment decisions relating to designing and developing new products, buying technologically advanced manufacturing plant and machinery, setting up overseas sales organisations and companies and / or buying complementary or competitive companies to a maximum of 55% of post tax profits plus depreciation and amortisation on a three year rolling annual average. In the year the Group has slightly exceeded its 55% target by 2%. This relates primarily to the Board making the decision to bring forward the placement of purchase orders of certain capital projects so as to lock in the price and avoid significant material price increases, which the Board estimates has saved the Group in excess of 25% of the cost against today's prices, due to the inflationary price pressures that we have been informed of since.

In line with expectations, following the Group's green investments, the Group finished the year with a gearing of 25.8% *(2021: 15.4%)*. Whilst the gearing is expected to improve by next year end, due to the front end loaded capital investment profile and the Board's cautious approach, the Board proposes to smooth the Group's cash flow by splitting the payment of the proposed ordinary dividends of 107.80p per share into equal instalments of 53.90p per share on 7th October, 2022 and on or around 12th April, 2023 to shareholders on the register on 16th September, 2022 and on or around 24th March, 2023 respectively.

Group Annual Post Tax Profit + Depreciation + Amortisation*



*Further details are included in the Alternative Performance Measures on page 96.

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 not only from valves it supplies to LNG, oil, chemical and water markets, but increasingly significant amounts from nuclear new build and decommissioning, naval propulsion marine applications and ship hull components. The Mechanical Engineering Division also supplies submersible pumps that are supplied to the mining industries and radar systems that are supplied 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 post Covid-19 pandemic times. 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 26 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.

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, but for security reasons we will not be disclosing the details of what we do.

Covid-19 risk: The Covid-19 pandemic continues to have a global impact in varying degrees that has been seen during the year through labour shortages, supply chain disruption, shipping availability and inflationary pressures. The impact of labour shortages has been eased by the strength of our employee retention and our apprentice school continuing to feed the Group's requirements with eager engineers. The supply chain issues have been mitigated by the Group's ability to dynamically acquire and hold appropriate levels of stock so as to avoid disruption to the manufacturing processes. Furthermore, the continuation of the post lock down exceptionally high activity levels within the Refractory Division, in addition to the significant workload within the Mechanical Division have meant that the Group has continued to operate as normal across all of its 23 sites around the world for the past twenty-four months.

Energy: 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. We also have two significant programmes of enhancing the control of plant and utilising more inverter drives around the Group, which within twenty-four months should save an additional 6% of the Group's electricity and gas consumption.

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 9 to 15.

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. Unless otherwise stated, no principal decisions have been made in the year other than routine decisions that are made on a year-on-year basis as part of running the business.

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 communication with 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. 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 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 ensuring that everyone should have 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 implementing our Diversity Policy through training and development, recruitment, our business culture and the Board's Strategy.

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, 2022	Main Board and Company Secretary	Senior Management	Employees	Total
Number of female employees	2	12	185	199
Number of male employees	6	72	835	913
Total number of employees	**8**	**84**	**1,020**	**1,112**
% of female employees	25%	14%	18%	18%
% of male employees	75%	86%	82%	82%

Breakdown by age

Year ended 30th April, 2022	Main Board and Company Secretary	Senior Management	Employees	Total
Number of employees aged 16-21	-	-	84	84
Number of employees aged 22-40	4	13	472	489
Number of employees aged 41-65	4	62	447	513
Number of employees aged over 65	-	9	17	26
Total employees	**8**	**84**	**1,020**	**1,112**
% aged 16-21	-	-	8%	8%
% aged 22-40	50%	15%	46%	44%
% aged 41-65	50%	74%	44%	46%
% aged over 65%	-	11%	2%	2%

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

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 six 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.

Shareholders

Shareholder engagement occurs through the Annual Report, regulatory disclosures, our website and the Annual General Meeting, coupled by supplementary RNS announcements made during the course of the year. 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 52.48% of the register. In accordance with LR6.5, there is a controlling shareholder agreement in place. On this basis the Board feels that the Executive Directors are fully aligned with shareholders.

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 *(2021: £nil)*.

Donations by the Group for charitable purposes amounted to £71,000 *(2021: £78,000)*. 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 Task force on Climate-related Financial Disclosures (TCFD) has developed a disclosure framework to help companies improve and increase the understanding of their reporting of climate-related financial information. In line with the new reporting requirements and in consideration of the ongoing assessments, the Group, where possible, has aligned its reporting of climate-related matters with the TCFD recommendations. For all disclosures that are not consistent with the recommendations the Group is actively working to a plan that will enable consistent disclosures to be reported within next year's annual report.

Strategy, Metrics and Targets

During the year the Board has initiated a Group-wide assessment to identify and evaluate the risks and opportunities relating to climate change. Once completed it will enable the Board to finalise its strategy. The strategy will describe the impacts of the identified short, medium and long-term risks and opportunities on the Group, as well as its resilience to varying scenarios, which will all be reported in next year's Annual Report. Within the plan, the Board will set out its realistic and appropriate science-based targets and metrics that will be used to assess climate-related risks and opportunities moving forward.

Similar to previous years and in line with the GHG reporting guidance set out by SECR (Streamlined Energy and Carbon Reporting) the Group has conducted a carbon footprint analysis across the business using the latest available emissions factors to report our Scope 1 and Scope 2 emissions.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

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

Strategy, Metrics and Targets *(continued)*

The reported CO_2 emissions are detailed below:

	2022		2021	
	Tonnes of CO_2e	**Proportion of emissions arising from UK operations %**	Tonnes of CO_2e	Proportion of emissions arising from UK operations %
Scope 1 – direct emissions (from Company facilities and vehicles)	**29,301**	**96%**	27,293	98%
Scope 2 – indirect emissions (from electricity purchased for own use)	**5,214**	**77%**	5,176	83%
Total Scope 1 and Scope 2 emissions	**34,515**		32,469	
Intensity – emissions of total CO_2 equivalent reported above per £1 million of Group revenue	**241**		242	
Energy Consumption (kWh) resulting in the above reported emissions	**67,738,237**		69,737,248	

Governance

The Board has overall accountability for the management of all risks and opportunities, including climate change, as well as being responsible for the day to day implementation, monitoring and management of our related performance. Climate-related risk is considered by the Board as a stand-alone agenda item and accordingly receives regular updates on its environmental assessments, commitments and performance. The Group's Audit Committee supports the Board in ensuring climate-related issues are integrated into the Group's risk management process.

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 14 to 15.

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 2nd August, 2022 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, 2022.

The Directors have presented their Group Strategic Report on pages 3 to 18. 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 9, Principal Risks and Uncertainties on page 14, and the Corporate Social Responsibility Report on pages 16 to 18

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 107.80p per share *(2021: 102.24p)* be paid in equal instalments of 53.90p per share on 7th October, 2022 and on or around 12th April, 2023 to shareholders on the register on 16th September, 2022 and on or around 24th March, 2023 respectively. The ordinary dividend is subject to the approval of the shareholders at the Annual General Meeting on 5th October, 2022.

See comments on page 13 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
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 1st August, 2022, the following had an interest in 3% or more of the issued share capital of the Company:

J. W. and R. S. Goodwin 2,129,153 shares (27.69%), J. W. and R. S. Goodwin 1,457,358 shares (18.95%). 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 (6.52%), Rulegale Nominees Limited (JAMSCLT) 434,765 shares (5.65%) and Rulegale Nominees Limited (IAS001) 246,129 (3.20%).

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.

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 25 to the financial statements on page 74.

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.

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.

REPORT OF THE DIRECTORS *(continued)*

Research and development

The Group invests significantly in research and development. The main investment during the year was concluding the production process development for polyimide polymers. As a result of the work done within the year there is a patent pending for a novel processing step for the polyimide manufacture that was filed in November 2021. Concluding the development process for our polyimide polymer production allowed the Board to release the capital expenditure to develop the production facility in December 2021, which has a long lead time as it is totally bespoke due to our novel process. It is anticipated that the polymer production facility should be commissioned and operational by December 2023. In addition, further investment has gone into enhancing our submersible slurry pump range to include a hydraulically driven variant.

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. 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 16 and 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, 2022, the Group's gearing ratio stood at 25.8% *(2021: 15.4%)* against a substantial shareholders' net worth of £115 million *(2021: £113 million)*. The retained reserves of the Group put it in a strong position to deal with unforeseen material adverse issues.

In previous years we have reported on the potential impact of Covid-19 and its limited impact on the business. As you might expect given our previous comments, our pandemic risk profile is low and whilst there are minor Covid-19 impacts we do not see the pandemic as a cause for concern for the Group moving forwards.

The reported results for the year are after having incurred what have been unprecedented increases in energy costs. Whilst the Group is not complacent and there is work to be done here, we do not see the impact of energy costs giving rise to a going concern issue.

Within our severe but plausible stress test model, it is demonstrable that the Group has sufficient funds 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 without pulling back on our capital expenditure forecast. The results of the stress test modelling did not highlight any going concern issues.

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.

REPORT OF THE DIRECTORS *(continued)*

Going concern *(continued)*

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.

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, 2025.

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, 2025). 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 without adjusting downwards the capital expenditure programme. The results demonstrate that the Group has sufficient facilities in place to deal with these adverse events and given that a large proportion of the future capital expenditure is by definition discretionary, 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 operation and remain financially viable over this extended period to 30th April, 2025.

Corporate governance statement

The Company's Corporate Governance Statement is set out on pages 22 to 23 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 26 on page 75.

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

2nd August, 2022

CORPORATE GOVERNANCE REPORT

Introduction

The Board comprises six 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 Code given that the Board's current corporate governance strategy has been accepted by a large majority of its shareholders.

For the past seven 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 period.

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 and 41.

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. The Chairman and Managing Directors do not retire by rotation, which is contrary to provision 18 of the Code.

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 twelve times, and details of attendees at these meetings are set out below:

M. S. Goodwin … … … … …	12 out of 12 attended
S. R. Goodwin … … … … …	12 out of 12 attended
T. J. W. Goodwin … … … … …	12 out of 12 attended
J. Connolly … … … … … …	12 out of 12 attended
B. R. E. Goodwin … … … … …	12 out of 12 attended
N. Brown … … … … … …	12 out of 12 attended
J. E. Kelly … … … … … …	12 out of 12 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, 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 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, subject to overall supervision and evaluation by 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.

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, 2021, with all members attending each meeting. The responsibility of the Audit Committee is explained in the Audit Committee Report on pages 24 to 26. 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.

CORPORATE GOVERNANCE REPORT *(continued)*

Board evaluation

The Managing Directors, Chairman and Audit Committee address the development 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.

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, independence and objectivity of the external auditor. In addition, 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.

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.

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 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 24 to 26. 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.

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 internal auditor continues to make good progress reviewing internal controls, procedures and accounting systems, though visiting the overseas sites has been more difficult during the financial year due to the worldwide Covid-19 pandemic. 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

2nd August, 2022

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 of the auditor; the effectiveness of the audit process; and that the Group receives value for money from the audit.
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.

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 apply to some of our overseas subsidiaries and the use of Zoom has enabled regular meetings with them to continue. Where possible, travel to and from some of those areas has also started to take place. Any areas where the Audit Committee feels that the positions taken within any particular subsidiary are either inappropriate or merit further discussion are documented for further discussion by 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 reports to 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 balanced, relevant, appropriately compliant with relevant accounting standards / legislation, and are 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, 2022 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)*

2022 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, and when appropriate, he reviews this and reports to the Audit Committee on this status. Having focused initially on overseas companies, all subsidiaries in the Group are now included in the mentoring 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
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.

Our Internal Group Head of Legal / General Counsel has 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. This training will now start to be rolled out to the overseas subsidiaries.

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 11.

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 taken a ten year hedge to protect the Group against the probable interest rate increases anticipated over the coming years.

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. A number of accountancy and business development roles have been filled.

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.

AUDIT COMMITTEE REPORT *(continued)*

3. The Group's external auditor

Following shareholder approval at the Annual General Meeting in October 2021, RSM UK Audit LLP ("RSM") was re-appointed as the Group's Auditor for the year ended 30th April, 2022 and going forward.

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, which further enhances both objectivity and independence.

