

GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT



DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2017

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INDEX

1	Notice of AGM
2	Notes to Notice of AGM
	<i>GROUP STRATEGIC REPORT</i>
3	Chairman's Statement
5	Summary of Consolidated Income Statement and Statement of Comprehensive Income
6	Objectives, Strategy and Business Model
8	Principal Risks and Uncertainties
9	Corporate Social Responsibility
	<i>DIRECTORS' REPORTS</i>
11	Report of the Directors
13	Corporate Governance Report
15	Audit Committee Report
19	Directors' Remuneration Policy and Report
26	Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements
	<i>AUDITOR'S REPORT</i>
27	Independent Auditor's Report to the Members of Goodwin PLC
	<i>FINANCIAL STATEMENTS</i>
30	Consolidated Income Statement
31	Consolidated Statement of Comprehensive Income
32	Consolidated Statement of Changes in Equity
33	Consolidated Balance Sheet
34	Consolidated Cash Flow Statement
	<i>NOTES TO THE FINANCIAL STATEMENTS</i>
35	Notes to the Consolidated Financial Statements
62	Company Balance Sheet
63	Company Statement of Changes in Equity
64	Notes to the Company Financial Statements
71	<i>FIVE YEAR FINANCIAL SUMMARY</i>

GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907

Established 1883

Directors:

J. W. Goodwin (<i>Chairman</i>)	R. S. Goodwin (<i>Managing Director</i>)
J. Connolly	M. S. Goodwin
S. R. Goodwin	S. C. Birks
B. R. E. Goodwin	T. J. W. Goodwin
J. E. Kelly (<i>Non-Executive Director</i>)	

Secretary and registered office:

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

Registrar and share transfer office:

Computershare Investor Services PLC,
The Pavilions, Bridgwater Road,
Bristol, BS99 6ZZ

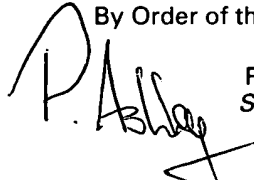
Auditors:

KPMG LLP,
One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

NOTICE IS HEREBY GIVEN that the EIGHTY-SECOND ANNUAL GENERAL MEETING of the Company will be held at 10.30am on Wednesday, 4th October, 2017 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, 2017.
2. To approve the payment of the proposed ordinary dividend on the ordinary shares.
3. To re-elect Mr. S. R. Goodwin as a Director.
4. To approve the Directors' Remuneration Report (excluding the Directors Remuneration Policy) for the year ended 30th April, 2017, as stated on pages 22 to 25 of the Directors' Report.
5. To re-appoint KPMG LLP as auditor and to authorise the Directors to determine their remuneration.

By Order of the Board


P. Ashley
Secretary

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent
22nd August, 2017

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 2nd October, 2017.
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 2nd October, 2017 (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 21st August, 2017 (being the last business day prior to the publication of this Notice) the Company's issued sharecapital consists of 7,200,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22nd August, 2017 are 7,200,000.
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 Institute of Chartered Secretaries and Administrators 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 the ordinary dividends will be paid to shareholders on 6th October, 2017.

GOODWIN PLC

CHAIRMAN'S STATEMENT

The pre-tax profit for the Group for the twelve month period ending 30th April, 2017, was £9.24 million (2016: £12.3 million), a decrease of 24.9% on a revenue of £132 million (2016: £124 million) which is 6% up on the figures reported for the same period in the last financial year. The Directors propose an unchanged ordinary dividend of 42.348p (2016: 42.348p).

The gross margins have reduced again this year due to the continued tightening in market prices for products we sell to the oil, gas and mining industries, where capital expenditure has been massively reduced due to the substantially low commodity revenues of the companies associated with the products they sell.

We achieved major progress in negotiating agreements and long-term commitments with certain customers in an unprecedented period of unexpected delays caused by elections, political positioning and delays in orders being released due to market situations. Examples include supply into the US submarine and the UK Type 26 frigates programmes and into long-running radar programmes.

We have continued to improve the balance of risk between the capital goods and consumer markets and thus increase sustainability and stability.

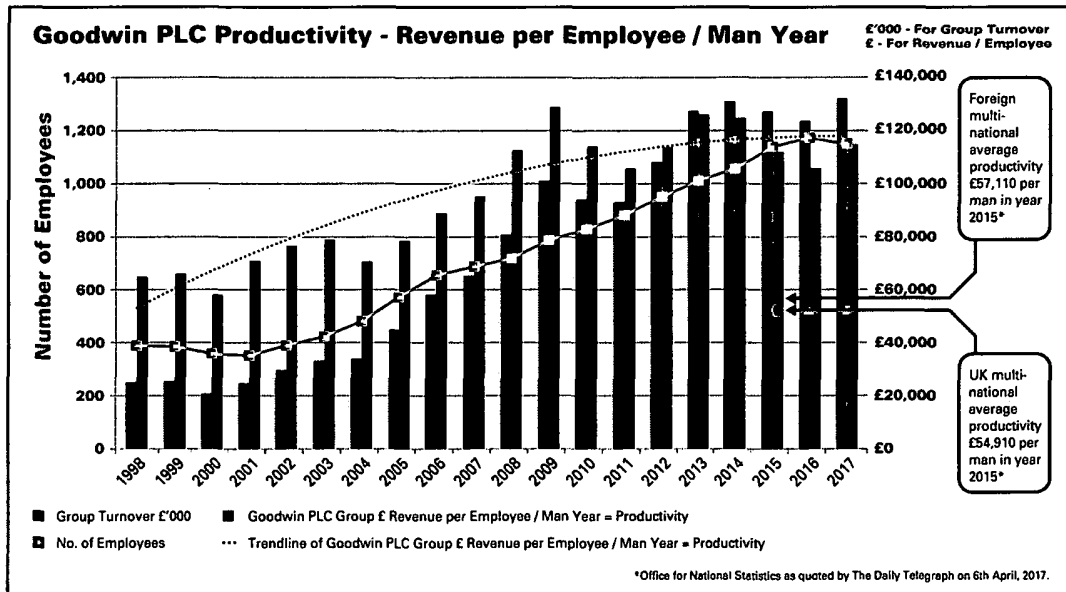
Our growth and positioning in the consumable oriented sales of investment casting powders, waxes, rubber and 3D printers for the jewellery lost wax casting industry, especially in India and China associated with the increasing wealth in these countries, has meant the proportion of the share of operating profits of our refractory engineering companies within the Group has risen from 28% to 46%.

World investment within the fossil fuels industries has been down 25% year on year for the last two years but the forecast is that three quarters of energy consumption will still be from these sources by 2040 with the demand for natural gas increasing 2% per year to 2030 and 4.5% per year for LNG. Our valve company in Germany has had an exceptional year being close to those markets that have re-commenced investment but we expect it will be a further 18 months before other areas in the world realise they will be short of supplies. The exception to this is India, where coal production and thermal power generation are increasing and will do so quite rapidly for the next seven years; this has helped our Indian pump company increase sales by 58 % last year. At the time of writing, I am pleased to report that Goodwin International has now received its first order for its new range of axial piston isolation valves and we expect that our axial piston control and isolation valves will be well positioned to benefit when the activity of the petroleum companies start to recover (World Petroleum Congress – YouTube WPC2017 Day 1 AM Live stream).

During the year some cost cutting and efficiency improvements have been necessary, without which the reduced margins we did obtain on the lower oil and gas valve order input would have been even more reduced. The reported pre-tax profits this year were after recognised £0.9 million costs associated with reducing our manpower to match the market demands. We have considered Brexit together with the exceptional decrease in sterling and, whilst not material, we have reported on the effects in Objectives, Strategy and Business Model section on page 7.

We have often been frustrated by the comments by government and in the press and on TV regarding the very poor productivity of UK manufacturing companies versus our European and USA counterparts. As it is, and has been our corporate strategy for over 20 plus years, to build and run highly efficient manufacturing companies, the Directors have decided to include a graph illustrating how the Goodwin Group of companies both in the UK and overseas performs in productivity terms measured by thousands of pounds of sales output per employee man year and compare this to the average European multi-nationals. This graph in future years will be put within the Group Strategic Report as a KPI. It is hoped that the shareholders appreciate the aspect that we achieve a productivity figure of more than 100% greater than the average of our European counterparts and that is even when our sales output and pricing levels are down due to the market situation, as they have been for the past two years. This performance is a feature of substantial investment in capital equipment, good product design over the years and the fact that our trained employees work efficiently and very hard. For this year only we have put the productivity chart in the Chairman's Statement for easy reference.

CHAIRMAN'S STATEMENT (continued)



Principal risks are covered in the Audit Committee Report but guidance from the FRC has been excellent on cyber protection and we have invested in this area and improved as a result, bearing in mind the greater threats from ransomware and need to address the new General Data Protection Regulation requirements.

Cash generation, control of capital expenditure and bank facility headroom remain key to financing work in progress as order levels increase. Down payments are achieved where possible. We continue to drive the company for a dividend and total return on share value as seen from long-term growth despite market cycles.

The Directors are of the view that a share based payments charge against pre-tax profits of £601,000, whilst in accordance with Accounting Standard IFRS 2, does not reflect current market conditions the Group faces. The accepted pricing model used to produce the valuation uses the Company's share price at the grant date and does not take in to account subsequent changes. Consequently, whilst a charge of £601,000 has been taken through the profit and loss account as required by the Standard, the Directors believe there is now significant doubt that options will vest under the scheme.

Key performance indicators are shown the Objectives, Strategy and Business Model of the Strategic Report, and for further ratios please refer to www.goodwin.co.uk/2017

We wish to thank both our employees and Directors in the UK and overseas for their hard work in these challenging times.

John W. Goodwin

J. W. Goodwin
Chairman

22nd August, 2017

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT

for the year ended 30th April, 2017

	2017 £'000	2016 £'000
CONTINUING OPERATIONS		
Revenue	131,587	123,539
Cost of sales	(97,836)	(89,196)
GROSS PROFIT...	33,751	34,343
Distribution expenses	(3,486)	(3,311)
Administrative expenses	(20,317)	(18,284)
OPERATING PROFIT	9,948	12,748
Financial expenses	(873)	(775)
Share of profit of associate companies	169	341
PROFIT BEFORE TAXATION	9,244	12,314
Tax on profit	(2,487)	(3,376)
PROFIT AFTER TAXATION...	6,757	8,938
ATTRIBUTABLE TO:		
Equity holders of the parent	6,082	8,838
Non-controlling interests	675	100
PROFIT FOR THE YEAR	6,757	8,938
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	84.47p	122.75p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30th April, 2017

	2017 £'000	2016 £'000
PROFIT FOR THE YEAR	6,757	8,938
OTHER COMPREHENSIVE EXPENSE		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:		
Foreign exchange translation differences	3,619	279
Effective portion of changes in fair value of cash flow hedges	(6,526)	(728)
Change in fair value of cash flow hedges transferred to the income statement	2,142	(1,923)
Tax charge on items that may be reclassified subsequently to the income statement	738	516
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF INCOME TAX	(27)	(1,856)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,730	7,082
ATTRIBUTABLE TO:		
Equity holders of the parent	5,654	7,018
Non-controlling interests	1,076	64
	6,730	7,082

The full financial statements and accompanying notes are on pages 30 to 61.

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, 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.

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, the Group benefits from market diversity. Further details of our business and products are shown on our website www.goodwin.co.uk/2017.

Mechanical Engineering

The Group produces a wide range of dual plate, axial nozzle check valves and axial piston valves to serve the oil, petrochemical, gas, LNG and water markets. We create value by globally sourcing the best quality raw material at good prices, manufacturing in highly efficient facilities using up to date technology to provide the very reliable products to the required specification, at competitive prices and with timely deliveries.

Our mechanical engineering markets also include high alloy castings, machining and general engineering products which typically form part of large construction projects such as power generation plants, oil refineries, high integrity offshore structural components and bridges. The Group through its foundry and CNC machine shop has the capability to pour castings, radiograph and also finish them in-house. This capability is also targeting the defence industry.

Goodwin International, the largest company in the mechanical engineering division, designs and manufactures dual plate, axial nozzle valves and axial piston valves and also undertakes specialised CNC machining and fabrication work. Noreva GmbH also designs and manufactures axial nozzle valves. Both Goodwin International and Noreva purchase the majority of the value of their sand and mould castings from Goodwin Steel Castings and this vertical integration gives rise to competitive benefits, increased efficiencies, and timely deliveries.

At Goodwin Pumps India we manufacture a superior range of submersible slurry pumps for end users in India, China, Brazil, Australia and Africa. Easat Radar Systems designs and builds bespoke high-performance radar antenna systems for the global market of major defence contractors, civil aviation authorities and border security agencies. 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 (GRS) primarily generates gross margin from designing, manufacturing and selling investment casting powders and waxes to the jewellery casting industry. GRS also manufactures and sells investment casting powders to the tyre mould and aerospace industries. The refractory division has eight other investment powder manufacturing companies located in China, India, Thailand and Brazil who sell the casting powders directly and through distributors to the jewellery casting industry.

These companies are vertically integrated with another of our UK companies, Hoben International, which manufactures cristobalite which it sells to the nine casting powder manufacturing companies as well as producing ground silica that also goes into casting powders. Hoben International now also manufactures different grades of perlite.

The other UK refractory company is Dupré Minerals which focuses on producing exfoliated vermiculite that is used in insulation, brake linings and fire protection products, including technical textiles that can withstand exposure to high temperatures. Dupré also sells consumable refractories to the shell moulding casting industry.

OBJECTIVES, STRATEGY AND BUSINESS MODEL (continued)

As a result of Brexit we have seen during the year an exceptional decrease in sterling against most of our currency pairs. We have considered the impact of this on the consolidation of the results of our overseas companies and would comment as follows:

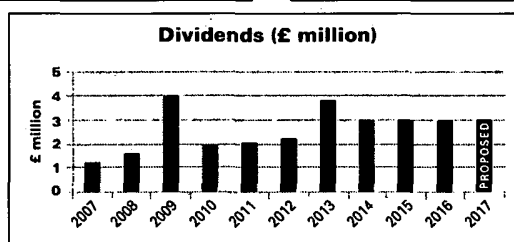
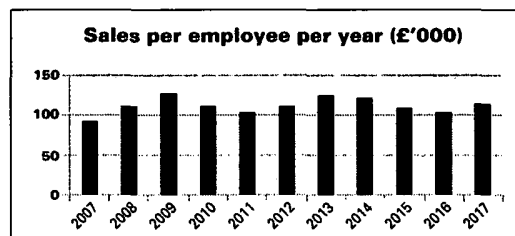
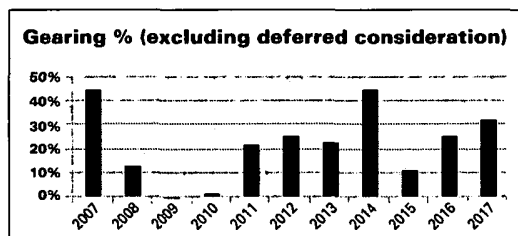
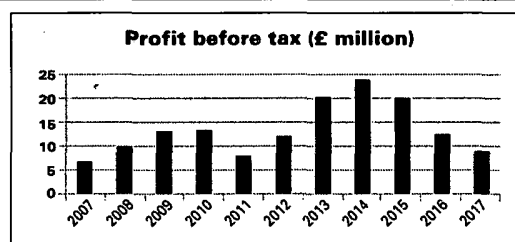
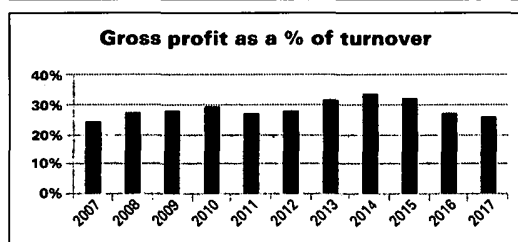
Approximately 5% of our gross profit has arisen from weaker sterling on converting the results of overseas companies. Approximately 3% of our profit before tax has arisen due to weaker sterling on converting the results of overseas companies. Approximately 4% of our turnover increase is due to weaker sterling on converting the results of overseas companies. Approximately 7% of the increase in our administration costs is due to weaker sterling on converting the results of overseas companies.