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 was satisfied with the external auditor's independence and the effectiveness of the audit process.

The Audit Committee has recommended to the Board to propose a Resolution to confirm the re-appointment of RSM UK Audit LLP, as the external auditor at the Annual General Meeting on 5th October, 2022.

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. Remote desk-top internal audits of our overseas subsidiaries have continued during Covid-19 restrictions and travel to overseas subsidiaries will now commence shortly. 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.

7. Covid-19

The Audit Committee has continued to review Covid-19 along with the Board as detailed in the Principal Risks and Uncertainties section on page 15.

8. Accounting estimates and judgements relating to the Financial Statements

The Audit Committee reviewed what it considered to be the accounting estimates and judgement areas within the Group Annual Report for the year ended 30th April, 2022.

The Audit Committee has reviewed and agreed with the Board's opinion of how the ten year interest rate swap should be accounted for and reported on.

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

J. E. Kelly 2nd August, 2022

Chair of the Audit Committee

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. 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 2021 / 2022
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 2021 to April 2022 the increase was generally 3.2%.
Pensions	All Executive Directors 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 31.

We believe the above meets the requirement of Schedule 8, Companies Act 2006, regarding the changes in 2021 / 2022. The Policy and Report is signed by the Chairman and the Managing Directors.

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.

DIRECTORS' REMUNERATION POLICY AND REPORT *(continued)*

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

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 … … …	240%	27%	26%
TSR for last 10 Years … … …	218%	93%	99%
TSR for last 20 Years … … …	5,378%	206%	234%

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 (J. Connolly) who carries out 75% of the duties of a Financial Director and who is also a Director of Goodwin PLC, 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.

The Company put the Remuneration Policy to the vote of the Annual General Meeting in 2019 when it was passed by 93.68% of those who voted. The Company will be putting the Remuneration Policy to the vote again in 2022, which is three years from the last vote, as is required by the Listing Rules.

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.

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 is set by the Board as a whole and is described in pages 27 to 28 therein. The Policy has been followed in the financial year to 30th April, 2022 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:

	2022 £'000	2021 £'000	%
Ordinary dividends proposed in respect of the year (£'000)	**8,289**	7,862	5.4%
Total employee costs (£'000)	**44,745**	44,873	(0.4%)
Average employee numbers	**1,112**	1,129	(1.5%)

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, 2021 was put to the shareholders at last year's Annual General Meeting on 6th October, 2021. The Annual Directors' Remuneration Report was accepted with 98.41% 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, 2022 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.

2018 £'000	**2019 £'000**	**2020 £'000**	**2021 £'000**	**2022 £'000**
385	**397**	**310**	**355**	**374**

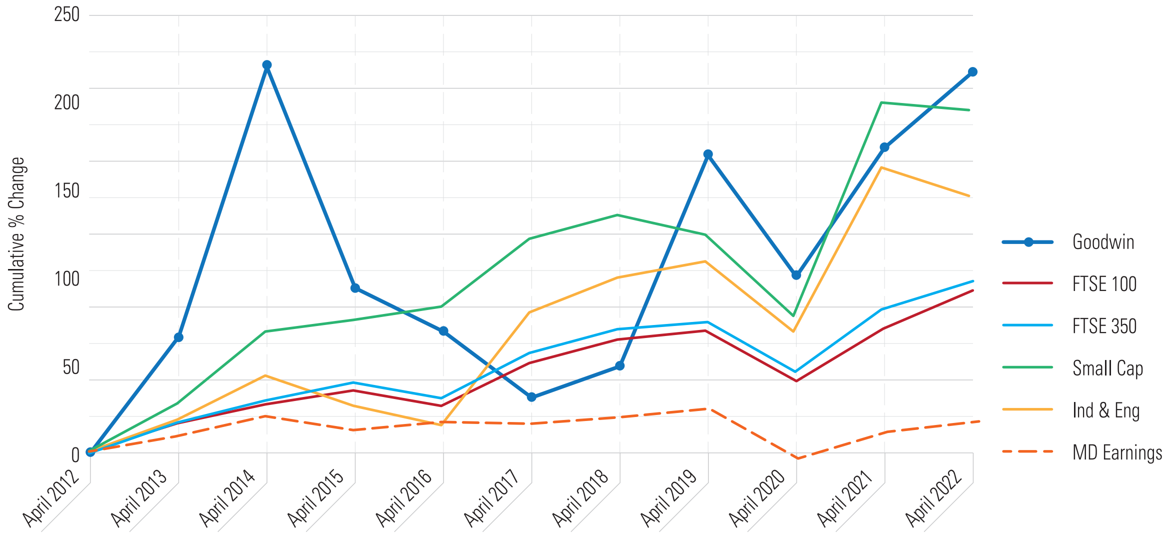
Total payroll costs, excluding the Managing Director's salary, have decreased by 0.4%. During the year, the base increase awarded to employees in the UK companies was 3.2%.

The following graphs have not been audited.

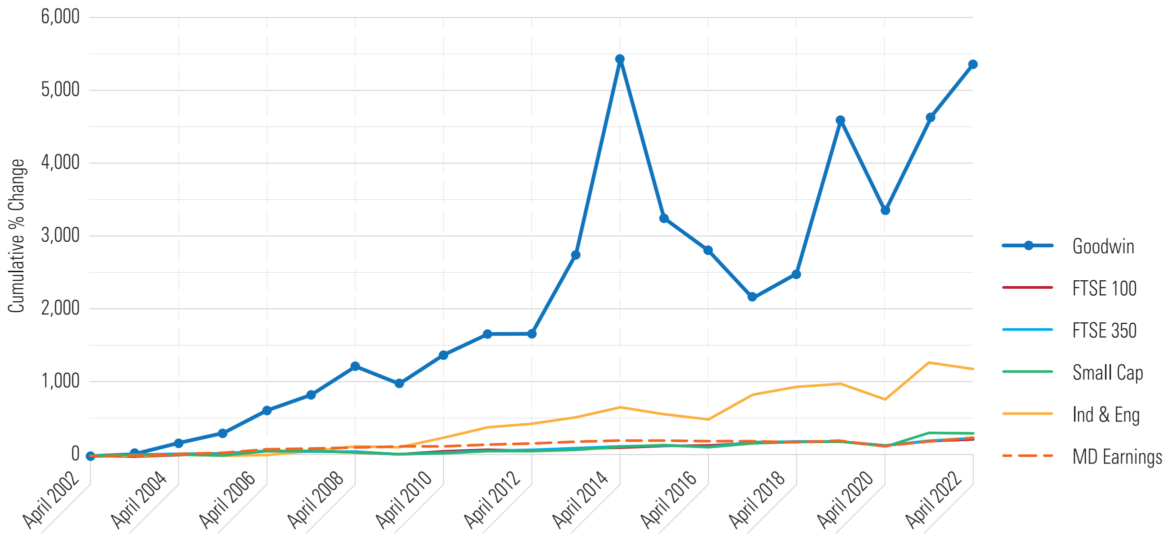
DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Total Shareholder Return (TSR)
10 Years ended 30th April 2022



Total Shareholder Return (TSR)
20 Years ended 30th April 2022



The increase in the Goodwin PLC share price since 2002 plus dividends re-invested would mean that £1.00 invested in 2002 by 30th April, 2022 would be worth £54.78. The increase in the share price since 2012 plus dividends re-invested would mean that £1.00 invested in 2012 would at 30th April, 2022 be worth £3.18.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

The auditors 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 2022	30th April 2021
Beneficial		
M. S. Goodwin	**69,265**	67,072
S. R. Goodwin	**78,978**	76,785
T. J . W. Goodwin	**122,334**	120,141
J. Connolly	**28,802**	18,322
B. R. E. Goodwin	**59,189**	55,239
N. Brown	**445**	445
J. W. Goodwin*	**71,866**	61,386
R. S. Goodwin*	**33,236**	22,756
J. W. Goodwin and R.S. Goodwin*	**2,129,153**	2,129,153
J. W. Goodwin and R.S. Goodwin*	**1,457,358**	1,424,210
Non-beneficial		
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 Year ended 30th April, 2022	**Salary 2022 £'000**	**Benefits in kind 2022 £'000**	**Non-Exec Director's fees 2022 £'000**	**Pension contrib-utions 2022 £'000**	**Total 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**

Single Total Figure Table Year ended 30th April, 2021	Salary 2021 £'000	Benefits in kind 2021 £'000	Non-Exec Director's fees 2021 £'000	Pension contrib-utions 2021 £'000	Total total 2021 £'000
M. S. Goodwin	333	12	-	10	355
S. R. Goodwin	333	12	-	10	355
T. J. W. Goodwin	243	6	-	7	256
J. Connolly	256	17	-	8	281
S. C. Birks *(retired 11th December , 2020)*	64	13	-	2	79
B. R. E. Goodwin	209	6	-	6	221
N. Brown *(appointed 11th December , 2020)*	64	4	-	2	70
J. E. Kelly	-	-	68	-	68
Total	1,502	70	68	45	1,685

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 £222,000 *(2021: £207,000)*.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Pay Comparison – audited

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	**2021 / 2022 %**	2020 / 2021 %
M. S. Goodwin	**5%**	15%*
S. R. Goodwin	**5%**	15%*
T. J. W. Goodwin	**5%**	32%*
J. Connolly	**-**	16%
B. R. E. Goodwin	**10%**	42%
N. Brown *(appointed 11th December, 2020)***	**N/A**	N/A
J. E. Kelly	**6%**	9%
UK Average Employee % Change	**5%**	3%

Notes:

The UK average employee is based on the UK workforce employed by Goodwin PLC as a company and its UK subsidiaries. The average figure has been calculated using a mean 5% of employee pay.

** 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.*

*** As N. Brown was appointed in December 2020 any comparison between 2020/2021 and 2021/2022 is not considered a fair comparison and for this reason the Directors have omitted to include this information this year but will report on the percentage change in the year ending 2023.*

The 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.

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, 2022 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, 2022:

Financial Year	**Method**	**25th percentile pay ratio**	**Median pay ratio**	**75th percentile pay ratio**
2022 FTSE Small Cap		15:1	20:1	31:1
2022 FTSE 250		20:1	30:1	46:1
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

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

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

Pay Ratio of Managing Directors *(continued)*

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 and the median pay ratio of the Managing Directors has remained the same as the prior year.*
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, 2022.*

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

Under the Equity Long Term Incentive Plan (LTIP) for the Executive Directors, that was approved at the Annual General Meeting on 5th October, 2016, the 2016 LTIP target was partially met in 2019, resulting in 85% of the awards granted vesting, entitling each of the sitting eight Directors to 61,200 shares (17 x 3,600 = 61,200).

Exercised

During the year ended 30th April, 2022 each Director exercised 20,400 share options, increasing the Company's total share capital by 163,200 to 7,689,600. All share options have now been exercised.

Whilst the Company has no follow-on LTIP incentive plans in place or proposed, 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 has 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 his / her 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 2nd August, 2022 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 19, 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	M. S. Goodwin	S. R. Goodwin
Director	*Director*	*Director*

2nd August, 2022

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, 2022 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 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 2022 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	**Group** • Revenue recognition – revenue recognised over time • Revenue recognition – revenue recognised at a point in time • Intangible assets – capitalisation and impairment • Financial Instruments – accounting for the interest rate swap **Parent Company** • Financial Instruments – accounting for the interest rate swap
Materiality	**Group** • Overall materiality: £715,000 (2021: £651,000) • Performance materiality: £536,000 (2021: £456,000) **Parent Company** • Overall materiality: £425,000 (2021: £500,000) • Performance materiality: £318,000 (2021: £350,000)
Scope	Our audit procedures covered 80% of revenue, 82% of total assets and 72% 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	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 4. 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. The Group has contracts with customers under which revenue is recognised over time. Revenue recognised in the year on these contracts amounted to £65,458,000. Estimates are made by management based on work completed for each contract and costs to complete. Revenue is recognised based on stage of completion 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 stage of completion. Associated contract assets, liabilities and work in progress are recognised where applicable on these contracts. There is a risk that revenue could be misstated through: - 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	We assessed whether revenue was recognised in line with the Group's revenue recognition policies and IFRS 15 'Revenue from contracts with customers'. We undertook test of details on contracts that have been completed in the year and those open at the year end. 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. For all contracts selected we tested the associated contract assets and contract liabilities. A dispute on a customer contract reached settlement during the year. We considered and challenged the proposed accounting to ensure that the settlement was treated in accordance with IFRS 15. We checked the associated adjustments to revenue were appropriate for the period through our contract testing procedures. We reviewed the disclosures associated with revenue recognition.
Key observations	Our audit work in respect of revenue recognised over time concluded that the revenue is not materially misstated and the approach is appropriately consistent year on year.