From the Consolidated Statement of Comprehensive Income, there is a £3.6 million reserve movement gain from translating the net assets of the overseas companies.

KEY PERFORMANCE INDICATORS

The key performance indicators for the business are listed below:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross profit as a % of turnover	24.4	27.8	28.5	29.9	27.3	28.5	32.0	34.2	32.5	27.8	25.7
Profit before tax (in £ millions)	7.0	9.8	13.1	13.3	8.1	12.3	20.3	24.1	20.1	12.3	9.2
Gearing % (excluding deferred consideration)	45.7	13.7	(1.5)	1.8	22.1	25.9	23.3	45.0	11.7	25.6	31.4
Sales per employee per year (in £'000)	96.2	112.4	128.4	112.4	105.5	113.7	125.7	124.1	111.8	105.4	114.0
Dividends proposed (in £ millions)	1.3	1.7	4.0	2.0	2.1	2.3	3.8	3.0	3.0	3.0	3.0



Please refer to note 20 for details of the gearing calculation. Sales per employee is calculated as turnover divided by the average number of employees for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations expose it to a variety of risks and uncertainties. These risks are no different to previous years and they are not expected to change substantially in the foreseeable future. The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The key risks are discussed below.

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 2 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. This spread reduces risk in any one territory. Similarly, the Group operates in both mechanical engineering and refractory engineering sectors, mitigating the risk of a downturn in any one product area. The potential risk of the loss of any key customer is limited as, typically, no single customer accounts for more than 10% of turnover. As described in the Business Model, the Group generates significant sales from the worldwide energy markets. Whilst these markets may suffer short-term declines, over the medium to long-term the growing worldwide demand for energy will ensure these markets remain buoyant.

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 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 R&D stage, where prototype testing and the deployment of a robust closed loop product performance quality control system provides feed back 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. The risk of product obsolescence is countered by R&D investment.

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). Detailed information on the financial risk management objectives and policies is set out in note 20 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, and interest rate swaps.

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 comply with the relevant laws and regulations.

Assessment of principal risks: Changes and likely impact: As part of the Board's risk management and control of principal risks, areas of monitoring and expert advice undertaken are reported upon by the Audit Committee on pages 15 to 18.

CORPORATE SOCIAL RESPONSIBILITY

Greenhouse Gas ("GHG") emissions

Since 2011 we have been reporting on the increase / decrease in our CO₂ emissions, and this is our fourth GHG emissions report in line with the latest UK reporting requirements.

Our super nickel alloy castings are still at the forefront of CO₂ reduction technology essential for future electricity generating plants to be built worldwide. This year has seen a substantial increase in production of advanced steels using nitrogen, the processing of which has involved higher N₂O affecting our scope 1 direct emissions.

The Group is acutely aware of its CO₂ emissions which are kept as low as possible. Goodwin Steel Castings, along with others in the steel industry, remains concerned about government policy in understanding how industry could be encouraged to bring on new technology.

The reported CO₂ emissions are detailed below:

The sites reporting GHG data are the same as those consolidated in the Group's financial statements, and we have included all material qualifying emissions around the Group for the years to 30th April, 2017 and 30th April, 2016. We have used the reporting guidance set out by DEFRA environmental reporting guidelines recently published, valid until 31st May, 2017 and used the methodology set out in their paper, to report our Scope 1 and Scope 2 emissions, using the IEA "full set" emission factors 2016, covering both OECD and non OECD countries.

We also report under the Carbon Reduction Commitment scheme and the Energy Saving Opportunity Scheme. Under the latter, we have a target to reduce all space heating and lighting by 5% by 2020. All new processes and equipment are assessed for energy savings. Examples include lower power computers combined with productivity savings. A new heat treatment furnace using recuperative heating should result in a 36% fuel saving. The largest savings have been by installing processes locally, rather than subcontracting, thereby saving on transport costs. Despite the savings, some innovative products, with highly improved operating performance capable of working at more extreme temperatures and pressures, do need extra processing which uses more manufacturing energy.

The energy policy is managed by the Group's Energy Savings Opportunity Scheme (ESOS) auditor, who is supported by a Health and Safety Manager.

	2017 Tonnes of CO ₂ e	2016 Tonnes of CO ₂ e
Scope 1 – direct emissions (from Company facilities and vehicles)	52,280	54,530
Scope 2 – indirect emissions (from electricity purchased for own use)	9,396	10,344
Total Scope 1 and Scope 2 emissions	61,676	64,864
Intensity – emissions of total CO ₂ equivalent reported above per £1 million of Group revenue	471	529

Donations

The Company made no political donations during the year (2016: £nil).

Donations by the Group for charitable purposes amounted to £46,550 (2016: £48,310). The majority of these were made to local communities within the Group's operating environments.

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.

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.

Health and Safety

ISO18001 accreditation is the global engineering standard that we are working towards and our two largest mechanical engineering companies and one of our refractory companies have attained accreditation.

Community issues

During the year the Company has continued to communicate to all employees our culture of responsibility and support for local communities where possible.

Supply chain ethics

We visit major suppliers and write letters in line with the United Nations Global Compact voluntary initiative. The letters invite our major suppliers to adopt, implement and evidence adequate compliance policies.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

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. Our Diversity policy is implemented 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, 2017	Male	%	Female	%	Total
Main Board and Company Secretary	8	80%	2	20%	10
Senior Management	72	89%	9	11%	81
Employees	874	82%	189	18%	1,063
Total	954	83%	200	17%	1,154

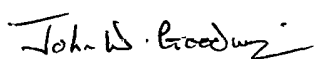
Breakdown by age

Year ended 30th April, 2017	Age 16 to 21	%	Age 22 to 40	%	Age 41 to 65	%	Age Over 65	%	Total
Main Board and Company Secretary	0	0%	5	50	5	50%	0	0%	10
Senior Management	0	0%	23	28%	58	72%	0	0%	81
Employees	94	9%	475	45%	478	45%	16	2%	1,063
Total	94	8%	503	44%	541	47%	16	1%	1,154

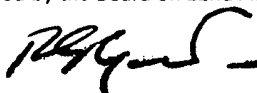
FORWARD-LOOKING STATEMENTS

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 22nd August, 2017, and is signed on its behalf by:



J. W. Goodwin
Director



R. S. Goodwin
Director

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their reports and audited financial statements for the year ended 30th April, 2017.

The Directors have presented their Group Strategic Report on pages 6 to 9. 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. 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 6, the Principal Risks and Uncertainties on page 8, and the Corporate Social Responsibility Report on page 9.

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 42.348p per share (2016: 42.348p) be paid to shareholders on the register at the close of business on 8th September, 2017. If approved by shareholders, the ordinary dividend will be paid to shareholders on 6th October, 2017.

Directors

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

J. W. Goodwin
R. S. Goodwin
J. Connolly
M. S. Goodwin
S. R. Goodwin
S. C. Birks
B. R. E. Goodwin
T. J. W. Goodwin
J. E. Kelly (*Non-Executive Director*)

The Director retiring in accordance with the Articles is Mr. S.R. Goodwin who, being eligible, offers himself for re-election.

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

At the Annual General Meeting in October 2016, shareholders' approval was given for the Equity Long Term Incentive Plan ("LTIP"), a performance related incentive plan for Directors of the Company providing incentives to the Directors to deliver future value to shareholders and subject to stretching targets.

Shareholdings

The Company has been notified that as at 16th August, 2017, the following had an interest in 3% or more of the issued share capital of the Company:

J. W. and R. S. Goodwin 2,129,146 shares (29.57%), J. W. and R. S. Goodwin 1,304,034 shares (18.11%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. H. Ridley 501,253 shares (6.95%), Rulegale Nominees (JAMSCLT) 296,657 shares (4.12%).

In line with LR 9.2.2A R, relating to Controlling Shareholders, the Company confirms that a written and legally binding agreement is in place, which complies with the independence provisions set out in LR 6.1.4D R.

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 19 to the financial statements on page 52.

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.

REPORT OF THE DIRECTORS (continued)

Share capital (continued)

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.

Following the passing of a Resolution at the Company's AGM on 5th October, 2016 to approve an Equity Long Term Incentive Plan ("LTIP") for the Executive Directors, the Directors have statutory authority to issue shares in connection with the exercise of options granted under the LTIP. The Directors have not been given authority to issue or buy back shares of the Company other than in respect of the LTIP.

Research and development

The Group invests significantly in R&D. The more material investments during the year included our ongoing axial flow control valve developments, vermiculite dispersions and radar systems.

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.

Shareholder 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 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 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.

Going concern

With the current level of order input, the opportunity for continued profitability remains for the next twelve months. With a year end gearing level of 31.4% and significant headroom between bank facilities available and utilisation, the Directors after having reviewed the situation believe there is a reasonable expectation that the Group has adequate resources to continue in operational existence for 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.

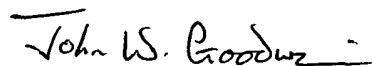
Viability Statement

The Directors have considered the viability of the Group over an extended period of 3 years. The degree of difficulty in forecasting increases with time periods of more than one year, but the Directors again having reviewed the situation have a reasonable expectation that the Group has adequate resources to continue over this period. The assessment factored in the future projected profitability of the Group which when subjected to sensible stress testing (for example a delayed recovery within the oil and gas markets) still resulted in a profitable outlook. The Group's gearing levels remain relatively modest and, as disclosed within note 20, our unutilised bank facilities are significant. The 3 year viability review assumes we will be able to refinance our existing bank facilities as they come up for renewal but we feel this assumption is reasonable given the financial position of the Group.

Auditors

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 KPMG LLP as auditor of the Company.

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



J. W. Goodwin
Chairman

22nd August, 2017

CORPORATE GOVERNANCE REPORT

Introduction

The Board comprises eight Directors and an independent Non-Executive Director; the Audit Committee comprises the Non-Executive Audit Committee Chairman, two Board Directors and the Company Secretary. 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 revised Code as detailed below, it does not believe that at this stage in the Group's development and circumstances it is appropriate to change its own operational or governance structure with the sole objective of achieving compliance with the revised Code given that the Board's current corporate governance strategy has been accepted by a large majority of its shareholders.

For the past two years the Company has had one Non-Executive Director who is also the Chairman of the Audit Committee. This is not in full compliance with the revised Code, but for a small 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 revised September, 2014

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 A4.1, A4.2, B1.2, and C3.1 in terms of having a senior independent Director. Since 14th April, 2015 a Non-Executive Director with the role of Chairman of the Audit Committee has been appointed. The Group does not have a Remuneration Committee or a Nominations Committee as required under provisions B2 and D2, 1 and 2.2

The roles of the Chairman in running the Board and the Managing Director in running the Group's businesses are well understood. It is not considered necessary to have written job descriptions. This is contrary to provision A2.1. The Chairman and Managing Director do not retire by rotation, which is contrary to provision B7.1 of the Code.

There is no formal schedule of matters reserved for the Board, which is contrary to provision A1.1.

The Board

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

J. W. Goodwin (Chairman)	...	...	...	9 out of 9 attended
R. S. Goodwin (Managing Director)	...	...	...	9 out of 9 attended
J. Connolly	...	...	...	9 out of 9 attended
M. S. Goodwin	...	...	...	9 out of 9 attended
S. R. Goodwin	...	...	...	7 out of 9 attended
S. C. Birks	...	...	...	9 out of 9 attended
B. R. E. Goodwin	...	...	...	7 out of 9 attended
T. J. W. Goodwin	...	...	...	8 out of 9 attended
J. E. Kelly	...	...	...	7 out of 9 attended

The Chairman and Managing Director 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.

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.

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 (Chairman), J. W. Goodwin, R. S. Goodwin and P. Ashley as Company Secretary and the Audit Committee reports to the Board. The Audit Committee has met formally six times since the issue of the Annual Report for the year ended 30th April, 2016, with all members attending each meeting. The responsibility of the Audit Committee is explained in the Audit Committee Report on pages 15 to 18. The Audit Committee takes into account the Company's corporate Mission Statement, Objectives and Strategy, and reviews investor correspondence and comments, regulatory changes, current issues and market trends. The Audit Committee uses expert opinion where considered appropriate.

Board evaluation

The Managing Director and Chairman 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 Director and Chairman, by way of personal discussions and individual performance evaluation.

CORPORATE GOVERNANCE REPORT *(continued)*

Board evaluation *(continued)*

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 re-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 auditors

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 reasonable steps to make himself 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 15 to 18. 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 includes regular visits and discussions between Board Directors and subsidiary management, 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 on-going 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.

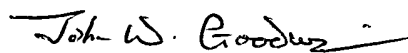
The close involvement of Board Directors in the day to day operations of the business ensures that the Board has the financial and non-financial controls under constant review and so it is not currently considered that formal Board reviews of these controls would provide any additional benefit in terms 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 has made good progress reviewing internal controls, procedures and accounting systems. The Board 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. During the year, the Board has commissioned external reviews of the Group's data protection, know your customer compliance and mobile device security using independent experts.

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:



J. W. Goodwin
Chairman

22nd August, 2017

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:

1. Reviewing and checking the Group's full year and half year Accounts and the Annual Report, as presented to the Audit Committee, to ensure that they are, in their view, fair, appropriate, representative of the Group's performance and that they provide the information necessary for shareholders to assess the Group's performance.
2. Reviewing the Group's financial and non-financial internal controls and risk management systems and commenting on whether they are relevant and effective.
3. 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.
4. Reviewing comments and feedback brought to its attention by Directors or other employees of the Group.
5. Reviewing the Group's "whistle-blowing" procedures and reviewing any significant reports.
6. Reviewing the scope of work for the internal audit function and the resultant reports.
7. Reviewing significant accounting estimates and judgements relating to the financial statements with the external auditors 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 Chairman 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 historical knowledge of the business and activities of the Group. Regular meetings are held between members of the Audit Committee, other Directors of Goodwin PLC and its subsidiaries, General Managers and Senior Management of the UK subsidiaries. Each overseas subsidiary is typically visited at least once during the year by a member of the Audit Committee, or by a Main Board Director, for meetings with the General Managers and Senior Management with reports sent back to the Audit Committee. On a formal basis, members of the Audit Committee are involved in quarterly discussions with the General Managers and Senior Management of each subsidiary where the positions taken on subjective financial matters are discussed. 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, 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 auditors are 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, 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, 2017 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 monthly financial reports; reviews reports from internal and external audit; reviews reports from independent external consultants; and reviews the Group's risk register, business continuity programmes and levels of insurance.

AUDIT COMMITTEE REPORT *(continued)*

2017 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 Register Review:

The risk register has been reviewed and enhanced in respect of the Information Asset Register and the forthcoming requirements of the General Data Protection Regulations (GDPR).

The review also highlighted the following risks:

- Easat Radar Systems Ltd's production quality assurance testing on tight time scales which has been mitigated with the installation of our own anechoic test chamber.
- The criticality of plant maintenance and gas fuel supply at Hoben International Ltd, partly mitigated by investigating dual sourcing.
- The risk of increased cost of new equipment if not procured and brought on line on schedule at Goodwin Steel Castings Ltd.
- The need for increased legal resource to review difficult international sales contracts that are part of major government programmes.
- The need to upgrade IT equipment in one overseas subsidiary.

Last year's initiatives have also been reviewed as work in progress.

Two main areas retain our focus:

- Communication flow down as a means to train and prove competence throughout our work force using suitable software and;
- Commencement of the external audit tender process in order to generate, in a timely manner, a specification of required activity and to obtain competitive quotations to comply with the Listing requirements and to have an extended hand over period.