	Our work identified some errors that were subsequently adjusted by management; these adjustments did not impact the profit recognised in the financial statements. We identified some immaterial disclosure omissions which were not corrected.

Revenue recognition – revenue recognised at a point in time

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 4. 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. Revenue is recognised at a point in time in the Refractory division and for certain arrangements in the Mechanical division. Revenue recognised in the year on point in time sales amounted to £78,650,000. Revenue is recognised when control of goods is passed onto the customer by the Group. Judgement is involved in determining the point at which control passes for certain mechanical engineering contracts where revenue is recognised on delivery to the customer. There is a risk that revenue could be misstated through: - inappropriate application of the Group's revenue recognition policies; or - recognition of revenue in the wrong period.
How the matter was addressed in the audit	We assessed whether revenue was recognised in line with the Group's revenue recognition policies and IFRS 15. This included an assessment of management's judgement of when control passes on mechanical engineering contracts accounted for at a point in time. Our procedures included a combination of substantive analytical review and tests of detail. We selected a sample of items to check that revenue was recognised once performance obligations have been met and that the cut-off of revenue transactions around the year end was appropriate.
Key observations	The results of our procedures were satisfactory.

Intangible assets – capitalisation and impairment

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 15. 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. The Group has incurred expenditure on development of new products in the year which are capitalised if certain criteria are met in accordance with IAS 38 'Intangible assets'.
How the matter was addressed in the audit	We obtained management's impairment model of Cash Generating Units, including Goodwill and undertook audit procedures including: • Assessing whether management's calculations comply with the requirements of IAS 36 'Impairment of assets';

	• Analysing the structure and integrity of the model and its 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. We also assessed the capitalisation of development costs due to the impact on reported earnings and the judgements involved in assessing whether the IAS 38 criteria for capitalisation have been met. We considered the amortisation accounting policy for each category of intangible asset.
Key observations	Based on our procedures, we concluded that the carrying value and disclosures in the financial statements were appropriate.

Financial Instruments – accounting for the interest rate swap

Key audit matter description	Refer to accounting policies in note 1, accounting estimates and judgements in note 2 and note 26. The Group entered into a 10 year, £30 million interest rate swap during the year to hedge for volatility in future interest rates on the Group's expected core debt. The fair value of the instrument recognised at the year end was £2.74 million. The recognition of the financial instrument in the financial statements and the applicability of hedge accounting is determined by the requirements of IFRS 9.
How the matter was addressed in the audit	We obtained copies of the interest rate swap agreement, the bank valuation and management's documentation. We utilised an external valuations expert to agree the closing valuation. We consulted with an internal financial accounting specialist to support our review of the accounting requirements of IFRS 9 and associated guidance. We challenged management's judgement in respect of the proposed accounting for the interest rate swap. This included consideration as to whether hedge accounting could be applied to the swap for the debt currently held by the Group until expiry, and following that, the planned core level of debt to 2031.
Key observations	Based on our procedures and judgement we concluded that the criteria for hedge accounting were not satisfied and recognition of the interest rate swap at fair value in the Income Statement was required by IFRS 9. Management accepted this conclusion and an adjustment was made to recognise the gain in the statement of profit or loss, which is disclosed as a separate line item.

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	£715,000 (2021: £651,000)	£425,000 (2021: £500,000)
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	£536,000 (2021: £456,000)	£318,000 (2021: £350,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £35,700 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £21,200 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
- Germany
- India
- South Africa
- Thailand
- China
- South Korea
- Brazil
- Australia
- Finland

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Absolute Profit before tax
Full scope audit	10	76%	82%	68%
Specific audit procedures *	1	4%	-	4%
Total	**11**	**80%**	**82%**	**72%**

*The specific scope % represents the component's contribution however our procedures consisted of specific audit procedures over the revenue and direct material costs of the component only.

Analytical procedures 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:

- Reviewing 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 to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 20 to 21;
- 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 21;
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 21;
- Directors' statement on fair, balanced and understandable set out on page 19;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 14;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 24; and,
- Section describing the work of the audit committee set out on page 24.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 34, 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 for regulated entities, 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 / FRS 101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; 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.

	See also the key audit matters section of this report for work performed on this area.
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 two years, covering the years ended 30 April 2021 to 30 April 2022.

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

Festival Park

Stoke-on-Trent

ST1 5BB

Date 2 August 2022

GOODWIN PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30th April, 2022

	Notes	2022 £'000	2021 £'000
CONTINUING OPERATIONS			
Revenue	3, 4	**144,108**	131,231
Cost of sales		**(101,404)**	(92,230)
GROSS PROFIT		**42,704**	39,001
Other income	5	**-**	763
Distribution expenses		**(3,743)**	(2,988)
Administrative expenses		**(20,654)**	(19,682)
OPERATING PROFIT		**18,307**	17,094
Finance costs (net)	7	**(1,169)**	(640)
Share of profit of associate company	14	**63**	60
PROFIT BEFORE TAXATION AND MOVEMENT IN FAIR VALUE OF INTEREST RATE SWAP*		**17,201**	16,514
Unrealised gain on 10 year interest rate swap derivative		**2,740**	-
PROFIT BEFORE TAXATION	5	**19,941**	16,514
Tax on profit**	8	**(6,321)**	(3,508)
PROFIT AFTER TAXATION		**13,620**	13,006
ATTRIBUTABLE TO:			
Equity holders of the parent		**12,980**	12,494
Non-controlling interests		**640**	512
PROFIT FOR THE YEAR		**13,620**	13,006
BASIC EARNINGS PER ORDINARY SHARE (in pence)	9	**169.14p**	167.82p
DILUTED EARNINGS PER ORDINARY SHARE (in pence)	9	**169.14p**	164.23p

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

** The tax charge for the current year equates to 31.7% of profit before tax *(2021: 21.2%)*. Within the current year there is a non-recurring non-cash impacting deferred tax charge of £2 million relating to the future change in the UK corporation tax rate from 19% to 25%. Please refer to note 8 within these accounts for a full reconciliation of the tax charge for the year.

The notes on pages 50 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2022

	2022 £'000	2021 £'000
PROFIT FOR THE YEAR	**13,620**	13,006
OTHER COMPREHENSIVE (EXPENSE) / INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Foreign exchange translation differences	**1,493**	(1,371)
Effective portion of changes in fair value of cash flow hedges	**(3,834)**	1,296
Ineffectiveness in cash flow hedges transferred to profit or loss	**(339)**	(657)
Change in fair value of cash flow hedges transferred to profit or loss	**(1,432)**	1,932
Effective portion of changes in fair value of cost of hedging	**275**	(37)
Ineffectiveness in cost of hedging transferred to profit or loss	**(23)**	631
Change in fair value of cost of hedging transferred to profit or loss	**(75)**	381
Tax credit / (charge) on items that may be reclassified subsequently to profit or loss	**1,114**	(673)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE YEAR, NET OF INCOME TAX	**(2,821)**	1,502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**10,799**	14,508
ATTRIBUTABLE TO:		
Equity holders of the parent	**10,089**	14,081
Non-controlling interests	**710**	427
	10,799	14,508

The notes on pages 50 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 50 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 30th April, 2021

	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, 2021									
Balance at 1st May, 2020 ...	**736**	**361**	**5,244**	**(499)**	**(743)**	**99,918**	**105,017**	**4,585**	**109,602**
Total comprehensive income:									
Profit for the year	-	-	-	-	-	12,494	12,494	512	13,006
Other comprehensive income:									
Foreign exchange translation differences	-	(1,255)	-	-	-	-	(1,255)	(116)	(1,371)
Effective portion of changes in fair value	-	-	-	1,252	(42)	-	1,210	49	1,259
Ineffectiveness transferred to profit or loss	-	-	-	(617)	596	-	(21)	(5)	(26)
Change in fair value transferred to profit or loss	-	-	-	1,957	362	-	2,319	(6)	2,313
Tax	-	-	-	(492)	(174)	-	(666)	(7)	(673)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR	**-**	**(1,255)**	**-**	**2,100**	**742**	**12,494**	**14,081**	**427**	**14,508**
Transactions with owners:									
Issue of shares	17	-	-	-	-	-	17	-	17
Dividends paid	-	-	-	-	-	(6,016)	(6,016)	(125)	(6,141)
Recycling of translation reserve on the disposal of subsidiary	-	42	-	-	-	-	42	-	42
BALANCE AT 30TH APRIL, 2021	**753**	**(852)**	**5,244**	**1,601**	**(1)**	**106,396**	**113,141**	**4,887**	**118,028**

The notes on pages 50 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED BALANCE SHEET
at 30th April, 2022

	Notes	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**87,594**	77,063
Right-of-use assets	12	**6,191**	3,691
Investment in associate	14	**896**	829
Intangible assets	15	**24,817**	24,813
Long-term trade receivables	17	**1,191**	-
Derivative financial assets	26	**2,741**	191
		123,430	106,587
CURRENT ASSETS			
Inventories	16	**40,364**	34,547
Contract assets	4	**12,331**	15,844
Trade receivables and other financial assets	17	**23,717**	20,540
Other receivables	18	**6,277**	5,627
Derivative financial assets	26	**1,211**	4,106
Cash and cash equivalents	19	**11,651**	15,160
		95,551	95,824
TOTAL ASSETS		**218,981**	202,411
CURRENT LIABILITIES			
Borrowings	20	**2,764**	1,607
Contract liabilities	4	**14,749**	14,332
Trade payables and other financial liabilities	21	**23,004**	21,730
Other payables	22	**4,256**	4,025
Derivative financial liabilities	26	**2,393**	2,016
Liabilities for current tax		**1,886**	1,174
Provisions for liabilities and charges	23	**205**	608
		49,257	45,492
NON-CURRENT LIABILITIES			
Borrowings	20	**40,376**	33,066
Derivative financial liabilities	26	**1,643**	-
Provisions for liabilities and charges	23	**251**	251
Deferred tax liabilities	24	**7,711**	5,574
		49,981	38,891
TOTAL LIABILITIES		**99,238**	84,383
NET ASSETS		**119,743**	118,028
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	25	**769**	753
Translation reserve	25	**463**	(852)
Share-based payments reserve	25	**5,244**	5,244
Cash flow hedge reserve		**(2,746)**	1,601
Cost of hedging reserve		**140**	(1)
Retained earnings		**111,440**	106,396
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**115,310**	113,141
NON-CONTROLLING INTERESTS	13	**4,433**	4,887
TOTAL EQUITY		**119,743**	118,028

These financial statements were approved by the Board of Directors on 2nd August, 2022, 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 50 to 96 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30th April, 2022

	Notes	2022 £'000	2021 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from continuing operations after tax		13,620	13,006
Adjustments for:			
Depreciation of property, plant and equipment		6,202	5,696
Depreciation of right-of-use assets		1,192	972
Amortisation and impairment of intangible assets		1,572	1,566
Finance costs (net)		1,169	640
Currency (gains) / losses net of unhedged derivative movements		(1,535)	292
Profit sale of property, plant and equipment		(18)	(745)
Profit on disposal of subsidiary		-	(32)
Unrealised gain on 10 year interest rate swap derivative		(2,740)	-
Share of profit of associate company		(63)	(60)
UK tax incentive credit on research and development		(675)	-
Tax expense		6,321	3,508
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		25,045	24,843
(Increase) / decrease in inventories		(5,175)	10,344
Decrease / (increase) in contract assets		3,498	(9,242)
(Increase) / decrease in trade and other receivables		(3,341)	2,885
Increase / (decrease) in contract liabilities		472	(4,428)
Increase in trade and other payables		804	1,047
Decrease / (increase) in unhedged derivative balances		-	(438)
CASH GENERATED FROM OPERATIONS		21,303	25,011
Interest received		157	111
Interest paid		(1,415)	(845)
Corporation tax paid		(2,051)	(3,068)
NET CASH INFLOW FROM OPERATING ACTIVITIES		17,994	21,209
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		341	1,958
Acquisition of property, plant and equipment		(16,215)	(11,738)
Additional investment in existing subsidiaries		(430)	-
Acquisition of intangible assets		(282)	(719)
Development expenditure capitalised		(1,505)	(1,420)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(18,091)	(11,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		16	17
Payment of capital element of lease liabilities		(1,153)	(1,635)
Dividends paid		(7,862)	(6,016)
Dividends paid to non-controlling interests		(808)	(125)
Proceeds from new loans		6,702	35,048
Repayment of loans and committed facilities		(683)	(30,772)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(3,788)	(3,483)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(3,885)	5,807
Cash and cash equivalents at beginning of year		15,160	9,449
Effect of exchange rate fluctuations on cash held		376	(96)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	11,651	15,160

The notes on pages 50 to 96 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 financial statements for the year ended 30th April, 2022 were prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. There is no difference for the Group in applying each of these accounting frameworks or on the recognition, measurement or disclosure in the period reported as a result of the change in framework.

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 85 to 95.

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 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 2022, the Group's gearing ratio stood at 25.8% *(2021: 15.4%)* against a substantial shareholders net worth of £115 million *(2021: £113 million)*. The retained reserves of the Group put it in a strong position to deal with unforeseen material adverse issues.

In previous years, we have reported on the potential impact of Covid-19 and its limited impact on the business. As you might expect given our previous comments, our pandemic risk profile is low and whilst there are minor Covid-19 impacts we do not see the pandemic as a cause for concern for the Group moving forwards.

The reported results for the year are after having incurred what have been unprecedented increases in energy costs. Whilst the Group is not complacent and there is work to be done here, we do not see the impact of energy costs giving rise to a going concern issue.

Within our severe but plausible stress test model, it is demonstrable that the Group has sufficient funds 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 are 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 without pulling back on our capital expenditure forecast. The results of the stress test modelling did not highlight any going concern issues.

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.

1. Accounting policies *(continued)*

Basis of consolidation *(continued)*

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 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. 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 differences arising on translation are recognised in the statement of profit or loss within operating profit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

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 2021 / 2022

The IASB and IFRIC issued the following amendments:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform phase 2, which is effective for annual periods beginning on or after 1st January, 2021.
- Amendment to IFRS 16 'Leases' – Covid-19 rent concession extensions, which is effective for annual periods beginning on or after 1st June, 2020.

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 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).
- 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, subject to UK-endorsement).
- 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, subject to UK-endorsement).
- 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, subject to endorsement).

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.

1. Accounting policies *(continued)*

Revenue *(continued)*

Standard inventory product lines and consumables

Typically applies to the whole of the Group's Refractory Engineering segment and the sale of slurry pumps within the Mechanical Engineering segment. 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 or via a bill and hold arrangement.

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 segment and covers sales orders which are customer bespoke, but permit the Group subsidiary to claim profit earned to date if the customer were to trigger the cancel for convenience clause within the contract. 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, which contain allowances for technical risks and inherent uncertainties.

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 only for costs 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 invoice has been raised.

The incremental costs of obtaining a contract are recognised as an expense, as incurred, when the contract period is less than one year.

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 expended 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.

Financial income and costs

Financial expenses comprise interest payable, interest on lease liabilities 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 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.

1. Accounting policies *(continued)*

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 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 tax balances and a loan to an associate company. Interest is charged at commercial rates on long-term balances. 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. Included with cash and cash equivalents, for the cash flow statement only, are bank overdrafts, which are repayable on demand and form an integral part of the Group's cash management.

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.

Trade and other payables

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

1. Accounting policies *(continued)*

Financial instruments *(continued)*

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, 2022 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 represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 1st May, 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the identifiable net assets acquired. For acquisitions prior to the adoption of Revised IFRS 3 "Business Combinations" (1st May, 2010), cost includes directly attributable acquisition costs. For acquisitions after this date, such costs are charged to the statement of profit or loss. 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 dealt with in other comprehensive income.

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 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'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.

Where there are claims which are subject to commercial negotiation, these are recognised only when there is a high level of certainty. Consideration is given to the requirements of IFRS 15 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 £471,000 *(2021: £481,000)*. 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.

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.

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 26 (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.

Duvelco

As referred to within the Chairman's Statement, the Company is committed to investing circa £12.5 million in the area of high performance polymer resins. The judgement of the Board is that the market potential here is

2. Accounting estimates and judgements *(continued)*

Other estimates and judgements *(continued)*

Duvelco (continued)

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.

3. Segmental information

Products and services from which reportable segments derive their revenues

For the purposes of management reporting to the chief operating decision maker, the Board of Directors, the Group is organised into two reportable operating divisions: mechanical engineering and refractory engineering. Segment assets and liabilities include items directly attributable to segments as well as those that 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.

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Revenue						
External sales	**87,605**	**56,503**	**144,108**	86,616	44,615	131,231
Inter-segment sales ...	**17,784**	**15,523**	**33,307**	20,871	11,526	32,397
Total revenue	**105,389**	**72,026**	**177,415**	107,487	56,141	163,628
Reconciliation to consolidated revenue:						
Inter-segment sales ...			**(33,307)**			(32,397)
Consolidated revenue for the year			**144,108**			131,231

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Profits						
Segment operating profit	**9,139**	**12,657**	**21,796**	10,823	9,280	20,103
% of operating profit ...	**42%**	**58%**	**100%**	54%	46%	100%
Group centre			**(3,489)**			(3,009)
Group operating profit			**18,307**			17,094
Share of profit of associate company ...	**-**	**63**	**63**	-	60	60
Unrealised gain on 10 year Interest Rate Swap Derivative ...			**2,740**			-
Group finance expenses (net)			**(1,169)**			(640)
Consolidated profit before tax for the year			**19,941**			16,514
Tax			**(6,321)**			(3,508)
Consolidated profit after tax for the year			**13,620**			13,006

3. Segmental information *(continued)*

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

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Net assets						
Total assets … …	**93,049**	**48,843**	**141,892**	92,929	44,114	137,043
Total liabilities … …	**(71,950)**	**(22,643)**	**(94,593)**	(66,909)	(20,591)	(87,500)
Sub total … … …	**21,099**	**26,200**	**47,299**	26,020	23,523	49,543
Goodwin PLC net assets			**88,595**			83,998
Elimination of Goodwin PLC investments …			**(25,822)**			(25,392)
Goodwill … … …			**9,671**			9,879
Consolidated total net assets … …			**119,743**			118,028

The investment in associate of £896,000 *(2021: £829,000)*, is reported within the Refractory Engineering total assets. 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 those held by the parent Company, Goodwin PLC, and those held as consolidation adjustments.

	Year ended 30th April, 2022				Year ended 30th April, 2021			
	Goodwin PLC £'000	**Mechanical Engineering £'000**	**Refractory Engineering £'000**	**Total £'000**	Goodwin PLC £'000	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Segmental capital expenditure								
Property, plant and equipment	**9,326**	**5,396**	**1,631**	**16,353**	5,315	4,952	1,570	11,837
Right-of-use assets	**441**	**2,401**	**881**	**3,723**	1,180	1,146	74	2,400
Intangible assets	**237**	**1,121**	**429**	**1,787**	151	1,123	456	1,730
Total	**10,004**	**8,918**	**2,941**	**21,863**	6,646	7,221	2,100	15,967
Segmental depreciation, amortisation and impairment								
Depreciation	**3,808**	**2,200**	**1,386**	**7,394**	2,970	2,346	1,352	6,668
Amortisation and impairment	**1,195**	**47**	**330**	**1,572**	1,106	20	440	1,566
Total	**5,003**	**2,247**	**1,716**	**8,966**	4,076	2,366	1,792	8,234

3. Segmental information *(continued)*

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

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, 2022				Year ended 30th April, 2021			
	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	**38,599**	**77,447**	**104,995**	**19,670**	39,755	81,982	89,944	13,634
Rest of Europe	**21,388**	**8,648**	**3,728**	**1,009**	21,473	8,309	3,264	279
USA	**14,046**	**-**	**-**	**-**	8,027	-	-	-
Pacific Basin	**31,085**	**15,867**	**6,703**	**278**	28,255	13,708	6,499	719
Rest of World	**38,990**	**17,781**	**8,004**	**906**	33,721	14,029	6,880	1,335
Total	**144,108**	**119,743**	**123,430**	**21,863**	131,231	118,028	106,587	15,967

4. Revenue

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

Geographical market

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
UK	**25,261**	**13,338**	**38,599**	28,258	11,497	39,755
Rest of Europe	**13,304**	**8,084**	**21,388**	15,123	6,350	21,473
USA	**13,398**	**648**	**14,046**	7,596	431	8,027
Pacific Basin	**9,457**	**21,628**	**31,085**	10,899	17,356	28,255
Rest of World	**26,185**	**12,805**	**38,990**	24,740	8,981	33,721
Total	**87,605**	**56,503**	**144,108**	86,616	44,615	131,231

Product lines

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Standard products and consumables	**12,155**	**56,503**	**68,658**	10,630	44,615	55,245
Bespoke products – point in time	**9,992**	**-**	**9,992**	11,203	-	11,203
Point in time revenue	**22,147**	**56,503**	**78,650**	21,833	44,615	66,448
Minimum period contracts	**3,804**	**-**	**3,804**	3,306	-	3,306
Bespoke products – over time	**61,654**	**-**	**61,654**	61,477	-	61,477
Over time revenue	**65,458**	**-**	**65,458**	64,783	-	64,783
Total revenue	**87,605**	**56,503**	**144,108**	86,616	44,615	131,231

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

	2022 £'000	2021 £'000
Trade receivables due within one year (note 17)	**22,529**	19,378
Trade receivables due after more than one year (note 17)	**1,191**	-
Work in progress (note 16)	**10,161**	9,784
Contract assets	**12,331**	15,844
Contract liabilities	**(14,749)**	(14,332)
	31,463	30,674

4. Revenue *(continued)*

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 the 30th April, 2022. To rationalise movements over the year is not considered to be meaningful and the Group focus is always to manage the net investment in working capital which would be reported on if there was a significant adverse movement.

	2022 **£'000**	2021 £'000
Revenue recognised in the year, which was included in the contract liability balance at the beginning of the period … … … … … … … …	**7,182**	9,710
Revenue recognised from performance obligations, which were satisfied (or partially satisfied) in previous periods* … … … … … … …	**3,794**	387
Contract asset impairment charge … … … … … … … …	**1,145**	2,235
Release of contract asset impairment provision … … … … … …	**1,284**	-

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.

	2022 **£'000**	2021 £'000
Performance obligations due to be satisfied within one year … … … …	**40,114**	33,216
Performance obligations due to be satisfied after more than one year … … …	**37,705**	14,855
	77,819	48,071

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.

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.