During the year the Audit Committee monitored work as follows:

ICT (Information and Communication Technologies) Report to Audit Committee July 2017

Commitment to and investment in information security

In response to FCA Executive Director, Nausicaa Delfas' cyber security speech "Expect the unexpected", during 2017 we have taken the following actions:

- invested in and implemented additional technical solutions to implement industry best practice in line with the Council on CyberSecurity's Critical Security Controls: software patch management, continuous monitoring and vulnerability assessment scanning, security information and event management (SIEM), network performance monitoring (NPM);
- invested in encryption solutions to further protect and encrypt personal data, commercially sensitive data and corporate intellectual property;
- committed resources to improve our data protection posture in readiness for compliance with the GDPR including cyber security and data protection due diligence checks on suppliers;
- provided staff awareness training on cyber security, including a lecture from Del Heppenstall (formerly GCHQ), Director of Cyber Security, KPMG LLP;
- begun to create an up to date electronic network diagram of our ICT infrastructure which can be used to facilitate rapid troubleshooting of availability issues and enable printed copies to be produced for offline troubleshooting when required.

Summary

There have been zero reported or suspected data breaches during this period. We have experienced and successfully remediated two ransomware incidents and suffered one widespread internal network failure for 15 minutes. We have communicated more closely with our ISP and are reviewing our ICT disaster recovery arrangements to ensure they remain effective.

KYC (Know your Customer) and 4th Money Laundering Directive

- We have completed a risk assessment to identify and assess the risks of money laundering and terrorist financing and recorded the steps we have taken and the information on which this was based.
- We have communicated policies, controls and procedures to all subsidiaries including those overseas.
- We will be instigating re-familiarisation training checks for employees who can identify, prevent or detect money laundering.

AUDIT COMMITTEE REPORT *(continued)*

- We carry out customer due diligence requirements including verification of legal entities and/or persons authorised to represent customers and scrutiny of transactions.

All of the above will continue to be reviewed in the coming year. None are posing current concerns.

New requirements and regulations are being addressed:

- Health and Safety - During the year we have appointed a former HM Inspector of Health and Safety as Group Health and Safety Manager to review, report and recommend on the Group's Health and Safety procedures and to carry out Health and Safety audits across all of our UK and overseas subsidiaries and support these individual subsidiary companies' Health and Safety Manager and the Directors.

Directors and Senior Managers have been given training as to the new sentencing guidelines (for organisations, individuals and corporate manslaughter) that came into force in February 2016. It has always been Group practice to carry out appropriate risk assessments when new or modified plant or processes are introduced. However now, as the new laws intend, the Directors and Managers have been given greater focus by reminding them of the possibility of custodial sentences and by emphasising the new mandatory very substantial fines (Criminal Procedure Direction XIII Annex 3) which now will be given out by the courts to companies failing to carry out suitable risk assessments and implement appropriate working procedures and practices to ensure the working environment is as safe as possible.

- We are also currently focused on upcoming and recent legislation requirements concerning Gender Pay Gap reporting, Modern Slavery, GDPR, Prompt Payment Policy as well as monitoring the Corporate Governance review.

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

3. The Group's external auditor

KPMG LLP has been the Group's auditor for more than 20 years and whilst, during this time, no formal competitive tender process has taken place, the Directors (historically) and the Audit Committee latterly consider that the cost of the audit is competitive when compared against listed companies of a similar size. In line with the recent changes in legislation with regards to auditor appointments, the Company intends to seek competitive tenders for its audit services within the next 3 years.

KPMG LLP has during the year provided non-audit services to the Group. The cost of these non-audit services is a small fraction of the annual Group audit fee itself. Given the quantum of non-audit fees involved and that the Group's total fees paid to KPMG LLP are very small compared to their total annual fee generation, we believe that there has been no issue as regards the objectivity and independence resulting from these non-audit services. 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, KPMG LLP, 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 performance, independence, the effectiveness of the audit process, and the level of audit remuneration, and has recommended to the Board to propose the re-appointment of KPMG LLP as the external auditor at the Annual General Meeting on 4th October, 2017.

4. Reviewing comments and feedback

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

During the year we received a letter from the Financial Reporting Council (FRC) who reviewed our Interim Report to 31st October, 2016. The FRC review is limited as it is based on our Interim Report and does not benefit from detailed knowledge of our business or an understanding of the underlying transactions entered into. The FRC had no questions or queries in relation to the review.

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 external auditors. 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 and results of internal audit have been reviewed.

Our Group Internal Auditor continues to review the adequacy of the Group's internal controls and procedures. In addition, support has been provided to improve the accounting systems of the Group's overseas refractory companies.

AUDIT COMMITTEE REPORT *(continued)*

7. 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, 2017. The Audit Committee also took account of the findings of KPMG LLP in relation to their external audit work for the year.

In particular, the Audit Committee considered the following principal risk areas:

Revenue Recognition – whether sales recorded in the year were generally in compliance with the IAS 18 revenue recognition standard.

The adequacy of the Group's provisions in relation to its sales contracts (both warranties and net realisable value issues with regard to the year end work in progress).

In addition, the Audit Committee also considered other areas including the adequacy of the Group's debtor impairment reserves and the adequacy of the Group's provision against damaged, slow moving and obsolete stocks.

Following the review and having held discussions with management where appropriate as well as with KPMG LLP themselves, the Audit Committee was of the opinion that the accounting estimates and judgements contained within these financial statements were both justified and appropriate.

J. E. Kelly

Chairman of the Audit Committee



22nd August, 2017

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.

At the Annual General Meeting on 5th October, 2016, shareholders' approval was given for the Equity Long Term Incentive Plan ("LTIP"), a performance related incentive plan for Directors of the Company providing incentives to the Directors to deliver future value to shareholders and subject to stretching targets. Shareholders also approved a revised Directors' Remuneration Policy incorporating the new LTIP.

The performance target requires the Directors to continue to grow the Total Shareholder Return ("TSR") of the Company over and above the 166.09% growth achieved between 2009 and 2016 with the maximum vesting under the LTIP only achievable if TSR growth equals at least 366.09% over the ten years between 2009 and the end of the performance period in 2019.

Other than the LTIP for Directors, 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 Director salary within any year as illustrated in the matrix below.

Element of Pay	Purpose and Link to Strategy	Operation	Maximum	Performance Targets	Changes for 2016/2017
Salary	Reflects the Directors' level of activity 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 flexed.	The Managing Director sets the base increase in salaries. For the period May, 2016 to April, 2017, the increase was generally 0% and in some cases reduced.
Bonus	No bonus strategy or incentive is agreed or contractual with any Director. Should any be awarded, it is discretionary and generally between 0% and 25%, but with a maximum of 60%, as determined by the Managing Director and audited by the Chairman.	Following review of the half year and year end results of the Company.	60% of salary	N/A	No exceptional bonuses were paid this year.

DIRECTORS' REMUNERATION POLICY AND REPORT *(continued)*

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

Element of Pay	Purpose and Link to Strategy	Operation	Maximum	Performance Targets	Changes for 2016/2017
Equity Long Term Incentive Plan	Reflects the Directors' contribution to achieving growth in shareholder value.	Awards will be granted in the form of options with an exercise price equal to the nominal value of a share. Options will vest and become exercisable following 30th April, 2019 but only subject to performance measured at that time.	Awards will entitle each holder to earn up to 1% of the share capital of the Company subject to the performance condition.	An Award will vest and become 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.	N/A
Pensions	All 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 pages 24 and 25.

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 20 years and more and that the Directors' salaries are anything but excessive versus the norm of other PLCs, this is the Board's policy.

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	32%	51%	58%
TSR for last 10 Years	157%	62%	69%
TSR for last 20 Years	3,416%	216%	255%

The TSR achieved by the Company over the past five years is below the average of the FTSE 100 and FTSE 350. This has been a feature of exceedingly high growth in the period more than five years ago and the effect of the global contraction of capital expenditure in the oil, gas and mining industries over the past three years. The TSR for the last ten years and the last twenty years still far outstrips the performance of the FTSE 100 and the FTSE 350 and the logic behind the introduction of the LTIP for the Board Directors was to try to bring about a significant improvement to the five year TSR within the next two years.

As is required by the Listing Rules, we show in graph form both the salary of the Managing Director 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 Director and the Chairman.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

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

The Company put the Remuneration Policy to the vote of the Annual General Meeting in 2016 when it was passed by 94.22% of those who voted. The Company will be putting the Remuneration Policy to the vote again at least every three years, 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 accounts 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 advisors or consultants for remuneration or incentive policy. Shareholder engagement is by nature of the Annual Report and Accounts, 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 19 to 21. The Policy has been followed in the financial year to 30th April, 2017, 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 Director 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:

	2017 £'000	2016 £'000	%
Ordinary dividends proposed in respect of the year	3,049	3,049	-
Total employee costs	39,129	37,878	3.3%
Average employee numbers	1,154	1,172	(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, 2016 was put to the shareholders at last year's Annual General Meeting on 5th October, 2016. The Annual Directors' Remuneration Report was accepted with 97.86% of proxy votes cast in favour.

Total shareholder return

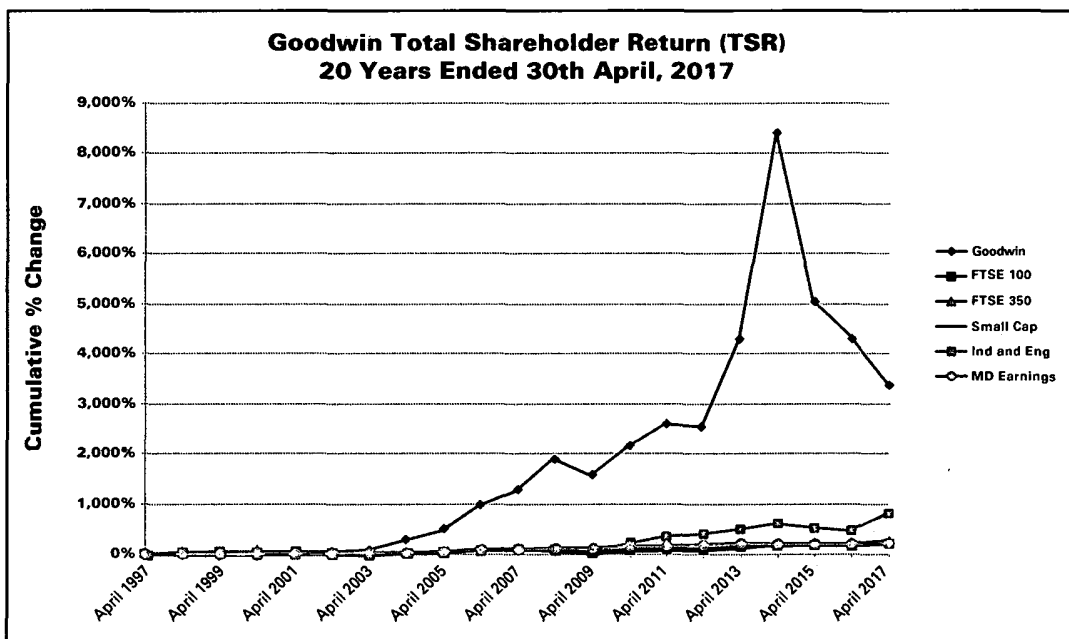
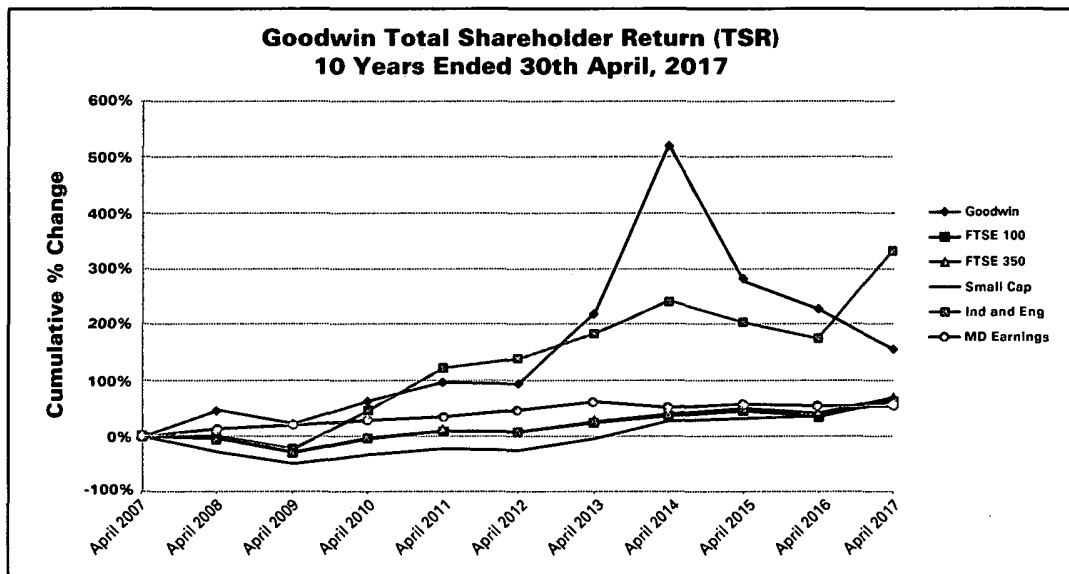
The following graphs compare the Group's total shareholder return over the ten and twenty years ended 30th April, 2017 with various FTSE indices. The graphs also show the changes in the earnings of the Managing Director for these periods.

The base earnings of the Managing Director during the year have decreased by 0.3% from the previous year. The total earnings of the Managing Director for the last five years are:

2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000
385	360	374	369	368

Total payroll costs, excluding the Managing Director's salary, have increased by 3.3%. The total payroll costs disclosed in note 4 are impacted by the significant deterioration of sterling when translating the payroll costs of our overseas operations. During the year, no pay increases were awarded to employees in the UK companies.

DIRECTORS REMUNERATION POLICY AND REPORT (continued)
Annual Directors' Remuneration Report (continued)



The increase in the Goodwin PLC share price since 1997 plus dividends re-invested would mean that £1.00 invested in 1997 by the 30th April, 2017 would be worth £35.16. The increase in the share price since 2007 plus dividends re-invested would mean that £1.00 invested in 2007 would at 30th April, 2017 be worth £2.57.

DIRECTORS REMUNERATION POLICY AND REPORT *(continued)*

Annual Directors' Remuneration Report *(continued)*

The auditors are 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

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 2017	30th April 2016
<i>Beneficial</i>		
J. W. Goodwin	29,131	35,252
R. S. Goodwin	1	6,115
J. W. Goodwin and R.S. Goodwin	2,129,146	2,096,251
J. W. Goodwin and R.S. Goodwin	1,304,034	1,304,034
J. Connolly	722	722
M. S. Goodwin	70,503	75,668
S. R. Goodwin	92,142	95,433
S. C. Birks	200	200
B. R. E. Goodwin	39,333	44,498
T. J. W. Goodwin... ..	129,330	134,495
<i>Non-beneficial</i>		
J. W. Goodwin and E. M. Goodwin	14,166	14,166

There have been no changes in the Directors' interests between 30th April, 2017 and 22nd August, 2017.

Details of individual emoluments and compensation

The following parts of the Remuneration Report are subject to audit.

Single Total Figure Table Year ended 30th April, 2017							Salary	Benefits in kind	Non-Exec Director's fees	Pension contrib- utions	Total
							2017	2017	2017	2017	2017
							£'000	£'000	£'000	£'000	£0'000
J. W. Goodwin							308	49	-	11	368
R. S. Goodwin							308	49	-	11	368
J. Connolly							189	30	-	6	225
M. S. Goodwin							204	27	-	7	238
S. R. Goodwin							187	13	-	6	206
S. C. Birks							103	19	-	3	125
B. R. E. Goodwin							98	13	-	3	114
T. J. W. Goodwin							120	2	-	3	125
J. E. Kelly							-	-	48	-	48
Total							1,517	202	48	50	1,817

Single Total Figure Table Year ended 30th April, 2016							Salary	Benefits in kind	Non-Exec Director's fees	Pension contrib- utions	Total
							2016	2016	2016	2016	2016
							£'000	£'000	£'000	£'000	£'000
J. W. Goodwin							308	50	-	11	369
R. S. Goodwin							308	50	-	11	369
J. Connolly							212	29	-	7	248
M. S. Goodwin							212	29	-	7	248
S. R. Goodwin							192	15	-	6	213
S. C. Birks							113	19	-	3	135
B. R. E. Goodwin							104	13	-	3	120
T. J. W. Goodwin							100	3	-	3	106
J. E. Kelly							-	-	48	-	48
A. J. Bailey (retired 1st June, 2015)...							7	7	-	-	14
Total							1,556	215	48	51	1,870

DIRECTORS REMUNERATION POLICY AND REPORT (continued)

Annual Directors' Remuneration Report (continued)

Benefits in kind consist of the provision of a fully expensed car, a cash alternative scheme, healthcare insurance or other services.

Equity long-term incentive plan (LTIP)

A resolution for the approval of a long-term incentive plan for the Executive Directors was approved at the Annual General Meeting on 5th October, 2016.

Awards under the LTIP were granted on 5th October, 2016, giving the Directors the ability to earn the awards, subject to the Company performance, by 30th April, 2019, in the form of options with an exercise price equal to the nominal value of a share (10p). The share price on 5th October, 2016 was £22.20. The fair value of each option, on the date the options were granted, measured by a Monte Carlo method, is £4.62. Subject to performance measured at 30th April 2019, options will vest and become exercisable at that time.

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

An award will vest and become 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.

If the minimum level of growth of 10% is achieved, the share options, which will vest, will be 3,600 for each director.

										Number of share options
J. W. Goodwin	...	...	...	...	...	...	...	...	...	72,000
R. S. Goodwin	...	...	...	...	...	...	...	...	...	72,000
J. Connolly	...	...	...	...	...	...	...	...	...	72,000
M. S. Goodwin	...	...	...	...	...	...	...	...	...	72,000
S. R. Goodwin	...	...	...	...	...	...	...	...	...	72,000
S. C. Birks	...	...	...	...	...	...	...	...	...	72,000
B. R. E. Goodwin	...	...	...	...	...	...	...	...	...	72,000
T. J. W. Goodwin	...	...	...	...	...	...	...	...	...	72,000
Total	...	...	...	...	...	...	...	...	...	576,000

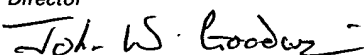
Total pension entitlements

In October 2013, the Group followed the Government's requirements to set up 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 pension contributions are to defined contribution pension schemes which are independent of the Company.

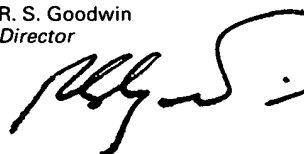
The Company has no obligations to make any payments in relation to pensions when a Director leaves service by nature of removal from office, resignation or retirement.

The Annual Directors' Remuneration Report was approved by the Board on 22nd August, 2017, and is signed on its behalf by:

J. W. Goodwin
Director



R. S. Goodwin
Director



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

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and following shareholders' approval, have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

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 parent Company and of their profit or loss for that period.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Group Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

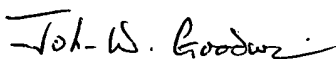
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statements of the Directors in respect of the annual financial report

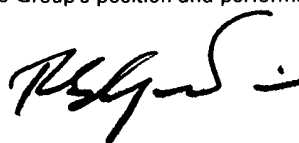
We confirm that to the best of our knowledge:

- 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
- the Group Strategic 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.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.



J. W. Goodwin
Director



R. S. Goodwin
Director

22nd August, 2017

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

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Goodwin PLC for the year ended 30th April, 2017 set out on pages 30 to 34. 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 30th April, 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement, in decreasing order of audit significance, that had the greatest effect on our audit were as follows (unchanged from 2016):

Recognition of revenue £131.6 million (2016: £123.5 million)

Risk vs 2016: risk unchanged

Refer to page 18 (Audit Committee Report), page 39 (Note 1. Accounting policies - Revenue) and pages 41 to 42 (Note 2. Segmental information)

Accounting treatment: The Group trades under a wide variety of commercial terms, and judgement is required as to the point at which the risks and rewards pass to the customer. The risk is that the timing of revenue recognition is not in line with the agreed commercial terms, especially for transactions close to the financial year end.

Our response

Our procedures included:

Accounting analysis: We reviewed the commercial terms applied by the various businesses in the Group and made our own independent assessment of the appropriate point in time to recognise revenue having regard to the requirements of the relevant accounting standards.

Testing application: For a sample of significant sales around the year end, we assessed whether revenue had been recorded in the appropriate financial year, based on our assessment of the commercial terms agreed with the customer, relevant shipping documentation and sales invoices.

Warranty provisions £395,000 (2016: £330,000)

Risk vs 2016: risk unchanged

Refer to page 18 (Audit Committee Report), page 39 (Note 1. Accounting policies - Provisions) and page 50 (Note 17. Warranty provision)

Omitted exposures: Certain of the Group's products incorporate the right to return under a pre-agreed warranty policy with its customers. The likelihood of claims arising is inherently uncertain and, hence, judgement is required to determine whether a provision should be recognised.

Subjective valuation: Determination of the amount of the provision to be recognised requires the Group to make judgements and estimates that are inherently subjective, including the number of parts affected and the cost of rectification of those parts.

Our response

Our procedures included:

Compliance data scrutiny: We inspected customer correspondence for indications of potential liabilities.

Personnel interviews: We held discussions with local financial controllers to identify current and historical quality issues and known or expected warranty claims and corroborated these discussions through inspection of credit notes and Board minutes.

Historical comparison: We assessed the Group's track record in determining the warranty provisions by comparing provisions recorded in previous periods to historical product returns levels.

Tests of detail: Where specific warranty provisions were recorded, we assessed the determination of the provision taking into account available supporting documentation such as customer correspondence.

Assessing transparency: We considered the adequacy of the Group's disclosures.

INDEPENDENT AUDITOR'S REPORT
to the Members of
GOODWIN PLC ONLY *(continued)*

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £360,000 (2016: £600,000), determined with reference to a benchmark of Group profit before taxation, of £9.2 million (2016: Benchmark of normalised Group profit before taxation of £19.1 million), of which materiality represents 3.9% (2016: 3.1%). A normalised benchmark was used in the previous financial year as a result of a significant decrease in profit before taxation which was not expected to be permanent.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £18,000 (2016: £30,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 33 (2016: 32) reporting components, we subjected 9 (2016: 9) to audits for Group reporting purposes.

These audits accounted for 79.6% (2016: 85.3%) of total Group revenue; 83.3% (2016: 90.6%) of Group profit before taxation; and 87.0% (2016: 75.2%) of total Group assets.

The remaining 20.4% (2016: 14.7%) of total Group revenue, 16.7% (2016: 9.4%) of Group profit before tax and 13.0% (2016: 24.8%) of total Group assets is represented by 24 (2016: 23) reporting components, none of which individually represented more than 5% of any of total Group revenue, Group profit before tax or total Group assets. For these remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £115,000 to £300,000 (2016: £110,000 to £500,000), having regard to the mix of size and risk profile of the Group across the components. The work on 1 of the 9 components (2016: 1 of the 9 components) was performed by a component auditor and the rest by the Group team.

Telephone conference meetings were held with the component auditor. At these meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Group Strategic Report and the Directors' Report for the financial year is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 13 to 14 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures ("the specified Corporate Governance information") is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Group Strategic Report, the Directors' Report and the Corporate Governance Statement:

- we have not identified material misstatements in the Group Strategic Report, the Directors' Report, or the specified Corporate Governance information;
- in our opinion, the Group Strategic Report and the Directors' Report have been prepared in accordance with the Companies Act 2006; and
- in our opinion, the Corporate Governance Statement has been prepared in accordance with rules 7.2.2, 7.2.3, 7.2.5, 7.2.6 and 7.2.7 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority.

5. We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of Viability on page 12, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the 3 years to April 2020; or
- the disclosures in the Group Accounting Policies on page 35 of the financial statements concerning the use of the going concern basis of accounting.

6. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

INDEPENDENT AUDITOR'S REPORT
to the Members of
GOODWIN PLC ONLY *(continued)*

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required 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; or
- a Corporate Governance Report has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statements, set out on page 12, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 13 to 14 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

22nd August, 2017



Simon Purkess (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT for the year ended 30th April, 2017

	Notes	2017 £'000	2016 £'000
CONTINUING OPERATIONS			
Revenue	2	131,587	123,539
Cost of sales		(97,836)	(89,196)
GROSS PROFIT...		33,751	34,343
Distribution expenses		(3,486)	(3,311)
Administrative expenses	3	(20,317)	(18,284)
OPERATING PROFIT ...		9,948	12,748
Financial expenses	5	(873)	(775)
Share of profit of associate companies	10	169	341
PROFIT BEFORE TAXATION	2, 3	9,244	12,314
Tax on profit	6	(2,487)	(3,376)
PROFIT AFTER TAXATION...		6,757	8,938
ATTRIBUTABLE TO:			
Equity holders of the parent		6,082	8,838
Non-controlling interests		675	100
PROFIT FOR THE YEAR		6,757	8,938
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	7	84.47p	122.75p

The notes on pages 35 to 61 form part of these financial statements.

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30th April, 2017

	2017	2016
	£'000	£'000
PROFIT FOR THE YEAR	6,757	8,938
OTHER COMPREHENSIVE EXPENSE		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:		
Foreign exchange translation differences	3,619	279
Effective portion of changes in fair value of cash flow hedges	(6,526)	(728)
Change in fair value of cash flow hedges transferred to the income statement	2,142	(1,923)
Tax charge on items that may be reclassified subsequently to the income statement	738	516
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF INCOME TAX	(27)	(1,856)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6,730	7,082
ATTRIBUTABLE TO:		
Equity holders of the parent	5,654	7,018
Non-controlling interests	1,076	64
	6,730	7,082

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30th April, 2017

	Share capital £'000	Trans- lation reserve £'000	Cash flow hedge reserve £'000	Share- based payments 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, 2017								
Balance at 1st May, 2016	720	(1,041)	(594)	-	87,209	86,294	3,823	90,117
Total comprehensive income:								
Profit	-	-	-	-	6,082	6,082	675	6,757
Other comprehensive income:								
Foreign exchange translation differences	-	3,218	-	-	-	3,218	401	3,619
Net movements on cash flow hedges	-	-	(3,646)	-	-	(3,646)	-	(3,646)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,218	(3,646)	-	6,082	5,654	1,076	6,730
Transactions with owners of the Company recognised directly in equity	-	(23)	-	-	21	(2)	1	(1)
Equity-settled share-based payment transactions ...	-	-	-	601	-	601	-	601
Dividends paid	-	-	-	-	(3,111)	(3,111)	(675)	(3,786)
BALANCE AT 30TH APRIL, 2017	720	2,154	(4,240)	601	90,201	89,436	4,225	93,661
YEAR ENDED								
30TH APRIL, 2016								
Balance at 1st May, 2015 ...	720	(1,356)	1,541	-	81,836	82,741	3,781	86,522
Total comprehensive income:								
Profit	-	-	-	-	8,838	8,838	100	8,938
Other comprehensive income:								
Foreign exchange translation differences	-	315	-	-	-	315	(36)	279
Net movements on cash flow hedges	-	-	(2,135)	-	-	(2,135)	-	(2,135)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	315	(2,135)	-	8,838	7,018	64	7,082
Transactions with owners of the Company recognised directly in equity	-	-	-	-	-	-	174	174
Purchase of non-controlling interest without a change in control	-	-	-	-	(360)	(360)	-	(360)
Dividends paid	-	-	-	-	(3,105)	(3,105)	(196)	(3,301)
BALANCE AT 30TH APRIL, 2016	720	(1,041)	(594)	-	87,209	86,294	3,823	90,117

GOODWIN PLC

CONSOLIDATED BALANCE SHEET

at 30th April, 2017

	Notes	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	65,739	62,530
Investment in associates	10	2,045	1,640
Intangible assets... ..	11	18,240	17,565
		86,024	81,735
CURRENT ASSETS			
Inventories... ..	12	37,657	35,631
Trade and other receivables	13	26,338	33,792
Derivative financial assets	20	1,756	2,107
Cash and cash equivalents	14	5,172	4,970
		70,923	76,500
TOTAL ASSETS		156,947	158,235
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	9,542	8,531
Trade and other payables	16	22,454	32,608
Deferred consideration... ..	16	500	500
Derivative financial liabilities... ..	20	2,492	2,818
Liabilities for current tax		1,592	1,785
Warranty provision	17	90	151
		36,670	46,393
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	23,675	18,497
Warranty provision	17	305	179
Deferred tax liabilities	18	2,636	3,049
		26,616	21,725
TOTAL LIABILITIES		63,286	68,118
NET ASSETS		93,661	90,117
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	19	720	720
Translation reserve		2,154	(1,041)
Share-based payments reserve		601	-
Cash flow hedge reserve		(4,240)	(594)
Retained earnings		90,201	87,209
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		89,436	86,294
NON-CONTROLLING INTERESTS		4,225	3,823
TOTAL EQUITY		93,661	90,117

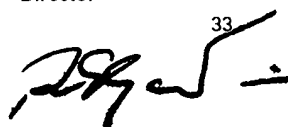
These financial statements were approved by the Board of Directors on 22nd August, 2017, and signed on its behalf by:

J.W. Goodwin
Director

R.S. Goodwin
Director

Company Registration Number: 305907





GOODWIN PLC

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th April, 2017

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
CASH FLOW FROM OPERATING ACTIVITIES				
Profit from continuing operations after tax		6,757		8,938
Adjustments for:				
Depreciation		5,597		4,748
Amortisation of intangible assets		938		583
Impairment of intangible assets		-		340
Gain arising on bargain purchase		-		(143)
Financial expenses		873		775
Revaluation of foreign currency balances		(696)		(276)
(Profit)/loss on sale of property, plant and equipment		52		(456)
Share of profit of associate companies		(169)		(341)
Equity-settled share-based payments		601		-
Tax expense		2,487		3,376
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		16,440		17,544
Decrease/(increase) in trade and other receivables		8,721		(5,420)
Increase in inventories		(1,014)		(2,357)
Decrease in trade and other payables (excluding payments on account)		(9,445)		(1,464)
(Decrease)/increase in payments on account		(5,825)		5,402
CASH GENERATED FROM OPERATIONS		8,877		13,705
Interest paid		(802)		(703)
Corporation tax paid		(2,675)		(3,058)
Interest element of finance lease obligations		(115)		(20)
NET CASH FROM OPERATING ACTIVITIES		5,285		9,924
CASH FLOW FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		237		968
Acquisition of intangible assets		(149)		(4,319)
Acquisition of property, plant and equipment		(7,411)		(7,707)
R&D expenditure capitalised		(791)		(1,430)
Acquisition of subsidiaries net of cash acquired		-		(2,005)
Additional payment for existing subsidiary		-		(330)
Additional investment in associate companies		-		(30)
Dividends received from associate companies		-		173
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(8,114)		(14,680)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of capital element of finance lease obligations		(930)		(274)
Dividends paid		(3,111)		(3,105)
Dividends paid to non-controlling interests		(675)		(196)
Proceeds from loans and committed facilities		5,871		3,305
Repayment of loans and committed facilities		(44)		(3,000)
Finance fees		-		(100)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		1,111		(3,370)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,718)		(8,126)
Cash and cash equivalents at beginning of year		(413)		7,732
Effect of exchange rate fluctuations on cash held		648		(19)
CASH AND CASH EQUIVALENTS AT END OF YEAR (see note 14)		(1,483)		(413)

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 approved by the Directors and prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU). 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 62 to 70.

The accounting policies set out below have, unless otherwise stated, 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 25.