** These figures relate to contract modifications.*

5. Expenses and auditor's remuneration

The following are included in profit before taxation:

Charged / (credited) to the statement of profit or loss	**2022 £'000**	2021 £'000
Profit on sale of property	**-**	(763)
Depreciation:		
Owned assets	**6,202**	5,696
Right-of-use assets (see below)	**1,192**	972
Amortisation and impairment of intangible assets	**1,572**	1,566
Loss on sale of property, plant and equipment	**(18)**	18
Profit on disposal of subsidiary	**-**	(32)
Research expenditure	**4,507**	4,185
Impairment of trade receivables charged to the statement of profit or loss	**188**	319
Realised currency gains	**(202)**	(978)
Unrealised currency (gains) / losses	**(2,385)**	292
Mark to market currency derivative losses / (gains)	**926**	(438)
Hedge reserve ineffectiveness	**(76)**	-
Fees receivable by the auditor and the auditor's associates in respect of:		
Audit of these financial statements	**66**	63
Audit of the financial statements of subsidiaries	**282**	188
Expenses relating to short-term property leases	**304**	268
Expenses relating to short-term plant and equipment leases	**130**	142
Expenses relating to leases of low-value assets	**12**	14
Government grants received including Covid-19 support	**(397)**	(1,427)

Depreciation on right-of-use assets may be analysed as follows:

	£'000	£'000
Right of use assets depreciation – finance leases (former IAS 17 definition)	**684**	422
Right of use assets depreciation – operating leases (former IAS 17 definition)	**508**	550
Depreciation – right of use assets	**1,192**	972

The mark to market currency 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:

	2022 Number	2021 Number
Subsidiary employees	**1,062**	1,080
Goodwin PLC Company employees	**50**	49
	1,112	1,129

The aggregate payroll costs of these persons were as follows:	**2022 £'000**	2021 £'000
Wages and salaries	**38,894**	38,577
Social security costs	**4,513**	4,976
Other pension costs	**1,338**	1,320
	44,745	44,873

Payroll costs are reported as follows:	**2022 £'000**	2021 £'000
Cost of sales	**31,707**	31,522
Administrative expenses	**13,038**	13,351
	44,745	44,873

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on pages 31 to 33. The emoluments of the highest paid Director were £374,000 *(2021: £355,000)*. The number of Directors, who were members of a defined contribution pension scheme, was 6 *(2021: 6)*.

7. Finance costs (net)

	2022 £'000	2021 £'000
Interest income	**157**	111
Interest expense on lease liabilities	**121**	95
Interest expenses on bank loans and overdrafts	**1,292**	747
Capitalised interest on property, plant and equipment projects	**(87)**	(91)
Interest expense	**1,326**	751
Finance costs (net)	**1,169**	640

Interest on right-of-use assets may be analysed as follows:

	£'000	£'000
Interest on lease liabilities – finance leases (former IAS 17 definition)	**72**	44
Interest on lease liabilities – operating leases (former IAS 17 definition)	**49**	51
	121	95

8. Taxation

Recognised in the statement of profit or loss

	2022 £'000	2021 £'000
Current tax expense		
Current year	**2,820**	1,878
Under / (over) provision in prior years	**193**	(128)
	3,013	1,750
Deferred tax expense		
Origination and reversal of temporary differences – current year (see below)	**1,381**	1,845
Origination and reversal of temporary differences – over provision in prior years	**(85)**	(87)
Origination and reversal of temporary differences – rate change to prior year (see below)	**2,012**	-
	3,308	1,758
Total tax expense	**6,321**	3,508

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

The UK government has increased the corporation tax rate from 19% to 25% with effect from 1st April, 2023. Historically, our deferred tax provision has been calculated assuming that the temporary timing differences will reverse at 19%. We have now calculated these provisions at 25% in line with the legislation.

8. Taxation *(continued)*

Reconciliation of effective tax rate

	2022 £'000	2021 £'000
Profit before taxation	**19,941**	16,514
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	**3,789**	3,138
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Impact of super-deduction on property, plant and equipment additions	**(506)**	-
Non-taxable income	**(27)**	(45)
Non-deductible expenses	**30**	33
Other permanent timing differences	**295**	309
Under / (over) provision in prior years	**108**	(210)
Losses not recognised	**171**	133
Share-based payments	**(40)**	59
Losses utilised where a deferred tax asset was not recognised	**(151)**	(115)
Rate change to prior year	**2,012**	-
Withholding tax unrelieved	**355**	108
Difference in overseas tax rates	**297**	113
Effect of equity accounting for associate	**(12)**	(15)
Total tax expense	**6,321**	3,508

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

	2022 £'000	2021 £'000
Deferred tax credit / (charge) on the cash flow hedge included in the consolidated statement of comprehensive income	**1,114**	(673)

9. Earnings per share

	Number of ordinary shares	
	2022	2021
Ordinary shares in issue		
Opening shares in issue	**7,526,400**	7,363,200
Shares issued in the year (note 33)	**163,200**	163,200
	7,689,600	7,526,400
Outstanding ordinary share options (note 33)	**-**	163,200
Total ordinary shares (issued and options)	**7,689,600**	7,689,600
Weighted average number of ordinary shares in issue	**7,673,951**	7,445,024
Weighted average number of outstanding ordinary share options	**-**	162,651
Denominator used for diluted earnings per share calculation	**7,673,951**	7,607,675

	2022 £'000	2021 £'000
Relevant profits attributable to ordinary shareholders	**12,980**	12,494

10. Dividends

	2022 £'000	2021 £'000
Paid ordinary dividends during the year in respect of prior years 102.24p *(2021: 81.71p)* per qualifying ordinary share	**7,862**	6,016

After the balance sheet date an ordinary dividend of 107.80p per qualifying ordinary share was proposed by the Directors *(2021: Ordinary dividend of 102.24p)*.

The proposed current year ordinary dividend of £8,289,000 has not been provided for within these financial statements *(2021: Proposed ordinary dividend of £7,862,000 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, 2020	41,671	78,959	3,278	2,006	125,914
Additions	1,397	3,906	486	6,048	11,837
Reclassification	74	(3,888)	4,002	(188)	-
Reclassification – ROU*	-	4,045	-	-	4,045
Disposals	(641)	(1,221)	(747)	(75)	(2,684)
Exchange adjustment	(503)	(222)	(64)	(12)	(801)
Balance at 30th April, 2021	**41,998**	**81,579**	**6,955**	**7,779**	**138,311**
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 – others	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, 2020	8,150	45,799	2,339	-	56,288
Charged in year	1,195	4,004	497	-	5,696
Reclassification	-	(3,032)	3,032	-	-
Reclassification – ROU*	-	1,045	-	-	1,045
Disposals	-	(812)	(659)	-	(1,471)
Exchange adjustment	(119)	(147)	(44)	-	(310)
Balance at 30th April, 2021	**9,226**	**46,857**	**5,165**	**-**	**61,248**
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, 2020	33,521	33,160	939	2,006	69,626
At 30th April, 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**

*This is a transfer from the right-of-use assets category on the settlement of a lease purchase agreement and payment of the option to purchase fee.

Plant and machinery

During the year the Group expended £16.35 million on property, plant and equipment. Headline items here are expenditures on the infrastructure works for Goodwin Steel Castings Ltd; on our new calciner plant at Hoben International Ltd; plant for Duvelco Ltd and land acquired for Noreva GmbH.

Other equipment

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

11. Property, plant and equipment *(continued)*

Assets in course of construction

	2022 £'000	2021 £'000
Land and buildings	**1,823**	4,481
Plant and machinery	**8,042**	3,298
	9,865	7,779

Depreciation

Depreciation is reported as follows:

	2022 £'000	2021 £'000
Cost of sales	**5,942**	5,393
Administrative expenses	**260**	303
	6,202	5,696

Security

There is a charge over Noreva GmbH's land and buildings of €1.36 million to secure a bank loan repayable by instalments. At Goodwin PLC a bank loan of £3.4 million is secured against three furnaces located at Goodwin Steel Castings Limited (refer to note 20), and a loan of £4.5 million is secured against the land acquired during the year.

12. Right-of-use assets

	Land and buildings £'000	**Plant and machinery £'000**	**Other equipment £'000**	**Total £'000**
Cost				
Balance at 1st May, 2020	1,937	4,787	132	6,856
Additions	1,079	70	1,251	2,400
Transfer to property, plant and equipment	-	(4,045)	-	(4,045)
Reclassification	-	(86)	86	-
Disposals	(285)	(6)	-	(291)
Exchange adjustment	(3)	1	(10)	(12)
Balance at 30th April, 2021	**2,728**	**721**	**1,459**	**4,908**
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, 2020	500	982	31	1,513
Charged in year	499	306	167	972
Transfer to property, plant and equipment	-	(1,045)	-	(1,045)
Reclassification	-	(13)	13	-
Disposals	(212)	(6)	-	(218)
Exchange adjustment	(2)	-	(3)	(5)
Balance at 30th April, 2021	**785**	**224**	**208**	**1,217**
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)
Balance at 30th April, 2022	**1,134**	**570**	**591**	**2,295**
Net book value				
At 1st May, 2020	1,437	3,805	101	5,343
At 30th April, 2021	1,943	497	1,251	3,691
At 30th April, 2022	**1,627**	**3,313**	**1,251**	**6,191**

12. Right-of-use assets *(continued)*

Depreciation

Depreciation is reported as follows:

	2022 £'000	2021 £'000
Cost of sales	**735**	473
Administrative expenses	**457**	499
	1,192	972

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
Subsidiaries:				
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**
Gold Star Powders 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 32.

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
Mechanical Engineering:				
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**
Refractory Engineering:				
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 32.

During the 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 46.

13. Investments in subsidiaries *(continued)*

Non-controlling interests (NCI) *(continued)*

The financial information on 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.

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Profit / (loss) allocated to non-controlling interests	**(463)**	**1,103**	**640**	(283)	795	512
Dividends paid to non-controlling interests	**-**	**(808)**	**(808)**	-	(125)	(125)
Accumulated reserves held by non-controlling interests	**(690)**	**5,123**	**4,433**	243	4,644	4,887

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, 2022			Year ended 30th April, 2021		
	Mechanical Engineering £'000	**Refractory Engineering £'000**	**Total £'000**	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
Non-current assets ...	**3,436**	**11,955**	**15,391**	2,954	12,037	14,991
Current assets	**6,824**	**16,264**	**23,088**	13,425	14,529	27,954
Current liabilities ...	**(11,651)**	**(6,822)**	**(18,473)**	(13,333)	(7,071)	(20,404)
Non-current liabilities	**(439)**	**(305)**	**(744)**	(388)	(511)	(899)
Total net assets of companies with non-controlling interests	**(1,830)**	**21,092**	**19,262**	2,658	18,984	21,642
Revenue of companies with non-controlling interests	**7,655**	**23,455**	**31,110**	15,984	19,269	35,253
Profit / (loss) for the year of companies with non-controlling interests	**(2,013)**	**4,356**	**2,343**	(918)	3,137	2,219
Total comprehensive income of companies with non-controlling interests	**(1,571)**	**3,544**	**1,973**	(769)	2,733	1,964
Net cash flow from operating activities ...	**(324)**	**3,072**	**2,748**	823	1,926	2,749
Net cash flow from investing activities ...	**-**	**(181)**	**(181)**	(320)	(992)	(1,312)
Net cash flow from financing activities ...	**(32)**	**(3,307)**	**(3,339)**	(146)	(1,037)	(1,183)

14. Investment in associate

The Group's share of profit after tax in its immaterial associate for the year ended 30th April, 2022 was £63,000 *(2021: £60,000)*.

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

	2022 £'000	2021 £'000
Balance at 1st May	**829**	816
Profit before tax	**75**	75
Tax	**(12)**	(15)
Exchange adjustment	**4**	(47)
Balance at 30th April	**896**	829
Assets	**914**	967
Liabilities	**(18)**	(138)
	896	829

15. Intangible assets

	Goodwill £'000	**Brand names and intellectual property £'000**	**Order book £'000**	**Manufact-uring rights £'000**	**Software and Licences £'000**	**Develop-ment costs £'000**	**Total £'000**
Cost							
Balance at 1st May, 2020	10,233	9,672	161	5,420	1,175	8,426	35,087
Additions	-	18	-	68	224	1,420	1,730
Disposals	-	-	(161)	-	(11)	(25)	(197)
Exchange adjustment	(15)	(45)	-	5	3	-	(52)
Balance at 30th April, 2021	**10,218**	**9,645**	**-**	**5,493**	**1,391**	**9,821**	**36,568**
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, 2020	343	5,884	161	2,227	810	967	10,392
Amortisation for the year	-	591	-	334	240	381	1,546
Impairment	-	-	-	-	-	20	20
Disposals	-	-	(161)	-	(6)	(24)	(191)
Exchange adjustment	(4)	(12)	-	2	2	-	(12)
Balance at 30th April, 2021	**339**	**6,463**	**-**	**2,563**	**1,046**	**1,344**	**11,755**
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, 2020	9,890	3,788	-	3,193	365	7,459	24,695
At 30th April, 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**

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 goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the relevant subsidiary which is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are:

	2022 £'000	2021 £'000
Noreva GmbH	**4,575**	4,742
Goodwin Refractory Services Holdings Limited	**3,346**	3,346
NRPL Aero Oy	**1,215**	1,260
Other	**535**	531
	9,671	9,879

An impairment test is a comparison of the carrying value of the assets of a cash-generating unit ("CGU") to their recoverable amount, based on a value-in-use calculation. 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 goodwill was separately assessed and tested for impairment.

As part of testing goodwill 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 consistent with the profit forecasts of the CGU for the first five years, (typically 0% - 15%), with a zero growth rate *(2021: zero growth rate)* then 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, ranging between 11.8% and 17.8% *(2021: between 9.8% and 17.8%)* for the Mechanical Engineering Division and 12.4% to 13% *(2021: between 11.4% and 12%)* for the Refractory Engineering Division. Further sensitivity tests are then performed reducing the discounted cash flows by 10% 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.

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.

16. Inventories

	2022 £'000	2021 £'000
Net balances		
Raw materials and consumables	**19,828**	16,572
Work in progress	**10,161**	9,784
Finished goods	**10,375**	8,191
	40,364	34,547
Provisions held		
Raw materials and consumables	**438**	373
Work in progress	**276**	493
Finished goods	**482**	435
	1,196	1,301
Inventory impaired during the year	**1,390**	1,427

17. Trade and other financial assets

Balances due within one year	2022 £'000	2021 £'000
Trade receivables	**22,529**	19,378
Other financial assets	**1,188**	1,162
	23,717	20,540
Balances due after more than one year		
Trade receivables	**1,191**	-

18. Other receivables

	2022 £'000	2021 £'000
Advance payments to suppliers	**1,235**	2,002
Prepayments and other non-financial assets	**3,635**	2,594
Corporation tax assets	**1,347**	902
Deferred tax asset (see note 24)	**60**	129
	6,277	5,627

19. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash and cash equivalents	**11,651**	15,160

20. 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, refer to note 26.

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Non-current liabilities £'000	**Current liabilities £'000**	**Total liabilities £'000**	Non-current liabilities £'000	Current liabilities £'000	Total liabilities £'000
Bank loans - repayable by instalments	**8,059**	**1,005**	**9,064**	4,538	761	5,299
Bank loans - rolling credit facilities	**28,000**	**-**	**28,000**	26,000	-	26,000
Other loans	**-**	**202**	**202**	-	-	-
Lease liabilities	**4,317**	**1,557**	**5,874**	2,528	846	3,374
	40,376	**2,764**	**43,140**	33,066	1,607	34,673

20. Borrowings *(continued)*

Reconciliation of liabilities arising from financing activities

	Bank overdrafts used for cash management £'000	Bank loans repayable by instalments £'000	rolling credit facilities £'000	Other loans £'000	Lease liabilities £'000	Total £'000
Opening balance at 1st May, 2020	391	6,010	21,000	-	2,822	30,223
Non-cash movements	-	-	-	-	2,195	2,195
Change in bank overdrafts	(391)	-	-	-	-	(391)
Cash flows	-	(724)	5,000	-	(1,635)	2,641
Foreign exchange movement	-	13	-	-	(8)	5
Closing balance 30th April, 2021	**-**	**5,299**	**26,000**	**-**	**3,374**	**34,673**
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**

Contractual undiscounted cash flows

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	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 ...	**1,234**	**229**	**1,005**	903	142	761
Between one and five years	**4,434**	**615**	**3,819**	3,570	324	3,246
More than five years ...	**4,985**	**745**	**4,240**	1,406	114	1,292
	10,653	**1,589**	**9,064**	5,879	580	5,299
Lease liabilities						
Less than one year ...	**1,684**	**127**	**1,557**	938	92	846
Between one and five years	**4,137**	**170**	**3,967**	2,219	127	2,092
More than five years ...	**362**	**12**	**350**	454	18	436
	6,183	**309**	**5,874**	3,611	237	3,374

Former IAS 17 analysis of lease liabilities

	2022 £'000	2021 £'000
Finance leases	**4,170**	1,292
Operating leases	**1,704**	2,082
	5,874	3,374

21. Trade and other financial liabilities

	2022 £'000	2021 £'000
Trade payables	**18,958**	16,791
Other financial liabilities	**1,929**	1,424
Other taxation and social security	**2,117**	3,515
	23,004	21,730

22. Other payables

	2022 £'000	2021 £'000
Accrued expenses	**4,001**	3,543
Advance payments from customers	**255**	482
	4,256	4,025

23. Provisions

	2022 £'000	2021 £'000
Balance at 1st May	**859**	484
Increase in provision	**167**	550
Release of provision	**(408)**	(164)
Provision utilised	**(144)**	(11)
Exchange adjustment	**(18)**	-
Balance at 30th April	**456**	859
Due within one year	**205**	608
Due after one year	**251**	251
Balance at 30th April	**456**	859

Provisions include warranties for products sold which generally cover a period of between 1 and 3 years, and other provisions which are due within one year.

24. Deferred tax assets and liabilities

Deferred tax balances are attributable to the following:

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Assets £'000	**Liabilities £'000**	**Net £'000**	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment	**63**	**(8,344)**	**(8,281)**	127	(4,509)	(4,382)
Intangible assets	**-**	**(2,186)**	**(2,186)**	46	(1,732)	(1,686)
Derivative financial instruments	**714**	**(702)**	**12**	58	(494)	(436)
Share based payments reserve	**-**	**-**	**-**	915	-	915
Tax losses	**2,496**	**-**	**2,496**	-	-	-
Other temporary differences	**430**	**(122)**	**308**	234	(90)	144
	3,703	**(11,354)**	**(7,651)**	1,380	(6,825)	(5,445)

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

	2022 £'000	2021 £'000
Deferred tax asset (see note 18)	**60**	129
Deferred tax liability	**(7,711)**	(5,574)
	(7,651)	(5,445)

24. Deferred tax assets and liabilities *(continued)*

	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, 2020	(3,544)	(1,612)	143	1,888	-	114	(3,011)
Recognised in profit and loss	(866)	(31)	94	(973)	-	18	(1,758)
Recognised in equity	-	-	(673)	-	-	-	(673)
Exchange adjustment	28	(43)	–	-	-	12	(3)
Balance at 30th April, 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)**

Deferred tax has been calculated at 19% on temporary differences due to reverse by 31st March, 2023, and at 25% for all other temporary differences.

Deferred tax assets not recognised on losses

	2022 £'000	2021 £'000
Gross tax losses … … … … … … … … … … …	**2,364**	2,016
Deferred tax assets not recognised … … … … … … … …	**500**	436

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 is expected in the long-term, it is deemed prudent to not recognise a deferred tax asset at this stage.

25. Capital and reserves

Share capital	**2022 £'000**	2021 £'000
Authorised, allotted, called up and fully paid:		
7,526,400 *(2021: 7,363,200)* ordinary shares of 10p each … … … …	**753**	736
Issue of 163,200 ordinary shares of 10p each … … … … … …	**16**	17
	769	753

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 33.

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.

25. Capital and reserves *(continued)*

Deferred tax	**Asset / (liability)**	
	2022	2021
	£'000	£'000
Aggregate deferred tax balances recognised in equity:		
Derivative financial instruments	**723**	(387)
Equity Long Term Incentive Plan	**-**	915
	723	528

26. 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.

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**	
		2022	2021
		£'000	£'000
Contract assets	*4*	**12,331**	15,844
Trade and other financial assets – due within one year	*17*	**23,717**	20,540
Trade and other financial assets – due after more than one year	*17*	**1,191**	-
Cash at bank and cash equivalents	*19*	**11,651**	15,160
Derivative financial assets – due within one year	*26 (d)*	**1,211**	4,106
Derivative financial assets – due after more than one year	*26 (d)*	**2,741**	191
		52,842	55,841

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	
	2022	2021
	£'000	£'000
UK	**3,603**	3,874
Rest of Europe	**4,053**	4,102
USA	**1,506**	775
Pacific Basin	**5,080**	5,008
Rest of World	**9,478**	5,619
	23,720	19,378

26. Financial risk management *(continued)*

a) Credit risk *(continued)*

Exposure to credit risk *(continued)*

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

	2022			2021		
	Net 2022 £'000	**Gross 2022 £'000**	**Impairment provision 2022 £'000**	Net 2021 £'000	Gross 2021 £'000	Impairment provision 2021 £'000
Not past due	**13,933**	**13,979**	**(46)**	13,446	13,503	(57)
Past due 1-30 days	**4,880**	**4,962**	**(82)**	3,033	3,035	(2)
Past due 31-90 days... ...	**2,330**	**2,613**	**(283)**	1,175	1,189	(14)
Past due more than 90 days	**2,577**	**2,866**	**(289)**	1,724	2,199	(475)
	23,720	**24,420**	**(700)**	19,378	19,926	(548)

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:

	2022 £'000	2021 £'000
Opening balance at 1st May	**548**	316
Increase in provision	**470**	369
Release of provision	**(342)**	(50)
Provision utilised during the year	**-**	(89)
Exchange adjustment	**24**	2
Closing balance at 30th April	**700**	548

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:

	2022			2021		
	Uncommitted £'000	**Committed £'000**	**Total £'000**	Uncommitted £'000	Committed £'000	Total £'000
Unutilised bank facilities	**6,050**	**16,500**	**22,550**	6,050	18,500	24,550

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.

26. Financial risk management *(continued)*

b) Liquidity risk *(continued)*

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				Carrying value
	Within 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000	Total £'000
Non-derivative financial liabilities					
Bank loans - repayable by instalments…	903	3,570	1,406	5,880	5,299
Bank loans - rolling credit facilities …	-	26,000	-	26,000	26,000
Lease liabilities … … … …	938	2,219	454	3,157	3,374
Trade and other financial liabilities …	21,730	-	-	21,730	21,730
At 30th April, 2021 … … …	**23,571**	**31,789**	**1,860**	**57,220**	**56,403**
Bank loans - repayable by instalments…	1,234	4,434	4,985	10,653	9,064
Bank loans - rolling credit facilities …	-	28,000	-	28,000	28,000
Other loans … … … … … …	202	-	-	202	202
Lease liabilities … … … …	1,684	4,137	362	6,183	5,874
Trade and other financial liabilities …	23,004	-	-	23,004	23,004
At 30th April, 2022 … … …	**26,124**	**36,571**	**5,347**	**68,042**	**66,144**

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 £1.2 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%, 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 2.55%, which will vary over the loan period.

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:

	2022				2021			
	US Dollar £'000	**Euro £'000**	**Other £'000**	**Total £'000**	US Dollar £'000	Euro £'000	Other £'000	Total £'000
Trade and other receivables	**6,193**	**2,242**	**51**	**8,486**	2,511	1,513	-	4,024
Cash and cash equivalents	**1,388**	**14**	**74**	**1,476**	789	(40)	454	1,203
Trade and other payables	**(1,121)**	**(965)**	**(24)**	**(2,110)**	(537)	(661)	(763)	(1,961)
	6,460	**1,291**	**101**	**852**	2,763	812	(309)	3,266

26. Financial risk management *(continued)*

c) Market risk *(continued)*

Currency profile of financial assets and liabilities *(continued)*

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

	2022		2021	
	Average exchange rate	**Reporting date spot rate**	Average exchange rate	Reporting spot rate
US Dollar	**1.3591**	**1.2570**	1.3202	1.3845
Euro	**1.1791**	**1.1920**	1.1222	1.1500

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.