With the current level of order input, the opportunity for continued profitability remains good for the next twelve months. The impact of working capital requirements on our banking facilities given the expected level of activity and capital spend commitments will continue to be monitored and managed. After reviewing the situation, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 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.

New IFRS standards and interpretations adopted during 2017

In 2017 the following amendments had been endorsed by the EU, became effective and therefore were adopted by the Group:

- Amendments to IAS 1 – Disclosure Initiative (effective for annual periods beginning on or after 1st January, 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Applying the Consolidation Exception (effective for annual periods beginning on or after 1st January, 2016)
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1st January, 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1st January, 2016)
- Amendments to IAS 27 – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1st January, 2016)
- Annual improvements to IFRSs 2012-2014 Cycle (effective for annual periods beginning on or after 1st January, 2016)

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

Measurement convention

The financial statements are rounded to the nearest thousand pounds.

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

Basis of consolidation

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

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

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to 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 income statement 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 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 this translation of foreign operations are taken directly to the translation reserve. They are released into the income statement upon disposal of the foreign operation.

Financial instruments

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

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.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade receivables

Trade receivables do not carry interest and are initially recognised at fair value and are subsequently measured at their amortised cost using the effective interest method, where material, as reduced by allowances for impairment when there is objective evidence of impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an impairment account and any impairment loss is recognised in the income statement.

Recognition and valuation of 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.

Recognition and valuation of financial liabilities

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

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at their fair value less attributable transaction costs. They are subsequently carried at their amortised cost and finance charges are recognised in the income statement over the term of the instrument using an effective rate of interest. Bank overdrafts that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other payables

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

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. 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. For derivatives that do not form part of a designated hedge relationship, the gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

1. Accounting policies (continued)

Derivative financial instruments and hedging (continued)

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. Any ineffective portion of the hedge is recognised immediately in the income statement.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement.

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 hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial cost or other carrying amount of the non-financial asset or liability.

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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement 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
Fixtures and fittings	...	...	...	...	15% to 25% on reducing balance

Assets in the course of construction are not depreciated.

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 net identifiable assets and contingent liabilities 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 income statement. 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.

In respect of acquisitions prior to 1st May, 2006, goodwill is included at transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

Expenditure on research activities is recognised in the income statement as an expense as incurred.

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 income statement 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.

1. Accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation is charged to the income statement 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 - 15 years
• Customer lists	10 years
• Order book	1 year
• Distribution rights	25 years
• Software and licences	3 years
• Non-compete agreements	15 years

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.

Government grants

Government grants relating to income are recognised in the income statement as a deduction from the expenses that they are intended to compensate.

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. Amounts of grants received are shown in notes 3 and 9.

Put option in respect of a minority interest in a subsidiary

Where the Group has, through a put option, an obligation to purchase shares in a subsidiary from a minority interest, a financial liability is recognised for the present value of the estimated consideration payable under the put option and the minority interest is not recognised.

For acquisitions made prior to the adoption of Revised IFRS 3 "Business Combinations" (1st May, 2010) at each reporting date, changes in the carrying amount of the liability arising from variations in the estimated fair value of the purchase consideration (excluding the effect of the unwinding of the discount, which is accounted for as a financial expense) are recognised by adjusting the carrying amount of the goodwill recognised on initial recognition of the business combination. For acquisitions after adoption of Revised IFRS 3, any changes in the liability are recognised in the income statement.

Impairment

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 income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1st May, 2006, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

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.

1. Accounting policies (continued)

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 negotiated 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 income statement.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business by subsidiary companies to external customers, net of discounts, VAT and other sales related taxes. Revenue is reduced for customer returns, rebates and other similar allowances. Revenue from the sale of goods, which represent more than 98% of Group revenue, is recognised in the income statement when:

- The significant risks and rewards of ownership have been transferred to the buyer in accordance with the contracted terms of sale;
- The amount of revenue and costs can be measured reliably;
- The Group retains neither continuing managerial involvement nor effective control over the goods; and
- It is probable that the economic benefits associated with the transaction will flow to the Group.

This is typically on delivery of the products or customer acceptance. However, commercial terms of sale vary between subsidiary companies.

Leases

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial expenses

Financial expenses comprise interest payable, interest on finance leases using the effective interest method and the unwinding of the discount on provisions. 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 income statement as it accrues.

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 income statement 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.

1. Accounting policies (continued)

Share-based payment transactions (continued)

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

New IFRS standards, amendments and interpretations not adopted

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the Group:

- Annual Improvements to IFRSs – 2014-2016 Cycle – minor amendments to IFRS 12 (effective for annual periods beginning on or after 1st January, 2017)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for unrealised losses (effective for annual periods beginning on or after 1st January, 2017)
- Amendments to IAS 7 – Disclosure initiative (effective for annual periods beginning on or after 1st January, 2017)
- Annual Improvements to IFRSs – 2014-2016 Cycle – minor amendments to IFRS 1 and IAS 28 (effective for annual periods beginning on or after 1st January, 2018)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1st January, 2018)
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1st January, 2018)
- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1st January, 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1st January, 2018)
- IFRS 15 – Clarifications (effective for annual periods beginning on or after 1st January, 2018)
- Amendments to IFRS 40 – Transfers of Investment Property (effective for annual periods beginning on or after 1st January, 2018)
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1st January, 2018)
- IFRS 16 – Leases (Not yet endorsed. IASB effective date 1st January, 2019)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (not yet endorsed)

The Group has considered the impact of these new standards and interpretations in future periods on profit, earnings per share and net assets. The review of the impact of IFRS 9, IFRS 15 and IFRS 16 is still in progress. None of the other standards or interpretations is expected to have a material impact.

2. 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. Financial information for each operating division is also available in a disaggregated form in line with the identified cash-generating units. Segment assets and liabilities include items directly attributable to segments as well as those that can be allocated on a reasonable basis. In accordance with the requirements of IFRS 8 the Group's reportable segments, based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance, are as follows;

■ NOTES TO THE FINANCIAL STATEMENTS ■

2. Segmental information (continued)

- Mechanical Engineering - casting, valve, antenna and pump manufacture and general engineering
- Refractory Engineering - powder manufacture and mineral processing

Information regarding the Group's operating segments is reported below. Associates are included in Refractory Engineering.

Year Ended 30th April	Mechanical Engineering		Refractory Engineering		Sub Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Revenue						
External sales	91,335	88,747	40,252	34,792	131,587	123,539
Inter-segment sales	29,084	18,248	6,522	4,534	35,606	22,782
Total revenue	120,419	106,995	46,774	39,326	167,193	146,321
Reconciliation to consolidated revenue:						
Inter-segment sales					(35,606)	(22,782)
Consolidated revenue for the year					131,587	123,539

Year Ended 30th April	Mechanical Engineering		Refractory Engineering		Sub Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Profits						
Operating including share of associates	6,982	10,961	5,933	4,211	12,915	15,172
% of total operating profit including share of associates	54%	72%	46%	28%	100%	100%
Group centre					(2,798)	(2,083)
Group finance expenses					(873)	(775)
Consolidated profit before tax for the year					9,244	12,314
Tax					(2,487)	(3,376)
Consolidated profit after tax for the year					6,757	8,938

Year Ended 30th April	Segmental total assets		Segmental total liabilities		Segmental net assets	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Segmental net assets						
Mechanical Engineering	80,968	82,569	65,036	65,432	15,932	17,137
Refractory Engineering	41,717	43,207	23,321	28,455	18,396	14,752
Sub total reportable segment ...	122,685	125,776	88,357	93,887	34,328	31,889
Goodwin PLC net asset					71,944	71,620
Elimination of Goodwin PLC investments					(22,084)	(22,441)
Goodwill					9,473	8,994
Other consolidation adjustments ...					-	55
Consolidated total net assets ...					93,661	90,117

□ NOTES TO THE FINANCIAL STATEMENTS □

2. Segmental information (continued)

Segmental property, plant and equipment (PPE) capital expenditure

	2017	2016
	£'000	£'000
Goodwin PLC	5,070	5,633
Mechanical Engineering	1,611	3,405
Refractory Engineering	918	3,030
	7,599	12,068

Segmental depreciation, amortisation and impairment

	2017	2016
	£'000	£'000
Goodwin PLC	2,258	1,781
Mechanical Engineering	2,607	2,690
Refractory Engineering	1,670	1,200
	6,535	5,671

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.

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, 2017				Year ended 30th April, 2016			
	Revenue	Operational net assets	Non-current assets	PPE Capital expenditure	Revenue	Operational net assets	Non-current assets	PPE Capital expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK	24,034	63,451	69,693	6,504	36,776	66,292	69,383	9,771
Rest of Europe	29,712	10,213	2,271	466	21,656	8,035	1,120	453
USA	6,574	-	-	-	13,974	-	-	-
Pacific Basin	33,095	14,012	7,459	210	26,958	11,497	5,610	708
Rest of World	38,172	5,985	6,601	419	24,175	4,293	5,622	1,136
Total	131,587	93,661	86,024	7,599	123,539	90,117	81,735	12,068

3. Expenses and auditor's remuneration

Included in profit before taxation are the following:	2017	2016
	£'000	£'000
Charged to the income statement		
Depreciation:		
Owned assets	5,359	4,641
Assets held under finance lease	238	107
Amortisation of intangible assets	938	583
Impairment of intangible assets	-	340
Loss/(profit) on sale of property, plant and equipment	52	(456)
Operating lease rentals:		
Rental of premises	633	607
Short-term plant hire	95	110
Research and development expensed as incurred	1,491	1,141
Impairment of trade receivables charged to the income statement	43	(27)
Redundancy costs	857	84
Foreign exchange losses	-	1,362
Losses on derivatives at fair value through the income statement	-	99
Fees receivable by the auditors and their associates in respect of:		
Audit of these financial statements	58	54
Audit of the financial statements of subsidiaries	90	111
Other non-audit related services:		
Other assurance services	-	17
Taxation services	4	19
Share-based payments	601	-
Hedge ineffectiveness transferred to the income statement	1,224	-
Credited to the income statement		
Foreign exchange gains	200	-
Government grants received against R&D, infrastructure spend and training costs	1,182	675
Gain on bargain purchase	-	142

4. Staff numbers and costs

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

	Number of employees	
	2017	2016
Works personnel	1,105	1,123
Administration staff	49	49
	1,154	1,172

	2017	2016
	£'000	£'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	34,322	33,224
Social security costs	3,520	3,518
Other pension costs	1,287	1,136
	*39,129	37,878

*Included within the staff costs are redundancy costs of £857,000 (2016: £84,00).

Details of the Directors' remuneration can be found within the Directors' Remuneration Report on page 24. The emoluments of the highest paid Director were £368,000 (2016: £369,000). The emoluments included Company pension contributions of £11,000 (2016: £11,000) which were made to a defined contribution scheme on his behalf. The number of Directors, who were members of a defined contribution pension scheme were 8 (2016: 8).

A charge of £601,000 for the LTIP (2016: £Nil) has been recognised in the year, but not included in the above table. Further information is contained in note 29 and the Chairman's Statement.

5. Financial expenses

	2017	2016
	£'000	£'000
Interest expense on finance leases	115	20
Interest expense on bank loans and overdrafts	801	765
Capitalised interest on fixed asset projects	(43)	(10)
Financial expenses	873	775

6. Taxation

Recognised in the income statement										2017	2016
										£'000	£'000
Current tax expense											
Current year	...	...	...	...	...	...	...	...	...	2,464	3,012
(Over)/under provision in prior years	...	...	...	...	...	...	...	...	...	(60)	291
										2,404	3,303
Deferred tax expense											
Origination and reversal of temporary differences – current year	...	...	...	...	...	...	...	...	...	413	608
Origination and reversal of temporary differences – over provision	...	...	...	...	...	...	...	...	...	(195)	(266)
in prior years	...	...	...	...	...	...	...	...	...	(135)	(269)
Origination and reversal of temporary differences – rate change to prior year	...	...	...	...	...	...	...	...	...	83	73
										2,487	3,376
Total tax expense										2,487	3,376
Reconciliation of effective tax rate										2017	2016
										£'000	£'000
Profit before taxation	...	...	...	...	...	...	...	...	...	9,244	12,314
Tax using the UK corporation tax rate of 19.92% (2016: 20%)	...	...	...	...	...	...	...	...	...	1,841	2,463
Non-deductible expenses	...	...	...	...	...	...	...	...	...	33	350
(Over)/under provision in prior years	...	...	...	...	...	...	...	...	...	(255)	25
Losses not recognised	...	...	...	...	...	...	...	...	...	468	146
Equity-settled share-based payment transactions	...	...	...	...	...	...	...	...	...	120	-
Rate change to prior year	...	...	...	...	...	...	...	...	...	(135)	(269)
Withholding tax unrelieved	...	...	...	...	...	...	...	...	...	77	143
Difference in overseas tax rates	...	...	...	...	...	...	...	...	...	372	570
Effect of equity accounting for associates	...	...	...	...	...	...	...	...	...	(34)	(52)
										2,487	3,376
Total tax expense										2,487	3,376

The Group's total taxes payable in respect of the year ending 30th April, 2017, comprising Corporation Tax, PAYE and National Insurance was £13.8 million (2016: £14.2 million).

Deferred tax recognised directly in equity

The following amounts are included in the consolidated statement of comprehensive income:

	2017	2016
	£'000	£'000
Cash flow hedge deferred tax credit	(738)	(516)

7. Earnings per share

The earnings per ordinary share has been calculated on profit for the year attributable to ordinary shareholders of £6,082,000 (2016: £8,838,000) and by reference to the 7,200,000 ordinary shares in issue throughout both years.

There is a share option scheme in place for the Directors of the Company under the Company's Long Term Investment Plan (LTIP), based on the Company exceeding a target growth in the total shareholder return of the Company over the period from 1st May, 2016 to 30th April, 2019. Under the LTIP, as at 30th April, 2017, there would be no share options accruing to the Directors under the LTIP and so there is no difference between the basic and fully diluted earnings per share of the Company in the current and prior year.

8. Dividends

	2017	2016
	£'000	£'000
Paid ordinary dividends during the year in respect of prior years		
(2016: 42.348p) per qualifying ordinary share	3,049	3,049
Dividends paid to minority shareholders in Noreva GmbH	62	56
Total dividends	3,111	3,105

After the balance sheet date an ordinary dividend of 42.348p per qualifying ordinary share was proposed by the Directors (2016: Ordinary dividend of 42.348p).

The proposed current year ordinary dividend of £3,049,000 has not been provided for within these financial statements (2016: Proposed ordinary dividend of £3,049,000 was not provided for within the comparative figures).

As explained in note 10, Noreva is an 87.5% owned subsidiary, which is treated as a 100% owned subsidiary, because there are both put and call options in place for the remaining 12.5%.

9. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Assets in course of construc- tion £'000	Total £'000
Cost					
Balance at 1st May, 2015	27,045	55,056	3,812	3,058	88,971
Additions	452	10,076	346	1,194	12,068
Acquisition	-	75	2	-	77
Reclassification	3,101	(101)	68	(3,068)	-
Disposals	(507)	(201)	(29)	-	(737)
Exchange adjustment	(53)	102	17	10	76
Balance at 30th April, 2016	30,038	65,007	4,216	1,194	100,455
Balance at 1st May, 2016	30,038	65,007	4,216	1,194	100,455
Additions	139	2,602	250	4,608	7,599
Reclassification	(306)	417	201	272	584
Disposals	(66)	(302)	(936)	-	(1,304)
Exchange adjustment	1,025	1,102	46	-	2,173
Balance at 30th April, 2017	30,830	68,826	3,777	6,074	109,507
Depreciation					
At 1st May, 2015... ..	3,076	28,183	2,053	-	33,312
Charged in year	804	3,497	447	-	4,748
Reclassification	41	(79)	38	-	-
Disposals	(68)	(143)	(23)	-	(234)
Exchange adjustment	(12)	108	3	-	99
Balance at 30th April, 2016	3,841	31,566	2,518	-	37,925
Balance at 1st May, 2016	3,841	31,566	2,518	-	37,925
Charged in year	919	4,259	419	-	5,597
Reclassification	220	185	179	-	584
Disposals	-	(126)	(889)	-	(1,015)
Exchange adjustment	98	554	25	-	677
Balance at 30th April, 2017	5,078	36,438	2,252	-	43,768
Net book value					
At 1st May, 2015... ..	23,969	26,873	1,759	3,058	55,659
At 30th April, 2016 and 1st May, 2016	26,197	33,441	1,698	1,194	62,530
At 30th April, 2017	25,752	32,388	1,525	6,074	65,739

Plant and machinery

During the year, £Nil (2016: £4,046,000) of the property, plant and equipment additions were acquired under finance leases.