	2022				2021			
	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	**-**	**11,651**	**-**	**11,651**	-	15,160	-	15,160
Contract assets	**-**	**-**	**12,331**	**12,331**	-	-	15,844	15,844
Trade and financial assets	**-**	**-**	**24,908**	**24,908**	250	-	20,290	20,540
Derivative assets	**-**	**-**	**3,952**	**3,952**	-	-	4,297	4,297
Contract liabilities	**-**	**-**	**(14,749)**	**(14,749)**	-	-	(14,332)	(14,332)
Trade and other financial liabilities	**-**	**-**	**(23,004)**	**(23,004)**	-	-	(21,730)	(21,730)
Derivative liabilities	**-**	**-**	**(4,036)**	**(4,036)**	-	-	(2,016)	(2,016)
Bank loans - repayable by instalments	**(4,564)**	**(4,500)**	**-**	**(9,064)**	(5,299)	-	-	(5,299)
Bank loans - rolling credit facilities	**-**	**(28,000)**	**-**	**(28,000)**	-	(26,000)	-	(26,000)
Other loans	**(202)**	**-**	**-**	**(202)**	-	-	-	-
Lease liabilities	**(2,280)**	**(3,594)**	**-**	**(5,874)**	(2,945)	(429)	-	(3,374)
	(7,046)	**(24,443)**	**(598)**	**(32,087)**	(7,994)	(11,269)	2,353	(16,910)

26. 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, 2022, the capital used was £145.1 million, *(2021: £130.6 million)* as shown in the following table:

	2022 £'000	2021 £'000
Cash and cash equivalents	**(11,651)**	(15,160)
Other loans	**202**	-
Total lease liabilities	**5,874**	3,374
Bank loans - repayable by instalments	**9,064**	5,299
Bank loans - rolling credit facilities	**28,000**	26,000
Net debt in accordance with IFRS 16	**31,489**	19,513
Operating lease debt (former IAS 17 definition)	**(1,704)**	(2,082)
Relevant net debt for KPI purposes	**29,785**	17,431
Total equity attributable to equity holders of the parent	**115,310**	113,141
Capital	**145,095**	130,572

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, 2022 net debt was £29.8 million *(2021: £17.4 million)*. The gearing ratio is 25.8% *(2021: 15.4%)*.

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 26 (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.

Forward exchange contracts designated in a cash flow hedge relationship

	Year ended 30th April, 2022 Forward exchange contracts			Year ended 30th April, 2021 Forward exchange contracts		
	Current £'000	**Matured £'000**	**Total £'000**	Current £'000	Matured £'000	Total £'000
Nominal value	**56,487**	**7,329**	**63,816**	43,945	15,852	59,797
Carrying amount of hedged assets	**769**	**-**	**769**	1,166	904	2,070
Carrying amount of hedged liabilities	**(3,787)**	**(423)**	**(4,210)**	(5)	-	(5)

26. Financial risk management *(continued)*

d) Capital management *(continued)*

Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item:

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Forward exchange contracts			Forward exchange contracts		
	Current £'000	**Matured £'000**	**Total £'000**	Current £'000	Matured £'000	Total £'000
Assets...	**769**	**-**	**769**	1,166	904	2,070
Liabilities	**(3,787)**	**(423)**	**(4,210)**	(5)	-	(5)
Change in value used to calculate hedge ineffectiveness ...	**(3,037)**	**(423)**	**(3,460)**	1,259	904	2,163
Cash flow hedge reserve	**(2,445)**	**(343)**	**(2,788)**	929	732	1,661

	2022	2021
Cash flow hedge reserve		
Attributable to equity holders of the parent	**(2,746)**	1,601
Attributable to non-controlling interests	**(42)**	60
Cash flow hedge reserve (net of tax)	**(2,788)**	1,661
Cost of hedging reserve		
Attributable to equity holders of the parent	**140**	(1)
Attributable to non-controlling interests	**8**	15
Cost of hedging reserve (net of tax)	**148**	14

Forward exchange contracts not designated in a cash flow hedge relationship / currency swaps

	2022 £'000	2021 £'000
Nominal value	**14,800**	28,926

Carrying value of unhedged derivative contracts

	2022 £'000	2021 £'000
Assets	**443**	3,131
Liabilities	**(251)**	(2,011)
Net	**192**	1,120

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.

	2022 £'000	2021 £'000
Nominal value	**30,000**	-
Carrying value of interest rate swap		
Assets	**2,740**	-
Expected cash flow		
Within one year...	**274**	-
Between one and five years	**1,448**	-
More than five years...	**1,018**	-
	2,740	-

26. Financial risk management *(continued)*

d) Capital management *(continued)*

Interest rate swaps *(continued)*

The following table sets out the periods when the cash flows for foreign exchange contracts are expected to occur and when they are expected to affect profit or loss:

	Year ended 30th April, 2022			Year ended 30th April, 2021		
	Not designated in a cash flow relationship £'000	**Designated and effective as cash flow hedging instruments £'000**	**Total £'000**	Not designated in a cash flow relationship £'000	Designated and effective as cash flow hedging instruments £'000	Total £'000
Assets:						
Carrying amount	**443**	**769**	**1,212**	3,131	1,166	4,297
Expected cash flow:						
Within one year ...	**443**	**494**	**937**	3,128	978	4,106
Between one and five years	**-**	**275**	**275**	3	188	191
Total assets	**443**	**769**	**1,212**	3,131	1,166	4,297
Liabilities:						
Carrying amount	**(249)**	**(3,787)**	**(4,036)**	(2,011)	(5)	(2,016)
Expected cash flow:						
Within one year ...	**(249)**	**(2,144)**	**(2,393)**	(2,011)	(5)	(2,016)
Between one and five years	**-**	**(1,643)**	**(1,643)**	-	-	-
Total liabilities	**(249)**	**(3,787)**	**(4,036)**	(2,011)	(5)	(2,016)

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. Given recent fluctuations in rates, it is deemed sensible to provide the quantum for a 1% change in rates to aid understanding. 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, 2022		Year ended 30th April, 2021	
	(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	**(597)**	**(207)**	(345)	(177)
1% increase in Euro fx rate against pound Sterling	**(37)**	**68**	(207)	(96)
1% decrease in US Dollar fx rate against pound Sterling	**597**	**207**	345	177
1% decrease in Euro fx rate against pound Sterling	**37**	**(68)**	207	96
1% increase in interest rates	-	**-**	-	(424)

26. 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, 2022 and 30th April, 2021.

	Year ended 30th April, 2022		Year ended 30th April, 2021	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets				
At amortised cost				
Cash and cash equivalents	**11,651**	**11,651**	15,160	15,160
Contract assets	**12,331**	**12,331**	15,844	15,844
Trade receivables	**23,720**	**23,720**	19,378	19,378
Other financial assets	**1,188**	**1,188**	1,162	1,162
At fair value through profit and loss				
Derivative financial assets not designated in a cash flow hedge relationship	**443**	**443**	3,131	3,131
Interest rate swap	**2,740**	**2,740**	-	-
Fair value – hedging instrument				
Derivative financial assets designated and effective as cash flow hedging instruments	**769**	**769**	1,166	1,166
Total financial assets	**52,842**	**52,842**	55,841	55,841
Financial liabilities at amortised cost				
Contract liabilities	**14,749**	**14,749**	14,332	14,332
Trade payables	**18,958**	**18,958**	16,791	16,791
Other financial liabilities	**4,046**	**4,046**	4,939	4,939
Lease liabilities	**5,874**	**5,874**	3,374	3,374
Bank loans - repayable by instalments ...	**9,064**	**9,064**	5,299	5,299
Bank loans - rolling credit facilities	**28,000**	**28,000**	26,000	26,000
Other loans	**202**	**202**	-	-
At fair value through the profit and loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	**249**	**249**	2,011	2,011
Fair value – hedging instrument				
Derivative financial liabilities designated and effective as cash flow hedging instruments	**3,787**	**3,787**	5	5
Total financial liabilities	**84,929**	**84,929**	72,751	72,751

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.

27. Capital commitments

Contracted capital commitments at 30th April, 2022 for which no provision has been made in these financial statements were £8,393,000 *(2021: £488,000)*.

28. Guarantees and contingencies

The table below sets out the number and value of unexpired bank guarantee bonds as at 30th April, 2022 and 30th April, 2021. These guarantee bonds are required as part of the terms and conditions within our mechanical engineering contracts.

	2022 £'000	2021 £'000
148 guarantee and bonds contracts *(2021: 165)* … … … … …	**6,586**	9,613

29. Subsequent events

After the balance sheet date an ordinary dividend of 107.80p per qualifying ordinary share was proposed by the Directors *(2021: Ordinary dividend of 102.24p)*.

The current year proposed ordinary dividend of £8,289,000 has not been provided for within these financial statements *(2021: Proposed ordinary dividend of £7,862,000 was not provided for within the comparative figures)*.

30. Non-principal subsidiaries and associates

Company name	**Registered address***	**Country of Incorporation**	**Class of shares held**	**% held**
Non-principal Subsidiaries:				
Mechanical Engineering:				
Easat Radar Systems India Private Limited … …	4	India	Ordinary	100
Goodwin (Shanxi) Pump Company Limited** … …	7	China	Ordinary	100
Refractory Engineering:				
Asian Industrial Investment Casting Powders Private Limited … … … … …	4	India	Ordinary	100
Gold Star Brazil Limited … … … … …	8	Brazil	Ordinary	100
Goodwin Refractory Services India 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
Non-principal holding companies:				
Goodwin Refractory Services Holdings Limited… …	1	England and Wales	Ordinary	100
Ying Tai (UK) Limited … … … … … …	1	England and Wales	Ordinary	75
Non-principal Associates:				
Tet Goodwin Property Company Limited … … …	11	Thailand	Ordinary	49
Dormant companies:				
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
Specialist Refractory Services Limited … … …	1	England and Wales	Ordinary	100

*The registered address for each company can be found in note 32.

**Goodwin (Shanxi) Pump Company Limited was dissolved in the year ended 30th April, 2021.

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

31. 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.

	2022 £'000	2021 £'000
Rental cost … … … … … … … … … … …	**301**	311
Interest income … … … … … … … … … …	**3**	7
Receivable balance … … … … … … … … … …	**19**	260

32. Registered offices of subsidiaries and associates

The registered offices of the companies listed in notes 13 and 30 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

33. 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 33. 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.

Number of share options	2022	2021
Vested 1st May, 2019 … … … … … … … …	**489,600**	489,600
Outstanding at beginning of year … … … … … … … …	**163,200**	326,400
Exercised during the year … … … … … … … …	**163,200**	163,200
Exerciseable at end of year … … … … … … … …	**-**	163,200
Share price at the date of exercise … … … … … … … …	**£30.70**	£30.45

GOODWIN PLC

COMPANY BALANCE SHEET
at 30th April, 2022

	Notes	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	C4	**33,696**	27,984
Investment properties	C4	**26,805**	23,900
Right-of-use assets	C4	**4,085**	1,077
Investments	C5	**25,822**	25,392
Intangible assets	C6	**15,681**	15,877
Derivative financial assets	26, C7	**2,466**	-
		108,555	94,230
CURRENT ASSETS			
Other receivables	C8	**31,355**	28,609
Derivative financial assets	26, 27	**274**	-
Cash at bank and in hand		**851**	3,783
		32,480	32,392
TOTAL ASSETS		**141,035**	126,622
CURRENT LIABILITIES			
Borrowings	C9	**2,086**	920
Other payables	C10	**6,446**	7,570
Provisions		**-**	300
		8,532	8,790
NON-CURRENT LIABILITIES			
Borrowings	C9	**38,053**	30,116
Deferred income		**803**	981
Deferred tax liabilities	C11	**5,052**	2,737
		43,908	33,834
TOTAL LIABILITIES		**52,440**	42,624
NET ASSETS		**88,595**	83,998
EQUITY			
Called up share capital	C12	**769**	753
Share-based payments reserve		**5,244**	5,244
Profit and loss account		**82,582**	78,001
TOTAL EQUITY		**88,595**	83,998
Profit after tax for the year		**12,443**	6,582

These financial statements were approved by the Board of Directors on 2nd August, 2022 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 87 to 96 form part of these financial statements.

GOODWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2022

	Share capital £'000	Share-based payments reserve £'000	Retained earnings £'000	Total equity £'000
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
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**12,443**	**12,443**
Issue of shares	16	-	-	16
Dividends paid	-	-	(7,862)	(7,862)
BALANCE AT 30TH APRIL, 2022	**769**	**5,244**	**82,582**	**88,595**
YEAR ENDED 30TH APRIL, 2021				
Balance at 1st May, 2020	736	5,244	77,435	83,415
Total comprehensive income:				
Profit for the year	-	-	6,582	6,582
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**-**	**6,582**	**6,582**
Issue of shares	17	-	-	17
Dividends paid	-	-	(6,016)	(6,016)
BALANCE AT 30TH APRIL, 2021	**753**	**5,244**	**78,001**	**83,998**

The notes on pages 87 to 96 form part of these financial statements.

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. For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

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.

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 a deferred creditor. 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 an as 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:

	2022 £'000	2021 £'000
Fees receivable by the auditors and the auditor's associates in respect of:		
Audit of these financial statements	**66**	40

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	
	2022	2021
Administration staff	**50**	49

	2022 £'000	2021 £'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**4,293**	4,055
Social security costs	**1,199**	1,902
Other pension costs	**103**	99
	5,595	6,056

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on page 31. The emoluments of the highest paid Director were £374,000 *(2021: £355,000)*. The number of Directors who were members of a defined contribution pension scheme was 6 *(2021: 6)*. The social security costs include £0.7 million *(2021: £1.4 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 properties	Property, Plant and Equipment				
		Land and buildings	Plant and machinery	Other equipment *	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Balance at 1st May, 2021	30,593	1,166	38,425	1,878	6,256	47,725
Additions … …	197	4,587	931	144	3,466	9,128
Reclassification … …	3,780	-	1,501	-	(5,281)	(3,780)
Disposals … …	-	-	-	(81)	-	(81)
Intercompany transfers	5	-	-	-	2,510	2,510
Balance at 30th April, 2022	**34,575**	**5,753**	**40,857**	**1,941**	**6,951**	**55,502**
Depreciation						
Balance at 1st May, 2021	6,693	683	17,680	1,378	-	19,741
Charged in the year …	1,077	19	1,999	121	-	2,139
Disposals … …	-	-	-	(74)	-	(74)
Balance at 30th April, 2022	**7,770**	**702**	**19,679**	**1,425**	-	**21,806**
Net book value						
At 30th April, 2021 …	23,900	483	20,745	500	6,256	27,984
At 30th April, 2022	**26,805**	**5,051**	**21,178**	**516**	**6,951**	**33,696**

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

A bank loan of £3.4 million is secured against three furnaces and a £4.5 million loan secured against land acquired during the year (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, 2022 was estimated to be £51 million *(2021: £47 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.

Right-of-use assets

	Plant and machinery	Other equipment	Total
	£'000	£'000	£'000
Cost			
Balance at 1st May, 2021 … … … … …	-	1,181	1,181
Additions … … … … … … …	56	385	441
Intercompany transfers … … … … …	3,159	-	3,159
Balance at 30th April, 2022	**3,215**	**1,566**	**4,781**
Depreciation			
Balance at 1st May, 2021 … … … … …	-	104	104
Charged in the year … … … … … …	215	377	592
Balance at 30th April, 2022	**215**	**481**	**696**
Net book value			
At 30th April, 2021 … … … … … …	-	1,077	1,077
At 30th April, 2022	**3,000**	**1,085**	**4,085**

C5 Fixed asset investments

	Shares in associated undertakings £'000	Shares in Group undertakings £'000	Total £'000
Cost			
Balance at 1st May, 2021	237	31,068	31,305
Additions	-	430	430
Balance at 30th April, 2022	**237**	**31,498**	**31,735**
Impairment			
Balance at 1st May, 2021	-	5,913	5,913
Balance at 30th April, 2022	-	**5,913**	**5,913**
Net book value			
At 30th April, 2021	237	25,155	25,392
At 30th April, 2022	**237**	**25,585**	**25,822**

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 30 of the Group financial statements.

During the year, the Company acquired the remaining shares in Internet Central Limited for a consideration of £430,000 (refer to note 13 in the Group accounts).

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, 2021	7,884	2,247	416	9,964	20,511
Additions	159	-	79	-	238
Intercompany transfers	-	-	-	761	761
Disposals	-	(594)	-	-	(594)
Balance at 30th April, 2022	**8,043**	**1,653**	**495**	**10,725**	**20,916**
Amortisation					
Balance at 1st May, 2021	1,542	1,597	236	1,259	4,634
Amortisation for the year	355	117	100	608	1,180
Impairment charge	-	-	-	15	15
Disposals	-	(594)	-	-	(594)
Balance at 30th April, 2022	**1,897**	**1,120**	**336**	**1,882**	**5,235**
Net book value					
At 30th April, 2021	6,342	650	180	8,705	15,877
At 30th April, 2022	**6,146**	**533**	**159**	**8,843**	**15,681**

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 26 of the Group financial statements.

C8 Debtors

	2022 £'000	2021 £'000
Interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**7,381**	8,038
Non interest-bearing		
Amounts owed by Group undertakings – repayable on demand	**22,194**	18,759
Amounts owed by Group undertakings – repayable within five years	**602**	602
Other debtors	**383**	240
Prepayments and accrued income	**695**	813
Corporation tax receivable	**100**	157
	31,355	28,609

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 26 (d) of the Group financial statements.

	2022			2021		
	Non-current liabilities £'000	**Current liabilities £'000**	**Total borrowings £'000**	Non-current liabilities £'000	Current liabilities £'000	Total borrowings £'000
Bank loans repayable by instalments	**6,988**	**937**	**7,925**	3,359	690	4,049
Bank loans - rolling credit facilities	**28,000**	**-**	**28,000**	26,000	-	26,000
Other loans	**-**	**202**	**202**	-	-	-
Lease liabilities	**3,065**	**947**	**4,012**	757	230	987
	38,053	**2,086**	**40,139**	30,116	920	31,036

Lease liabilities

Lease liabilities are payable as follows:

	2022			2021		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**1,033**	**86**	**947**	264	34	230
Between one and five years	**3,172**	**107**	**3,065**	799	42	757
	4,205	**193**	**4,012**	1,063	76	987

Bank loan repayable by instalments

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

	2022			2021		
	Minimum loan payments £'000	**Interest £'000**	**Principal £'000**	Minimum loan payments £'000	Interest £'000	Principal £'000
Less than one year	**1,145**	**208**	**937**	807	117	690
Between one and five years	**4,091**	**544**	**3,547**	3,208	244	2,964
More than five years	**4,096**	**655**	**3,441**	399	4	395
	9,332	**1,407**	**7,925**	4,414	365	4,049

C10 Other payables

	2022 £'000	2021 £'000
Trade payables	**966**	352
Amounts owed to Group undertakings – interest-bearing	**4,526**	4,596
Amounts owed to Group undertakings – non interest-bearing	**14**	372
Other taxation and social security	**335**	1,890
Other creditors	**245**	-
Accruals and deferred income	**360**	360
	6,446	7,570

C11 Provisions for deferred tax

	Property, plant and equipment £'000	**Share-based payments £'000**	**Tax losses £'000**	**Derivatives £'000**	**Other £'000**	**Total £'000**
Balance at 1st May, 2021	3,656	(915)	-	-	(4)	2,737
Recognised in profit or loss	3,209	915	(2,496)	685	2	2,315
Balance at 30th April, 2022	**6,865**	**-**	**(2,496)**	**685**	**(2)**	**5,052**

C12 Called up share capital

	2022 £'000	2021 £'000
Authorised, allotted, called up and fully paid:		
Balance at 1st May, 2021, 7,525,400 *(2021: 7,362,200 ordinary shares of 10p each)*	**753**	736
Issue of 163,200 ordinary shares of 10p each	**16**	17
Balance at 30th April	**769**	753

Details of the share issue are contained in note 33 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 *(2021: £216,000)*.

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, Internet Central 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.

	2022 £'000	2021 £'000
Related party balances		
Interest-bearing balances		
Amounts owed by Group undertakings – repayable on demand	**7,767**	8,038
Non interest-bearing balances		
Amounts owed by Group undertakings – repayable on demand	**784**	1,631
Interest-bearing balances		
Amounts owed to Group undertakings – repayable on demand	**-**	2,011
Related party transactions		
Dividend income	**1,260**	389
Interest expense	**5**	11
Interest income	**219**	239
Management fee income	**536**	536
Rental income	**76**	213
Royalty income	**116**	218

Compensation of key management personnel

Key management personnel are defined in the Directors' Remuneration Report on page 29, and their remuneration is disclosed on page 31 of the Group financial statements. Some of the Executive Directors are party to an Equity Long Term Incentive Plan (LTIP). Further details of the LTIP can be found in note 33 of the Group financial statements.

C15 Commitments

Contracted capital commitments at 30th April, 2022 for which no provision has been made in these financial statements were £8,393,000 *(2021: £142,000)*.

C16 Subsequent events

After the balance sheet date, ordinary dividends were declared of £8,289,000, which have not been provided for within these financial statements.

C17 Dividends

	2022 £'000	2021 £'000
Paid ordinary dividends during the year in respect of prior years 102.24p *(2021: 81.71p)* per qualifying ordinary share.	**7,862**	6,016

After the balance sheet date an ordinary dividend of 107.80p per qualifying ordinary share was proposed by the Directors *(2021: Ordinary dividend of 102.24p)*.

The proposed current year ordinary dividend of £8,289,000 has not been provided for within these financial statements *(2021: Proposed ordinary dividend of £7,862,200 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 33 of the Group financial statements.

Alternative performance measures

Measure	Method of calculation / reference	Page No.	2022	2021
Gross profit (£'000)	Consolidated statement of profit or loss	*44*	**42,704**	39,001
Revenue (£'000)	Consolidated statement of profit or loss	*44*	**144,108**	131,231
Gross profit as percentage of revenue (%)	Gross profit / revenue		**29.6**	29.7
Profit before tax (£'000)	Consolidated statement of profit or loss	*44*	**19,941**	16,514
Unrealised gain on 10 year interest rate swap derivative	Consolidated statement of profit or loss	*44*	**(2,740)**	-
Trading profit (£'000)			**17,201**	16,514
Operating profit (£'000)	Consolidated statement of profit or loss	*44*	**18,307**	17,094
Capital employed (£'000)	Note 26 (d)	*79*	**145,095**	130,572
Return on capital employed (%)	Operating profit / capital employed		**12.6**	13.1
Net debt (£'000)	Note 26 (d)	*79*	**29,785**	17,431
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet	*48*	**115,310**	113,141
Gearing (%)	Net debt / equity, as above		**25.8**	15.4
Net profit attributable to equity holders of the parent (£'000)	Consolidated statement of profit or loss	*44*	**12,980**	12,494
Net assets attributable to equity holders of the parent (£'000)	Consolidated balance sheet	*48*	**115,310**	113,141
Return on investment (%)	Net profit / net assets		**11.3**	11.0
Revenue (£'000)	Consolidated statement of profit or loss	*44*	**144,108**	131,231
Average number of employees	Note 6	*62*	**1,112**	1,129
Sales per employee (£'000)	Group revenue / average employees		**130**	116
Annual post tax profit (£'000)	Consolidated statement of profit or loss	*44*	**13,620**	13,006
Interest rate swap mark to market net of tax @ 19% (£'000)	Consolidated statement of profit or loss	*44*	**(2,219)**	-
Deferred tax rate change (£'000)	Note 8	*63*	**2,012**	-
Depreciation owned assets (£'000)	Note 5	*62*	**6,202**	5,696
Depreciation right-of-use assets (£'000)	Note 5	*62*	**1,192**	972
Amortisation and impairment (£'000)	Note 5	*62*	**1,572**	1,566
Exclude operating lease depreciation (£'000)	Note 5	*62*	**(508)**	(550)
Annual post tax profit + depreciation + amortisation (£'000)			**21,871**	20,690

Continuing operations	2018 £'000	2019 £'000	2020 £'000	2021 £'000	**2022 £'000**
Revenue...	124,811	127,046	144,512	131,231	**144,108**
Trading profit ...	13,300	16,410	12,115	16,514	**17,201**
Profit before taxation	13,300	16,410	12,115	16,514	**19,941**
Tax on profit ...	(3,865)	(3,963)	(3,775)	(3,508)	**(6,321)**
Profit after taxation ...	9,435	12,447	8,340	13,006	**13,620**
Basic earnings per ordinary share (in pence)...	118.11p	159.79p	107.93p	167.82p	**169.14p**
Diluted earnings per ordinary share (in pence)	118.11p	159.79p	103.31p	164.23p	**169.14p**
Total equity ...	104,827	109,291	109,602	118,028	**119,743**

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 96.