At 30th April, 2017, the net carrying amount of leased plant and machinery was £4,012,00 (2016: £4,693,000). The leased equipment secures lease obligations (see note 15).

Assets in the course of construction of £6,074,000 (2016: £1,194,000) comprise £1,906,000 (2016: £802,000) in relation to land and buildings and £4,168,000 (2016: £392,000) for plant and machinery.

Government grants related to tangible fixed assets

Additions to fixed assets are after deducting grants receivable of £47,000 (2016: £Nil).

□ NOTES TO THE FINANCIAL STATEMENTS □

10. Investments in subsidiaries and associates

The Group has the following principal subsidiaries and associates. Non-principal subsidiaries and associates are listed in note 26:

	Registered address*	Country of Incorporation	Class of shares held	% held
<i>Subsidiaries:</i>				
<i>Mechanical Engineering:</i>				
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	4	South Korea	Ordinary	95
Goodwin Pumps India Private Limited	5	India	Ordinary	100
Goodwin Shanghai Company Limited	6	China	Ordinary	100
Noreva GmbH	7	Germany	Ordinary	87.5**
Goodwin (Shanxi) Pump Company Limited	8	China	Ordinary	100
Goodwin Valve and Pump Company Limited	9	Brazil	Ordinary	100
Internet Central Limited	1	England and Wales	Ordinary	82.5
Goodwin Submersible Pumps Australia Pty. Limited	10	Australia	Ordinary	100
Metal Proving Services Limited	1	England and Wales	Ordinary	100
NRPL Aero Oy	11	Finland	Ordinary	77
Goodwin Submersible Pumps Africa Pty. Limited	16	South Africa	Ordinary	100
<i>Refractory Engineering:</i>				
Goodwin Refractory Services Limited	1	England and Wales	Ordinary	100
Dupré Minerals Limited	1	England and Wales	Ordinary/Preference	100
Hoben International Limited	2	England and Wales	Ordinary	100
Gold Star Powders India Private Limited	5	India	Ordinary	100
Siam Casting Powders Limited	12	Thailand	Ordinary	55.4
Ultratec Jewelry Supplies Limited	13	China	Ordinary	51
SRS (Qingdao) Casting Materials Company Limited... ..	14	China	Ordinary	51
Gold Star Brazil Limited	9	Brazil	Ordinary	100
<i>Refractory Associates:</i>				
Jewelry Plaster Limited	15	Thailand	Ordinary	49

*The registered address for each company can be found in note 27.

**Whilst Noreva is a 87.5% owned subsidiary, the company has been treated as a 100% subsidiary by virtue of there being both put and call options in place for the remaining 12.5% of the share capital.

All of the above companies are included as part of the consolidated accounts and are involved in mechanical and refractory engineering.

NCI – Non-controlling interests

The following subsidiaries each have non-controlling interests:

	Registered address*	Country of Incorporation	Class of shares held	% held by NCI***
<i>Mechanical Engineering:</i>				
Easat Radar Systems Limited	1	England and Wales	Ordinary	23
Goodwin Korea Company Limited	4	South Korea	Ordinary	5
Internet Central Limited	1	England and Wales	Ordinary	17.5
NRPL Aero Oy	11	Finland	Ordinary	23
<i>Refractory Engineering:</i>				
Siam Casting Powders Limited	12	Thailand	Ordinary	44.6
Ultratec Jewelry Supplies Limited	13	China	Ordinary	49
SRS Guangzhou Limited	13	China	Ordinary	49
SRS (Qingdao) Casting Materials Company Limited	14	China	Ordinary	49
Shenzhen King-Top Modern Hi-Tech Company Limited	17	China	Ordinary	49
Ying Tai (UK) Limited	1	England and Wales	Ordinary	49

***NCI – Non-Controlling Interests.

10. Investments in subsidiaries and associates (continued)

Non-controlling interests (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	Mechanical Engineering		Refractory Engineering		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Profit allocated to non-controlling interests	166	36	509	65	675	101
Dividends paid to non-controlling interests	-	27	675	169	675	196
Accumulated reserves held by non-controlling interests	605	426	3,620	3,397	4,225	3,823

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

Year Ended 30th April	Mechanical Engineering		Refractory Engineering		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-current assets	3,414	3,388	5,573	5,541	8,987	8,929
Current assets	11,668	8,061	9,411	9,227	21,079	17,288
Current liabilities	(12,404)	(8,794)	(4,188)	(4,589)	(16,592)	(13,383)
Current liabilities	(157)	(182)	-	-	(157)	(182)
Total net assets of companies with non-controlling interests	2,521	2,473	10,796	10,179	13,317	12,652
Revenue of companies with non-controlling interests	16,187	9,060	13,213	9,970	29,400	19,030
Profit for the year of companies with non-controlling interests	705	227	1,280	92	1,985	319
Total comprehensive income of companies with non-controlling interests	133	273	2,131	172	2,264	445

Associates

The Group's share of profit after tax in its associates for the year ended 30th April, 2017 was £169,000 (2016: £341,000).

Summary financial information of Group share of associates is as follows:

	2017 £'000	2016 £'000
Balance at 1st May	1,640	1,477
Profit before tax	203	393
Tax	(34)	(52)
Dividend	-	(168)
Exchange adjustment	236	(10)
Balance at 30th April...	2,045	1,640
Assets	2,786	2,279
Liabilities	(741)	(639)
	2,045	1,640

10. Investments in subsidiaries and associates (continued)

Associates (continued)

Summarised financial information of the Group's individually material associate, Jewelry Plaster Limited, is as follows:

	2017 £'000	2016 £'000
Revenue	1,499	1,337
Profit after tax	576	211
Non-current assets	322	295
Current assets	1,087	879
Current liabilities	(157)	(172)
Group equity investment in associate	1,252	1,002

11. 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, 2015 ...	8,029	6,116	152	978	-	201	15,476
Additions... ..	1,069	408	-	4,139	180	1,430	7,226
Exchange adjustments ...	295	229	10	-	-	-	534
Balance at 30th April, 2016	9,393	6,753	162	5,117	180	1,631	23,236
Balance at 1st May, 2016 ...	9,393	6,753	162	5,117	180	1,631	23,236
Additions... ..	75	-	-	-	149	791	1,015
Exchange adjustment ...	404	273	11	-	7	56	751
Balance at 30th April, 2017	9,872	7,026	173	5,117	336	2,478	25,002
Amortisation and impairment							
Balance at 1st May, 2015 ...	59	3,351	152	848	-	201	4,611
Amortisation for the year ...	-	457	-	96	20	10	583
Impairment for the year ...	340	-	-	-	-	-	340
Exchange adjustment ...	-	127	10	-	-	-	137
Balance at 30th April, 2016	399	3,935	162	944	20	211	5,671
Balance at 1st May, 2016 ...	399	3,935	162	944	20	211	5,671
Amortisation for the year ...	-	503	-	297	44	94	938
Exchange adjustment ...	-	142	11	-	4	(4)	153
Balance at 30th April, 2017	399	4,580	173	1,241	68	301	6,762
Net book value							
At 1st May, 2015... ..	7,970	2,765	-	130	-	-	10,865
At 30th April, 2016 and 1st May, 2016	8,994	2,818	-	4,173	160	1,420	17,565
At 30th April, 2017...	9,473	2,446	-	3,876	268	2,177	18,240

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 goodwill and intangible assets. The main additions are £491,000 in relation to the development of a new valve range by Goodwin International and £300,000 in relation to a new fire extinguisher project carried out by Dupré Minerals Limited.

Amortisation and impairment charges

The amortisation charge of £938,000 (2016: £583,000) is recognised in cost of sales in the income statement.

The impairment of goodwill of £Nil (2016: £340,000) is recognised in cost of sales in the income statement and is reported within the Engineering segment. The charge in the previous year was in relation to Easat Radar Systems Limited. Using a discount rate of 14.5%, the goodwill in Easat Radar Systems Limited was impaired in full in the previous year because it related to old product lines, which no longer form the primary basis for the company's continuing trade. The recoverable amount is £Nil.

11. Intangible assets (continued)

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:

	2017	2016
	£'000	£'000
Noreva GmbH	4,592	4,267
Goodwin Refractory Services Holdings Limited	3,346	3,346
NRPL Aero Oy... ..	1,220	1,069
Other	315	312
	9,473	8,994

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 market value. 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 approved budgets and plans 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.

At 30th April, 2017, the value in use of goodwill exceeds the carrying value by £25 million. The projections use various growth rates consistent with the profit forecasts of the CGU for the first three years, with modest growth rates thereafter (2016: profit forecast for the first 3 years, with reasonably considered growth rates thereafter) extrapolated over the minimum expected life span of the unit. The forecasts are then discounted at an appropriate weighted average cost of capital rate considering the perceived levels of risk, namely 16.8% (2016: 14.8%). Further sensitivity tests are then performed reducing the discounted cash flows by 30% and also increasing the weighted average cost of capital by 5% 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 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.

12. Inventories

	2017	2016
	£'000	£'000
Raw materials and consumables	13,314	15,161
Work in progress	17,739	16,727
Finished goods	6,604	3,743
	37,657	35,631

The Group carries provisions against inventories as follows:

	2017	2016
	£'000	£'000
Raw materials and consumables	381	436
Work in progress	967	918
Finished goods	311	298
	1,659	1,652

13. Trade and other receivables

	2017	2016
	£'000	£'000
Trade receivables	21,765	28,759
Other receivables	2,784	2,840
Prepayments	1,687	2,193
Deferred tax asset (please refer to note 18)	102	-
	26,338	33,792

Included within other receivables is a balance of £780,000 (2016: £392,000) due from an associate company. The balance is due after more than one year.

All other trade receivables and other receivables balances are due within one year.

□ NOTES TO THE FINANCIAL STATEMENTS □

14. Cash and cash equivalents	2017 £'000	2016 £'000
Cash and cash equivalents per balance sheet	5,172	4,970
Bank overdrafts	(6,655)	(5,383)
Cash and cash equivalents per cash flow statement	(1,483)	(413)

15. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing bank loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 20.

Non-current liabilities	2017 £'000	2016 £'000
Finance lease liabilities	2,548	3,367
Bank loans and committed facilities	21,127	15,130
	23,675	18,497
Current liabilities		
Finance lease liabilities	865	972
Bank loans and committed facilities	2,022	2,176
Bank overdrafts	6,655	5,383
	9,542	8,531

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017			2016		
	Minimum lease payments £'000	Interest £'000	Principal £'000	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	951	86	865	339	113	226
Between one and five years	2,659	111	2,548	4,311	198	4,113
	3,610	197	3,413	4,650	311	4,339

16. Trade and other payables

Current liabilities	2017 £'000	2016 £'000
Trade payables	13,244	16,558
Non-trade payables and accrued expenses	3,799	5,103
Other taxation and social security costs	1,806	1,865
Payments received on account	3,605	9,082
	22,454	32,608
Deferred consideration on acquisitions	500	500

The deferred consideration at 30th April, 2017, and 30th April, 2016, of £500,000 relates to the acquisition of Noreva GmbH.

The balance for deferred consideration is disclosed as short-term on the basis that the amount is payable on demand.

17. Warranty provision	2017 £'000	2016 £'000
Balance at 1st May	330	521
Generated	43	145
Credited to the income statement	(4)	(367)
Exchange adjustment	26	31
Balance at 30th April...	395	330
Warranty due within one year	90	151
Warranty due after one year	305	179
Balance at 30th April...	395	330

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

18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

				Assets		Liabilities	
				2017	2016	2017	2016
				£'000	£'000	£'000	£'000
Property, plant and equipment	...	...	...	-	-	(2,258)	(2,647)
Derivative financial instruments	...	...	...	778	75	-	-
Intangible assets	...	...	...	-	-	(1,170)	(427)
Other temporary differences	...	...	...	116	-	-	(50)
				894	75	(3,428)	(3,124)
						2017	2016
						£'000	£'000
Assets	...	...	...	894	75		
Liabilities	...	...	...	(3,428)	(3,124)		
				(2,534)	(3,049)		
						2017	2016
						£'000	£'000
Deferred tax asset (see note 13)	...	...	...	102	-		
Deferred tax liability	...	...	...	(2,636)	(3,049)		
				(2,534)	(3,049)		

	Property, plant and equipment	Derivative financial instruments	Intangible assets	Other temporary differences	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1st May, 2015	(2,550)	(408)	(469)	(31)	(3,458)
Recognised in income	(97)	(32)	75	(19)	(73)
Recognised in equity	-	516	-	-	516
Exchange adjustment	-	-	(34)	-	(34)
Balance at 30th April, 2016	(2,647)	76	(428)	(50)	(3,049)
Recognised in income	413	(36)	(631)	171	(83)
Recognised in equity	-	738	(73)	-	665
Exchange adjustment	(24)	-	(38)	(5)	(67)
Balance at 30th April, 2017	(2,258)	778	(1,170)	116	(2,534)

Within the current and previous year, the Group has no material tax losses where a deferred tax asset has been recognised. As at 30th April, 2017, the Group has not recognised £843,000 of deferred tax assets in relation to accumulated subsidiary losses (30th April, 2016: £535,000).

The Finance Act 2016, which included legislation reducing the main rate of corporation tax from 20% to 19% from 1st April, 2017 and to 17% from 1st April, 2020, was fully enacted on 15th September, 2016. The deferred tax liability at 30th April, 2017 has been calculated based on these rates.

19. Capital and reserves

Share capital	2016 £'000	2015 £'000
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Authorised, allotted, called up and fully paid:

7,200,000 ordinary shares of 10p each	720	720
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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 comprises the expense recognised for the Long Term Incentive Plan. Further details are included in the Chairman's Statement on page 3 and in note 29.

Cash flow 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 aggregate deferred tax relating to items that are recognised in equity is an asset of £864,000 (2016: asset of £130,000).

20. 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 and trade and other receivables, 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:

- The majority of orders accepted by Group companies are taken with credit insurance coverage.
- Some orders are accepted with no credit insurance but with letters of credit.
- 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.
- A few orders (less than 10%) are taken at risk following review by at least two Board members.
- Major orders are normally accompanied by stage payments which go towards mitigating our credit risk.

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 2017 £'000	2016 £'000
Trade and other receivables	13	24,549	31,599
Cash at bank and cash equivalents	14	5,172	4,970
Derivative financial assets...	20(e)	1,756	2,107
		31,477	38,676

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount 2017 £'000	2016 £'000
UK	2,334	4,919
Rest of Europe	6,099	8,009
USA	1,286	4,640
Pacific Basin	3,839	6,932
Rest of World	8,207	4,259
	21,765	28,759

20. Financial risk management (continued)

Exposure to credit risk (continued)

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

	Net 2017 £'000	Gross 2017 £'000	Impairment provision 2017 £'000	Net 2016 £'000	Gross 2016 £'000	Impairment provision 2016 £'000
Not past due	16,455	16,455	-	22,630	22,630	-
Past due 1-30 days	3,421	3,421	-	4,043	4,043	-
Past due 31-90 days	1,054	1,054	-	1,434	1,434	-
Past due more than 90 days	835	1,459	(624)	652	1,522	(870)
	21,765	22,389	(624)	28,759	29,629	(870)

There are no significant credit risks arising from the above assets and management believes 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:

	2017 £'000	2016 £'000
At beginning of year	870	512
Exchange adjustment	5	-
Impairment charged through the income statement	(43)	476
Impairment provision utilised during the year	(208)	(118)
At end of year	624	870

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:

	Uncommitted		Committed		Total	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Unutilised bank facilities ...	10,232	10,933	11,000	18,961	21,232	29,894

The Group's principal borrowing facilities are provided by 4 banks in the form of borrowings and short-term overdraft facilities. The quantum of borrowing facilities available to the Group is reviewed regularly in light of current working capital requirements and the need for capital investment for the long-term future for the Group.

Maturity analysis

The table below analyses the Group's financial 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.

	2017 Contractual cash flows			2017 Carrying value Total
	Within 1 year £'000	1-6 years £'000	Total £'000	£'000
Non-derivative financial liabilities				
Bank loans and committed facilities	2,022	21,127	23,149	23,149
Overdrafts	6,655	-	6,655	6,655
Finance leases	951	2,659	3,610	3,413
Trade and other payables	22,454	-	22,454	22,454
Deferred considerations on acquisitions	500	-	500	500
Total	32,582	23,786	56,368	56,170

20. Financial risk management (continued)

b) Liquidity risk (continued)

The 30th April, 2017 bank loans and committed facilities are repayable as follows: bank overdraft on demand £6.7 million, £2 million within year end 30th April, 2018, £9 million within year end 30th April, 2019, £1 million within year end 30th April, 2020 and £11 million within year end 30th April, 2021. The interest rates chargeable on these loans are on a floating basis against LIBOR, with bank margins of less than 2%.

	2016 Contractual cash flows			2016 Carrying value
	Within 1 year £'000	1-6 years £'000	Total £'000	Total £'000
Non-derivative financial liabilities				
Bank loans and committed facilities	2,176	15,130	17,306	17,306
Overdrafts	5,383	-	5,383	5,383
Finance leases	1,083	3,565	4,648	4,339
Trade and other payables	32,608	-	32,608	32,608
Deferred considerations on acquisitions	500	-	500	500
Total	41,750	18,695	60,445	60,136

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 income statement.

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. All the foreign exchange contracts have maturities within two 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:

	2017 US Dollar £'000	2016 US Dollar £'000	2017 Euro £'000	2016 Euro £'000	2017 Other £'000	2016 Other £'000	2017 Total £'000	2016 Total £'000
Trade and other receivables	8,324	12,597	2,985	3,414	-	-	11,309	16,011
Cash and cash equivalents	(3,968)	119	(202)	3	(1,940)	-	(6,110)	122
Trade and other payables	(1,795)	(4,131)	(478)	(7,280)	-	(4,866)	(2,273)	(16,277)
	2,561	8,585	2,305	(3,863)	(1,940)	(4,866)	2,926	(144)

The following significant exchange rates applied during the year:

	Average exchange rate		Reporting date spot rate	
	2017	2016	2017	2016
US Dollar	1.2903	1.495	1.294	1.463
Euro	1.1821	1.342	1.188	1.278

20. Financial risk management (continued)

c) Market risk (continued)

Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and surplus cash. The Group is aware of the financial products available to hedge against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. During the year, no new interest rate swaps or caps were entered into.

The Group has taken out in previous years £5 million of interest rate protection in the form of swaps which expired in October 2016.

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.

	Fixed rate		Floating rate		Non interest-bearing		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	5,172	4,970	-	-	5,172	4,970
Trade and other receivables	-	-	-	-	28,094	35,899	28,094	35,889
Trade and other payables	-	-	-	-	(27,038)	(37,941)	(27,038)	(37,941)
Bank overdrafts	-	-	(6,655)	(5,383)	-	-	(6,655)	(5,383)
Bank loans and committed facilities	-	-	(23,149)	(17,306)	-	-	(23,149)	(17,306)
Finance lease liabilities	(3,413)	(4,339)	-	-	-	-	(3,413)	(4,339)
	(3,413)	(4,339)	(24,632)	(17,719)	1,056	(2,042)	(26,989)	(24,100)

Other receivables and other payables include derivatives.

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, finance 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, 2017, the capital used was £118.1 million (2016: £108.9 million) as shown in the following table:

	2017	2016
	£'000	£'000
Cash and cash equivalents ...	(5,172)	(4,970)
Finance leases ...	3,413	4,339
Bank loans and committed facilities ...	23,149	17,306
Overdrafts ...	6,655	5,383
Deferred consideration ...	500	500
Net debt ...	28,545	22,558
Total equity attributable to equity holders of the parent ...	89,436	86,294
Capital	117,981	108,852

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, 2017 net debt was £28.6 million (2016: £22.6 million). The gearing ratio, excluding deferred consideration from net debt, is 31.4% (2016: 25.6%).

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 paid from 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 20(b).

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

20. Financial risk management (continued)

d) Capital management (continued)

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.

Forecast transactions

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

The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April, 2017, in sterling terms, was £65 million spread across USD and EUR denominated contracts. The fair value of these at 30th April, 2017 was a liability of £2,491,000 (being assets totalling £1,000 and liabilities totalling £2,492,000). The Group also has a number of forward contracts not designated as cash flow hedges and therefore recorded at fair value through the income statement. The nominal value of these contracts at 30th April, 2017, in sterling terms, was £56 million spread across USD, EUR and SEK denominated contracts. The fair value of these at 30th April, 2017 was an asset of £608,000 (being assets totalling £608,000 and liabilities totalling £Nil).

The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April, 2016, in sterling terms, was £124 million spread across USD, EUR and PLN denominated contracts. The fair value of these at 30th April, 2016 was a liability of £613,000 (being assets totalling £1,571,000 and liabilities totalling £2,184,000). The Group also had a number of forward contracts not designated as cash flow hedges, and therefore recorded at fair value through the income statement. The nominal value of these contracts at 30th April, 2016, in sterling terms, was £971,000 spread across USD and EUR denominated contracts. The fair value of these at 30th April, 2016 was an asset of £12,000 (being assets totalling £536,000 and liabilities totalling £524,000).

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 income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of cost of sales.

Interest rate swaps

The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its bank borrowings. The nominal value of these contracts at the year end was £Nil (2016: £5 million).

The fair value of swaps entered into at 30th April, 2017, was £Nil (2015: £111,000 liability). Of these swaps, the fair value of those designated as cash flow hedges at 30th April, 2017, was £Nil (2016: £111,000 liability).

Derivative financial instruments

For cash flow hedges the following table sets out the periods when the cash flows are expected to occur and when they are expected to affect profit or loss:

					2017				
					Periods in which cash flows and profits are expected to occur				
					Carrying amount £'000	Expected cash flow £'000	Within 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Forward exchange contracts									
Assets	...	...	...	...	1	1	1	-	-
Liabilities	...	...	...	...	(2,492)	(2,492)	(2,030)	(462)	-
					<u>(2,491)</u>	<u>(2,491)</u>	<u>(2,029)</u>	<u>(462)</u>	<u>-</u>
2016									
					Periods in which cash flows and profits are expected to occur				
					Carrying amount £'000	Expected cash flow £'000	Within 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Forward exchange contracts									
Assets	...	...	...	...	1,571	1,571	1,452	119	-
Liabilities	...	...	...	...	(2,184)	(2,184)	(2,133)	(51)	-
Interest rate swaps									
Liabilities	...	...	...	...	(111)	(111)	(111)	-	-
					<u>(724)</u>	<u>(724)</u>	<u>(792)</u>	<u>68</u>	<u>-</u>

20. Financial risk management (continued)

d) Capital Management (continued)

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.

	2017 £'000	2016 £'000
Impact on equity	(Profit)/loss	(Profit)/loss
1% increase in US Dollar fx rate against pound sterling	(335)	(887)
1% increase in Euro fx rate against pound sterling	(232)	(320)
1% increase in other currencies fx rates against pound sterling	-	(60)
1% decrease in US Dollar fx rate against pound sterling	335	887
1% decrease in Euro fx rate against pound sterling	232	320
1% decrease in other currencies fx rates against pound sterling	-	60
Impact on the income statement		
1% increase in US Dollar fx rate against pound sterling	(413)	-
1% increase in Euro fx rate against pound sterling	(181)	-
1% increase in other currencies fx rates against pound sterling	-	(12)
1% decrease in US Dollar fx rate against pound sterling	413	-
1% decrease in Euro fx rate against pound sterling	181	-
1% decrease in other currencies fx rates against pound sterling	-	12

The Group has calculated the following sensitivities based on available data from forward markets for fixed and floating interest rates. Management believe that these reflect the most probable rate movements.

	2017 £'000	2016 £'000
Impact on equity		
1% increase in base rate of interest	-	25
Impact on the income statement		
1% increase in base rate of interest	-	-

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, 2017 and 30th April, 2016.

	30th April, 2017		30th April, 2016	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	5,172	5,172	4,970	4,970
Receivables				
Trade receivables	21,765	21,765	28,759	28,759
Other receivables	4,471	4,471	2,840	2,840
At fair value through the income statement				
Derivative financial assets not designated in a cash flow hedge relationship	1,755	1,755	536	536
Designated cash flow hedge relationships				
Derivative financial assets designated and effective as cash flow hedging instruments	1	1	1,571	1,571
Total financial assets...	33,164	33,164	38,676	38,676

20. Financial risk management (continued)

e) Total financial assets and liabilities (continued)

	30th April, 2017		30th April, 2016	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities at amortised cost				
Trade payables	13,244	13,244	16,558	16,558
Other payables	9,210	9,210	6,968	6,968
Deferred consideration	500	500	500	500
Finance lease liabilities	3,413	3,413	4,339	4,339
Bank loans and committed facilities...	29,804	29,804	22,689	22,689
Corporation tax	1,592	1,592	1,785	1,785
At fair value through the income statement				
Derivative financial liabilities not designated in a cash flow hedge relationship	-	-	523	523
Designated cash flow hedge relationships				
Derivative financial liabilities designated and effective as cash flow hedging instruments	2,492	2,492	2,295	2,295
Total financial liabilities	60,255	60,255	55,657	55,657

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. All other financial assets and liabilities fair values are determined using Level 3 inputs.

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).

Under IAS 39, all derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through the income statement. 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 certainty that orders will be received.

For short-term cash and cash equivalents, trade and other receivables, trade and other payables and floating rate borrowings, the fair values are the same as carrying value. For fixed rate borrowings, forward currency contracts and interest rate instruments, fair values have been calculated by discounting the cash flows at prevailing appropriate market rates. Other assets reflect management's estimate of value on an appropriate basis.

21. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings £'000	Other £'000	Total 2017 £'000	Total 2016 £'000
Less than one year	558	55	613	554
Between one and five years	732	86	818	1,026
	1,290	141	1,431	1,580

22. Capital commitments

Contracted capital commitments at 30th April, 2017 for which no provision has been made in these financial statements were £1,733,000 (2016: £1,497,000).

23. Guarantees and contingencies

The Group has issued bank backed guarantee and bond commitments principally in order to secure its contracts.

	2017 £'000	2016 £'000
323 guarantee and bonds contracts (2016: 374)	12,724	13,229

24. Subsequent events

After the balance sheet date an ordinary dividend of 42.348p per qualifying ordinary share was proposed by the Directors (2016: Ordinary dividend of 42.348p).

The current year proposed ordinary dividend of £3,049,000 has not been provided for within these financial statements (2016: Proposed ordinary dividend of £3,049,000 was not provided for within the comparative figures).

25. Accounting estimates and judgements

a) Warranties

The mechanical engineering segment of the Group operates within capital goods markets. Some of these goods are sold with warranties (typically one to three years). The Group's Directors review the need to make provisions that may be required for any claims, based on past experience and knowledge of the products. Provisions are made in the accounts as deemed appropriate, using the assessments of the Group's Directors as to the probability and timing of claims being made, the number of products affected and the expected costs of rework. Once the warranty period has expired, any provisions, which are no longer required, are released to the income statement. The expected reimbursement is £Nil (2016: £Nil). The analysis of the provisions into short-term and long-term is included in note 17.

b) Revenue Recognition

The Group's Directors are conscious of the requirements of IAS 18 which deals with revenue recognition. The Group's sales are made under a wide variety of commercial terms and so particular effort is needed to ensure that sales are recognised within the accounts only when to do so is in accordance with the accounting standard. While the significant risks and rewards of ownership are transferred to the customer most often on delivery of the product or customer acceptance, this is not always the case. Transactions close to the period end are reviewed in detail so that revenue recognition complies with the relevant commercial terms.

c) Stock provisions

The Group's Directors in conjunction with Senior Management in the subsidiaries regularly review the recoverability of their stated stock and work in progress balances paying particular attention to net realisable value and stock obsolescence issues. Where it is judged that a provision is deemed necessary the appropriate adjustments are made in the relevant subsidiary's books at the time the shortfall is identified.

d) Trade debtor 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 under section 20 (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.

26. Non-principal subsidiaries and associates

	Registered address*	Country of Incorporation	Class of shares held	% held
Non-principal Subsidiaries:				
JSR Technology Limited	...	England and Wales	Ordinary	100
Perfect Audio Visual Limited	...	England and Wales	Ordinary	100
SRS Guangzhou Limited	...	China	Ordinary	51
Shenzhen King-Top Modern Hi-Tech Company Limited	...	China	Ordinary	51
Holding Companies:				
Goodwin Refractory Services Holdings Limited	...	England and Wales	Ordinary	100
Ying Tai (UK) Limited	...	England and Wales	Ordinary	51
Non-principal Associates:				
Jewelry Wax Limited	...	Thailand	Ordinary	49
Tet Goodwin Property Company Limited	...	Thailand	Ordinary	49
Asian Industrial Investment Casting Powders Private Limited	...	India	Ordinary	50
Dormant companies:				
Hoben Davis Limited	...	England and Wales	Ordinary	100
Gold Star Powders Limited	...	England and Wales	Ordinary	100
Perfect Audio Visual (NI) Limited	...	England and Wales	Ordinary	100
Net Central Limited	...	England and Wales	Ordinary	100
Sandersfire International Limited	...	England and Wales	Ordinary	100
Specialist Refractory Services Limited	...	England and Wales	Ordinary	100

*The registered address for each company can be found in note 27.

All of the above companies are included as part of the consolidated accounts.

27. Registered offices of subsidiaries and associates

The registered offices of the companies listed in notes 10 and 26 are listed below.

1. Ivy House Foundry, Hanley, Stoke-on-Trent ST1 3NR
2. Brassington, Nr. Matlock, Derbyshire DE4 4HF
3. 35 New Row, Coleraine, Northern Ireland BT52 1AH
4. 13-1, Jungbong-daero, 396 Beon-Gil, Seo-gu, Incheon, South Korea
5. 112/2 Chinna Amman Koil Street, Kalavakkam, Thiruporur 603 110, Tamil Nadu, India
6. Suite C, F1, Building #14, Xiya Road No.11, Waigaoqiao Free Trade Zone, 200131, Shanghai, China
7. Hocksteiner Weg 56, D - 41189 Mönchengladbach, Germany
8. Suite 1105, Building 1, Wanguocheng Moma, No.16 Changfeng West Street, Wanbailin District, Taiyuan, Shanxi Province, 30021, China
9. Rua das Margaridas s/n, Terra Preta - Mairipora – SP, CEP 07600-000, São Paulo, Brazil
10. Level 8, Waterfront Place, 1 Eagle Street, Brisbane Qld 4000, Australia
11. Koivupuistontie 34, Vantaa, 01510 Finland
12. 99/9 Moo5 KhlongYong, Bhudhamontol, Nakhonpathom 73170, Thailand
13. No.73, Jiao Xin Road, Lanhe Town, Nansha District, Guangzhou City, 511480, China
14. 400 metres North from Nan Zhai Committee, Xifuzhen Street, Chengyang District, Qingdao City, 266106, China
15. 3322/5 1st fl. Bangkok Gem & Jewelry Tower, Surawong Road, Bangkok 10500, Thailand
16. Unit 1 Bridgeway Business Park, Cnr Sam Green Road and Pinnacle Close, Tunney Extension 9, Germiston 1401, South Africa
17. No.11 Niu Shi Pu Road, Liu Yue Committee, Heng Gang District, Shenzhen City, Guangdong Province, China

28. Acquisitions

Easat Radar Systems Limited (Easat) acquired 100% of the share capital of NRPL Aero Oy during the previous year for a cash consideration of £1.525 million plus 20% of the share capital of Easat Radar Systems Limited. The fair value of the Easat shares was assessed as 20% of the net asset value of Easat as at 31st May, 2015. The transaction costs involved in completing the acquisition were not significant. The acquisition gives the Group the capability to supply complete radar systems to the air traffic control and coastal surveillance market place.

Ultratec Jewelry Supplies Limited acquired 100% of the share capital of Shenzhen King-Top Modern Hi-Tech Company Limited in January 2016 for a cash consideration of USD \$600,000. The transaction costs involved were not significant. The acquisition has strengthened the Group's presence within the Chinese investment powder supplies market.

A financial summary of both acquisitions is shown below:

												Recognised acquisition value £'000
NRPL Aero Oy												
Brand name	...	...	...	...	...	...	...	...	...	...	...	408
Property, plant and equipment	...	...	...	...	...	...	...	...	...	...	...	39
Inventories	...	...	...	...	...	...	...	...	...	...	...	138
Trade and other receivables	...	...	...	...	...	...	...	...	...	...	...	374
Cash and cash equivalents	...	...	...	...	...	...	...	...	...	...	...	77
Trade and other payables	...	...	...	...	...	...	...	...	...	...	...	(186)
Loans	...	...	...	...	...	...	...	...	...	...	...	(184)
Net identifiable assets and liabilities	...	...	...	...	...	...	...	...	...	...	...	666
Purchase consideration – cash and equity in Easat Radar Systems Limited	...	...	...	...	...	...	...	...	...	...	...	1,735
Goodwill arising	...	...	...	...	...	...	...	...	...	...	...	1,069

28. Acquisitions (continued)

Shenzhen King-Top Modern Hi-Tech Company Limited

Property, plant and equipment	...	...	...	...	...	...	...	...	...	...	49
Inventories	...	...	...	...	...	...	...	...	...	...	289
Trade and other receivables	...	...	...	...	...	...	...	...	...	...	330
Cash and cash equivalents	...	...	...	...	...	...	...	...	...	...	79
Trade and other payables	...	...	...	...	...	...	...	...	...	...	(187)
Net identifiable assets and liabilities	...	...	...	...	...	...	...	...	...	...	560
Purchase consideration – cash	...	...	...	...	...	...	...	...	...	...	417
Gain on bargain purchase	...	...	...	...	...	...	...	...	...	...	143

In the period between the acquisition and the 30th April, 2016, the above companies contributed the following to Group sales and profits:

	Sales £'000	Profit/loss £'000
NRPL Aero Oy	1,028	226
Shenzhen King-Top Modern Hi-Tech Company	385	(58)

29. Share-based payment transactions

The Group has one share option scheme, the LTIP, the terms of which are outlined in the Directors' remuneration policy and report on pages 20 and 25. The income statement charge for the year, recognised in respect of share-based payments is £601,000 (2016: £Nil).

Grant date/ employees entitled	Method of settlement	Number of instruments	Vesting conditions	Contractual life of options
Options granted on 5th October, 2016 to Main Board 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 will vest and become 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.

	2017	2016
Number of share options		
Outstanding at beginning of year	-	-
Granted	576,000	-
Outstanding at end of year	576,000	-
Exerciseable at end of year	-	-

The fair value of employee share options is measured by a Monte Carlo model. Measurement inputs and assumptions are as follows:

	2017	2016
Fair value at grant date	£2,661,667	-
Share price at date of grant	£22.20	-
Exercise price	£0.10	-
Expected volatility	20.0%	-
Option life	2.5 years	-
Expected dividends	1.91%	-
Risk-free interest rate (based on national government bonds)	0.08%	-

The expected volatility is based on the historic volatility, calculated based on the weighted average remaining life of the share options, adjusted for any expected changes to future volatility due to publicly available information.

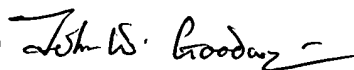
GOODWIN PLC

COMPANY BALANCE SHEET at 30th April, 2017

	Notes	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	C4	23,200	19,519
Investment properties	C4	18,622	19,493
Investments	C5	22,084	22,441
Intangible assets	C6	1,140	944
		65,046	62,397
CURRENT ASSETS			
Other receivables	C7	46,748	46,109
Derivative financial assets		1,182	1,227
Cash at bank and in hand		58	40
		47,988	47,376
TOTAL ASSETS		113,034	109,773
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	C8	9,517	8,220
Other payables	C9	3,796	5,156
Deferred consideration		500	500
Derivative financial liabilities		871	2,767
		14,684	16,643
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	C8	23,496	18,369
Deferred income		1,206	1,272
Deferred tax liabilities	C10	1,704	1,869
		26,406	21,510
TOTAL LIABILITIES		41,090	38,153
NET ASSETS		71,944	71,620
EQUITY			
Called up share capital	C11	720	720
Hedge reserve		-	(91)
Share-based payments reserve		601	-
Profit and loss account		70,623	70,991
TOTAL EQUITY		71,944	71,620

These financial statements were approved by the Board of Directors on 22nd August, 2017, and signed on its behalf by:

J. W. Goodwin
Director



R. S. Goodwin
Director



Company Registration Number: 305907

GOODWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30th April, 2017

	Share capital £'000	Share- based payments reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
YEAR ENDED 30TH APRIL, 2017					
Balance at 1st May, 2016	720	-	(91)	70,991	71,620
Total comprehensive income:					
Profit	-	-	-	2,681	2,681
Other comprehensive income:					
Net movements on cash flow hedges	-	-	91	-	91
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	91	2,681	2,772
Equity-settled share-based payment transactions	-	601	-	-	601
Dividends paid	-	-	-	(3,049)	(3,049)
BALANCE AT 30TH APRIL, 2017	720	601	-	70,623	71,944
YEAR ENDED 30TH APRIL, 2016					
Balance at 1st May, 2015	720	-	(258)	68,332	68,794
Total comprehensive income:					
Profit	-	-	-	5,708	5,708
Other comprehensive income:					
Net movements on cash flow hedges	-	-	167	-	167
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	167	5,708	5,875
Dividends paid	-	-	-	(3,049)	(3,049)
BALANCE AT 30TH APRIL, 2016	720	-	(91)	70,991	71,620

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.

The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with 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 consolidated financial statements of Goodwin PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Company Secretary, Goodwin PLC, Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR.

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 FRS101 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 managements;
- 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 FRS101 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 25 of the Group financial statements.

Measurement convention

The financial statements have been prepared under the historical cost accounting rules, except for derivatives which are valued at fair value, and in accordance with applicable Accounting Standards.

Investment 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 income statement 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:

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.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Recognition and valuation of 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.

Recognition and valuation of financial liabilities

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

Bank borrowings

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

C1 Accounting policies (continued)

Trade and other payables

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

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. 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. The Company being a non-trading holding company holds any such forward exchange contracts on behalf of its subsidiaries and as such any fair values on hand at the year end are accounted for through the respective inter company accounts.

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. Amortisation rates are as follows:

Manufacturing rights	...	...	...	...	15 years
Brand names	...	...	...	...	now fully amortised
Software and licences	...	...	...	...	4 years
Intellectual property rights	...	...	...	...	now fully amortised
Non-compete agreements	...	...	...	...	15 years

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.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement 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
Fixtures and fittings	...	...	...	...	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 income statement on a straight-line 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 income statement as a deduction from the expenses that they are intended to compensate.

Unamortised government grants relating to assets 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

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

C1 Accounting policies (continued)

Leases (continued)

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial expenses

Financial expenses comprise interest payable, interest on finance leases using the effective interest method and the unwinding of the discount on provisions. 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 income statement 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 income statement 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 was one month's contributions outstanding, which were paid in the following month.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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.

C2 Profit for the financial year

The Company's profit for the financial year was £2,681,000 (2016: £5,708,000).

Included in profit before taxation are the following:

	2017 £'000	2016 £'000
Fees receivable by the auditors and their associates in respect of:		
Audit of these financial statements	16	16

Amounts paid to the Company's auditor in respect of service 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 3 of the Group accounts).

C3 Directors' costs

Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 22 to 25.

C4 Tangible fixed assets

	Investment properties	Property, Plant and Equipment				
	£'000	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Assets in course of construction £'000	Total £'000
Cost						
Balance at 1st May, 2016	22,129	1,166	25,260	2,394	1,194	30,014
Additions ...	59	-	277	125	4,608	5,010
Reclassifications ...	(222)	-	(50)	-	272	222
Disposals ...	-	-	-	(936)	-	(936)
Balance at 30th April, 2017	21,966	1,166	25,487	1,583	6,074	34,310
Depreciation						
Balance at 1st May, 2016	2,636	581	8,307	1,607	-	10,495
Charged in year ...	683	22	1,338	169	-	1,529
Reclassifications ...	25	-	(21)	(4)	-	(25)
Disposals ...	-	-	-	(889)	-	(889)
Balance at 30th April, 2017	3,344	603	9,624	883	-	11,110
Net book value						
At 30th April, 2016 ...	19,493	585	16,953	787	1,194	19,519
At 30th April, 2017	18,622	563	15,863	700	6,074	23,200

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, 2017 was in the region of £36 million (2016: £35 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.

	Shares in associated undertakings £'000	Shares in Group undertakings £'000	Total £'000
C5 Fixed asset investments			
Cost			
Balance at 1st May, 2016 ...	307	24,665	24,972
Additions ...	-	790	790
Balance at 30th April, 2017	307	25,455	25,762
Impairment			
Balance at 1st May, 2016 ...	-	2,531	2,531
Impairment during the year ...	-	1,147	1,147
Balance at 30th April, 2017	-	3,678	3,678
Net book value			
At 30th April, 2016 ...	307	22,134	22,441
At 30th April, 2017	307	21,777	22,084

During the year, the Company set up a new subsidiary, Goodwin Submersible Pumps Africa Pty Limited. A list of principal subsidiaries and associates is given in note 10, and a list of non-principal subsidiaries and associates is given in note 26 of the Group financial statements.

C6 Intangible fixed assets

	Brand names and Customer list £'000	Manu- facturing rights £'000	Intellectual property rights and Non- compe- te £'000	Software and Licences £'000	Develop- ment costs £'000	Total £'000
Cost						
Balance at 1st May, 2016	880	827	1,118	102	-	2,927
Additions	-	-	-	12	300	312
Balance at 30th April, 2017	880	827	1,118	114	300	3,239
Amortisation						
Balance at 1st May, 2016	880	479	604	20	-	1,983
Amortisation for the year	-	55	35	26	-	116
Balance at 30th April, 2017	880	534	639	46	-	2,099
Net book value						
At 30th April, 2016	-	348	514	82	-	944
At 30th April, 2017	-	293	479	68	300	1,140

	2017 £'000	2016 £'000
C7 Debtors		
Amounts owed by Group undertakings – due within one year	43,080	42,274
Amounts owed by Group undertakings – due after more than one year ...	2,726	2,535
Other debtors	484	439
Prepayments and accrued income	458	861
	46,748	46,109

C8 Interest-bearing loans and 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 and foreign currency risk, see note 20 of the Group financial statements.

	2017 £'000	2016 £'000
Non-current liabilities		
Finance lease liabilities	2,496	3,239
Bank loans and committed facilities	21,000	15,130
	23,496	18,369
Current liabilities		
Finance lease liabilities	789	874
Bank loans and committed facilities	6,728	2,000
Bank overdrafts	2,000	5,346
	9,517	8,220

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2017			2016		
	Minimum lease payments £'000	Interest £'000	Principal £'000	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	872	83	789	979	105	874
Between one and five years	2,607	111	2,496	3,433	194	3,239
	3,479	194	3,285	4,412	299	4,113

■ NOTES TO THE FINANCIAL STATEMENTS ■

	2017 £'000	2016 £'000
C9 Other Payables		
Trade payables...	1,053	978
Amounts owed to Group undertakings...	2,252	3,620
Other taxation and social security	201	220
Accruals and deferred income	290	338
	3,796	5,156

C10 Provisions for liabilities

	2017 £'000
Deferred taxation	
Balance at 1st May, 2016	1,869
Credit to the profit and loss for the year	(185)
Debit to the hedging reserve for the year	20
Balance at 30th April, 2017	1,704

The elements of deferred taxation are as follows:

	2017 £'000	2016 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,706	1,889
Other temporary differences	(2)	-
Taxation on derivative financial instruments	-	(20)
	1,704	1,869

Within the current and previous year, the Company has no unrelieved tax losses.

The Finance Act 2016, which included legislation, reducing the main rate of corporation tax from 20% to 19% from 1st April, 2017 and to 17% from 1st April, 2020, was fully enacted on 15th September, 2016. The deferred tax liability at 30th April 2017 has been calculated based on these rates.

C11 Called up share capital

	2017 £'000	2016 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	720	720

C12 Contingent liabilities

The Company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil (2016: £Nil).

C13 Related Party Transactions

Transactions and balances with Group undertakings are summarised below:

	2017 £'000	2016 £'000
Amounts due from Group undertakings	45,806	44,809
Amounts due to Group undertakings	(2,252)	(3,620)

Transactions with Group undertakings comprise loan movements, management charges and dividend receipts.

Compensation of key management personnel

Key management personnel are defined in the Directors' Remuneration Report on page 24, and their remuneration is disclosed on pages 24 and 25 of the Group Financial Statements. All the Directors are party to a long-term incentive plan (LTIP). Further details of the LTIP can be found in the Chairman's Statement and in note 29 of the Group Financial Statements.

C14 Commitments

Contracted capital commitments at 30th April, 2017 for which no provision has been made in these financial statements were £1,733,000 (2016: £1,497,000).

C15 Subsequent events

Apart from the dividends declared of £3,049,000 which have not been provided for within these financial statements, no significant events have occurred after the balance sheet date.

□ NOTES TO THE FINANCIAL STATEMENTS □

C16 Dividends

	2017	2016
	£'000	£'000
Paid ordinary dividends during the year in respect of prior years		
42.348p (2016: 42.348p) per qualifying ordinary share	3,049	3,049

After the balance sheet date an ordinary dividend of 42.348p per qualifying ordinary share was proposed by the Directors (2016: Ordinary dividend of 42.348p).

The proposed current year ordinary dividend of £3,049,000 has not been provided for within these financial statements (2016: Proposed ordinary dividend of £3,049,000 was not provided for).

C17 Accounting estimates and judgements

The material accounting estimates and judgements for the Company follow that of the Group which have been considered in note 25 on page 59 of the Group financial statements.

C18 Share-based payment transactions

Details of the equity-settled share-based payment transactions are disclosed in note 29 on page 61 of the Group Financial Statements.

□ FIVE YEAR FINANCIAL SUMMARY □

								2013	2014	2015	2016	2017
								£'000	£'000	£'000	£'000	£'000
<i>Continuing operations</i>												
Revenue...	...	...	...	...	...	...	...	126,964	130,828	127,049	123,539	131,587
Profit before taxation	...	...	...	...	...	...	...	20,296	24,095	20,053	12,314	9,244
Tax on profit	...	...	...	...	...	...	...	(4,609)	(4,448)	(4,601)	(3,376)	(2,487)
Profit after taxation	...	...	...	...	...	...	...	15,687	19,647	15,452	8,938	6,757
Basic and diluted earnings per ordinary share							...	211.76p	264.38p	208.68p	122.75p	84.47p
Total equity	...	...	...	...	...	...	...	62,527	77,570	86,522	90,117	93,661